

NOTICE OF FILING

Details of Filing

Document Lodged: Statement of Claim - Form 17 - Rule 8.06(1)(a)
Court of Filing: FEDERAL COURT OF AUSTRALIA (FCA)
Date of Lodgment: 30/11/2022 8:27:48 AM AEDT
Date Accepted for Filing: 30/11/2022 8:44:47 AM AEDT
File Number: NSD1025/2022
File Title: CHIEF EXECUTIVE OFFICER OF THE AUSTRALIAN TRANSACTION
REPORTS AND ANALYSIS CENTRE v THE STAR PTY LIMITED ACN
060 510 410 & ANOR
Registry: NEW SOUTH WALES REGISTRY - FEDERAL COURT OF AUSTRALIA



Sia Lagos

Registrar

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Form 17
Rule 8.05(1)(a)

STATEMENT OF CLAIM

**FEDERAL COURT OF AUSTRALIA
DISTRICT REGISTRY: NEW SOUTH WALES
DIVISION: COMMERCIAL AND CORPORATIONS**

NO NSD OF 2022

**CHIEF EXECUTIVE OFFICER OF THE AUSTRALIAN
TRANSACTION REPORTS AND ANALYSIS CENTRE**
Applicant

THE STAR PTY LIMITED
ACN 060 510 410
First Respondent

THE STAR ENTERTAINMENT QLD LIMITED
ACN 010 741 045
Second Respondent

INDEX

Parties..... [1]

 The Chief Executive Officer of AUSTRAC [1]

 Star Sydney [6]

 Star Queensland [7]

 The Star Entertainment Group Limited [8]

 EEI Services (Hong Kong) Limited..... [9]

The ML/TF risks faced by Star Sydney and Star Qld [10]

 The risk-based approach and ML/TF risk [13]

 The nature, size and complexity of Star Sydney’s and Star Qld’s business and ML/TF risks
 reasonably faced [16]

 Money laundering vulnerabilities and typologies [23]

The AML/CTF Program [28]

 Joint AML/CTF Program..... [30]

 The Rules - The Joint Part A Program..... [36]

 The Rules - Carrying out the applicable customer identification procedures (ACIPs) and the joint
 Part B Program..... [37]

The Star Sydney and Star Qld AML/CTF Programs [43]

 Star Sydney and Star Qld’s Joint AML/CTF Program..... [44]

Star’s Information Management Systems..... [47]

Filed on behalf of the Applicant, the Chief Executive Officer of
the Australian Transaction Reports and Analysis Centre

File ref: 21005289

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The AML/CTF Program contraventions – section 81	[63]
The Joint Program - Part A and Part B	[63]
The Joint Part A Programs.....	[64]
The Joint Part B Programs.....	[69]
The Joint AML/CTF Program contraventions – s81	[74]
The primary purpose of identifying, mitigating and managing ML/TF risks reasonably faced.....	[74]
Risk methodologies	[79]
Alignment of the Joint Part A Programs to ML/TF risk.....	[93]
No ML/TF risk assessment prior to November 2019	[99]
The risk registers from November 2019.....	[100]
Residual risk.....	[105]
The ML/TF risks factors - Designated services.....	[107]
The ML/TF risk factors - Customers.....	[110]
The ML/TF risks factors - Channel.....	[180]
The ML/TF risk factors - Jurisdiction	[181]
Changing or emerging ML/TF risks - reviewing and updating ML/TF risk assessments and controls	[182]
Approval and oversight of the Joint Part A Programs	[194]
Approval of the Joint Part A Program.....	[196]
Oversight of the Joint Part A Program	[203]
The oversight failures – the failure to adopt and maintain a Part A program.....	[234]
Appropriate risk-based systems and controls	[236]
Controls to manage residual risks within appetite.....	[236]
Preventative controls.....	[240]
Gaming accounts - items 11 and 13, table 3, s6.....	[242]
Remittance services - items 31 and 32 table 1, s6 designated services	[304]
Loans - items 6 and 7, table 1, s6 – cheque cashing facilities (CCFs)	[494]
Exchanging money for casino value instruments, including chips and tokens (and vice-versa) .	[554]
Table games and electronic gaming machines.....	[559]
Foreign currency exchange - item 14, table 3, s6 designated services.....	[582]
Designated services provided in foreign currencies	[591]
Safe deposit boxes.....	[595]
Designated services provided in cash.....	[611]
Designated services provided through rebate and junket channels	[619]
Star Sydney and Star Qld's rebate business	[619]
Domestic junkets	[620]
Individual rebate programs.....	[622]
Player referrer agreements	[625]
International Junkets	[628]
What is a junket?.....	[628]
Junkets were profitable to Star and the junket operator	[633]
Star Sydney's and Star Qld's junket business	[638]
Junket revenue	[638]
Decision to cease junket activity	[640]
Designated services provided through junket channels.....	[642]
Table 1 designated services	[643]

Gaming services - table 3, s6.....	[647]
The ML/TF risks of junkets.....	[650]
ML/TF risk assessments and controls – junkets	[651]
Record keeping in respect of junkets	[666]
Junket channel case study: the Suncity junket	[671]
The ongoing relationship with persons associated with junkets	[701]
The transaction monitoring program	[708]
The transaction monitoring programs were not aligned to an appropriate ML/TF risk assessment	[713]
Manual referrals	[717]
Manual reports	[730]
Automated transaction monitoring	[742]
Training	[748]
Resourcing	[750]
The transaction monitoring programs were not supported by appropriate information management systems	[751]
The transaction monitoring program was not capable of appropriately monitoring financial services or gaming account transactions	[769]
Transactions facilitated through junkets.....	[783]
The transaction monitoring program did not include appropriate risk-based systems and controls to monitor transactions through the Hotel Card channel.....	[790]
The transaction monitoring programs did not include appropriate assurance processes	[791]
The Joint Part A Programs - Enhanced customer due diligence program.....	[792]
Systems and controls to determine when a customer should be referred for ECDD	[797]
Systems and controls to determine what ECDD measures would be undertaken	[802]
Source of wealth and source of funds.....	[808]
Senior management approval	[810]
Information management and records	[843]
The Joint Part A Programs - Appropriate systems and controls to ensure SMR, TTR and IFTI reporting	[853]
SMR reporting	[854]
TTR reporting	[855]
IFTI reporting.....	[856]
The Joint Part B Programs – the applicable customer identification procedures	[859]
Ongoing Customer Due Diligence – Section 36 of the Act	[874]
Junket Operators and Junket Funders	[876]
Customer 1	[876]
Customer 2.....	[893]
Customer 3.....	[908]
Customer 4.....	[924]
Customer 5.....	[940]
Customer 6.....	[957]
Customer 7	[973]
Customer 8.....	[987]
Customer 9.....	[1003]
Customer 10.....	[1019]

Customer 11.....	[1036]
Customer 12.....	[1050]
Customer 13.....	[1066]
Customer 14.....	[1082]
Customer 15.....	[1096]
Customer 16.....	[1116]
Customer 17.....	[1132]
Customer 18.....	[1150]
Customer 19.....	[1166]
Customer 20.....	[1180]
Customer 21.....	[1198]
Customer 22.....	[1218]
Customer 23.....	[1236]
Customer 24.....	[1250]
Customer 25.....	[1266]
Customer 26.....	[1282]
Customer 27.....	[1300]
Customer 28.....	[1314]
Customer 29.....	[1327]
Customer 30.....	[1342]
Customer 31.....	[1358]
Customer 32.....	[1374]
Customer 33.....	[1390]
Customer 34.....	[1404]
Customer 35.....	[1418]
Customer 36.....	[1436]
Customer 37.....	[1455]
Customer 38.....	[1469]
Customer 39.....	[1485]
Customer 40.....	[1496]
Customer 41.....	[1511]
Customer 42.....	[1527]
Customer 43.....	[1546]
International Customers	[1557]
Customer 44.....	[1557]
Customer 45.....	[1571]
Customer 46.....	[1588]
Customer 47.....	[1602]
Customer 48.....	[1616]
Customer 49.....	[1633]
Customer 50.....	[1653]
Customer 51.....	[1672]
Customer 52.....	[1688]
Customer 53.....	[1708]
Customer 54.....	[1726]
Customer 55.....	[1746]

Customer 56.....	[1764]
Customer 57.....	[1778]
Customer 58.....	[1794]
Customer 59.....	[1810]
Customer 60.....	[1824]
Customer 61.....	[1838]
Customer 62.....	[1853]
Customer 63.....	[1867]
Customer 64.....	[1882]
Customer 65.....	[1902]
Customer 66.....	[1916]
Customer 67.....	[1930]
Customer 68.....	[1944]
Customer 69.....	[1955]
Customer 70.....	[1970]
Customer 71.....	[1984]
Customer 72.....	[1998]
Customer 73.....	[2018]
Customer 74.....	[2032]
Customer 75.....	[2051]
Customer 76.....	[2067]
Customer 77.....	[2078]
Customer 78.....	[2100]
Customer 79.....	[2118]
Customer 80.....	[2132]
Customer 81.....	[2146]
Customer 82.....	[2160]

Domestic Customers [2173]

Customer 83.....	[2173]
Customer 84.....	[2187]
Customer 85.....	[2201]
Customer 86.....	[2221]
Customer 87.....	[2237]
Customer 88.....	[2255]
Customer 89.....	[2271]
Customer 90.....	[2285]
Customer 91.....	[2299]
Customer 92.....	[2313]
Customer 93.....	[2326]
Customer 94.....	[2340]
Customer 95.....	[2354]
Customer 96.....	[2368]
Customer 97.....	[2382]
Customer 98.....	[2396]
Customer 99.....	[2416]
Customer 100.....	[2431]

Customer 101	[2451]
Customer 102.....	[2465]
Customer 103.....	[2485]
Customer 104.....	[2502]
Customer 105.....	[2516]
Customer 106.....	[2530]
Customer 107.....	[2544]
Customer 108.....	[2555]
Customer 109.....	[2569]
Customer 110.....	[2589]
Customer 111.....	[2603]
Customer 112.....	[2619]
Customer 113.....	[2639]
Customer 114.....	[2659]
Customer 115.....	[2673]
Customer 116.....	[2691]
Customer 117.....	[2702]
Customers transacting through high ML/TF risk channels	[2722]
Customers remitting money through the Hotel Card channel – Confidential Schedules A and B	[2722]
Customers remitting money through the EEIS remittance channel – Confidential Schedule C	[2734]
Third party deposits through Star Patron accounts – Confidential Schedule D.....	[2744]
Cash deposits into Bank 1 (Macau) accounts – Confidential Schedule E	[2754]
Remittance through the Customer 9 channels – Confidential Schedule F	[2765]
Customers subject to a NSW exclusion order	[2775]
Schedule A (confidential)	
Schedule B (confidential)	
Schedule C (confidential)	
Schedule D (confidential)	
Schedule E (confidential)	
Schedule F (confidential)	
Schedule G (confidential)	
Schedule H (confidential)	
Schedule I (confidential)	
Schedule J (confidential)	
Schedule K (confidential)	
Schedule L (confidential)	
Schedule M (confidential)	

PARTIES

The Chief Executive Officer of AUSTRAC

1. The Applicant is the Chief Executive Officer (**CEO**) of the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), an office established under s211 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (the **Act**).
2. The AUSTRAC CEO may apply for a civil penalty order by reason of s176 of the Act.
3. The objects of the Act, among others, include to provide for measures to detect, deter and disrupt money laundering, the financing of terrorism and other serious financial crimes.

Particulars

Section 3(1)(aa) of the Act.

4. The objects of the Act, among others, also include to promote confidence in the Australian financial system through the enactment and implementation of controls and powers to detect, deter and disrupt money laundering, terrorism financing and other serious crimes.

Particulars

Section 3(1)(ad) of the Act.

5. The AUSTRAC CEO may, by writing, make rules prescribing matters required or permitted by any provision of the Act to be prescribed by the rules.

Particulars

Section 229 of the Act.

Anti-Money Laundering and Counter-Terrorism Financing Rules 2007
(the **RULES**).

Star Sydney

6. The First Respondent, The Star Pty Limited (**Star Sydney**):
 - a. is and was at all material times a company incorporated in Australia;
 - b. is and was at all material times a person within the meaning of s5 of the Act;
 - c. at all material times has carried on activities or business through a permanent establishment in Australia for the purposes of the Act;
 - d. is and was at all material times a reporting entity within the meaning of s5 of the Act;
and
 - e. provides designated services to customers within the meaning of s6 of the Act, including:
 - i. **Item 6, table 1** – making a loan, where the loan is made in the course of carrying on a loans business.
 - ii. **Item 7, table 1** – 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.
 - iii. **Item 31, table 1** – 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.

- iv. **Item 32, table 1** - 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.
- v. **Item 47, table 1** – providing a safe deposit box, or similar facility, where the service is provided in the course of carrying on a business of providing safe deposit boxes or similar facilities.
- vi. **Item 1, table 3** – 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.
- vii. **Item 4, table 3** – paying out winnings in respect of a bet, where the service is provided in the course of carrying on a gambling business.
- viii. **Item 6, table 3** – accepting the entry of a person into a game where: that game is played for money or anything else of value; 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 the game is not played on a gaming machine located at an eligible gaming machine venue.
- ix. **Item 7, table 3** – exchanging money or digital currency for gaming chips / tokens / betting instruments, where the service is provided in the course of carrying on a business.
- x. **Item 8, table 3** – exchanging gaming chips / tokens / betting instruments for money or digital currency, where the service is provided in the course of carrying on a business.
- xi. **Item 9, table 3** – paying out winnings, or awarding a prize, in respect of a game where: that game is played for money or anything else of value; 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 the game is not played on a gaming machine located at an eligible gaming machine venue.
- xii. **Items 11 to 13, table 3** – in the capacity of account provider:
 - A. opening an account; or
 - B. allowing a person to be a signatory on an account; or
 - C. 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, 2, 3, 4, 6, 7, 8 or 9 above, and the purpose, or one of the purposes, of the account is to facilitate the provision of a service covered by items 1, 2, 3, 4, 6, 7, 8 or 9 above, and the service is provided in the course of carrying on a business.
- xiii. **Item 14, table 3** – 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, 2, 3, 4, 6, 7, 8 or 9 above, and the service is provided in the course of carrying on a business.

Particulars

Star Sydney was the reporting entity enrolled on the Reporting Entities Roll, for the purposes of Part 3A of the Act for the casino located in Pymont, Sydney, NSW (**Star Sydney casino**).

Star Queensland

7. The Second Respondent, The Star Entertainment QLD Limited (**Star Qld**):
- a. is and was at all material times a company incorporated in Australia;
 - b. is and was at all material times a person within the meaning of s5 of the Act;
 - c. at all material times has carried on activities or business through a permanent establishment in Australia for the purposes of the Act;
 - d. is and was at all material times a reporting entity within the meaning of s5 of the Act; and
 - e. provides designated services to customers within the meaning of s6 of the Act, including each of the designated services pleaded at paragraph 6e.

Particulars

At all times, Star Qld was the reporting entity enrolled on the Reporting Entities Roll, for the purposes of Part 3A of the Act, for two casinos located in Queensland, being the Treasury Casino and Hotel in Brisbane (**Treasury Brisbane casino**), and The Star Gold Coast Casino (**Star Gold Coast casino**) (together, the **Star Qld casinos**).

The Star Entertainment Group Limited

8. The First and Second Respondents are wholly owned subsidiaries of The Star Entertainment Group Limited (**SEG**).

Particulars

Prior to November 2015 SEG was named Echo Entertainment Group Limited.

Collectively, the Star Sydney, Treasury Brisbane and Star Gold Coast casinos are referred to as the **SEG casinos**.

The SEG Board and senior management had oversight of the SEG casinos' compliance with the Act. See paragraphs 203 to 206.

The Anti-Money Laundering Compliance Officer (**AMLCO**) for the SEG casinos was a senior manager employed by SEG at all times.

The role of the AMLCO is particularised at paragraph 216.

EEI Services (Hong Kong) Limited

9. EEI Services (Hong Kong) Limited (**EEIS**) was a company incorporated in Hong Kong in November 2013 that was wholly owned by SEG.

Particulars

EEIS was a wholly owned SEG entity that was established to facilitate offshore settlement activities and provide credit to international junkets and premium players, on behalf of SEG casinos.

EEIS was established to create a payment channel for international customers who did not want to, or could not, send funds directly to a casino in Australia.

See from paragraph 461 for a description of the EEIS remittance channel.

THE ML/TF RISKS FACED BY STAR SYDNEY AND STAR QLD

10. Money laundering:
 - a. is the process of turning the proceeds of crime into money that appears to be legitimate;
 - b. aims to conceal the identity, source, and destination of illicitly-obtained money; and
 - c. aims to move illicitly-obtained money through a legitimate business or transfer system.
11. The Act requires reporting entities to identify, mitigate and manage the money laundering and terrorism financing (**ML/TF**) risks reasonably faced with respect to the provision of designated services to customers.

Particulars

See paragraphs 28 to 42 below.

12. The ML/TF risks faced by Star Sydney and Star Qld arise from both:
 - a. the provision of gambling services (table 3, s6 designated services); and
 - b. the movement of money facilitated by the provision of financial services (table 1, s6 designated services).

The risk-based approach and ML/TF risk

13. The Act and Rules permit a risk-based approach to the identification, mitigation and management of ML/TF risks by reporting entities.
14. When determining and putting in place appropriate risk-based systems and controls, a reporting entity must have regard to the nature, size and complexity of its business and the type of ML/TF risk it might reasonably face.

Particulars

Sections 85(2)(a) and (c) and rule 9.1.3 of the Rules.

15. In identifying, mitigating and managing ML/TF risks, a reporting entity must consider the risk posed by:
 - a. its customer types, including any politically exposed persons (**PEPs**);
 - b. the types of designated services it provides;
 - c. the methods by which it delivers designated services (which is known as **channel risk**); and
 - d. the foreign jurisdictions with which it deals.

Particulars

Sections 85(2)(a) and (c) and rule 9.1.4 of the Rules.

The nature, size and complexity of Star Sydney's and Star Qld's business and ML/TF risks reasonably faced

16. Star Sydney and Star Qld facilitate high volume, high frequency and high value designated services, 24 hours a day, 7 days a week, including across international borders.
17. The proceeds of crime are often in cash.
18. The casinos operated by Star Sydney and Star Qld are vulnerable to laundering of proceeds from a range of serious and organised crime activities including drug and tobacco offences, tax evasion, tax and welfare fraud and illegal gambling because:
 - a. they are cash intensive businesses; and
 - b. the source and ownership of cash is harder to trace compared to other forms of money.
19. A customer of Star Sydney and Star Qld can move money through different designated services, including by:
 - a. transferring money through cash, casino value instruments (**CVIs**), such as chips and tickets, and gaming accounts (table 3, s6 services);
 - b. transferring money to or from their own gaming account (items 32 and 31, table 1, s6 services, respectively, or **remittance services**); and
 - c. drawing on or redeeming credit provided by Star Sydney or Star Qld (item 7, table 1, s6 services - **loans or credit**), which could be used for table 3, s6 gambling services and could involve remittance services.
20. The movement of money through different designated services by Star Sydney and Star Qld customers can involve:
 - a. long and complex transaction chains; and
 - b. multiple channels, including non-face-to-face channelswhich make it difficult to understand the purpose of transactions, the beneficial owner of funds or the ultimate beneficiary of value moved.
21. Star Sydney and Star Qld provided both gambling and financial services to higher risk customers, including:
 - a. through junket and rebate channels;

Particulars

Star Sydney and Star Qld offered a number of different rebate programs to VIP or premium players.

Specific rebate programs were offered to junkets.

- b. to customers from foreign jurisdictions, including to international premium and junket players; and
 - c. to PEPs, including foreign PEPs.
22. Star Sydney and Star Qld dealt with customers, including higher risk customers, through agents and third parties.

Money laundering vulnerabilities and typologies

23. The Financial Action Task Force (**FATF**), the Asia/Pacific Group on Money Laundering (**APG**) and AUSTRAC have identified significant money laundering vulnerabilities, related case studies and 'ML/TF typologies' specific to casinos.
24. **ML/TF typologies** are the various methods that criminals use to conceal, launder or move illicit funds.
25. The FATF, APG and AUSTRAC publications describe the following vulnerabilities and ML/TF typologies:
 - a. As casinos are cash intensive businesses, they are vulnerable to **structuring**. This is the deliberate division of a large amount of cash into smaller deposits to avoid the reporting threshold in s43 of the Act.
 - b. **Cuckoo smurfing** is a method of money laundering used by criminals to move funds across borders and make money generated by their illegal activities appear to have come from a legitimate source.
 - c. Cuckoo smurfing is facilitated by professional money laundering syndicates who work with a corrupt remitter based overseas:
 - i. The corrupt remitter accepts an instruction from a customer to make a payment to an Australian-based beneficiary customer.
 - ii. The corrupt remitter hijacks the money transfer coming into Australia in order to place funds in the Australian-based beneficiary account which are sourced from criminal activity.
 - iii. A **smurf or third-party agent**, deposits cash into Australian bank accounts on behalf of a money laundering syndicate controller.
 - iv. The international transfer is offset without the physical movement of funds.
 - d. Casinos accepting cash or third party deposits for customers are vulnerable to cuckoo smurfing.
 - e. Designated services facilitated through junkets are vulnerable to cuckoo smurfing and structuring. Junket operators may act as remitters and may facilitate cuckoo smurfing.
 - f. **Offsetting** enables the international transfer of value without actually transferring money. This is possible because the arrangement involves a financial credit and debit (offsetting) relationship between two or more persons operating in different countries. Criminals can exploit offsetting to conceal the amount of illicit funds transferred, obscure the identity of those involved and avoid reporting to AUSTRAC.
 - g. Gaming accounts are vulnerable to offsetting.
 - h. **Loans or credit** can also be used to launder funds. Loans can be taken out as a cover for laundering criminal proceeds under the guise of repayments, including by lump sum cash payments, smaller structured cash amounts or offsetting.
 - i. Customers of casinos may seek to use third parties to obtain designated services on their behalf. Third parties may also seek to deposit money into a customer's gaming account. A customer may seek to transfer money from their gaming account to a third party. The involvement of **third-parties in transactions** such as these can distance

customers from illicit funds, disguise ownership of funds and complicate asset confiscation efforts by authorities. Third parties can also be used as **smurfs**.

- j. Money deposited with a casino or exchanged for CVIs (including chips and 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.
- k. Gaming losses sustained by a customer, even if minimal, can give the incorrect appearance that the customer is engaging in genuine gaming activity.
- l. Gaming involving **high turnover or high losses** may indicate unusual or suspicious activity and may raise questions about the customer's source of wealth or funds.

Particulars

Turnover is the total amount wagered by customers at a table or on a gaming machine.

Paragraph 634 particularises how rebates are calculated on turnover.

- m. Gaming involving **escalating rates of high turnover or high losses** may indicate unusual or suspicious activity and may raise questions about the customer's source of wealth or funds.
- n. **High turnover** offers further opportunities for the **placement and layering of illicit funds**. This is a particular problem with junkets, where funds are pooled and the payment of winnings is facilitated by the junket operator. The problem is exacerbated where cash can be brought into private gaming rooms by unknown persons who are not junket players.
- o. Games that have a **low house edge** can be attractive to money launderers, as they offer the opportunity to launder large amounts with minimised losses. The house edge is a term used to describe the mathematical advantage that a game, and therefore the casino, has over the customer with play over time.
- p. Where games permit **even-money wagering** (such as roulette and baccarat), two customers can cover both sides of an even bet to give the appearance of legitimate gaming activity while minimising losses.
- q. Games that permit **rapid turnover of cash or CVIs** are vulnerable to money laundering. This vulnerability is exacerbated where the game is automated and not face-to-face.
- r. **Chips and other CVIs are highly transferable** and may be handed over to third parties or removed from casinos and used as currency by criminal groups, or taken out of the jurisdiction as a means of transferring value. The chips may be returned to the casino by third parties and cashed out, including in amounts below a reporting threshold.
- s. **Purchase of CVIs such as tickets** means a money laundering typology whereby individuals purchase CVIs from other customers using illegitimate funds and claim winnings.
- t. The acceptance of **bank cheques** made out to casinos may facilitate money laundering. Bank cheques are essentially anonymised, as the casino cannot identify the source of the funds. A customer may use the bank cheque to purchase CVIs, which may then be converted to cash.

- u. **Bill Stuffing** involves a customer putting cash into an electronic gaming machine (**EGM**), collecting tickets with nominal gaming activity, then cashing out or asking for a cheque.
- v. Casinos are also vulnerable to **refining**, which involves changing of an amount of money from smaller denomination bills into larger ones.
- w. **Loan sharking** is when a person lends money in exchange for its repayment at an excessive interest rate, and may involve intimidating or illegal methods to obtain repayment. Although there is no specific offence for loan sharking, the conduct of a loan shark may breach other laws.
- x. Money may be **parked** in gaming accounts. Parking of illicit money puts distance between the act or acts that generated the illicit funds and the ultimate recipients of those funds, making it harder to understand or trace the flow of money. Gaming accounts can be used to park or hide funds from law enforcement and relevant authorities.

Particulars

Vulnerabilities of Casinos and Gaming Sector, FATF/APG Report, (March 2009), Financial Action Task Force / Asia/Pacific Group on Money Laundering (**FATF/APG Casino Typologies Report**).

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

Junket Tour Operations in Australia: Money Laundering and Terrorism Financing Risk Assessment, (2020), AUSTRAC (**AUSTRAC Junket Assessment**).

FATF - Risk Based Approach Guidance for Casinos, (October 2008) (**FATF RBA Guidance**).

- 26. At all times, Star Sydney and Star Qld were exposed to the vulnerabilities and ML/TF typologies pleaded at paragraph 25 with respect to the provision of designated services.
- 27. By reason of the matters pleaded at paragraphs 16 to 26, the provision of designated services by Star Sydney and Star Qld involves higher ML/TF risks.

THE AML/CTF PROGRAM

- 28. A reporting entity must not commence to provide a designated service to a customer unless the reporting entity has adopted and maintains an anti-money laundering and counter-terrorism financing program (**AML/CTF program**), within the meaning of s83 of the Act, that applies to the reporting entity.

Particulars

Sections 81(1) and 83 of the Act and rule 1.2.1 of the Rules.

- 29. An AML/CTF program is relevantly defined to include a standard AML/CTF program and a joint AML/CTF program.

Particulars

Section 83(1)(a) and (b) of the Act.

Joint AML/CTF Program

30. A joint AML/CTF program is:
- a. a written program that applies to each reporting entity that belongs to a particular designated business group (**DBG**); and
 - b. divided into Part A (general) and Part B (customer identification).

Particulars

Section 85(1) of the Act.

31. At all times on and from 30 November 2016, Star Sydney and Star Qld were members of a DBG (the **Star DBG**).

Particulars

The definition of designated business group is in s5 of the Act.

32. Part A of a joint AML/CTF program is a part the primary purpose of which is to:
- a. identify; and
 - b. mitigate; and
 - c. manage

the risk each of those reporting entities within a DBG may reasonably face that the provision by the relevant reporting entity of designated services at or through a permanent establishment of the relevant reporting entity in Australia might (whether inadvertently or otherwise) involve or facilitate money laundering or terrorism financing (as defined in paragraph 11, **ML/TF risk**).

Particulars

Section 85(2)(a) of the Act.

33. Part A of a joint AML/CTF program must comply with the Rules.

Particulars

Section 85(2)(c) of the Act.

34. Part B of a joint AML/CTF program is a part the sole or primary purpose of which is to set out the applicable customer identification procedures (**ACIPs**) for the purposes of the application of the Act to customers of the reporting entities in the DBG.

Particulars

Section 85(3)(a) of the Act.

35. Part B of a joint AML/CTF program must comply with the Rules.

Particulars

Section 85(3)(b) of the Act.

The Rules - The joint Part A Program

36. Section 85(2)(c) of the Act requires a joint Part A program to comply with requirements specified in the Rules including:

- a. rule 9.1.3 which requires each reporting entity in a DBG, when putting in place appropriate risk-based systems or controls, to have regard to the nature, size and complexity of the reporting entity's business and the type of ML/TF risk that the reporting entity might reasonably face;
- b. rule 9.1.4 which requires each reporting entity in a DBG, in identifying its ML/TF risk, to consider the following factors:
 - i. its customer types, including any PEPs;
 - ii. the types of designated services it provides;
 - iii. the methods by which it delivers designated services; and
 - iv. the foreign jurisdictions with which it deals;
- c. rule 9.1.5 which requires the joint Part A program to be designed in a way so as to enable each reporting entity in the DBG to:
 - i. understand the nature and purpose of the business relationship with its customer types;
 - ii. understand the control structure of non-individual customers;
 - iii. identify significant changes in ML/TF risk for the purposes of its Part A and Part B programs, including (a) risks identified by consideration of the factors in rule 9.1.4 and (b) risks arising from changes in the nature of the business relationship, control structure, or beneficial ownership of its customers;
 - iv. recognise such changes in ML/TF risk for the purposes of the requirements of its Part A and Part B programs;
 - v. identify, mitigate and 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 its customers;
- d. rule 9.4.1 which, except where rule 9.4.2 applies, requires a joint Part A program to be approved by the governing board and senior management of each reporting entity in the DBG. A joint Part A must also be subject to the ongoing oversight of each reporting entity's governing board and senior management. Rule 9.4.2 provides that where each member of a DBG is related to the other members, the joint 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 group.
- e. rule 9.5.1 which requires the joint Part A program to provide for the DBG to designate a person as the AMLCO at the management level; and
- f. rule 9.6 which requires that the joint Part A program be subject to regular independent review and in the manner provided for under the rule.

The Rules - Carrying out the applicable customer identification procedures (ACIPs) and the joint Part B Program

37. Reporting entities are required to carry out ACIPs to identify customers, generally before commencing to provide a designated service.

Particulars

Section 32 of the Act.

38. Exceptions to this general rule apply in relation to some designated services provided by Star Sydney and Star Qld.

Particulars

Chapter 10 of the Rules made under s39 of the Act.

39. Chapter 10 of the Rules relevantly provide:

- a. The obligation in s32 of the Act does not apply in respect of a designated service under items 1, 2, 4, 6, 7, 8 or 9 of table 3, s6 that involves an amount of less than \$10,000.

Particulars

Rule 10.1.4 of the Rules (from 30 November 2016 to 16 June 2021).

Rule 10.1.3 of the Rules (from 17 June 2021).

- b. The obligation in s32 of the Act does not apply in respect of a designated service under items 1, 2, 4, 6 or 9 of table 3, s6 that involves:
- i. an amount of less than \$10,000; and
 - ii. the customer giving or receiving only gaming chips or tokens.

Particulars

Rule 10.1.5 of the Rules (from 30 November 2016 to 16 June 2021).

Rule 10.1.4 of the Rules (from 17 June 2021).

- c. The exemptions in rules 10.1.3 and 10.1.4 do not apply in circumstances where a reporting entity determines in accordance with its enhanced customer due diligence (**ECDD**) program that it should obtain and verify any know your customer (**KYC**) information in respect of a customer in accordance with its customer identification program.

Particulars

Rule 10.1.6 of the Rules (from 30 November 2016 to 16 June 2021).

Rule 10.1.5 of the Rules (from 17 June 2021).

40. Rule 14.4 of the Rules relevantly provides that the obligation in s32 of the Act does not apply to a designated service under item 14, table 3, s6 (foreign exchange):
- a. where the value of the currency is less than \$1,000 (in Australian dollars or foreign equivalent); and
 - b. the proceeds and/or funding source of the designated service is in the form of physical currency.

41. The exemption in rule 14.4 does not apply where a reporting entity determines in accordance with its ECDD program that it should obtain and verify any KYC information about a customer in accordance with its customer identification program.

Particulars

Rule 14.5 of the Rules.

42. Section 85(3)(b) of the Act requires a joint Part B program to comply with the requirements specified in Chapter 4 of the Rules which include the following:
- a. Relevantly, rule 4.1.3 provides that for the purposes of meeting the requirements of Chapter 4 of the Rules, a reporting entity must consider the risk posed by the following factors when identifying its ML/TF risk:
 - i. its customer types, including any PEPs;
 - ii. its customers' sources of funds and wealth;
 - iii. the nature and purpose of the business relationship with its customers;
 - iv. the types of designated services it provides;
 - v. the methods by which it delivers designated services (or channel); and
 - vi. the foreign jurisdictions with which it deals.
 - b. Rule 4.2.2 requires a Part B program to include appropriate risk-based systems and controls that are designed to enable the reporting entity to be reasonably satisfied that a customer who is an individual is the individual that he or she claims to be.
 - c. Rule 4.2.3 requires a Part B program to include a procedure for the reporting entity to collect, at a minimum, the following KYC information about an individual: full name, date of birth, and residential address.
 - d. Rule 4.2.5 requires a Part B program to include appropriate risk-based systems and controls for the reporting entity to determine whether any other additional KYC information will be collected in addition to this information.
 - e. Rule 4.2.6 requires a Part B program to include a procedure for the reporting entity to verify, at a minimum, the customer's full name and either the customer's date of birth or their residential address.
 - f. Rule 4.2.8 requires a Part B program to include appropriate risk-based systems and controls for the reporting entity to determine whether any additional KYC information should be verified.
 - g. Rules 4.2.10 to 4.2.14 set out safe-harbour ACIPs for individual customers whose risk is medium or lower.
 - h. Part 4.11 of the Rules makes provision for ACIPs for agents of customers.
 - i. Rule 4.11.2 requires a Part B program to include a procedure for the reporting entity to collect, at a minimum:
 - i. the full name of each individual who purports to act for or on behalf of the customer with respect to the provision of a designated service by the reporting entity; and
 - ii. evidence (if any) of the customer's authorisation of any such individual.

- j. Rule 4.11.3 requires a Part B program to include appropriate risk-based systems and controls for the reporting entity to determine whether and to what extent it should verify the identity of individuals (either the customer or their purported agents).
- k. Part 4.13 of the Rules provides for the collection and verification of PEP information.
- l. Rule 4.13.1 requires a Part B program to include appropriate risk-management systems to determine whether a customer or beneficial owner is a PEP; either before the provision of a designated service to the customer or as soon as practicable after the designated service has been provided.
- m. For domestic PEPs and international organisation PEPs, rule 4.13.2 requires a Part B program to determine whether the person is of high ML/TF risk.
- n. If the person is a domestic PEP or international organisation PEP who has been assessed as posing a high ML/TF risk, or if the person is a foreign PEP, then rules 4.13.2(3) and 4.13.3 respectively require a Part B program to include appropriate risk-management systems for the reporting entity to undertake each of the following steps:
 - i. comply with identification requirements in rules 4.2.3 to 4.2.9 of the Rules in the case of a beneficial owner;
 - ii. obtain senior management approval before establishing or continuing the business relationship;
 - iii. take reasonable measures to establish the PEP's source of wealth and source of funds; and
 - iv. comply with Chapter 15 of the Rules.

THE STAR SYDNEY AND STAR QLD AML/CTF PROGRAMS

43. At all times on and from 30 November 2016, Star Sydney and Star Qld could not commence to provide a designated service to a customer unless they:
- a. each adopted and maintained a standard AML/CTF program; or
 - b. jointly adopted and maintained a joint AML/CTF program.

Particulars

Sections 81(1), 83, 84 and 85 of the Act.

Section 81(1) is a civil penalty provision: s81(2) of the Act.

Star Sydney and Star Qld's Joint AML/CTF Program

44. On and from 30 November 2016, Star Sydney and Star Qld each purported to adopt and maintain a Part A joint AML/CTF program (the **Joint Part A Program**).

Particulars

Version 4 effective from 29 September 2016 to 21 August 2017;

Version 5 effective from 22 August 2017 to 7 February 2018;

Version 6 effective from 8 February 2018 to 30 October 2018;

Version 7 effective from 31 October 2018 to 19 February 2019;

Version 8 effective from 20 February 2019 to 31 October 2019;

Version 9 effective from 1 November 2019 to 31 May 2020;

Version 10 effective from 1 June 2020 to 30 August 2022;

Version 11.1 effective from 31 August 2022.

The Joint Part A Program also comprised the following:

A. The Star Entertainment Group AML/CTF Risk Management and Assessment Framework (the **AML/CTF Framework**), implemented from 1 November 2019 (version 1.2). Earlier versions (version 1 dated 31 October 2018 to 23 July 2019 and version 1.1 dated 24 July 2019 to 31 October 2019) were approved but not implemented.

B. The Star Entertainment Group Enhanced Customer Due Diligence Standard (the **ECDD Standard**).

(Version 1 effective from 1 November 2019 to 10 November 2019; Version 1.1 effective from 11 November 2019 to 29 February 2020; Version 1.2 effective from 1 March 2020 to 30 August 2022; Version 2 effective from 31 August 2022).

C. The Star Entertainment Group Transaction Monitoring and AUSTRAC Reporting Standard (the **TMP and Reporting Standard**).

(Version 1 effective from 1 November 2019 to 16 March 2021; Version 2 effective from 17 March 2021 to 12 May 2021; Version 3 effective from 13 May 2021).

D. The AML/CTF Standard Operating Procedures (**AML SOPs**).

(Versions dated August 2015, 1 June 2018, 1 November 2019, 1 June 2020, 1 July 2021).

45. On and from 30 November 2016, Star Sydney and Star Qld each purported to adopt and maintain a Part B joint AML/CTF program (the **Joint Part B Program**).

Particulars

Version 4 effective from 29 September 2016 to 21 August 2017;

Version 5 effective from 22 August 2017 to 7 February 2018;

Version 6 effective from 8 February 2018 to 30 October 2018;

Version 7 effective from 31 October 2018 to 19 February 2019;

Version 8 effective from 20 February 2019 to 31 October 2019;

Version 9 effective from 1 November 2019 to 31 May 2020;

Version 10 effective from 1 June 2020 to 30 August 2022;

Version 11.1 effective from 31 August 2022.

The Joint Part B Program also comprised:

The Star Entertainment Group Know Your Customer Standard.

(Version 1 effective from 1 November 2019 to 31 May 2020; Version 2 effective from 1 June 2020 to 30 August 2022; Version 3 effective from 31 August 2022).

46. At no time from 30 November 2016 did either Star Sydney or Star Qld purport to adopt and maintain a standard AML/CTF program.

STAR'S INFORMATION MANAGEMENT SYSTEMS

47. Star Sydney and Star Qld had multiple information management systems to record information relevant to its customers and the provision of designated services.
48. At all times **Synkros** was the information management system used by Star Sydney and Star Qld to record:
- a. gaming activity;
 - b. buy-in and pay-out or cash-out transactional data;

Particulars

The '**buy-in**' stage is when a customer purchases chips, tickets, or other CVIs in order to commence gambling.

The '**pay-out**' or '**cash-out**' stage is when a customer converts chips, tickets, other CVIs or gaming machine credits to money.

- c. customer account transactions;

Particulars

Customer accounts on which transactions were recorded included front money accounts (**FMAs**); safekeeping accounts (**SKAs**); cashless wagering accounts (**CWAs**); cheque cashing facilities (**CCFs**); loyalty accounts; and membership accounts.

See paragraph 253 as to the details relating to transactions that were recorded, and not recorded, with respect to FMAs and SKAs.

- d. customer profiles;
- e. KYC information;
- f. customer risk ratings;
- g. notifications relating to customer information and exclusions;

Particulars

See paragraph 174.

- h. threshold transaction reporting; and
 - i. foreign exchange transactions.
49. At all times Synkros interfaced with and captured data from, or shared data with, other Star Sydney and Star Qld systems, including:
- a. table gaming and EGM activity database, **Game Connect**;

Particulars

The Star Sydney and Star Qld casinos used Game Connect to capture carded transactional and win/loss data at a gaming table. Game Connect also captured carded play on an EGM or Electronic Table Game (**ETG**).

Each of Star Sydney, Treasury Brisbane casino and Star Gold Coast casino maintained their own, separate versions of Game Connect.

The records made on Game Connect are described at paragraphs 566 to 569.

- b. the **Angel Eye** gaming surveillance system from mid to late-2020;
- c. the AML case management systems, **Protecht** until 16 April 2021 and **TrackVia** from 17 April 2021 (see paragraph 58);
- d. the investigations case management system, **iBase**, from June 2019;

Particulars

Information regarding customers under investigation by the Investigations team was recorded in iBase.

iBase was a SEG wide database used by all SEG casinos.

Paragraph 157(c).

- e. the Casino Information Database (**CID**), which was a database used to log events, operational activities, customer exclusions and interrogate reports.

Particulars

CID recorded details of customer identification information, customers who had been excluded, manual reviews of customer gaming activity, and staff observations of suspicious transactions involving customers.

Paragraph 59, 174 to 175.

- 50. Star Sydney and Star Qld used the International Rebate Business Management System (**IRBMS**) to:
 - a. record the betting data and to track chip exchange activities of customers playing on an individual rebate program and on junkets; and
 - b. calculate the rebate payable to a customer based on their gaming activity.
- 51. Synkros did not automatically interface with IRBMS although some transaction data relating to rebate play was entered on to Synkros.

Particulars

The information that is generated through play on an EGM and ETG automatically transfers to Synkros. Table games records are manually recorded in Game Connect and automatically transferred into Synkros. The customer's betting data and track chip exchange activities are manually recorded in the handle app and Roll over app respectively and automatically transferred to IRBMS.

- 52. From November 2017, the Credit and Collections team in SEG maintained a document storage and record keeping database known as **OnBase**, which contained:

- a. documents related to CCF approval workflows including customer application forms, screening searches, KYC identification documents, and the Credit Establishment Authorisation Form including the Risk Matrix;
- b. records relating to background and creditworthiness checks, including records relating to source of wealth, source of funds and credit checks; and
- c. records related to transactions through the Hotel Card channel.

Particulars

Paragraph 503 and 157(d).

- 53. Prior to November 2017, Credit and Collections maintained hard copy records. From November 2017, these hard copy records were uploaded to OnBase as historical records.
- 54. From November 2017, hard copy records obtained by the Star Sydney or Star Qld Cage relating to Credit & Collection workflows were also uploaded manually to the customer's OnBase file.
- 55. Star Sydney used **TBoss** until December 2018 and then **GES**, to record guest tournament transactions in relation to poker tournaments.
- 56. Star Qld used Tboss, Card Room Magic and excel spreadsheets to record guest tournament transactions in relation to poker tournaments. GES was introduced in September 2019 at Star Gold Coast casino and December 2021 at Treasury Brisbane casino.
- 57. Synkros did not interface with and did not capture, or share transactional data from, TBoss and GES.
- 58. Protecht (until 16 April 2021) and TrackVia (from 17 April 2021) were the compliance and risk case management systems used by Star Sydney and Star Qld to record:
 - a. KYC and ECDD information;
 - b. customer risk ratings;
 - c. the customer risk register (as pleaded at paragraph 117);
 - d. customer profiles; and
 - e. analysis of customer transactions.
- 59. Each of Star Sydney, Treasury Brisbane casino and Star Gold Coast casino maintained their own, separate versions of Synkros, Game Connect, IRBMS and CID.

Particulars

The transaction records in each version of Synkros recorded only transactions at the relevant casino site.

Star Sydney, Treasury Brisbane casino and Star Gold Coast casino were unable to automatically collate transaction data in Synkros across casinos for customers that played across multiple SEG casino sites.

Each SEG casino maintained their own CID. From January 2019, Queensland exclusion orders were entered into NSW CID by Star Qld Investigations staff. NSW exclusion orders were entered into Queensland CID by Star Sydney Investigations staff.

CID exclusion details interface with iBase automatically every 24 hrs.

60. Protecht and TrackVia interfaced with and captured some KYC information from other Star Sydney and Star Qld systems, including:
- a. Synkros;
 - b. CID; and
 - c. iBase.

Particulars

KYC information collected in carrying out an ACIP, and other KYC information, was automatically drawn from or shared between Synkros, Protecht and TrackVia.

The AML Administrator would manually check the Protecht system, TrackVia and Synkros systems when new risk information became available any time that a trigger arose, for example during transaction monitoring.

Records entered into TrackVia need to be manually updated in the CMS (Synkros).

Trackvia transaction monitoring alerts (and also Transwatch transaction monitoring alerts) used Synkros data inputs.

61. Customer risk, gaming and transaction data was recorded against multiple patron account numbers and dispersed in multiple IT systems.

Particulars

Where a customer was risk rated, Star Sydney and Star Qld did not consistently record the same risk rating or risk information against all patron account numbers. Consequently, where a customer had multiple patron account numbers, different risk ratings and risk information could be recorded for the same customer against different numbers.

Star Sydney and Star Qld were unable to automatically collate transaction data where a customer had multiple accounts.

Paragraphs 764, 847 and 848.

62. The risk-based procedures, systems and controls in Star Sydney and Star Qld's AML/CTF Programs were not capable, by design, of complying with the requirements of the Act and Rules including because Star Sydney and Star Qld's information management systems did not enable these risk-based procedures, systems and controls to operate as intended.

Particulars

See paragraphs 157, 566 to 569, 666 to 670, 751 to 765 and 843.

The procedures, systems and controls were not capable, by design, of operating in the manner described in the Star Sydney and Star Qld's AML/CTF Programs due to the deficiencies in the information management systems. Consequently, the Star Sydney and Star Qld Joint Part A Programs did not establish risk-based systems and

controls whose primary purpose was to identify, mitigate and manage
ML/TF risk.

Section 85(2)(a) and (c) of the Act and rule 9.1.3 of the Rules.

THE AML/CTF PROGRAM CONTRAVENTIONS – SECTION 81

The Joint Program - Part A and Part B

63. A reporting entity cannot adopt and maintain a joint AML/CTF program for the purposes of s81 of the Act unless it has adopted and maintained both a:
- a. joint Part A program that meets the requirements of s85(2) of the Act and Chapters 9 and 15 of the Rules (made under s85(2)(c)); and
 - b. joint Part B program that meets the requirements of s85(3) of the Act and Chapter 4 of the Rules (made under s85(3)(b)).

Particulars

Section 85(1) of the Act.

The Joint Part A Programs

64. A reporting entity cannot adopt and maintain a Joint Part A program for the purposes s81 of the Act unless the Part A program complies with the requirements of:
- a. section 85(2)(a) of the Act;
 - b. section 85(2)(c) of the Act; and
 - c. rules made under s85(2)(c) of the Act, including Chapters 9 and 15 of the Rules.
65. From 30 November 2016, the Star Sydney and Star Qld Joint Part A Programs (the **Joint Part A Programs**) did not meet the requirements of s85(2) of the Act and Chapters 9 and 15 of the Rules because the Joint Part A Programs did not:
- a. have the **primary purpose of identifying, mitigating and managing the ML/TF risks** that Star Sydney and Star Qld each reasonably faced and did not comply with the requirements of the Rules;

Particulars

Sections 85(2)(a) and (c) of the Act and rules 9.1.3, 9.1.4, 9.1.5, 9.4.9.6 and 9.7 of the Rules.

See paragraphs 74 to 707.

- b. include a **transaction monitoring program** that complied with the requirements of the Rules;

Particulars

Section 85(2)(c) of the Act and rules 9.1.3, 9.1.4, and 15.4 to 15.7 of the Rules.

See paragraphs 708 to 791.

- c. include an **enhanced customer due diligence program** that complied with the requirements of the Rules;

Particulars

Section 85(2)(c) of the Act and rules 1.2.1, 9.1.3, 9.1.4 and 15.8 to 15.11 of the Rules.

See paragraphs 792 to 852.

- d. include systems and controls designed to ensure Star Sydney and Star Qld complied with the **reporting requirements under Part 3 of the Act**.

Particulars

Rule 9.9.1(2) of the Rules, made for the purposes of s85(2)(c) of the Act.

See paragraphs 853 to 858.

- 66. By reason of the matters pleaded in paragraphs 64 and 65, Star Sydney and Star Qld did not adopt and maintain a joint Part A program for the purposes of s81 of the Act from 30 November 2016.
- 67. By reason of the matters pleaded in paragraphs 6, 7, 63 and 66, Star Sydney and Star Qld commenced to provide designated services from 30 November 2016 in contravention of s81(1) of the Act.
- 68. By reason of the matters pleaded in paragraph 67, Star Sydney and Star Qld each contravened s81(1) of the Act on each occasion that they provided a designated service from 30 November 2016.

Particulars

Section 81(1) of the Act is a civil penalty provision: s81(2) of the Act.

The Joint Part B Programs

- 69. A reporting entity cannot adopt and maintain a joint Part B program for the purposes of s81 of the Act unless the Part B program complies with the requirements of:
 - a. section 85(3)(a) of the Act;
 - b. section 85(3)(b) of the Act; and
 - c. rules made under s85(3)(b) of the Act, including Chapter 4 of the Rules.
- 70. From 30 November 2016, the Star Sydney and Star Qld Joint Part B Programs (the **Joint Part B Programs**) did not comply with the requirements of s85(3) of the Act because they did not:
 - a. set out the ACIPs for the purposes of the application of the Act to all customers of Star Sydney and Star Qld: s85(3)(a); and
 - b. comply with requirements of Chapter 4 of the Rules made under s85(3)(b) of the Act.

Particulars

Chapter 10 and rule 14.4 of the Rules made under s39 of the Act.

See paragraphs 859 to 873.

- 71. By reason of the matters pleaded in paragraph 70, Star Sydney and Star Qld did not adopt and maintain a joint Part B program for the purposes s81 of the Act from 30 November 2016.
- 72. By reason of the matters pleaded in paragraphs 6, 7, 69 and 71 Star Sydney and Star Qld commenced to provide designated services from 30 November 2016 in contravention of s81(1) of the Act.

73. By reason of the matters pleaded in paragraph 72, Star Sydney and Star Qld each contravened s81(1) of the Act on each occasion that they provided a designated service from 30 November 2016.

Particulars

Section 81(1) of the Act is a civil penalty provision: s81(2) of the Act.

THE JOINT AML/CTF PROGRAM CONTRAVENTIONS – s81

The primary purpose of identifying, mitigating and managing ML/TF risks reasonably faced

74. From 30 November 2016, the Joint Part A Programs did not:
- a. have the primary purpose of identifying, mitigating and managing the ML/TF risks that each reporting entity reasonably faced with respect to designated services for the purposes of s85(2)(a); and
 - b. comply with the requirements specified in the Rules for the purposes of s85(2)(c) for the reasons pleaded at paragraphs 75 to 78 below.
75. The Joint Part A Programs did not include an appropriate **risk methodology** that was capable of appropriately identifying and assessing the ML/TF risks of designated services provided by Star Sydney and Star Qld for the reasons pleaded at paragraphs 79 to 92.
76. The Joint Part A Programs were not **aligned to the ML/TF risks reasonably faced** by Star Sydney and Star Qld with respect to the provision of designated services for the reasons pleaded at paragraphs 93 to 193.
77. The Joint Part A Programs did not include or establish an **appropriate approval and oversight framework** that was capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld and of meeting the requirements of the Rules for the reasons pleaded at paragraphs 194 to 235.
78. The Joint Part A Programs did not include **appropriate risk-based systems and controls** that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to:
- a. **Gaming accounts**, including:
 - i. Front money accounts (**FMA**s) and safekeeping accounts (**SKA**s), for the reasons pleaded at paragraphs 243 to 289;
 - ii. Cashless wagering accounts (**CWA**s), for the reasons pleaded at paragraphs 290 to 303;
 - b. **Remittance services**, for the reasons pleaded at paragraphs 304 to 493;
 - c. **Loans and transactions relating to loans**, relating to cheque cashing facilities (**CCF**s) for the reasons pleaded at paragraphs 495 to 553;
 - d. The **exchange of money for casino value instruments such as chips and tickets (and vice-versa)**, for the reasons pleaded at paragraphs 554 to 558;
 - e. **Table games and electronic gaming machines**, for the reasons pleaded at paragraphs 559 to 581;

- f. **Foreign currency exchange**, for the reasons pleaded at paragraphs 582 to 590;
- g. **Designated services provided in foreign currency**, for the reasons pleaded at paragraphs 591 to 594;
- h. **Safe deposit boxes**, for the reasons pleaded at paragraphs 595 to 610;
- i. **Designated services provided in cash**, for the reasons pleaded at paragraphs 611 to 617;
- j. **Designated services provided through junket and rebate channels**, for the reasons pleaded at paragraphs 619 to 707.

Risk methodologies

79. A joint Part A program will not be capable, by design, of identifying, mitigating and managing ML/TF risks if it does not include an appropriate risk methodology to identify and assess the ML/TF risks of the designated services provided by the reporting entities.

Particulars

Sections 85(2)(a) and (c) of the Act and rules 9.1.3, 9.1.4 and 9.1.5 of the Rules.

80. From 30 November 2016, the Joint Part A Programs did not include or incorporate an appropriate risk methodology that was capable of appropriately identifying and assessing the ML/TF risks of designated services provided by Star Sydney and Star Qld for the reasons pleaded at paragraphs 81 to 92 below.

Particulars

Sections 85(2)(a) and (c) of the Act and rules 9.1.3, 9.1.4 and 9.1.5 of the Rules.

81. Prior to November 2019, the Joint Part A Programs did not include any methodology to assess the inherent ML/TF risks of designated services.

Particulars

KPMG advised SEG in its report dated 16 May 2018 (**KPMG report**) that the Joint Part A Program did not include an adequately documented ML/TF risk assessment methodology on which its ML/TF assessments had been performed. KPMG rated this finding high risk.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

Rule 9.1.4(2) of the Rules.

82. In October 2018, the SEG Board Risk and Compliance Committee approved the AML/CTF Framework.

Particulars

Paragraphs 44 and 198.

The primary objective of the framework was to provide guidance on how to conduct assessments of the ML/TF risks of SEG casinos.

83. The AML/CTF Framework was not implemented until November 2019.

Particulars

From November 2019, the Joint Part A Programs provided that:

- A. the assessment and management of ML/TF risks relating to the provision of designated services was to be determined in accordance with the AML/CTF Framework; and
- B. details of risk assessments conducted in respect of individual products and services, were to be maintained in the Risk Registers (described at paragraph 100).

Star Sydney and Star Qld did not develop or start to implement any AML/CTF risk assessment procedures or tools until November 2019.

84. The AML/CTF Framework did not provide for an appropriate methodology for the assessment, weighting or rating of the inherent risk attributes reasonably faced by Star Sydney and Star Qld with respect to the designated services they provided.

Particulars

The AML/CTF Framework set out some risk attributes of designated services and some indicators of money laundering activities. The framework also set out risk rating categories.

However, the AML/CTF Framework did not set out any methodology for assessing, rating and weighting the complete set of risk attributes of designated services.

Rules 9.1.3 and 9.1.4 of the Rules.

85. From November 2019, the Risk Registers (as pleaded at paragraph 100) contained a generic risk matrix.
86. The risk matrix in the Risk Registers did not provide an appropriate methodology for the assessment, weighting or rating of the inherent risk attributes reasonably faced by Star Sydney and Star Qld with respect to the designated services they provided.

Particulars

Rules 9.1.3 and 9.1.4 of the Rules.

See paragraphs 13 to 27 above.

87. At no time did the Joint Part A Programs include or incorporate a methodology to appropriately consider the risk factor of channel in assessing the ML/TF risks posed by designated services provided by Star Sydney and Star Qld.

Particulars

Rule 9.1.4(3) of the Rules.

Channel risks are pleaded at paragraph 180.

Prior to November 2019, the Joint Part A Programs acknowledged that designated services that were not provided face-to-face were higher risk, but did not acknowledge which designated services were not provided face-to-face.

From November 2019, the AML/CTF Framework stated that all designated services were provided face-to-face with the exception of those provided through junkets, electronic gaming machines (**EGMs**) or electronic table games (**ETGs**) and electronic funds transfers.

However, at no time did the Joint Program or the AML/CTF Framework provide for a methodology to identify, assess, rate or weight the risk attributes associated with the provision of designated services through different channels – whether face-to-face or non-face-to-face.

From November 2019, some channel risks were factored into the customer risk assessment tool (**CRT**) in the assessment of composite customer risk. For this purpose, telegraphic transfers were recognised as high risk and face-to-face channels were recognised as low risk. The CRT did not have appropriate regard to other channels risks.

88. At no time did the Joint Part A Programs include or incorporate any methodology to consider the ML/TF risks posed by the customer types receiving designated services provided by Star Sydney and Star Qld.

Particulars

Rule 9.1.4(1) of the Rules.

Prior to 1 November 2019, the Joint Part A Programs did not include any methodology to assess customer risk.

From 1 November 2019, the CRT was being developed.

The customer risk assessment tool was to be used through TrackVia which was not implemented until April 2021. It was not until July 2021 that the AML SOPs included a procedure for the AML Administrators to refer to the customer risk assessment tool for the purposes of customer risk assessments.

The CRT was not an appropriate risk methodology for customer risk. The CRT did not consider the ML/TF risk factors of all customer types. Nor did it appropriately consider the ML/TF risks factors identified at paragraph 110.

89. At no time did the Joint Part A Programs include appropriate criteria or risk parameters for categorising customer types who were not low risk.

Particulars

Paragraph 112.

90. Prior to 1 November 2019, the Joint Part A Programs did not include or incorporate a methodology to appropriately consider the risk factor of foreign jurisdictions in assessing the ML/TF risks posed by designated services provided by Star Sydney and Star Qld.

Particulars

Rule 9.1.4(4) of the Rules.

Jurisdictional risks are pleaded at paragraph 181.

Prior to November 2019, Star Sydney and Star Qld did not apply risk ratings to individual jurisdictions.

From November 2019, the Jurisdictional Risk Tool (**JRT**) was included in the Joint Part A Programs. From November 2019, jurisdictional risk was intended to be factored into customer risk.

91. The Joint Part A Programs did not include or incorporate a methodology to appropriately assess the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to complex designated service chains, having regard to the nature, size and complexity of their businesses including that:
- a. during the course of a visit to the casino, customer funds could be moved through cash, gaming chips and gaming accounts (table 3, s6 services), and transferred to or from third parties, another casino, or a domestic or foreign bank (items 31 and 32, table 1, s6 and item 13, table 3 s6 services);
 - b. the designated services provided to customers could involve long and complex transactional value chains ranging from receipt of funds, account management, gaming activities and outward disbursement of funds; and
 - c. these transactional chains involved different channels and jurisdictions.

Particulars

There was no methodology or process by which composite risk ratings would be reflected in the risk or control framework to identify, mitigate and manage the ML/TF risks of designated services. Nor was there any methodology that addressed that designated services provided to customers could involve long and complex transactional value chains. The CRT did not address these factors.

Rules 9.1.3 and 9.1.4 of the Rules.

92. The Joint Part A Programs did not include a methodology to assess the residual ML/TF risks of designated services provided by Star Sydney and Star Qld, once risk-based controls had been applied.

Particulars

Rules 9.1.3 and 9.1.4 of the Rules.

Prior to 1 November 2019, the Joint Part A Programs provided that residual risk was the risk that the provision of designated services facilitates ML/TF after applying minimum KYC. This was not an appropriate methodology to determine residual risk. Customer identification in accordance with Part 2 of the Act is not a control that reduces the inherent risk of designated services.

From 1 November 2019, the Risk Registers required control effectiveness to be rated but did not provide for an appropriate methodology against which: (1) the inherent risks of designated services could be appropriately assessed; (2) the controls applying to each of those designated services would be identified, and (3) the effectiveness of those controls could be assessed as against the inherent risks of each designated service.

Alignment of the Joint Part A Programs to ML/TF risk

93. Once reporting entities identify the ML/TF risks they reasonably face, and carry out an assessment of those risks in accordance with an appropriate ML/TF risk methodology, the reporting entities must align their Joint Part A Program to those risks as assessed.

Particulars

Sections 85(2)(a) and (c) of the Act and rules 9.1.3 and 9.1.4 of the Rules.

94. In aligning a Joint Part A Program to the ML/TF risks reasonably faced, the reporting entities must have regard to:
- a. the nature, size and complexity of their business; and
 - b. the type of ML/TF risks they reasonably face.

Particulars

Rule 9.1.3 of the Rules.

95. When having regard to the ML/TF risks they reasonably face, reporting entities must have regard to the risk factors of:
- a. designated services;
 - b. customers;
 - c. channel; and
 - d. foreign jurisdictions.

Particulars

Rule 9.1.4 of the Rules.

96. The ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to designated services are also dynamic.
97. Reporting entities must review and update ML/TF risk assessments, at intervals that are appropriate having regard to the nature, size and complexity of their business.

Particulars

Rules 9.1.3 and 9.1.5 of the Rules.

98. For the reasons pleaded in paragraphs 99 to 181, at no time were the Joint Part A Programs aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld having regard to the requirements pleaded at paragraphs 93 to 97.

No ML/TF risk assessment prior to November 2019

99. At no time prior to November 2019 did Star Sydney or Star Qld purport to carry out an assessment of the ML/TF risks they each reasonably faced with respect to the provision of designated services.

Particulars

The versions of the Joint Part A Program prior to November 2019 contained a statement in Appendix C or Appendix B, which was presented as a risk assessment. The statement noted, at a high level, the risk factors for table games and EGMs, but was based on a generic industry risk assessment dated from around 2009. The statement did not consider the ML/TF risks specific to Star Sydney or Star Qld. Nor did the appendices consider designated services provided under table 1, s6 of the Act.

In its 16 May 2018 report, KPMG advised SEG that the ML/TF risk assessment in the Joint Part A Program was not sufficiently detailed or specific to constitute an adequate ML/TF risk assessment.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

Prior to November 2019, SEG conducted periodic risk assessment workshops chaired by the AMLCO in conjunction with the AML Administrators (and on some occasions, representatives of gaming and cage management team). These workshops did not constitute a risk assessment of the ML/TF risks Star Sydney and Star Qld reasonably faced with respect to the provision of designated services.

Risk registers dated 2016 and 2017 were also prepared. These risk registers did not constitute a risk assessment upon which the Joint Part A Programs were based. These registers listed some high-level ML/TF typologies and vulnerabilities related to 'patron activity risks', but did not assess the risk attributes of each of the designated services provided by SEG casinos.

The risk registers from November 2019

100. From November 2019, the Joint Part A Programs included designated services risk registers (the **Risk Registers**), as amended from time to time.

Particulars

There were two Risk Registers:

- A. the Designated Services Risk Register, dated November 2019;
and

B. the AML Risk Register and Controls, dated 22 June 2022.

From November 2019, cl 3 of the Joint Part A Program provided that:

A. the assessment and management of ML/TF risks relating to the provision of designated services was to be determined in accordance with the AML/CTF Framework; and

B. details of risk assessments conducted in respect of individual products and services, were to be maintained in the Risk Registers.

A designated services risk register was not maintained, and did not form part of the Joint Part A Program prior to November 2019.

From November 2019, the Risk Register was maintained by the AMLCO.

101. The Risk Registers purported to record:

- a. the ML/TF risks reasonably faced by Star Sydney and Star Qld;
- b. the systems and controls intended to mitigate and manage those ML/TF risks; and
- c. the residual ML/TF risk with respect to designated services.

Particulars

The Joint Part A Programs state that the purpose of the Risk Register is to record risk information and current risk ratings for each of the designated services offered by Star Sydney and Star Qld. Details of risk assessments conducted in respect of individual products and services, are maintained in the Risk Register.

Star Sydney and Star Qld purported to use the Risk Register to identify any control weaknesses that would inadvertently enable criminals to exploit their products, services, and delivery methods to facilitate their illegal activity.

SEG viewed the 2019 Risk Register as an intermediate step toward accomplishing a risk assessment of designated services.

102. The Risk Registers did not include an appropriate analysis or assessment of a number of the inherent ML/TF risks that Star Sydney and Star Qld might reasonably have faced with respect to the provision of designated services, including:

- a. the risk attributes with respect to different product or designated service types;
- b. risks with respect to table 1, s6 designated services (financial services);
- c. channel risk, including non-face-to-face channels, junket and rebate channels, private gaming rooms and Star Patron accounts (as defined at paragraph 311);
- d. ML/TF typologies and vulnerabilities (as defined at paragraph 25), including but not limited to:
 - i. customers, including international customers, whose source of funds or wealth is unknown, or if known, is not commensurate with their gambling activities;
 - ii. the involvement of third parties in customer transactions;

- iii. offsetting;
- iv. cuckoo smurfing;
- v. customers attempting to deposit front money or make payments using complex means;
- vi. customers receiving designated services in high value and high volume;
- vii. customer requests for transfers to and from other casinos;
- viii. dramatic increases in gaming activity, including escalating rates of high turnover or high losses; and
- ix. loan sharking.

Particulars

The risks included in the Risk Registers were based on assessments conducted on 12 November 2019 and 20 June 2022.

103. The risks included in the Risk Register had not been assessed in accordance with an appropriate risk methodology.

Particulars

See paragraph 80.

104. The Risk Registers did not include appropriate risk-based controls that, by design, were capable of identifying, mitigating and managing the ML/TF risks reasonably faced Star Sydney and Star Qld.

Particulars

Paragraphs 242 to 707.

Residual risk

105. The controls listed in the Joint Part A Programs prior to November 2019 did not provide a basis for Star Sydney and Star Qld to determine that the residual risk of designated services was low.

Particulars

Sections 8 and 15 of the Joint Part A Program stated that the ML/TF risks of designated services was low or very low.

On 16 May 2018, KPMG advised SEG in its report that a default rating of low ML/TF risk may not have been appropriate due to the cash intensive nature of many casino customers and the lack of a sufficiently detailed ML/TF risk assessment methodology that utilised both domestic and international trusted sources (such as the FATF and AUSTRAC).

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star

Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

106. From November 2019, the controls listed in the Joint Part A Programs and the Risk Registers did not provide a basis for Star Sydney and Star Qld to determine that residual risk was low or medium.

Particulars

Risk assessments were conducted in 2019 and 2021.

In 2019, SEG determined that the overall risk rating for its casinos was low, with some pockets of the organisation that are higher than low, including with respect to table games, EGMs, junkets and safe deposit boxes.

On and from November 2019, the AML/CTF Framework stated that the designated services provided by SEG casinos had low residual risk.

In 2020/21, SEG determined that the overall risk of money laundering or terrorism financing occurring in SEG's casinos was assessed as medium with some pockets of the organisation (International Rebate Business Junkets) that are higher than medium.

The risk assessments did not identify appropriate controls that were capable of reducing residual risk to low or medium.

The ML/TF risks factors - designated services

107. The risk-based systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to each of the designated services they provided under tables 1 and 3, s6 of the Act.
108. At no time did Star Sydney and Star Qld appropriately identify and assess the ML/TF risks of designated services according to an appropriate methodology, as pleaded at paragraph 80 above.
109. At no time did the Joint Part A Programs include appropriate risk-based controls to identify, mitigate and manage the ML/TF risks of the designated services provided by Star Sydney and Star Qld, as pleaded at paragraphs 236 to 707 below.

Particulars

Rule 9.1.4(2) of the Rules.

The ML/TF risk factors - customers

110. The risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to customers, for the reasons pleaded at paragraphs 111 to 179 below.

Particulars

Rules 9.1.4(1), 9.1.5(1), 15.2 and 15.3 of the Rules.

111. As pleaded at paragraph 88, at no time did the Joint Part A Programs include or incorporate any methodology to consider the ML/TF risks posed by the customer types receiving designated services provided by Star Sydney and Star Qld.

Customer type risk classification categories and low default ratings

112. The Joint Part A Programs provided that all Star Sydney and Star Qld customers were automatically rated low ML/TF risk by default (the **default rating**), unless the Programs or a decision made under them required otherwise.

Particulars

Clauses 14 and 15 of the Joint Part A Programs, prior to November 2019.

Since November 2019, the AML/CTF Framework provided guidance in relation to risk ratings. Under the framework, customers were considered low risk by default.

Paragraphs 113 to 114 identify the circumstances in which a customer was required to be rated higher than low.

113. The Joint Part A Programs required the following types of customers to have an automatic medium or moderate risk rating:
- a. special interest foreigners (until November 2019);
 - b. domestic PEPs;
 - c. residents of a prescribed foreign country;
 - d. criminal record holders (until November 2019); and
 - e. customers who are known to be providing funds for junket play, including:
 - i. junket operators and junket funders (from February 2020 to early 2021); and
 - ii. junket key players from February 2020.

Particulars

Clauses 14 and 15 of the Joint Part A Programs, prior to November 2019.

In their Joint Part A Program documents, a rating of medium or moderate risk was expressed by SEG to be equivalent to a rating of 'low' risk in Chapter 4 of the Rules.

Since November 2019, as noted above, the AML/CTF Framework provided guidance in relation to risk ratings.

From 2015 until February 2020, Star Sydney and Star Qld did not automatically assign a pre-determined higher risk rating to customers who were junket operators, representatives, funders or players. These customers were rated low by default.

At all times, manually assigned risk ratings and changes (if any) relating to junket customers occurred at the settlement of a junket.

114. The Joint Part A Programs required the following types of customers to have an automatic high risk rating:
- a. foreign PEPs;
 - b. beneficial owners who are a foreign PEP;
 - c. international organisation PEPs;
 - d. customers known to have engaged in ML/TF;
 - e. special interest foreigners (from November 2019);
 - f. criminal record holders (serious indictable offences where there is monetary gain) (from November 2019);
 - g. junket operators and junket funders from early 2021, as a result of the Junket Operation Risk Assessment released in December 2020.

Particulars

Clauses 14 and 15 of the Joint Part A Programs, prior to November 2019 and the AML/CTF Framework

In their Joint Part A Program documents, a rating of 'high' risk was expressed by SEG to be equivalent to a rating to 'medium' risk in Chapter 4 of the Rules.

Since November 2019, as noted above, the AML/CTF Risk Framework provided guidance in relation to risk ratings.

115. At all times, certain classes of high risk customers could be rated critical or very high risk.

Particulars

Special interest foreigners, foreign PEPs, a customer with a beneficial owner who is a foreign PEP, international organisation PEPs, criminal record holders (serious indictable offences where there is monetary gain) and customers known to have engaged in ML/TF could be rated very high risk.

In their Joint Part A Program documents, a rating of 'very high' risk was expressed by SEG to be equivalent a rating to 'high risk' in Chapter 4 of the Rules.

Prior to November 2019, 'very high' risk was referred to as critical risk.

At all times, foreign PEPs were to be rated critical or very high.

The Joint Part A Programs did not provide any guidance as to when other classes of customers should be considered critical or very high risk.

116. The Joint Part A Program did not set out an appropriate basis for customers to be rated low risk by default, if they did not meet the criteria pleaded at paragraph 113 or 114.

Particulars

On 16 May 2018, KPMG advised SEG in its report that the default low risk rating for customers did not consider in sufficient detail the ML/TF risk posed by specific parts of the business, in particular where the ML/TF risk may be higher. Given the cash intensive nature of transactions conducted by many customers, KPMG considered that a default low risk rating may not be appropriate. Further, KPMG advised that jurisdictional risk was not considered in the default risk rating for customers.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

See paragraph 88.

In setting the default low risk ratings, the Joint Part A Programs did not have appropriate regard to the matters pleaded at paragraphs 139 to 143.

The customer risk register

117. At all times, Star Sydney and Star Qld maintained a register of customers rated medium and above (the **customer risk register**).

Particulars

Prior to April 2021, the customer risk register was maintained on Protecht. From April 2021, it was maintained on TrackVia.

The customer risk register was a central register across all SEG casinos.

All information entered into the customer risk register was completed by the AML Administrator.

118. A number of ongoing due diligence processes in the Joint Part A Programs were reliant upon the customer being entered into the customer risk register.

Particulars

For example, see paragraphs 127 to 130.

Identification, escalation and assessment of customers who were not low risk

119. The Joint Part A Programs did not include appropriate procedures to identify, escalate, and assess and appropriately risk rate customers who were not:

- a. low risk by default; or
- b. low risk

for the reasons pleaded at paragraphs 120 to 144.

Particulars

During the 2017 financial year, The Star Club loyalty program had over 200,000 members and annual visitors across the Star Sydney and Star Qld casinos numbered 18 million. As at December 2017, only 6,039 customers, or 3% of carded members were included on the customer AML Customer Risk Register and assigned a proactive risk rating. Of these, only 306, or 5%, were categorised as high or critical risk. A member was carded if they had Star Club membership or loyalty card).

In its 16 May 2018 report, KPMG advised SEG that some of the customer risk ratings applied appear to understate the level of ML/TF risk.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

120. At all times, there was an AML Administrator role for each of Star Sydney and Star Qld or SEG.

Particulars

The AML Administrator was responsible for the day to day operation of the substantial aspects of the Program.

The AML Administrator was responsible for dealing with AML/CTF matters escalated to them from other parts of the business.

The AML Administrator was also responsible for escalating matters to the AMLCO, and reporting to the AMLCO.

The AML Administrator's duties included undertaking customer screening, updating the customer risk register, conducting enhanced customer due diligence measures and transaction monitoring and reporting to AUSTRAC under Part 3 of the Act.

Prior to October 2018, Star Sydney and Star Qld each had a single AML Administrator role who was responsible for the above tasks with respect to the relevant casino.

From October 2018, a third AML Administrator was engaged.

The AML team and AML Administrators were not appropriately resourced to fulfil their functions and responsibilities.

Paragraph 222.

As at August 2022, there were 18 persons engaged in the AML Administrator role, on a SEG wide basis.

121. At all material times the AML Administrator was responsible for:
- a. determining whether an assessment of a customer's risk should be conducted;
 - b. conducting any such assessment of the customer's risk; and
 - c. referring the customer to the AMLCO to determine any risk rating to be applied to the customer following that assessment.
122. The Patron Activity Monitoring Meeting (the **PAMM**) could also assess a customer's risk.

Particulars

For an explanation of the PAMM, see paragraph 818.

From November 2019, the Joint Part A Programs and the AML SOPs provided the PAMM would generally assess customer risk ratings.

Prior to November 2019, this occurred as a matter of practice including in accordance with the PAMM's terms of reference.

123. Decisions to determine the risk rating to be applied to a customer were either made:
- a. by the AMLCO; or
 - b. through the Joint Risk Assessment meetings (the **JRAM**).

Particulars

Clause 15 of the Joint Part A Programs prior to November 2019, the AML/CTF Step by Step Guide from March 2019 and the AML SOPs.

Pre-November 2019

Prior to November 2019, the Joint Part A Programs provided that moderate exposure to ML/TF risks, generally, required review by responsible department management response with AMLCO sign-off:

Appendix C, clause 1.4 of versions 4-6; Appendix B, Part 2 of versions 7-8.

Prior to November 2019, the Joint Part A Programs provided that moderate to significant exposure to ML/TF risks, generally, required discussion at JRAM, as well as AMLCO sign off: Appendix C, clause 1.4 of versions 4-6; Appendix B, Part 2 of versions 7-8.

In particular, proposed customer risk ratings above medium required consultation with the relevant casino management representatives and, if relevant, approval to update the Risk Register: clause 15 of the Joint Part A Programs.

Post-November 2019

From November 2019, the AML SOPs relevantly required the AMLCO to arrange for the PAMM members to meet to consider various forms of financial and non-financial information pertaining to customers with a view to adding information to the customer risk register and generally assess ML/TF risk (including customer risk ratings).

In accordance with the AML/CTF Step by Step Guide, a JRAM was to be held to discuss all customers raised at the individual SEG property PAMM and discuss the appropriate AML risk rating across all properties. Once the minutes for the JRAM were distributed, the customer risk ratings were added to the customer risk register.

Risk ratings of high or critical/very high were usually on the advice of the AMLCO.

The AML Framework from November 2019 also stated that the AMLCO must be immediately informed of any circumstance where a current or proposed customer is rated as very high. The provision of designated services to the customer must only proceed with the approval of the AMLCO.

However, at all times, the JRAM was authorised to determine customer risk ratings without the input or advice of the AMLCO, for example, if the AMLCO was unable to attend the JRAM.

Although it was chaired by the AML Administrator, the JRAM was a management committee that did not have an expert driven approach to AML.

For an explanation of the JRAM, see from paragraphs 818.

124. At all times, customer risk ratings were applied across all SEG casinos.
125. The AML Administrator, as a delegate for the AMLCO, could determine customer risk ratings in certain circumstances, subject to advice or approval by senior management, the PAMM or JRAM.

Particulars

See the particulars at paragraph 123.

From November 2019, the ECDD Standard (Task 8) provided that customers proposed to be rated very high must be escalated to senior management for review and approval by using the template provided in Appendix B.

If a WorldCheck or Dow Jones check identified a customer as a PEP, the AML Administrator would raise the customer's risk rating to high on the customer risk register and was required to notify the AMLCO.

126. The Joint Part A Programs did not include appropriate risk-based procedures to consistently identify and escalate customers to the AML Administrator for a risk assessment for the reasons pleaded at paragraphs 127 to 143 below.

Screening – daily and ad hoc

127. Screening was relied upon to identify and escalate customers to the AML Administrator for the purposes of determining whether they should be risk rated.

Particulars

The purpose of screening was to identify whether the customer was a PEP, on a sanctions list or subject to adverse media. Its purpose was

also to inform determination of risk ratings or escalation to the AMLCO.

128. Daily automated screening was conducted on customers rated medium or above once they were added to the customer risk register:
- a. Daily automated screening applied to customers who had already been risk rated medium or above.
 - b. Customers who were low risk by default were not on the customer risk register and were not subject to daily screening (subject to paragraph 129).
 - c. Daily automated screening did not apply to customers who had been risk assessed and rated low risk (subject to paragraph 129).

Particulars

The Transwatch database and WorldCheck were used to conduct daily screening up until 31 December 2020. Any changes to the World Check profile of a customer would generate a flag in the Transwatch database for the AML Administrator to investigate and resolve.

On 1 January 2021, SEG transitioned to a different customer screening service provider, Dow Jones/Factiva.

129. Additional daily automated screening occurred through the Dow Jones/Factiva database:
- a. From January 2021, customers that were the subject of a threshold transaction report (**TTR**) would be entered into the Dow Jones/Factiva database by the Cage team and thereafter subject to ongoing daily screening; and
 - b. From February 2021, customers who applied for access to a private gaming room were entered into the Dow Jones/Factiva database and thereafter subject to ongoing daily screening.
130. There was limited quality assurance over the information entered into the customer risk registers on Protecht and TrackVia, thereby limiting the application of daily automated screening.

Particulars

See paragraph 158.

131. In addition to daily automated screening, customers were subject to ad hoc screening in the following circumstances:
- a. Customers the subject of unusual activity reports (**UARs**) and suspicious matter reports (**SMRs**).
 - i. However, SMR reporting processes were not capable of consistently detecting customers posing higher ML/TF risks.

Particulars

See paragraph 854.

Clause 3 of the AML SOPs until November 2019 and task 3 of the AML Standard Operating Procedures from November 2019.

The AML Administrator or AML team conducted this screening.

- b. From November 2019, AML Administrators could screen customers the subject of automated transaction monitoring alerts, at their discretion.
 - i. Automated transaction monitoring was not capable of consistently detecting customers posing higher ML/TF risks.
 - ii. The AML SOP did not require screening to be conducted with respect to each alert or on each occasion that an alert was raised.
 - iii. The AML SOPs did not require consideration of whether screening would be appropriate on receipt of manual referrals or manual reports.

Particulars

From 2019, the AML SOPs required the AML Administrator to log into WorldCheck when reviewing a batch of automated alerts. However, there was no requirement to carry out any screening and no guidance on when screening should be carried out.

Paragraphs 717 to 747.

- c. In 2018, Star Sydney employees advised KPMG that Cage staff conducted a World Check search for all customers conducting threshold transactions and that positive results were forwarded to the AML Administrators.
 - i. There were no written procedures for this process.
 - ii. There were no written procedures for the Cage team to escalate positive results to the AML team.
 - iii. In the absence of documented procedures, this process was not capable of being reliably or consistently applied.
- d. Customers at the time of opening FMAs, SKAs or CCFs:
 - i. The Cage screened a customer on opening an FMA and SKA
 - ii. The CCF Standard Operating procedures provided that the Credit and Collections team were to screen a customer on application for a CCF as soon as practicable after the customer was identified.
 - iii. The AML team did not have access to OnBase, the database maintained by the Credit and Collections team, and on which records related to screening were held.
 - iv. However, the Cage and CCF procedures required confirmed matches for PEPs, terrorism, or illegal or undesirable activity to be escalated to the AML team.

Particulars

Referrals to the AML team were by email.

- e. Customers who were junket operators, representatives, funders and players were screened by the Cage at settlement of each junket program, although the written procedures did not set this out clearly.

- f. Customers who sought access to private gaming rooms at Star Sydney were to be screened by the VIP team on application, although the procedures were not clearly set out and did not apply to guests or third parties who were permitted to enter private gaming rooms;
 - g. Star Qld did not have any procedures requiring customers, guests or third parties who sought access to private gaming rooms to be screened.
132. The procedures for ad hoc screening were not capable, on a risk basis, of consistently identifying customers who may not have been low risk and who should have been escalated to the AML Administrator for an assessment or reassessment of their risk rating for the reasons pleaded at paragraph 131.

Particulars

For example, see Customer 1 who funded junkets at Star Sydney and Star Qld between 2016 and 2020, was not detected as a foreign PEP until March 2020. Junkets funded by Customer 1 recorded a turnover exceeding \$12.6 billion at Star Sydney and exceeding \$2.9 billion at Star Qld.

Customer 1 was first rated medium on 13 April 2014. He was not rated high until August 2019. He was then rated very high on 15 July 2020.

The AML team and AML Administrators were not appropriately resourced to fulfil their functions and responsibilities. Escalation of screening results and other risk information was not supported by appropriate case management systems, having regard to the nature, size and complexity of Star Sydney's and Star Qld's business.

Paragraph 222.

133. As a result of the matters pleaded at paragraphs 136 to 143, the customer risk registers did not contain a full list of customers whose risk profile was medium or above, thereby limiting the scope of ongoing daily screening.
134. Screening had limited scope to identify higher risk customers who were playing uncarded.

Particulars

Paragraph 562 to 569.

Other processes to escalate a customer to the AML Administrators for a risk assessment

135. The Joint Part A Programs did not include appropriate procedures to:
- a. identify customers who were:
 - i. low risk by default or rated low risk; but
 - ii. presenting higher ML/TF risks but may not have been detected by the screening processes pleaded at paragraph 128 to 131; and
 - b. escalate the customer to the AML Administrator for an assessment of their ML/TF risk rating.
- for the reasons pleaded at paragraphs 136 to 143.

136. Prior to November 2019, the AML Administrator could decide to carry out a customer risk assessment at their discretion, but the triggers for a customer risk assessment were not subject to appropriate procedures or guidance in the Joint Part A Programs.

Particulars

For example, the AML Administrators might have assessed a customer's risk rating if the customer came to the attention of the AML team:

- A. as part of compliance with (international funds transfer instructions) **IFTIs** or TTR reporting;
- B. upon requests to the AML team to provide information from regulators such as AUSTRAC or law enforcement;
- C. as part of transaction monitoring;
- D. if new information was entered onto the customer risk register in relation to customers that had already been risk rated.

However, there were no written procedures requiring or triggering a customer risk assessment in these circumstances.

Transaction monitoring was not capable of appropriately escalating customers to the AML Administrators for risk assessment: see paragraphs 708 to 791.

137. From November 2019, the Joint Part A Programs provided that:
- a. customer risk assessments will be conducted in accordance with the AML/CTF Risk Framework; and
 - b. risk ratings will be considered each time new information relating to a customer is included in the customer risk register.

Particulars

Clause 3.1 of the Joint Part A Programs.

138. The procedure pleaded at paragraph 137 did not apply to customers that were low risk by default because they were not on the customer risk register.
139. At no time did the Joint Part A Programs contain appropriate risk-based procedures and criteria to consistently identify, escalate and risk rate customers who were transacting in large amounts of money.

Particulars

In its 16 May 2018 report, KPMG advised SEG that customers bringing significant amounts of money into the casinos should be considered as potentially involving higher ML/TF risks.

In KMPG's view, customers who brought in large sums of money should have been considered higher risk by default until a risk assessment was undertaken.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the

findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

From November 2019 clause 3.1 of the Joint Part A Programs stated that transaction monitoring results will be used to inform risk assigned to each customer. However, the Joint Part A Programs did not trigger any review of a customer's risk rating based on transactional parameters. Nor did the Joint Part A Programs include appropriate guidance or criteria against which to rate customers against transaction monitoring results. See paragraphs 708 to 791.

140. At no time, did the Joint Part A Programs include appropriate risk-based procedures for Star Sydney and Star Qld to identify, escalate and risk rate customers the subject of multiple SMRs.

Particulars

At no time have the Joint Part A Programs included an appropriate methodology to risk rate customers the subject of multiple SMRs. See paragraph 88.

From November 2019, the AML SOPs and ECDD Standard provided that the AML Administrator would review a customer's risk rating when they received a UAR or submitted an SMR.

The systems and controls to ensure SMR reporting were not appropriate for the reasons pleaded at paragraph 854.

The Joint Part A Programs indicated that a customer's risk rating should be medium, or above, if they were subject of two SMRs within a twelve-month period: Appendix B to the Joint Part A Programs prior to October 2018 and the AML Step by Step guide from March 2019.

On becoming aware of these facts, the AML Administrator was to enter the customer on to the customer risk register. However, there were no processes in place to consistently escalate customers to the AML Administrators for this purpose.

However, prior to April 2021, customers who were the subject of SMRs were not automatically referred for ECDD. See paragraph 801.

From April 2021, a functionality was added to TrackVia, which enabled the customers who were subject to multiple SMRs, or those identified throughout the course of transaction monitoring assessment, to be added to a SEG wide Watchlist for the purposes of assessing the ML/TF risk rating.

A customer who was included on the Watchlist may either have their risk rating reclassified at the monthly Watchlist meeting (from August 2021) or have their case referred to a JRAM (which would then result

in their risk rating being reconsidered and may result in it being reclassified).

The JRAM processes were not appropriately risk-based for the reasons pleaded at from paragraphs 818.

141. At no time did the Joint Part A Programs contain appropriate risk-based procedures and criteria to consistently identify, escalate and risk rate customers where discrepancies in KYC information arose.

Particulars

Rules 9.1.5, 15.2 and 15.3; and the definition of KYC information in rule 1.2.1 of the Rules.

Procedures to respond to discrepancies related to discrepancies in customer ID only, not other discrepancies with KYC information such as between the customer's transactional behaviour and their source of wealth or source of funds.

See from paragraphs 859.

142. At no time did the Joint Part A Programs contain appropriate risk-based procedures and criteria to consistently identify, escalate and risk rate junket players who were not:
- a. low risk by default prior to November 2019; or
 - b. medium or moderate risk prior to February 2020.

Particulars

At all times, the AMLCO could determine that a particular junket player was high or very high risk.

Star Sydney and Star Qld did not make and keep appropriate records of individual play by junket players. Therefore the high ML/TF risks posed by large or unusual transactions by junket players were not capable of being detected and escalated consistently. Paragraph 666 to 670.

Junket players were not screened until settlement of their program.

SEG casinos ceased junket programs in October 2020.

143. At no time did the Joint Part A Programs include appropriate risk-based procedures for Star Sydney and Star Qld to identify, escalate and risk rate customers excluded by law enforcement in other jurisdictions.

Particulars

Paragraph 168.

Guidance or criteria to assess customers who were not low risk

144. The Joint Part A Programs did not include appropriate guidance or criteria on the risk parameters against which the AML Administrators could consistently identify and assess customers who were not low risk.

- a. In the absence of an appropriate ML/TF risk assessment methodology, the Joint Part A Programs could not appropriately identify and assess the full scope of customer risks reasonably faced.

Particulars

On and from November 2019, the CRT had the limitations pleaded at paragraph 88.

- b. The Joint Part A Programs contained some guidance and criteria on risk parameters to guide customer risk assessments, but did not contain appropriate coverage across all ML/TF risk factors reasonably faced by Star Sydney and Star Qld.

Particulars

See paragraph 25.

Prior to 30 October 2018, Appendix C of the Joint Part A Program provided some criteria for the characterisation of ML/TF risks relating to designated services that referred to customer risk. These criteria did not have appropriate coverage across risk factors reasonably faced with respect to customers.

Appendix B of the Joint Part A Programs prior to 30 October 2018 listed some risk factors that, on awareness, were to be entered into the customer risk register, some of which might have been relevant to the assessment of the customer's risk.

For example, Appendix B provided that the customer's occupation was to be considered, but did not provide appropriate criteria against which to assess these risks. Further, customers were not obliged to provide details of their occupation or source of wealth. (For the purposes of credit risk assessments, source of wealth information was required to be provided by junket funders or operators for the purposes of a CCF application).

- c. Appendix B also indicated that a customer's risk rating should be medium, or above, if they were subject of two SMRs within a twelve-month period. The Joint Part A Programs did not contain appropriate guidance and criteria on risk parameters to guide risk assessments of customers playing through junket and rebate channels.
- d. The Joint Part A Programs did not include any guidance or criteria on assessing the ML/TF risks of customers with respect to table 1, s6 financial services, including with respect to loans and remittance services.
- e. The Joint Part A Programs did not include appropriate guidance or criteria on assessing the ML/TF risks of customers with respect to unusual large, complex or unusual patterns of transactions.

Particulars

See paragraph 25.

Appendix B of the Joint Part A Programs prior to October 2018 referred to minimal betting as a risk that might need to be entered into the customer risk register.

Prior to October 2018, Appendix C provided that customers whose transactional activities were not supported by gaming activities on five or more occasions were to be considered critical risk; and that customers whose transactional activities are not supported by gaming activities on two out of five occasions were to be considered as medium risk.

KPMG considered customers in the latter category should also be rated as high risk (being "critical" risk as defined by the Joint Part A Program) unless there were legitimate reasons why the relevant transactional activity did not match game play as it may indicate possible ML/TF risk.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

Procedures to collect, update and review KYC information

145. At no time did the Joint Part A Programs include or incorporate appropriate risk-based procedures for Star Sydney and Star Qld to collect, verify, update, review and assess KYC information with respect to Star Sydney and Star Qld customers for the reasons pleaded at paragraphs 146 to 156 below.

Particulars

Rules 9.1.5, 15.2 and 15.3 and the definition of KYC information in rule 1.2.1 of the Rules.

See from paragraph 859.

146. Prior to November 2019, the Joint Part A Programs provided that, where it was considered useful, the AMLCO or delegate were to endeavour to:
- a. update existing KYC information; and
 - b. obtain certain further KYC information
- in relation to customers on the customer risk register.

Particulars

Clause 16 of the Joint Part A Programs.

147. The procedure pleaded at paragraph 146 did not:
- a. set out any criteria or guidance for when KYC information should be updated, obtained, reviewed or assessed;
 - b. set out any criteria or guidance for what KYC information should be updated, obtained, reviewed or assessed on a risk-basis; and
 - c. apply to customers who were low risk rated by default or rated low risk.

148. From November 2019, the Joint Part A Programs provided that KYC information would be reviewed in relation to a Star Sydney or Star Qld customer when:
- a. completing the annual ongoing customer due diligence review of critical or very high risk customers.

Particulars

Clause 7 of the Joint Part A Programs and cl 5.3(e) of the ECDD Standards.

- b. conducting ECDD on critical or very high risk customers.
- c. the customer attempted to drawdown on a CCF.

Particulars

There was no similar requirement to review KYC information and to ensure identification was up to date with respect to FMAs, SKAs or CWAs.

- d. the customer was reissued with a loyalty account card - the customer was required to provide current photographic ID.

149. The procedure pleaded at paragraph 148 did not:

- a. set out any criteria or guidance for what KYC information should be updated, reviewed or assessed on a risk-basis; and
- b. had minimal application to customers who were low risk by default or who were not rated very high or critical risk.

150. At no time did the Joint Part A Programs require the AML Administrators to obtain, review and assess source of wealth information, on an appropriate risk basis, for the purposes of assessing a customer's risk rating.

- a. The AML Administrators would review source of wealth or source of funds, in their discretion, if it came to their attention when reviewing a customer's risk, but there were no procedures requiring this information to be obtained, updated or reviewed for the purposes of a customer risk assessment.
- b. At no time were customers obliged to provide Star Sydney or Star Qld with source of wealth information before a designated service was provided.
- c. The customer risk assessment tool, introduced in November 2019, did not include any criteria to assess a customer's source of wealth or source of funds.

Particulars

Paragraph 88.

Clauses 15 and 16 of the Joint Part A Programs prior to November 2019.

Rules 9.1.5, 15.2 and 15.3 and paragraphs (i) to (l) of the definition of KYC information in rule 1.2.1 of the Rules.

151. Prior to 1 November 2019, source of wealth or source of funds investigations with respect to customers were primarily facilitated through PAMMs and JRAMs, in circumstances where gaming activity was identified that was outside of expectations.

Particulars

Paragraph 822(a) and 826(c).

152. Star Sydney and Star Qld customers who were not low risk were not:
- a. reliably or consistently identified and escalated to PAMM or JRAM for source of wealth or source of funds investigations; and then
 - b. reliably or consistently risk assessed through the PAMM or JRAM process.

Particulars

See from paragraph 818.

153. From 1 November 2019, Star Sydney and Star Qld customers were asked for source of wealth information when the customer:
- a. was a Star Gold Tier member or above;
 - b. applied for a CCF;
 - c. applied for a junket operator approval;
 - d. was identified as a PEP;
 - e. opened an FMA.
154. Unless the customer was applying for a CCF, at no time were customers obliged to provide Star Sydney or Star Qld with source of wealth information, when asked, before a designated service would be provided.

Particulars

Source of wealth information was obtained through the CCF application processes to assess credit risk not ML/TF risks.

The AML Administrator and the AML team did not have access to OnBase.

Paragraph 500 and 503.

155. In the absence of a risk-based requirement in the Joint Part A Programs to obtain and assess information about source of wealth or source of funds, the AML Administrators were unable to understand the ML/TF risk posed by certain customers when assessing a customer's risk rating.

Particulars

See the definition of KYC Information in rule 1.2.1 of the Rules in relation to customers who are individuals.

Source of wealth and source of funds information was not necessarily required from all customers. However, there were higher ML/TF risks related to source of wealth and source of funds for international VIP customers and high rollers, among others.

156. At no time did the Joint Part A Programs include appropriate risk-based processes to:

- a. collect, verify or review further KYC information relating to the beneficial ownership of funds or the beneficiaries of transactions being facilitated, including the destination of funds; and
- b. escalate such KYC information to the AML Administrator or AMLCO for the purposes of assessing a customer's risk.

Particulars

Rules 9.1.5, 15.2 and 15.3 and paragraphs (l) and (m) of the definition of KYC information in rule 1.2.1 of the Rules.

Star Sydney and Star Qld accepted deposits from third parties and remitted money to third parties on behalf of customers. Paragraph 269.

Information management systems – customer risk ratings

- 157. At no time did the Joint Part A Programs establish appropriate information management systems to enable the AML Administrators to consistently assess customer risk ratings.
 - a. The AML Administrators relied on KYC information recorded in Synkros and Protecht (prior to April 2021) and TrackVia (from April 2021) when conducting an assessment of a customer's risk.
 - b. The KYC information with respect to customers was not consistently or accurately recorded on Synkros and Protecht or TrackVia.

Particulars

Until May 2021, all staff who could access the Synkros system could edit a customer risk rating in Synkros, creating a risk of potential inconsistencies with the customer risk ratings in Protecht, requiring a manual review process to avert this risk.

There was limited quality assurance over the information recorded in the Protecht and TrackVia systems.

Customer risk ratings were also entered into Synkros and were not always consistent with the customer risk ratings on Protecht or TrackVia.

There was no record or log on Protecht of changes to a customer's risk rating over time.

Suspicious matters that were referred to the AML team but were ultimately not reported to AUSTRAC were not consistently recorded against the customer in Protecht or TrackVia.

While information relating to the period pre-April 2021 was migrated from Protecht to TrackVia, there was a technological limitation in the reporting function of TrackVia such that certain information relating to the pre-April 2021 period could not be included in the customer risk register and due diligence reports.

- c. Star Sydney, Treasury Brisbane and Star Gold Coast were unable to automatically collate transaction data in Synkros across casinos for customers that played across

multiple SEG casinos. Information regarding customers under investigation by the Investigations team was recorded in iBase. The AML Administrator did not have access to iBase.

Particulars

There was no requirement for iBase to be searched for the purposes of determining customer risk ratings.

There was no requirement for the Investigations team to share with the AML team information from iBase relevant to customer risk ratings.

- d. The AML Administrator did not have access to OnBase.

Particulars

OnBase contained documents relating to CCF approval workflows (including WorldCheck and Dow Jones searches and source of wealth information) and transactions through the Hotel Card channel.

Assurance

158. The Joint Part A Programs did not include or incorporate any assurance processes relating to the methodology to assign risk ratings to customers.

Customers excluded by law enforcement

159. At all times, the Commissioner of New South Wales Police could direct Star Sydney to give an exclusion order to any person prohibiting the person from entering or remaining in Star Sydney casino (**NSW exclusion order**).

Particulars

Sections 79 and 81 of the *Casino Control Act 1992* (NSW) (the **NSW Casino Control Act**).

From 18 May 2010, it was a condition of a casino licence that the casino operator (being Star Sydney) must, as soon as practicable after an exclusion order is given to a person by the operator following a direction given under section 81, cause notice of the order to be given to the Commissioner of Police: section 79(4A), NSW Casino Control Act (inserted 18 May 2010).

From May 2010, an exclusion order given at the direction of the Commissioner of Police may not be revoked except with the written approval of the Commissioner: section 82 of the NSW Casino Control Act.

It is a condition of a casino licence that the casino operator (Star Sydney) must maintain a list of names of persons the subject of exclusion orders: section 83(1), NSW Casino Control Act.

The Commissioner of Police is to give a direction under section 81(1) in relation to a person if the Commissioner becomes aware that the person was subject to exclusion from another casino following the

giving of a similar direction under a corresponding law: section 81A(1), NSW Casino Control Act (inserted 18 May 2010).

160. At all times, a person the subject of a NSW exclusion order was prohibited from entering or remaining in Star Sydney casino.

Particulars

Section 84 of the NSW Casino Control Act.

Maximum penalty—from 1 July 2001, 50 penalty units or imprisonment for 12 months, or both.

161. At all times, as soon as practicable after it became known that a person subject to a NSW exclusion order was in Star Sydney casino, Star Sydney was, amongst other things, required to remove or cause the person to be removed from the casino.

Particulars

Section 85 of the NSW Casino Control Act.

Maximum penalty—20 penalty units and from 5 September 2022, maximum penalty—

(a) for the person for the time being in charge of the casino—500 penalty units, and

(b) for an agent of the casino operator—500 penalty units, and

(c) for a casino employee—20 penalty units.

This section applied to Star Sydney through the person, for the time being, in charge of the casino; an agent of the casino operator; or a casino employee: section 85(1), NSW Casino Control Act.

162. From 21 December 2018, a person was prohibited from making any wager at Star Sydney casino if the person is the subject of a NSW exclusion order.

Particulars

Section 86A of the NSW Casino Control Act.

A person the subject of a NSW exclusion order is not entitled to any winnings from a successful wager. A casino operator must pay the amount of any winnings forfeited to the casino operator by operation of section 86A into the Responsible Gambling Fund within 3 months after the winnings are forfeited: section 86A(2), NSW Casino Control Act.

Maximum penalty—50 penalty units and from 5 September 2022, 500 penalty units.

163. At all relevant times, Star Sydney and/or SEG were aware that each of the customers listed in Confidential Schedule H was subject to a NSW exclusion order on and from the date listed in the Schedule.

164. At all times since the Star Qld casinos opened, the Commissioner of Queensland Police could direct Star Qld to exclude a specified person from a Star Qld casino (**Qld exclusion order**) and Star Qld was required to comply.

Particulars

Section 94 of the *Casino Control Act 1982* (Qld) (the **Qld Casino Control Act**).

The Commissioner was to give notice to the person to be excluded where practicable: section 94(2)(b) of the Qld Casino Control Act.

A direction under s94 remained in force unless and until revoked by the Commissioner: section 96(1) of the Qld Casino Control Act.

From 1 May 2005, Star Qld was required to keep a register of persons subject to a Qld exclusion order: section 100C, Qld Casino Control Act.

From 15 December 2000, the Commissioner could notify an authority responsible for administering gaming legislation of another State or Territory of a direction under s94: section 94(3).

From 15 October 2009, Star Qld was prohibited from distributing promotional or advertising material about the casino to persons who the operator or manager knows or ought reasonably to know are prohibited from entering or remaining in the casino under a Qld exclusion order; section 100E Qld Casino Control Act.

Maximum penalty – 40 penalty units.

At all times, Star Qld was the casino operator for the Treasury Brisbane and The Star Gold Coast casinos: see paragraph 7.

165. At all times, a person the subject of a Qld exclusion order was not permitted to enter or remain in a Star Qld casino.

Particulars

Section 100 of the Qld Casino Control Act.

Maximum penalty— from 29 March 1995, 40 penalty units.

166. From 1 May 2005, if Star Qld, or its employee or agent, knew a person was subject to a Qld exclusion order, Star Qld, or its employee or agent, was required to take reasonable steps to prevent the person from entering or remaining in a Star Qld casino.

Particulars

Section 100B of the Qld Casino Control Act.

Maximum penalty—for the casino operator, 250 penalty units; for another person, 40 penalty units.

167. At all relevant times, Star Qld and/or SEG were aware that each of the customers listed in Confidential Schedule I was subject to a Qld exclusion order on and from the date listed in the Schedule.
168. At no time did the Joint Part A Programs contain appropriate risk-based criteria to:
- a. identify, escalate and risk rate Star Qld customers who were subject to a NSW exclusion order law enforcement exclusion;

- b. identify, escalate and risk rate Star Sydney customers who were subject to a Qld exclusion order;
- c. enable SEG or Star Qld to determine whether designated services should be, or should continue to be, provided to a customer subject to a NSW exclusion order, having regard to ML/TF risks; or
- d. enable SEG or Star Sydney to determine whether designated services should be, or should continue to be, provided to a customer subject to a Qld exclusion order, having regard to ML/TF risks

for the reasons pleaded at paragraphs 169 to 177.

169. On and from 30 November 2016, SEG issued various policies:

- a. relating to customers or prospective customers subject to law enforcement exclusion orders issued under the NSW Casino Control Act and the Qld Casino Control Act;
 - b. applying to all SEG casinos.
- (the **Exclusions policies**).

Particulars

Echo Entertainment Exclusions and Contact Policy dated 7 August 2015; SEG Exclusions and Contact Policy dated 7 January 2016; the Exclusions and Withdrawal of Licence (**WOL**) Procedure dated 29 February 2018; the SEG Exclusions Policy issued 6 December 2018 as updated on 7 February 2019; and on 3 December 2020; the SEG Exclusion Guidance dated 19 January 2021, as revised on 21 June 2021.

170. At no time did the Joint Part A Programs include an appropriate procedure to escalate a customer excluded in one State (NSW or Qld) for an ML/TF risk assessment in the other State (Qld or NSW).

Particulars

The Exclusion policies and procedures were not identified by SEG as policies and procedures that were adopted for the purposes of the Joint Part A Programs, or that required consideration of ML/TF risks.

171. Prior to February 2019, the Exclusions policies:

- a. provided that, upon issuance of a NSW or Qld exclusion order, SEG would determine if there were grounds to exclude the customer from the SEG casino/s in the other state; and
- b. authorised the Executive General Manager - Governance, Risk & Compliance and the General Counsel to exclude customers across SEG properties; but
- c. did not include procedures to appropriately escalate customers the subject of NSW or Qld exclusion orders to the Executive General Manager - Governance, Risk & Compliance or the General Counsel; and
- d. did not set out any criteria, having regard to ML/TF risks, against which the Executive General Manager - Governance, Risk & Compliance or the General Counsel could determine if there were grounds to exclude such customers in the other State.

Particulars

See paragraphs 833 to 842.

172. From February 2019, the Exclusions policies required that a NSW or Qld exclusion order applying to a customer in New South Wales or Qld be mirrored with a withdrawal of licence or venue exclusion applied to the customer in the other State, subject to exceptions:
- a. at the discretion of the SEG Chief Risk Officer; or
 - b. determined by the SEG Ethics Panel.

Particulars

See paragraphs 833 to 842.

173. Subject to paragraph 176 below, the requirement pleaded at paragraph 172 was not applied to Star Qld or Star Sydney customers who had been the subject of NSW or Qld exclusion orders issued prior to February 2019.

Particulars

Star Sydney and Star Qld determined that it was administratively too onerous to apply this process retrospectively to customers who had been excluded by law enforcement prior to 7 February 2019.

In the period after 30 November 2016, 15 customers who were the subject of NSW exclusions orders had active gaming recorded at a Star Qld casino after the date of their exclusion. For example:

By June 2015, Star Qld was aware of a media article which alleged that Customer 83 had been at the centre of criminal investigations in respect of various criminal activity, including murder, gunshot wounding and arson. Nonetheless, between 2016 and 2021, Star Qld recorded turnover exceeding \$13.9 million for Customer 83.

Between 2008 and 2016, publicly accessible media articles alleged that Customer 84 and his company were being investigated in respect of a money-laundering scheme. Nonetheless, between 2016 and 2021, Star Qld recorded turnover exceeding \$300 million for Customer 84.

Of these 15 customers, 13 customers continued to receive designated services at the Star Gold Coast and/or Treasury Brisbane casinos after 7 February 2019, including Customer 84 and Customer 91. The most recent designated service was provided on 27 January 2022.

Star Club membership entitled a customer to access benefits at any SEG casino. Prior to January 2019, Star Club membership was not consistently cancelled or revoked in one jurisdiction following an exclusion in the other.

Customers subject to a NSW exclusion order remained eligible for accommodation benefits at Star Qld.

Star Qld facilitated the travel of NSW excluded customers to Qld for the purposes of receiving designated services in Qld. Star Qld offered

other complimentary incentives to NSW excluded customers who travelled to Star Qld.

174. Prior to January 2019:
- a. information about NSW exclusion orders was entered in Star Sydney systems only; and
 - b. information about Qld exclusion orders was entered in Star Qld information systems only.

Particulars

The primary information system used by Star Sydney and Star Qld to record that a customer was subject to a NSW or Qld exclusion order was Casino Information Database (**CID**). The CID record of the exclusion order is linked to the customer's profile on Synkros. The only information stored in Synkros is the fact of the exclusion order.

Star Qld and Star Sydney both used CID and Synkros, but each SEG entity uses its own, separate version of these two information systems. Paragraphs 49(e) and 59.

If a Star Sydney or Star Qld employee was to enter information about an excluded customer into its version of Synkros, a warning would appear stating '*This patron is casino barred. Refer to the patron's notes for further information*'.

This alert would not be raised if the customer had been excluded in the other jurisdiction.

175. From January 2019, information about NSW and Qld exclusion orders were entered into both Star Sydney and Star Qld information systems.
176. It was not until May 2022 that SEG amended its Exclusion policy and implemented changes to require:
- a. NSW exclusion orders that were issued prior to February 2019 to be mirrored by an exclusion at Star Qld casinos; and
 - b. Qld exclusion orders that were issued prior to February 2019 to be mirrored by an exclusion at Star Sydney casino.
177. At no time did the Joint Part A Programs contain appropriate risk-based procedures to determine whether designated services would continue to be provided to a Star Sydney or Star Qld customer who was subject to a NSW exclusion order or a Qld exclusion order.

Particulars

The exclusion policies stated that no transactions or activities were permitted by customers across SEG casino properties after they become subject to an exclusion order.

However, this policy was not incorporated into the Joint Part A Programs and had no effect. For example, Customer 84 was the subject of a NSW exclusion order from Star Sydney on 24 July 2007. As a result, Customer 84's Star membership card was deactivated.

A JRAM meeting held in July 2016 noted that Customer 84 was excluded from Star Sydney. The meeting was attended by the senior management, including the Group Investigations Manager, and the Chief Risk Officer.

On each occasion that Customer 84 attended Star Qld from 30 November 2016, Star Qld staff reactivated Customer 84's membership card to allow Customer 84 to receive gaming services. At the end of Customer 84's trip, Star Qld staff would change Customer 84's account status back to 'Excluded NSW'.

An FMA, SKA, CWA or CCF account was not automatically closed upon the customer being issued with an exclusion order.

The exclusion policies stated that a 'stop code' was to be placed on all accounts of customers subject to exclusion orders to prevent them from transacting on accounts.

Risk based controls

178. The Joint Part A Programs did not include appropriate risk-based systems and controls to mitigate and manage the ML/TF risks of customers who had been assessed as high risk.

Particulars

See paragraphs 792 to 797 and 810.

179. The Joint Part A Programs did not include appropriate risk-based controls or criteria to identify and manage customers who presented ML/TF risks outside of risk appetite.

Particulars

Sections 85(2)(a) and 85(2)(c) of the Act and Parts 9 and 15 of the Rules.

Paragraphs 811 and 812.

The ML/TF risk factors – channel

180. The risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld having regard to the channels through which designated services were delivered for the following reasons:

- a. The Joint Part A Programs, the AML/CTF Framework and the Risk Registers did not adequately or appropriately address channel risk.

Particulars

Paragraph 87.

- b. Star Patron accounts (see paragraph 311 below) were not recognised by the Joint Part A Programs as a channel through which designated services were provided and the ML/TF risks of this channel were therefore not assessed.

- c. The ML/TF risks of the Hotel Card channel were at no point appropriately assessed.

Particulars

Paragraph 366.

- d. The ML/TF risks of the Customer 9 channels were at no point appropriately assessed.

Particulars

Paragraph 440.

- e. The Joint Part A Programs did not appropriately recognise that some item 31 and 32, table 1, s6 designated services (remittance services) are not provided face-to-face, including those provided through the Star Patron account channel above.
- f. The Joint Part A Programs did not appropriately recognise that some item 13 table 3, s6 designated services (account transactions) are not provided face-to-face, including those provided through the Star Patron account channel above.

Particulars

Paragraph 285.

- g. The Joint Part A Programs did not appropriately recognise that some item 7 table 1, s6 designated services (including CCF repayments through Customer 9 and third party remitters) are not provided face-to-face.
- h. The Joint Part A Programs did not include appropriate risk-based systems and controls that were aligned to the ML/TF risks of providing designated services through junket and rebate channels.

Particulars

Paragraphs 628 to 707.

- i. The Joint Part A Programs did not appropriately recognise that some table 1 and table 3, s6 designated services were provided as part of complex transaction chains through multiple channels.
- j. As a result of the matters pleaded at sub-paragraphs a to i, the Joint Part A Programs did not include risk-based systems and controls that applied to and were aligned to each of these channel risks.

Particulars

Rule 9.1.4(3) of the Rules.

The ML/TF risk factors – jurisdiction

- 181. The risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to designated services having regard to foreign jurisdictions for the following reasons:

- a. Prior to November 2019, jurisdictional risks were not rated.

Particulars

Paragraph 90.

The only jurisdictional risk factor considered prior to November 2019 was whether foreign jurisdictions were regulated for AML/CTF. The Joint Part A Programs did not consider other factors, such as countries who are the subject of sanctions, identified tax havens, or are listed as high corruption or drug transit countries.

- b. At no point was there an overall assessment of SEG's jurisdictional risk and jurisdictional risk was described inconsistently throughout the Joint Part A Programs.

Particulars

Given the number of international customers and the volume of funds received from overseas, a jurisdictional ML/TF risk assessment that covers appropriate ML/TF jurisdictional risks was necessary to understand appropriate ML/TF risks and to implement appropriate controls within the AML/CTF Program.

Whilst jurisdictions were rated on and from November 2019 through the JRT, at no time were the Joint Part A Programs appropriately aligned to overall assessment of SEG's jurisdictional risk.

- c. The Joint Part A Programs did not identify the foreign jurisdictions that Star Sydney and Star Qld dealt with.
- d. Prior to November 2019, the Joint Part A Programs did not identify how jurisdictional risks were factored into customer risk profiles.
- e. The Joint Part A Programs did not identify how jurisdictional risks were factored into the assessment of the ML/TF risks of designated services and channels.

Particulars

For example, the jurisdictional risks of international payment channels were not appropriately considered.

- f. The Joint Part A Programs did not include any appropriate risk-based procedures, systems or controls that applied to high risk jurisdictions.

Particulars

Rule 9.1.4(4) of the Rules.

Changing or emerging ML/TF risks - reviewing and updating ML/TF risk assessments and controls

- 182. At no time did the Joint Part A Programs include appropriate risk-based systems and controls to identify significant changes in ML/TF risks and to recognise such changes for the purposes of the Joint Part A and Joint Part B Programs for the reasons pleaded at paragraphs 183 to 191.

Particulars

Sections 85(2)(a) and 85(2)(c) of the Act and rules 9.1.5(3) and 9.1.5(4) of the Rules.

- 183. Prior to November 2019, Star Sydney and Star Qld:
 - a. did not carry out an assessment of the ML/TF risks they reasonably faced with respect to designated services; and
 - b. were therefore unable to identify significant changes in ML/TF risks and to recognise such changes for the purposes of the Joint Part A and Joint Part B Programs.

Particulars

Paragraph 99.

Prior to November 2019, SEG conducted periodic risk assessment workshops chaired by the AMLCO in conjunction with the AML Administrators (and in some occasions representatives of gaming and cage management team). These workshops did not constitute a risk assessment of the of the ML/TF risks they each reasonably faced with respect to the provision of designated services, and were not capable of identifying significant changes in ML/TF risks.

184. From November 2019, the Joint Part A Programs required the Risk Registers to be reviewed annually.

Particulars

Clause 3 of the Joint Part A Programs from November 2019.

185. By reason of the matters pleaded at paragraphs 102 to 104 above, from November 2019 the Risk Registers did not include key ML/TF risks reasonably faced with respect to the provision of designated services.
186. By reason of the matters pleaded in paragraph 185, annual reviews of the Risk Register on their own were not capable of identifying significant changes in ML/TF risks and recognising such changes for the purposes of the Joint Part A and Joint Part B Programs.

Particulars

Reviews of the Risk Register after November 2019 failed to recognise and address the fundamental deficiencies in the Risk Register, as pleaded at paragraphs 102 to 104 above.

187. As the Joint Part A Programs did not include an appropriate risk methodology, ML/TF risks were not capable of being consistently assessed and re-assessed over time.

Particulars

See paragraphs 79 to 92 above.

188. The Joint Part A Programs did not include risk-based procedures for Star Sydney and Star Qld to identify and assess trends arising from or disclosed by:
- a. usage of designated services or channels;
 - b. transaction monitoring;
 - c. suspicious matter reporting;
 - d. internal financial crime reporting;
 - e. information from AUSTRAC and law enforcement; and
 - f. the external risk environment.
189. The Joint Part A Programs did not include appropriate risk-based procedures to escalate emerging trends to senior management.
190. The Joint Part A Programs did not provide procedures for appropriate Board and senior management oversight of the Risk Register for the purposes of identifying and recognising significant changes in risk.

Particulars

See paragraphs 203 to 235.

191. At no time did the Joint Part A Programs include any risk-based systems and controls to identify, mitigate and manage any ML/TF risks arising from:
- a. all new designated services prior to introducing them;
 - b. all new methods of designated service delivery (channel) prior to adopting them; and
 - c. all new or developing technologies for the provision of designated services prior to introducing them
- for the reasons pleaded at paragraphs 192 to 193.

Particulars

Sections 85(2)(a) and 85(2)(c) of the Act and rule 9.1.5(5) of the Rules.

192. At all times, where Star Sydney or Star Qld proposed to introduce a new table game or EGM, a form titled Compliance Assessment AML (previously called ML/TF and RG Risk Assessment and Approval Form) was completed and approved by a General Manager:
- a. The purpose of the form was to determine whether State regulatory approvals were required.
 - b. The form did not require or involve an appropriate risk-based assessment of the ML/TF risks posed by new table games or EGMs prior to their introduction.

Particulars

Clause 9 of the Joint Part A Programs prior to November 2019.
Sections 85(2)(a) and 85(2)(c) of the Act and rule 9.1.5(5) of the Rules.

193. From November 2019, the Joint Part A Programs did not include appropriate risk-based procedures to identify and assess the ML/TF risks of designated services, including new designated services and their associated channels and technologies.

Particulars

Paragraphs 81 to 106.

From November 2019, risk assessments were to be conducted in accordance with the AML/CTF Framework. From November 2019, clause 3 of the Joint Part A Programs provided that risk assessments of the relevant designated services will be conducted prior to implementing an entirely new game, service, technology, methodology or procedure; or a substantial new aspect or significant variation to an existing game, service, technology, methodology or procedure.

However, the processes for triggering and conducting an assessment of the ML/TF risks of new products, channels or technologies prior to introducing them remained inadequate.

Approval and oversight of the Joint Part A Programs

194. At all times, SEG wholly owned the following enrolled reporting entities which were members of the Star DBG:
- a. Star Sydney; and
 - b. Star Qld.
195. At all times:
- a. Star Sydney was the reporting entity providing designated services through the Star Sydney casino; and
 - b. Star Qld was the reporting entity providing designated services through Treasury Brisbane casino and Star Gold Coast casino.

Approval of the Joint Part A Program

196. At all times, either:
- a. the Board and senior management of Star Sydney and Star Qld; or
 - b. the SEG Board (as the governing board of the main holding company, being SEG) and SEG senior management
- were each required to approve the Joint Part A Program.

Particulars

Section 85 of the Act and rules 9.4.1 and 9.4.2 of the Rules.

197. At all times, the Joint Part A Program provided that the SEG Board would approve any amendment to the Joint Part A and Part B Program.

Particulars

Clause 3 of the Joint Program, versions 4 to 8.

Clause 4 of the Joint Program versions 9 to 11.1.

Section 85 of the Act and rules 9.4.1 and 9.4.2 of the Rules.

198. Each version of the Joint Part A Program on and from 30 November 2016 was approved by the SEG Board or the SEG Board Risk and Compliance Committee (**BRCC**).
199. At no time did the Joint Part A Program require both the SEG Board and SEG senior management to approve the Joint Part A Program.
200. At no time did the Joint Part A Program require both the:
- a. the Board and senior management of Star Sydney; and
 - b. the Board and senior management of Star Qld
- to approve the Joint Part A Program.
201. The Joint Part A Programs were not approved by the Board and senior management of Star Sydney and Star Qld.
202. In contravention of rr9.4.1 and 9.4.2 of the Rules and s85 of the Act, the Joint Part A Programs were not approved by SEG senior management.

Oversight of the Joint Part A Program

203. The Joint Part A Program was required to be subject to the ongoing oversight of either the:
- a. Board and senior management of Star Sydney and Star Qld; or
 - b. the SEG Board and senior management.

Particulars

Section 85 of the Act and rules 9.4.1 and 9.4.2 of the Rules.

204. From 30 November 2016 until November 2019, each version of the Joint Part A Program provided that the SEG Board together with the BRCC would oversee compliance with the Program.

Particulars

Clause 3 of the Joint Program versions 4 to 8.

205. From November 2019, each version of the Joint Part A Program provided that the SEG Board would oversee compliance with the Program. The AMLCO was to regularly report to the BRCC about matters relevant to compliance with the Program.

Particulars

Clause 4.1 of the Joint Program, versions 9 to 11.1.

All matters pertaining to ML/TF risk with respect to Star Sydney and Star Qld were overseen at the SEG Board level. The Star Sydney and Star Qld Boards convened meetings only to approve Annual Financial Reports and did not oversee compliance with the Part A Program.

Clause 4.1 of version 11.1 of the Joint Program referred to the BRCC as the Board Risk and Compliance Committee.

206. The oversight required of the SEG Board and senior management included oversight of how, and the extent to which, the Joint Part A Program was achieving the primary purpose of identifying, mitigating and managing ML/TF risk.

Particulars

Section 85(2)(a) and (c) of the Act and rules 9.4.1 and 9.4.2 of the Rules.

207. In the absence of an appropriate oversight framework, a Part A program will not be capable, by design, of:
- a. identifying, mitigating and managing the ML/TF risks reasonably faced by a reporting entity; and
 - b. being subject to the ongoing oversight of the reporting entity's Board and senior management.
208. A reporting entity of the nature, size and complexity of Star Sydney and Star Qld will not be in a position to have an appropriate oversight framework, for the purposes pleaded at

paragraph 207, unless their Joint Part A Program has established an appropriate framework for the Board and senior management to:

- a. determine and set each reporting entity's ML/TF risk appetite;
- b. set controls to ensure designated services are provided to customers consistent with that ML/TF risk appetite;
- c. appropriately monitor management's performance against an appropriate ML/TF risk management framework, including risk appetite;
- d. ensure the Board receives and reviews management reports about new and emerging sources of ML/TF risk and about the measures management are taking to deal with those risks;
- e. establish an appropriate ML/TF risk management capability framework, including with respect to:
 - i. roles and accountabilities;
 - ii. operational procedures;
 - iii. reporting lines;
 - iv. escalation procedures;
 - v. assurance and review; and
 - vi. information management.

Particulars

Sections 81, 85(2)(a) and 85(2)(c) of the Act and rules 9.1.3, 9.1.5(4) and Part 9.4 of the Rules.

209. Each of the features alleged at paragraphs 208.a to 208.e was fundamentally absent from the Joint Part A Programs for all or most of the period, although some independent review was conducted.

Particulars

Independent reviews were conducted in 2015, 2018 and 2021.

ML/TF risk appetite

210. At no time did the Joint Part A Programs include or incorporate appropriate systems and controls for the SEG Board to:
- a. set the ML/TF risk appetite of Star Sydney and Star Qld; and
 - b. ensure that their business was managed consistent with ML/TF risk appetite.

Particulars

From 30 November 2016 to 30 October 2018, SEG's risk management framework and policy in Appendix C of the Joint Part A Program acknowledged the need to define risk appetite.

At no time did the SEG Risk Appetite Statements set appetite for ML/TF risk.

From November 2019 (version 1.2), the AML/CTF Framework was implemented. Earlier versions (version 1 dated 31 October 2018 to 23 July 2019 and version 1.1 dated 24 July 2019 to 31 October 2019) were approved by the BRCC but not implemented.

The primary objective of the AML/CTF Framework was to provide guidance on how to conduct assessments of the ML/TF risk of SEG casinos. The AML/CTF Framework did not set the ML/TF risk appetite of Star Sydney and Star Qld.

At no time did the Joint Part A Programs include or incorporate any other process for ML/TF risk appetite to be appropriately set by the SEG Board.

At no time did Star Sydney or Star Qld appropriately identify and assess the inherent and residual ML/TF risks they reasonably faced with respect to designated services. In the absence of such an assessment, ML/TF risk appetite could not be appropriately set. See paragraphs 79 to 106.

Monitoring management performance

211. At no time did the Joint Part A Programs include or incorporate appropriate systems and controls for the SEG Board to monitor management's performance against an appropriate ML/TF risk management framework, including as against ML/TF risk appetite.
212. The SEG Board was unable to have oversight of senior management's performance in mitigating and managing ML/TF risk because:
 - a. the ML/TF risks reasonably faced with respect to the provision of designated services by Star Sydney and Star Qld had not been appropriately assessed;
 - b. the SEG Board had not appropriately set a ML/TF risk appetite;
 - c. the Joint Part A Programs did not include or incorporate appropriate qualitative and quantitative metrics triggering reporting for material risk categories up to the SEG Board;
 - d. the Joint Part A Programs did not include or incorporate appropriate processes for monitoring and reporting of Star Sydney, Treasury Brisbane casino and Star Gold Coast casino's risk profile relative to quantitative parameters (risk tolerances) against material risk categories up to the SEG Board;

Particulars

Paragraphs 79 to 106.

From 30 November 2016 to 30 October 2018, clause 1.4 of Appendix C of the Joint Part A Program (versions 4-6) and from 31 October 2018 to 31 October 2019, Part 2 of Appendix B of the Joint Part A Program (versions 7-8) set out when certain levels of risk were required to be escalated. For example, ML/TF risks assessed as 'critical' were required to be escalated to the SEG Board and Executive Level.

However, the risk metrics were not appropriately representative for a business of the nature, size and complexity of SEG such that the

SEG Board would not have been able to consistently ensure where Star Sydney or Star Qld was operating against ML/TF risk appetite and tolerance.

- e. at no time did the SEG Board or the BRCC have a documented process in place to ensure in-depth discussion of ML/TF risk as against measurable criteria at regular intervals as part of a rolling agenda.
213. In the absence of a clearly set ML/TF risk appetite, senior management did not have appropriate guidance in relation to:
- a. the ML/TF risks that could be accepted and the controls required to appropriately manage those risks;
 - b. when to escalate ML/TF risks to the SEG Board that may potentially be out of ML/TF risk appetite to the SEG Board; or
 - c. how those ML/TF risks should be reported to the SEG Board to allow for appropriate consideration by the Board.

Particulars

For example, in the absence of any ML/TF risk appetite:

A. High risk and non-transparent international remittance channels evolved without appropriate consideration being given to ML/TF risks or as to whether higher risks should have been escalated to the SEG Board. See paragraphs 357 to 462.

B. Decisions made with respect to the approval of CCFs had regard to credit risk only and not ML/TF risks. See paragraph 507.

C. Decisions were made to continue ongoing business relationships with customers without appropriate regard to ML/TF risks. For example, SEG decided to cease its junket operations in October 2020. In August 2021, despite the higher ML/TF risks associated with their junket activity, SEG senior management determined to maintain a business relationship with a number of customers including Customer 1, Customer 3, Customer 28, Customer 20 and Customer 29.

D. Concerns of SEG senior management regarding the ML/TF risks faced by Star Sydney in respect of the Suncity Service Desk and Suncity's use of Salon 95 were not appropriately reported to the SEG Board: see paragraph 691.

214. The SEG Board and senior management were unable to determine whether risk-based systems and controls required any revision for the purposes of the Joint Part A Programs because:
- a. at no time did the Joint Part A Programs include appropriate systems and controls for the SEG Board to receive and review management reports about new and emerging sources of ML/TF risk or the measures management was taking to deal with those risks;

Particulars

From November 2016 to 31 October 2019, clause 3 of each version of the Joint Part A Program provided that any systemic concerns would be reported by the AMLCO to SEG management and the Chief Executive Officer.

From December 2016 to July 2020, this process was supported by the Chief Risk Officer providing a report to the BRCC on whether SEG was operating within its risk appetite. However, this process was not capable of being effective because the SEG Board had not determined or set its ML/TF risk appetite. From August 2020, the Chief Legal Officer and Chief Risk Officer (or delegate) would provide a similar report.

From November 2019, clause 4.2 of each version of the Joint Part A Program provided that the Compliance Officer would report to the BRCC any concerns about compliance with or the effectiveness of the Joint Program and accompanying standards.

There was no appropriate documented guidance about matters which the AMLCO should be escalating or providing to the BRCC, including but not limited to emerging sources of ML/TF risk.

- b. the Joint Part A Programs did not include appropriate systems and controls to detect changes in ML/TF risks, including in both the external and internal environment.

Particulars

See paragraphs 182 to 193.

Senior management accountabilities

- 215. A Joint Part A Program must establish appropriate accountabilities for senior management with respect to ML/TF risk management and compliance.

Particulars

A Part A program must define risk ownership and assign risk management accountability to senior management to support the consideration of risk in all decision making.

Risk ownership and accountability must be supported by policies, processes, systems and controls to enable senior management to appropriately identify, assess, manage and monitor ML/TF risks reasonably faced by the reporting entity in a manner consistent with the ML/TF risk appetite set by the Board.

- 216. At no time did the Joint Part A Programs appropriately define ML/TF risk ownership and assign ML/TF risk management accountability with respect to the AMLCO and senior management in business lines.

Particulars

In the absence of a clear ML/TF risk appetite set by the SEG Board, ML/TF risk ownership and accountabilities in the Joint Part A Programs was not clear.

The role of the AMLCO was to perform all functions specifically assigned to them under the Joint Part A Programs; report any systemic concerns to SEG management and the Chief Executive Officer; consult with, and make recommendations (if any) for improvement of the Program to, SEG senior management and the Chief Executive Officer; and keep records of the discharge of their functions under the Programs.

From November 2019, the AMLCO was also required to report to the BRCC any concerns about compliance with or the effectiveness of the Program and the Standards, but was no longer required to report systemic concerns to SEG management and the Chief Executive Officer: clause 4.2 of the Joint Part A Program versions 9, 10, 11.1.

Prior to November 2019, the AMLCO's functions, however, were subject to unclear requirements relating to consultation and approvals by business lines. This meant that ownership and accountability for ML/TF risks was unclear, and created risks that decision making under the Joint Part A Program would not be appropriately based on AML/CTF considerations.

In particular, accountability for ML/TF risks rated moderate/medium or above were not clear: paragraph 123.

The AMLCO's accountabilities, at all times, were not subject to appropriately clear definition.

For example, responsibilities and accountabilities for customer risk ratings were dispersed between different roles. It was not clear whether the AMLCO, or another role had final responsibility with respect to customer risk ratings: see paragraphs 123 and 125.

Also, accountabilities for escalating high risk customers to senior management for consideration of whether to continue a business relationship were not clear: see paragraphs 806, 813 to 817.

Operational procedures and training for front line business functions

217. At no time did the Joint Part A Programs establish a framework for operational procedures to ensure that the Joint Part A Programs were capable of being consistently applied across the business.

Particulars

The KPMG report advised SEG that the Joint Part A Program did not include sufficient detail for each component or make reference to the underlying Standard Operating Procedures (**SOPs**). The Joint Part A Program did not provide sufficient information as to how the SEG casinos comply with some obligations and, because of the number of relevant SOPs and the variations between them, it was difficult to identify what specific procedures were applied by the different operational areas of the business.

KMPG also noted that the number of AML/CTF resources in place may not be sufficient to operate the Joint Part A Program.

KPMG expressed concern that the AML Administrators had a high level of discretion on how they operationalise the AML/CTF Program, with limited senior management oversight, including with respect to transaction monitoring, ECDD and SMR reporting.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23 and 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

The versions of the Joint Part A Program that came into effect after the Board received the KPMG advice continued to fail to refer to the underlying SOPs and did not otherwise address the related KPMG advice.

For example, there were no appropriately risk-based procedures for the VIP Services, Cage and Credit & Collections teams to escalate screening matches to the AML team or the AML Administrators for the purposes of assessing the customer's risk (paragraphs 127 to 134), to identify, escalate and risk rate customers who were transacting large amounts of money (paragraph 139), consistently identify and assess customers who were not low risk (paragraph 144) or to properly address the suite of risk-based ECDD measures to be applied (paragraph 807).

218. In the absence of a framework for the consistent application of the Joint Part A Programs, the SEG Board and senior management were unable to provide appropriate ongoing oversight of the Joint Part A Programs.

Particulars

Management cannot appropriately identify, assess, manage and monitor ML/TF risks reasonably faced by the reporting entity in a manner consistent with risk appetite if the Part A program does not include or incorporate policies, processes, systems and internal controls to support and guide business decision making.

219. At no time did the Joint Part A Programs establish appropriate AML/CTF risk awareness training for front line business functions.

Particulars

Rule 9.2 of the Rules.

See paragraphs 748 and 749.

In its 16 May 2018 report, KPMG advised SEG that the Risk Awareness Training Program was a key component of its Joint Part A Program, due to the higher reliance on human controls, instead of automated transaction monitoring, to detect potentially suspicious matters. KPMG reported observing through staff interviews that,

compared to the number of matters referred to the AML Administrators by the Cashier Services or Cage team, few are referred from the main gaming floor, which may be indicative that the current training program could be improved.

KPMG also advised that the Part A Program did not state any timeframe for training to be completed or follow-up procedures for non-completion. The training content did not include SMR obligations in detail or any reference to the prohibition against 'tipping-off' as required under the Act and Rules.

KPMG advised there was no documented AML/CTF training specific for table games staff or for NSW based cashier staff.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23 and 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

Roles, accountabilities and reporting for the ML/TF risk management and compliance function

220. At no time did the Joint Part A Program establish an appropriate framework for roles, accountabilities and reporting lines for ML/TF risk management and compliance, for the reasons pleaded at paragraphs 221 to 226.
221. The Joint Part A Programs did not set out an appropriate framework for end-to-end accountabilities for ML/TF risk management or compliance.

Particulars

In the absence of an appropriate ML/TF risk assessment, the Joint Part A Programs were not capable of establishing a framework for senior business ownership with respect to AML/CTF processes across all products, customer groups and channels - including ownership with respect to related IT, assurance, reporting and remediation.

222. The Joint Part A Programs did not set out a framework for an appropriately:
- a. resourced; and
 - b. expert ML/TF risk management function
- to monitor, support and challenge the business on ML/TF risk-related matters.

Particulars

The AML and Financial Crime teams were under-resourced and did not receive adequate AML/CTF training.

In December 2013, AUSTRAC recommended to Star Sydney that it give consideration to providing more personnel and electronic resources to assist the AML Administrator with their responsibilities.

In December 2018, AUSTRAC recommended to Star Sydney that it increase resourcing of its compliance function. AUSTRAC expressed the view that additional compliance resources would strengthen Star Sydney's capacity to implement and maintain its AML/CTF program for the identification, management and mitigation of ML/TF risk.

As at 2019, there were 3 full time employees (**FTEs**) in SEG's AML function. By August 2022, there were 31 FTEs.

The AML Administrators were primarily responsible for executing the Joint Part A Program. The KPMG Report found that there was inadequate resourcing in place to operate the Program.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23 and 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

The AML Administrators and AMLCO did not have authority to make a number of key AML/CTF decisions, which required approval from business line managers. See for example, paragraphs 123, 125, 806, 813 to 817.

As Star Sydney and Star Qld did not appropriately identify and assess the ML/TF risks of their business, the AML/CTF risk awareness training remained fundamentally inadequate, including at the AML Administrator or AMLCO levels.

Rule 9.2 of the Rules.

See paragraphs 748 and 749.

223. The Joint Part A Programs did not establish appropriate reporting lines for AML/CTF from the business and compliance functions up to senior management, or the BRCC (where required).

Particulars

From November 2019, clause 4.1 of the Joint Part A Program, versions 9 and 10, provided that the AMLCO would regularly report to the BRCC about matters relevant to compliance with the Joint Program. However, there was no specific documented guidance about matters the AMLCO should be escalating or providing to the BRCC, including but not limited to ML/TF risks and emerging sources of ML/TF risks.

224. From 30 November 2016 the Joint Part A Program established or included the AML/CTF Working Party Meetings.

Particulars

Clause 5 of the Joint Part A Programs (versions 4 to 8) stated that the AMLCO will convene meetings of the AML/CTF Working Party, which consists of, at a minimum, the AMLCO and the AML Administrators. The working party will invite participation by others as required and will meet at regular intervals of no less than twice a year to review compliance with the Program and to discuss issues, such as legislative changes, that affect the Group.

From on or about May 2019, the AML/CTF Working Party meetings were referred to as the AML Weekly Meetings.

From around March 2022, the meetings became known as the AML Operations Weekly Meetings to include members of the AML Operations team.

225. The Joint Part A Programs did not clearly establish the role, accountabilities or reporting lines from the AML/CTF Working Party meetings.

Particulars

There was no charter or documented terms of reference setting out the functions, responsibilities or decision-making process for the AML/CTF Working Party meetings.

There was no regular reporting from the AML/CTF Working Party to any single role, committee or body.

226. The Joint Part A Programs did not set out a framework for appropriate assurance and audit functions for AML/CTF matters.

Escalation and emerging risks

227. The Joint Part A Programs had some processes in place for matters to be reported to senior management or the Chief Executive Officer.

Particulars

From 30 November 2016 to 31 October 2019, the Joint Part A Program provided:

- A. that management would report to the BRCC about compliance at meetings relating to operational risk management and compliance matters; and
- B. that any systemic concerns would be reported by the AMLCO to SEG management and the Chief Executive Officer.

From 1 November 2019, the Joint Part A Programs provided that the AMLCO would:

- A. regularly report to the BRCC about matters relevant to compliance with the Joint Program; and
- B. report to the BRCC any concerns about compliance with or the effectiveness of the Joint Program and accompanying standards.

228. At no time did the Joint Part A Program have appropriate processes to escalate, mitigate and manage material ML/TF risks.

Particulars

The risk management function should be primarily responsible for monitoring compliance with the Board's articulated risk appetites and risk tolerances and escalating material risk issues to the Board.

Senior management should be primarily responsible for ensuring that appropriate reporting and monitoring processes are developed and implemented to escalate material risk issues from business units to senior management, the risk management function and, if necessary, the Board, including material risk issues identified by external stakeholders.

The Joint Part A Program did not incorporate or establish appropriate escalation processes.

There was no specific documented guidance about matters the AMLCO or other senior management should be escalating or providing to the BRCC, including but not limited to ML/TF risks and emerging sources of ML/TF risks.

In the absence of these processes, 'red flags', or and higher ML/TF risks were not appropriately escalated: see, for example, paragraphs 460, 365, 460 and 692.

229. The Joint Part A Programs did not have any process or procedure to appropriately consider, act on or escalate applicable recommendations or guidance disseminated or published by AUSTRAC.

Particulars

Rule 9.7 of the Rules.

For example, see paragraphs 742 and 750.

230. At no time did the Joint Part A Programs include appropriate systems and controls to ensure that emerging risks identified through Part A program processes such as transaction monitoring, SMR reporting and ECDD were appropriately escalated to management for the purposes of the ongoing assessment and management of the ML/TF risks that Star Sydney and Star Qld reasonably faced.

Remediation

231. At no time did the Joint Part A Programs include appropriate systems and controls to identify, review and remediate recurring failures in ML/TF risk management and compliance, as they occurred.

Particulars

Compliance issues raised by KPMG in 2018 remain outstanding according to recent external reviews. AML/CTF processes continue to be manual, not informed by ML/TF risk assessments, and not appropriately embedded in operational procedures.

Information management and records

232. At no time did the Joint Part A Programs establish or incorporate an appropriate information management framework to support ML/TF risk management and compliance.
- a. Star Sydney and Star Qld did not establish an appropriate framework to create and maintain transaction and customer records.
 - b. Star Sydney and Star Qld did not establish an appropriate framework to create and maintain transaction and customer records relating to designated services provided through junket and rebate channels.
 - c. Star Sydney and Star Qld did not establish appropriate information or data management systems and controls that were capable by design of supporting:
 - i. customer risk assessments;
 - ii. transaction monitoring;
 - iii. ECDD; and
 - iv. reporting under Part 3 of the Act.
 - d. Star Sydney and Star Qld did not establish appropriate procedures to document ML/TF risk management decisions, including relating to ML/TF risk assessments and controls.

Particulars

See paragraphs 102 and 157.

233. In the absence of accurate information management, the SEG Board and senior management could not be assured that they had a full view of significant matters relating to the Joint Part A Program, over which to exercise ongoing oversight.

The oversight failures – the failure to adopt and maintain a Part A program

234. The absence of a framework for appropriate oversight of ML/TF risk management in the Joint Part A Program, as pleaded at paragraphs 203 to 233, meant that the SEG Board and senior management, respectively, had no basis to be satisfied that the Joint Part A Program was operating as intended and that it had the primary purpose of identifying, mitigating and managing the ML/TF risks reasonably faced by the provision of designated services.

Particulars

Section 85(2)(a) of the Act.

235. The absence of a framework for appropriate oversight of ML/TF risk management in the Joint Part A Program meant that the SEG Board and senior management were unable to exercise ongoing oversight of the Joint Part A Program.

Particulars

Section 85(2)(c) of the Act and rule 9.4 of the Rules.

Appropriate risk-based systems and controls

Controls to manage residual risks within appetite

236. Once a reporting entity identifies and assesses its inherent ML/TF risks and determines its risk appetite, the reporting entity must ensure that its Part A program includes appropriate risk-based systems and controls to mitigate and manage residual risks within appetite.
237. These systems and controls must be aligned to and proportionate to the ML/TF risks reasonably faced by the reporting entity with respect to the provision of designated services.

Particulars

Rules 9.1.3 and 9.1.4 of the Rules.

238. Star Sydney and Star Qld did not determine their ML/TF risk appetite and did not determine appropriate Part A program controls to enable designated services to be provided within ML/TF risk appetite.
239. From 30 November 2016, the Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to designated services they provided for the reasons pleaded at paragraphs 240 to 707 below.

Particulars

Sections 85(2)(a) of the Act and rules 9.1.3 and 9.1.5(4) of the Rules.

See paragraphs 93 to 191 above.

Preventative controls

240. From 30 November 2016, the Joint Part A Programs had very few preventative controls designed to enable Star Sydney and Star Qld to mitigate and manage their ML/TF risks.

Particulars

Preventative controls are those that limit the ability to use a product or channel in a way that would increase the ML/TF risks.

Examples of preventative controls include: setting transaction limits; having a management approval process for high-risk customers, products or countries; applying different identification processes for customers not dealt with in person; or not accepting customers who are deemed too high risk.

241. At all times, the controls in the Joint Part A Programs were predominantly detective and focussed on surveillance for unusual activity that may require SMR reporting to AUSTRAC.

Particulars

Detective controls only seek to monitor activity through a product or channel. Examples of detective controls include: gathering information about how products or channels are used; and reviewing information from internal records, such as transaction monitoring and suspicious matter reporting.

Detective controls do not, of themselves, reduce inherent risks.

The detective controls in the transaction monitoring programs were not appropriately risk-based and did not comply with the Act and Rules. See paragraphs 708 to 791.

Gaming accounts - items 11 and 13, table 3, s6

242. The Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to items 11 and 13, table 3, s6 designated services for the reasons pleaded at paragraphs 243 to 303.

Front money accounts (FMAs) and Safekeeping accounts (SKAs)

243. At all times, Star Sydney and Star Qld provided customers with FMAs and SKAs.
244. An FMA was opened by Star Sydney and Star Qld on application by a customer.
245. A customer was required to be a member of SEG's loyalty program to open an FMA.
246. Customers were required to maintain a separate FMA at each of the Star Sydney, Star Gold Coast and Treasury Brisbane casinos.

Particulars

The balances of a customer's FMA at each casino property were separately maintained. However, the customer could request a transfer of funds from one casino to another via their FMAs.

247. A SKA was an account automatically created on the establishment of an FMA.

Particulars

When a SKA was automatically opened on the establishment of an FMA, it was given the same account number as the FMA. However, these accounts had separate balances.

248. The opening of FMAs and SKAs constituted item 11, table 3, s6 designated services.
249. At all times, customers of Star Sydney and Star Qld could use money in their FMAs and SKAs to obtain table 1 or table 3, s6 designated services.
250. As a matter of practice, at all times, customers of Star Sydney or Star Qld also used SKAs to:
- a. hold bank cheques while waiting for funds to clear. Once funds cleared, a customer could transfer the funds to the relevant FMA; and
 - b. separate funds relating to play on programs, as pleaded at paragraph 266.
251. Transactions (deposits and withdrawals) on FMAs and SKAs constituted item 13, table 3, s6 designated services.

Particulars

Paragraph 255.

FMAs and SKAs maintained on Synkros

252. FMAs and SKAs were maintained by both Star Sydney and Star Qld on Synkros.

Particulars

Transactions on customer accounts, and most other cash-based transactions, were recorded in Synkros and the related debit / credit information flows to an accounting repository called 'Main Bank Balance Sheet' (**MBBS**).

253. The following information was recorded in a customer's FMA or SKA on Synkros:
- a. amount of deposit or withdrawal; and
 - b. the form (or type) of deposit or withdrawal.

Particulars

The form or type of the deposit or withdrawal that would be recorded included whether it was made by CCF drawdown, cash, chips, transfer from CWA, transfer from SKA, cheque (various types), cash disbursement, transfer from another customer's FMA, program settlement, gaming machine ticket, travellers cheque, telegraphic transfer (EFT), tournament winnings, chip purchase voucher (**CPV**), foreign currency (converted to AUD equivalent) or intercompany transfer (transfer from another SEG casino), FMA to FMA transfers between primary or secondary accounts or sub-accounts. See paragraphs 261 and 264.

The details of the person who deposited the funds were not recorded in Synkros. Nor were details recorded of the person to whom funds were transferred.

For transfers from a customer's FMA or SKA to another customer's FMA/SKA, details of the recipient were contained in the recipient's profile in Synkros and in hard copy records, but not in the FMA or SKA transaction record.

254. The FMAs and SKAs for Star Sydney casino, Star Gold Coast casino and Treasury Brisbane casino were maintained on separate Synkros databases:
- a. A customer who opened an FMA or SKA at the Star Sydney casino could use the account to obtain designated services from Star Sydney only.
 - b. A customer who opened an FMA or SKA at the Star Gold Coast casino could use the account to obtain designated services from Star Qld at the Gold Coast casino only.
 - c. A customer who opened an FMA or SKA at the Treasury Brisbane casino could use the account to obtain designated services from Star Qld at the Treasury Brisbane casino only.

Particulars

The balances of FMAs or SKAs held by a customer at each SEG casino were maintained separately on Synkros.

However, a customer could request a transfer of funds from one SEG casino to another, via an FMA or SKA (paragraph 255(a)(iii)).

Some customers had multiple accounts with multiple account numbers. See paragraph 847.

Transacting on FMAs and SKAs

255. At all times, a Star Sydney or Star Qld customer, or their representative, could deposit funds into their FMA or SKA, or withdraw funds from their FMA or SKA, by way of:
- a. money in the form of:
 - i. cash;
 - ii. a transfer to or from a bank account (held by either the customer or a third party);
 - iii. a transfer to or from another FMA or SKA held with any SEG casino;
 - iv. a transfer to or from the customer's primary FMA, secondary FMA or a sub-account of their primary FMA (defined at paragraph 261);
 - v. a transfer to or from a CCF account (held by the customer or a third party, such as a junket funder);
 - vi. a transfer to or from a CWA held with any SEG casino;
 - vii. cheque;
 - b. chips or other CVIs (items 7 and 8, table 3, s6).

Particulars

The deposit or withdrawal of money into or out of FMAs and SKAs was an item 13, table 3, s6 designated service.

In addition, the deposit of money or withdrawal of money via the channels pleaded at paragraphs 255(a)(ii) to (vi) were items 32 and 31, table 1, s6 designated services respectively. See paragraphs 304 to 310.

256. The provision of item 6 and item 9, table 3, s6 designated services to customers was not recorded on the customer's FMA or SKA.

FMAs and CCFs

257. At all times, a Star Sydney or Star Qld customer was not eligible for a CCF unless they had first opened an FMA with Star Sydney or Star Qld.

Particulars

See paragraph 500(d).

258. At all times, a Star Sydney or Star Qld customer could:
- a. deposit an amount drawn down from a CCF into their FMA (including a drawdown from a Hotel Card-funded CCF: see paragraph 358(c)); and
 - b. redeem an amount or repay a balance owed under a CCF by transferring money from their FMA or SKA to their CCF account.

Particulars

Each of these transactions were item 13, table 3, s6 and item 7, table 1, s6 designated services.

Paragraph 542(c).

FMA, SKA, junket play and other rebate play

259. With respect to play on a junket program, at all times:

- a. Star Sydney and Star Qld required the junket operator or junket representative to first open an FMA (the **primary FMA**).

Particulars

A junket representative could be authorised as a signatory on a junket operator's FMA (item 12, table 3, s6 of the Act).

- b. A junket player could play on a junket program without having an FMA.

Particulars

The junket operator acted as an agent for junket players. Transactions conducted on a junket operator's FMA could be transactions conducted by the junket operator (as agent) on behalf of a junket player.

260. At all times, junket funders opened FMAs and SKAs with Star Sydney and Star Qld.

Particulars

A junket funder could give a third party authority to a junket operator, junket representative or individual rebate player authorising them to transact on the junket funder's FMA and SKA.

Also, as pleaded at paragraph 526, a junket funder could authorise a junket operator, junket representative or individual rebate player to draw down on their CCF account.

Item 12, table 3, s6 of the Act.

261. At all times, Star Sydney and Star Qld opened sub-FMAs (**sub-accounts**) for junket operators, junket representatives and junket funders who operated multiple junket programs or junket groups.

Particulars

Sub-accounts were separate accounts to the primary FMA.

Each sub-account allowed junket operators, junket representatives and junket funders to maintain separate balances and funding (including through CCFs) for different junket programs or junket groups.

At Star Sydney and Star Qld, sub-accounts also facilitated the operation of financial accounts and junket programs in multiple currencies.

Customers could transfer funds between their primary FMA and sub-account where, for example, they were participating in concurrent junket programs and one junket had lost, whilst another had won.

Junket operators or representatives could transfer funds from the losing sub-account to the winning sub-account to make more funds available.

Many of the larger junket operators and junket funders whose number of sub-accounts increased over time had individual junket summaries completed which detailed all accounts by property, CCF amounts drawn, due dates and FMA and SKA balances prepared daily by the VIP Credit and Collections team.

262. At all times, a Star Sydney or Star Qld customer was not eligible for play on an individual rebate program (other than as a junket player) unless they had first opened an FMA.
263. At all times:
- a. Some individual rebate programs required a participating customer to deposit a minimum amount of front money into their FMA.
 - b. The minimum front money deposit into the customer's FMA was used to purchase rebate-specific chips, such as non-negotiable chips, premium chips or Star VIP chips.
 - c. Funds in an FMA could be applied against non-gaming expenses incurred in connection with the customer's visit for an individual rebate program.
264. At all times, Star Sydney opened secondary FMAs for rebate players to facilitate separate balances for play on different individual rebate programs (**secondary FMAs**).

Particulars

A physical card was given to the customer which allowed them to play on separate rebate programs at the same time.

Separate Synkros profiles were required to separate the funds and play/turnover/rebate calculations.

265. At Star Sydney, selected individual rebate program players on HKD programs could open sub-accounts to facilitate separate balances for play on different individual rebate programs.
266. As a matter of practice, at all times, customers of Star Sydney or Star Qld also used SKAs to separate funds from program play when participating on an individual rebate program.

Particulars

By way of example, the minimum front money for a Non-negotiable Chip Program is \$75,000. If a customer makes a telegraphic transfer of \$80,000, the customer would then deposit \$75,000 into their FMA to meet minimum front money for the Non-negotiable Chip program and deposit the remaining \$5,000 into their SKA. The customer is then able to use the \$5,000 for other gaming outside of the rebate program.

The FMAs and SKAs were a channel for financial and gaming services

267. FMAs and SKAs were a channel through which other table 3, s6 designated services were provided by Star Sydney and Star Qld.
- a. A customer could exchange money in an FMA for chips or other CVIs (item 7, table 3, s6).

Particulars

Chips or CVIs could be used by a customer to enter a game (item 6, table 3, s6).

- b. A customer could deposit chips or other CVIs (item 8, table 3, s6) into an FMA.

Particulars

Winnings that had been paid to a customer (item 9, table 3, s6) (in the form of chips or other CVI) could be deposited into a customer's FMA or SKA account.

- c. A customer could exchange one currency for another by deposit into an FMA or SKA (item 14, table 3).
 - d. A customer could exchange one currency for another by withdrawing AUD from an FMA or SKA in a foreign currency (item 14, table 3)
268. FMAs and SKAs were a channel through which table 1, s6 designated services were provided by Star Sydney and Star Qld.
- a. Star Sydney and Star Qld provided customers with items 31 and 32, table 1, s6 designated services (remittance services) through FMAs and SKAs.

Particulars

Paragraphs 304 to 310.

- b. Credit (by way of a loan through a CCF) provided to a customer by Star Sydney and Star Qld could be drawn down and deposited into a customer's FMA, being an item 7, table 1, s6 designated services.

Particulars

Paragraphs 494 to 550.

- c. CCF repayments could also be first credited to a customer's FMA, being items 7 and 32, table 1, s6 designated services, and then transferred to a CCF account.

Particulars

Paragraphs 494 to 550.

Third party deposits

269. At all times, a third party could deposit money into a Star Sydney or Star Qld customer's FMA or SKA by:
- a. cash deposit at the Cage;
 - b. deposit of chips or other CVI at the Cage;
 - c. transfer from another FMA, SKA or CCF account held by the third party (held either at Star Sydney or Star Qld); or
 - d. transfer from a bank account through the Star Patron account channels (defined at paragraph 312).

(third party deposits)

270. Star Sydney's and Star Qld's policies that purported to limit third party deposits into FMAs and SKAs:

- a. were not supported by appropriate operational procedures such that they were not capable of being consistently applied;

Particulars

Paragraphs 271 to 274 and paragraphs 276 to 277.

- b. included material exceptions and omissions; and/or

Particulars

Paragraph 275.

- c. were inconsistent with other policies and practices that permitted third party deposits.

Particulars

Paragraphs 275 and 276.

- 271. Until 5 November 2021, there was no prohibition in SEG's Cage Standard Operating Procedure on third party deposits into a customer's FMA or SKA.
- 272. From 5 November 2021, SEG's Cage Standard Operating Procedure introduced a prohibition on third-party deposits unless there was an authorisation from the beneficiary of the FMA or SKA.

Particulars

Provided that the third party was a customer of SEG, the Cage Standard Operating Procedure did not purport to restrict the category of third parties who could be authorised to deposit money into a customer's FMA or SKA.

- 273. Prior to 5 November 2021, SEG had an informal policy that third parties could deposit funds into a customer's FMA or SKA (and CCF) if the customer provided Star Sydney or Star Qld with a third party authority.

Particulars

The informal policy was that the third party was required to be an established customer of a SEG casino, with KYC checks already completed. The authority could be limited in time and value.

- 274. The informal policy pleaded at paragraph 273 was not supported by appropriate operational procedures and was not capable of being reliably or consistently applied.

Particulars

The informal policy was not supported by a Standard Operational Procedure that Cage staff were required to follow.

Third party authorities were not centrally recorded but were stored offsite in hard copy, together with the deposit receipt which would contain the signature of the third party. There was no reliable or consistent way of verifying that a third party was authorised to make deposits on each occasion that a deposit was made.

There were no processes in place for the Cage to obtain the full name and customer ID of a third party who was depositing funds.

In practice, there were occasions where deposits by third parties were accepted at the Cage without authorisation.

For example, on 8 August 2019, two Suncity staff members each deposited \$100,000 into the Star Sydney FMAs of two different customers. Neither staff member was a junket representative.

By way of further example, in September 2018, Customer 73 arrived at the Star Gold Coast casino to play as an international guest on a premium group program, notwithstanding that he was resident in Queensland. The front money of \$130,000 for Customer 73's play was supplied by another player. The \$130,000 was transferred from the other player's FMA to Customer 73's FMA. The source of these funds was a bank cheque. The following day the other player provided Customer 73 with a \$50,000 bundle of cash in a private gaming room which Customer 73 converted to cash chips. The Star Gold Coast casino was aware that the other player and Customer 73 were linked to Customer 54 and that Customer 54 was of interest to law enforcement.

275. At all times, material exceptions to the policies prohibiting third party deposits have applied.
- a. A junket operator could deposit funds into a customer's FMA or SKA to disburse funds to winning junket players mid-program or at settlement pending the funder's cash out.

Particulars

Cash Out Policy dated 17 June 2016 (**Cash Out Policy**), Schedule.

- b. A junket funder could deposit funds into a junket operator's or junket representative's FMA.

Particulars

Paragraphs 533 to 535.

- c. A junket operator or representative could approve the deposit of funds into a junket operator's FMA by third parties.

Particulars

There were numerous instances of suspicious or unusual third party deposits into FMAs at private gaming room cages, including cash, that were authorised by junket operators or representatives. For example:

In June 2018, a junket operator presented \$2.6 million in cash in \$50 notes from a large suitcase. Star Sydney formed the view that the cash related to earlier Suncity transactions in respect of which it had previously lodged SMRs. The junket operator requested that \$2.57 million be deposited into his FMA and that the remaining \$30,000 be returned to him in cash. The junket operator then requested that the \$2.57 million be transferred to Customer 3's FMA. Customer 3's representative was at the Cage to authorise the deposit to Customer 3's FMA. Star Sydney considered the \$30,000 appeared to be a fee

to the junket operator for completing the cash transaction on Suncity's behalf.

- d. A junket operator, junket representative and junket player could deposit funds into a junket funder's FMA or SKA.

Particulars

Cash Out Policy.

- e. Third party remitters could deposit money into a customer's FMA or SKA via Star Patron accounts at all times.

Particulars

See paragraph 442.

Notwithstanding the 5 November 2021 Cage Standard Operating Procedure, remittance providers were permitted to continue depositing funds into customers' FMAs and SKAs via Star Patron accounts.

- f. Through the Customer 9 channels, funds from a third party could be deposited to a Star Sydney customer's FMA or SKA.

Particulars

Paragraph 391.

Star Sydney had no appropriate processes in place to consistently or reliably identify third party deposits through the Customer 9 channels; nor to understand the relationship between the third party and the customer: see paragraph 439.

- g. Other third parties could deposit money into a customer's FMA or SKA via Star Patron accounts at all times.

Particulars

For example, transfers from third party bank accounts were accepted into the Bank 1 (Macau) account. Senior SEG Macau employees facilitated some of these transfers but considered it was not their duty to check for source of funds, as these VIP customers "were doing big business".

- h. Cash could be deposited into Star Patron accounts.

Particulars

Narratives on the bank statements for Star Patron accounts did not consistently or reliably identify if a deposit had been in cash and, if so, the identity of the person making the deposit.

- i. Funds could be deposited to a Star Sydney or Star Qld customer's FMA or SKA by transfer from the gaming account of another casino.

Particulars

Star Sydney and Star Qld had no processes to verify whether these transfers came from the customer or a third party.

276. At no time did Star Sydney or Star Qld have appropriate policies or procedures in place to identify which deposits made into Star Patron accounts were made in cash.

Particulars

Narratives on the bank statements for Star Patron accounts did not consistently or reliably identify if a deposit had been in cash and, if so, the identity of the person making the deposit.

No other systems or controls were in place to identify which deposits made into Star Patron accounts were made in cash.

Cash could be deposited into Star Patron accounts in foreign jurisdictions and in Australia.

Prior to December 2020, cash could be deposited into Star Sydney's and Star Qld's Bank 2 accounts via Bank 2's Smart ATMs. See paragraph 327(j).

277. At no time did Star Sydney or Star Qld have appropriate policies or procedures in place to return third party deposits that had been deposited into Star patron accounts in contravention of the policies purporting to limit third party deposits.

Particulars

Prior to 5 November 2021, Star Sydney and Star Qld did not have in place policies and procedures in relation to third party deposits into Star Patron accounts, including with respect to the rejection and/or return of funds deposited by third parties into the accounts.

The Cage Operations Standard Operating Procedures 'Task 11 - Bank Telegraphic Transfers – Accepting' was updated on 5 November 2021.

It provided that if a clear connection cannot be established between the guest and the narrative on the bank statement or the information received from the bank, the payment will be rejected.

However, there was no procedure to give effect to the rejection of the deposit or to return the funds.

Narratives on bank statements would not consistently or reliably identify if a deposit had been made by a third party, particularly with respect to cash deposits.

278. Deposits by third parties into FMAs and SKAs involved higher ML/TF risks, including:
- a. a lack of transparency as to source of funds;
 - b. a lack of transparency as to the purpose of the transaction; and
 - c. risks of smurfing, cuckoo smurfing or offsetting.

Particulars

Paragraph 25.

279. At no time did the Joint Part A Programs include appropriate risk-based procedures to:
- a. verify the identity of third parties depositing funds into Star Patron accounts;

- b. understand the source of funds relating to third party deposits; or
- c. understand the nature of the relationship between the customer and the third party;

Particulars

Rules 9.1.5, 15.2 and 15.3; and paragraphs (l) and (m) of the definition of KYC information in rule 1.2.1 of the Rules.

An authorisation given to a third party to deposit funds into a customer's FMA or SKA, on its own, was not an appropriate risk-based control.

Third party transfers

280. At all times, Star Sydney and Star Qld would process a transfer of funds from a customer's FMA or SKA to a third party (**third party transfer**) in the following circumstances:
- a. A junket operator, junket representative and junket player could transfer funds from their FMA or SKA to a junket funder's FMA or CCF account.

Particulars

At the conclusion of a program, outstanding amounts owed under a CCF funding the program would be transferred from the junket operator's FMA or SKA to the junket funder's FMA or CCF account before winnings were disbursed to players.

Where rebates were payable by Star Sydney or Star Qld to a junket operator pursuant to a Revenue Sharing Agreement, being a rebate calculated by reference to the wins or losses recorded by the junket, or Rebate on Turnover, being rebates calculated by reference to the turnover recorded by the junket (see paragraph 634) that rebate was used to offset any outstanding amounts on a CCF used to fund the junket program. The CCF used to fund the junket program could be in the name of the junket operator or a junket funder. See paragraph 634.

A transfer from a junket operator's or representative's FMA or SKA to a junket funder's CCF account to redeem credit loaned to a junket program did not necessarily equal the amount drawdown on the junket funder's CCF and deposited into the junket operator's or representative's FMA or SKA at the commencement of a program because:

- a. rebates could be offset; and
- b. junket players or other third parties could repay credit loaned by a junket funder to a junket program.

The repayment of CCFs via transfers from customers' FMAs or SKAs therefore lacked transparency.

Paragraphs 631 and 666.

- b. Any customer could transfer funds from their FMA or SKA to repay a third party's CCF account.

Particulars

Paragraph 542(c).

- c. A junket funder could transfer funds from their FMA or SKA to a junket operator, junket representative or junket player.
- d. A junket operator could transfer funds from their FMA or SKA to junket players to disburse funds to winning junket players mid-program or at settlement.
- e. A junket representative could withdraw cash or chips from a junket operator's FMA or SKA, subject to authority.
- f. Under the Customer 9 channels, Customer 9 could transfer funds from his FMA to any third party FMA.

Particulars

Paragraphs 404, paragraph 414(b), 422(g), 424(b), 430(b) and paragraph 435.

- g. Any customer could transfer money to a third party from their FMA or SKA via telegraphic transfer to an external bank account, including Australian bank accounts or overseas banks accounts in the following circumstances:
 - i. Junket operators were permitted to send funds to junket players.
 - ii. A customer could send funds to the bank account of another casino.
 - iii. If money had been deposited into an FMA from a third party bank account, the funds could be returned to the same source account (for example to the company account, joint account or trust account) if proof of deposit was provided via the form of a receipt.

- 281. Transfers from FMAs and SKAs to third parties involved higher ML/TF risks, including:
 - a. they often formed part of a complex transaction chain;
 - b. a lack of transparency as to the purpose of the transaction; and
 - c. risks of smurfing, cuckoo smurfing or offsetting.

Particulars

Paragraph 25.

- 282. At no time did the Joint Part A Programs include any policies or procedures to appropriately limit or monitor third party transfers from FMAs and SKAs, having regard to ML/TF risk.
 - a. There were no policies or procedures to limit or monitor the transfer of money from one customer's FMA or SKA to another customer's FMA or SKA.
 - b. There were no policies or procedures to limit or monitor the transfer of money from one customer's FMA or SKA to another customer's CCF account.
 - c. There were no daily or transaction limits applying to FMA or SKA accounts with respect to withdrawals, including third party transfers.
 - d. There were no risk-based controls to understand the nature of the relationship between the customer and the third party.

Particulars

Rules 9.1.5, 15.2 and 15.3; and paragraphs (l) and (m) of the definition of KYC information in rule 1.2.1 of the Rules.

Dormant or parked funds in FMAs and SKAs

283. At all times, a customer of Star Sydney and Star Qld could leave unlimited funds in an FMA or SKA for an unlimited period without applying those funds to gaming (**parked or dormant funds**).
284. Parked or dormant funds in FMAs or SKAs posed higher ML/TF risks for the following reasons:
- a. An FMA or SKA having a large dormant balance, of itself, was an indicator of ML/TF risk as it is contrary to the purposes of such accounts.
 - b. FMAs and SKAs could be used to store money outside the banking system.
 - c. The 'parking' of illicit money puts distance between the act or acts that generated the illicit funds and the ultimate recipients of those funds, making it harder to understand or trace the flow of money.
 - d. Gaming accounts such as FMAs or SKAs could be used to park or hide funds from law enforcement and relevant authorities.
 - e. A customer who held a large dormant balance in an FMA or SKA may have had a higher risk profile that may have required closer monitoring or enhanced customer due diligence including analysis as to the source of funds or wealth.
 - f. FMAs and SKAs held by junket operators and representatives were highly vulnerable to the storage and movement of potentially illicit funds.

Particulars

See paragraph 650 below.

- g. FMAs or SKAs that held a large dormant balance, with minimal gaming by the customer, could involve higher ML/TF risks.
- h. The use of FMAs and SKAs for predominantly financial transactions, namely the movement of money into and out of the casinos, represented a higher ML/TF risk.
- i. Large withdrawals from a previously dormant account could indicate higher ML/TF risks.

The ML/TF risks of FMAs and SKAs

285. At all times, FMAs and SKAs involved higher ML/TF risks, including:
- a. FMAs and SKAs facilitated the movement of money into and out of the casino environment, including through complex transaction chains involving the provision of both table 1 and table 3, s6 designated services.
 - b. Customers could deposit money into FMAs and SKAs through non-face-to-face Star Patron account channels, both domestic and international, including cash.

Particulars

Paragraphs 370 to 384.

- c. Third parties could deposit money into FMAs and SKAs by domestic or international telegraphic transfer, via non-face-to-face Star Patron accounts, including cash.

Particulars

Star Patron accounts are defined at paragraph 311; see also paragraph 327.

Paragraphs 269 to 279.

- d. Overseas based remitters could deposit funds into FMAs and SKAs by domestic or international telegraphic transfer, via non-face-to-face Star Patron accounts.

Particulars

Star Patron accounts are defined at paragraph 311: see also paragraph 327.

Paragraphs 442 to 460.

- e. Money could be transferred through FMAs through the non-transparent Customer 9 channels.

Particulars

See paragraphs 391 to 441.

- f. A customer could withdraw cash from their FMA or SKA, including when the customer had applied the funds to minimal or no gaming.

Particulars

Paragraph 708.

- g. Customers could withdraw money from an FMA or SKA through non-face-to-face channels, without being present at the Cage.

Particulars

For example, the customer could provide the casino with an instruction, non-face-to-face, for the funds to be transferred from their FMA or SKA to their CCF account or to the CCF account of a junket funder.

- h. Star Sydney and Star Qld provided customers with multiple FMAs, sometimes with different customer identification numbers. Funds could be transferred between these accounts.

- i. Junket operators, representatives and funders could hold multiple FMA accounts and multiple sub-accounts. Funds could be transferred between these accounts.

Particulars

Paragraph 261.

For example, see Customer 45.

- j. Players on rebate programs could hold secondary accounts for multiple rebate programs.

- k. Money could remain dormant or parked funds in FMAs and SKAs.

Particulars

Paragraph 284.

- I. Money could be transferred between the FMAs held by a customer at each of the Star Sydney, Star Gold Coast and Treasury Brisbane casinos.

Particulars

Each SEG casino maintained records of transactions on separate Synkros databases which could not be automatically collated.

- m. Money could be transferred out of the casino through Star Patron accounts, including to third parties.

Particulars

Paragraphs 280 to 282.

286. At no time did Star Sydney and Star Qld conduct an appropriate assessment of the ML/TF risks of providing:
 - a. table 1, s6 designated services through FMAs and SKAs; or
 - b. table 3, s6 designated services through FMAs and SKAs.

Particulars

Paragraphs 99 to 104.

Star Sydney and Star Qld purported to conduct an ML/TF risk assessment of FMAs in 2019, during a risk register review. The assessment rated the overall risks of FMAs as low, with controls rated effective. This assessment did not have appropriate regard to the ML/TF risks pleaded at paragraph 285.

On 12 November 2019, Star Sydney and Star Qld conducted a casino wide money laundering product risk assessment, including in relation to FMAs. The purported assessment of FMAs did not have appropriate regard to the ML/TF risks pleaded at paragraph 285.

The 2019 risk register review did not assess the ML/TF risks of SKAs.

Nor did the 2019 casino wide money laundering product risk assessment.

287. The Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to designated services provided through FMAs and SKAs.
 - a. The Joint Part A Programs did not include appropriate risk-based systems and controls to identify, mitigate and manage the ML/TF risks identified at paragraph 285 above.
 - b. Star Sydney and Star Qld did not impose a limit on the amount of money that a customer could hold in an FMA or SKA.
 - c. There was no limit on telegraphic transfers into or out of FMAs or SKAs, or on cash withdrawals.

- d. There were no limits on transfers from the FMA or SKA of one customer to the FMA, SKA or CCF account of another.
- e. Controls on third party deposits and transfers were not appropriately risk based

Particulars

Paragraphs 269 to 282.

- f. Star Sydney and Star Qld did not apply appropriate risk-based monitoring of dormant or parked funds in FMAs and SKAs to identify, mitigate and manage the ML/TF risks pleaded at paragraph 284 above.
- g. In the absence of key details of transactions being recorded on Synkros, Star Sydney and Star Qld could not appropriately understand and monitor the ML/TF risks of transactions.

Particulars

Paragraph 253.

- 288. The failure to appropriately identify, mitigate and manage the ML/TF risks of FMAs and SKAs made Star Sydney and Star Qld vulnerable to criminal exploitation.
- 289. As at January 2021 Star Sydney and Star Qld held \$43.8 million of customers' monies, comprising:
 - a. Just under \$24.9 million in 46,124 FMAs; and
 - b. Over \$18.9 million in 45,828 SKAs.

Cashless wagering accounts (CWAs)

- 290. At all times from November 2017, Star Sydney and Star Qld offered customers (with Silver tier membership or above) cashless wagering accounts (**CWAs**) that facilitated play on electronic gaming machines (**EGMs**) or electronic table games (**ETGs**).

Particulars

See paragraphs 559 to 581 below with respect to designated services provided through EGMs and ETGs.

- 291. A Star Sydney or Star Qld customer with a Star Club loyalty membership card (**membership card**) was eligible to apply to activate a CWA.

Particulars

A customer was not required to first open an FMA in order to be eligible to activate a CWA.

- 292. Star Sydney and Star Qld maintained CWAs on Synkros.

Particulars

A CWA activated at Star Sydney casino could be used for play on EGMs and ETGs at the Star Sydney casino only.

A CWA activated at Star Gold Coast casino could be used for play on EGMs and ETGs at the Star Gold Coast casino only.

A CWA activated at Treasury Brisbane casino could be used for play on EGMs and ETGs at Treasury Brisbane casino only.

293. A Star Sydney or Star Qld customer could transfer or load funds from their CWA to an EGM or ETG by inserting their membership card into the EGM or ETG and entering their PIN.
294. A customer was also able to transfer credits between EGMs or ETGs via their CWA.
295. A CWA facilitated the provision by Star Sydney and Star Qld of items 6 and 9, table 3, s6 designated services to a customer.
296. Once a CWA is activated, funds could be deposited into the CWA at Star Sydney or a Star Qld casino by way of:
 - a. cash or cheque deposit at the Cage, with no limit;
 - b. prior to June 2020, cash through an EGM or ETG up to \$7,500;
 - c. from June 2020, cash through an EGM or ETG up to \$5,000;
 - d. cash deposit through a cash redemption terminal at Star Qld, up to \$5,000 on the main gaming floor and up to \$9,000 in private gaming rooms;
 - e. credit from an EGM or ETG up to \$9,999 at Star Sydney;
 - f. credit from an EGM or ETG at Star Qld, up to \$9,999 prior to November 2020, and up to \$7,500 from November 2020;
 - g. a ticket-in-ticket-out (**TITO**) ticket;
 - h. a payout or hand-pay ticket;
 - i. casino dollars (being the Star Club loyalty program currency), which could be redeemed directly at an EGM at 1:1 value;
 - j. transfer from any FMA or SKA held by the customer at the Cage, with no limit;
 - k. deposit into a Star Patron account, which would be credited to the customer's FMA or SKA (if the customer held such an account) and then transferred to their CWA; or
 - l. transfer from the customer's CWA at another SEG casino via their FMA.
297. A Star Sydney or Star Qld customer could withdraw funds from a CWA by way of:
 - a. cash at the Cage;
 - b. cash through a participating cash redemption terminal up to a limit of \$5,000 at Star Sydney;
 - c. cash through a participating cash redemption terminal up to a limit of \$5,000 at Star Qld on the main gaming floor or \$9,000 in private gaming rooms;
 - d. transfer to the customer's FMA or SKA at the Cage;
 - e. once funds had been transferred to the customer's FMA or SKA, by electronic transfer at the Cage to:
 - i. the customer's bank account;
 - ii. a third party's bank account;
 - iii. a third party's FMA; or

- iv. cheque;
 - f. once funds had been transferred to the customer's FMA or SKA, by gaming cheque; and
 - g. transfer to the customer's CWA at another SEG casino.
298. There were no limits on the amount of money that could be held in a CWA.
299. Star Sydney and Star Qld provided item 11, table 3, s6 designated services when they opened a CWA for a customer.
300. Star Sydney and Star Qld provided item 13, table 3, s6 designated services when funds were:
- a. deposited or credited to a CWA; or
 - b. withdrawn from a CWA.
301. Having entered into a game on an EGM or ETG (item 6, table 3, s6) using credit on a CWA, a customer could be paid out winnings (item 9, table 3, s6) in the form of a ticket, including where there was minimal to no play.

Particulars

TITO tickets could be exchanged for cash at a cash redemption terminal up to \$5,000 at Star Sydney and up to \$9,000 at Star Qld or at the Cage for amounts above these limits.

Paragraph 579.k.

Tickets were highly transferrable.

302. Star Sydney and Star Qld did not conduct an appropriate assessment of the ML/TF risks of providing designated services through CWAs.

Particulars

Assessments relating to CWAs were recorded in documents dated May 2017, June 2017, September 2017, 2019, January 2020, June 2020, 2020-21 and August 2021.

Star Sydney and Star Qld did not adequately assess the ML/TF risks associated with cash deposits and withdrawals through CWAs. Nor did they assess the ML/TF risks that money could be moved through complex transaction chains involving CWAs.

In 2017, Star Sydney and Star Qld identified in the risk assessment that there was no possible way for AML Administrators to conduct any form of transaction monitoring on CWAs in order to meet AML obligations. It was observed that there was potential for large sums of cash or cash equivalents to be moved through CWAs without any further KYC or enhanced customer due diligence being conducted.

303. At no time did the Joint Part A Programs include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to CWAs:

- a. Prior to 1 June 2020, Star Sydney and Star Qld did not have appropriate risk-based procedures in place to determine whether to collect and/or verify KYC information when opening a CWA.

Particulars

A customer was not required to first open an FMA before they could open a CWA.

Prior to 1 June 2020, the Joint Part B Programs did not require an ACIP to be carried out with respect to a customer opening a CWA: paragraph 868.

- b. At least until April 2021, the AML team's access to CWA transaction data was restricted, impacting the AML's team ability to conduct:
 - i. transaction monitoring; and
 - ii. assurance on threshold transaction reporting.
- c. There were no appropriate controls to identify ML/TF risk factors such as refining or structuring.
- d. There were no appropriate controls to identify, mitigate and manage the ML/TF risks posed by the anonymous transfer of value and transfer of value between instruments such as CVIs.
- e. The Joint Part A Programs did not include appropriate:
 - i. transaction limits or daily limits on CWA deposits or CWA withdrawals at the Cage (including cash) or via FMAs or SKAs;
 - ii. limits on account balances;
 - iii. limits or controls on the cashing out of tickets issued from CWA credits;
 - iv. controls to identify whether money was being withdrawn from a CWA with little or no play;

Particulars

Transwatch alerts developed after the KPMG Report in May 2018 were not effective because transaction data for CWAs was inaccessible.

The TrackVia alerts post 2021 were not appropriate because they did not include any alerts specifically targeting the CWA account type, and relied on manual processes with significant data limitations.

- v. controls with respect to the channels through which funds could be deposited into CWAs, including FMA deposits via channels such as the Star Patron account channel.
- f. It was not until around October 2019 that the SEG Cage Standard Operating procedures provided that:
 - i. a customer could not deposit \$10,000 or more into a CWA unless the customer was first established in Synkros;

- ii. the Cage obtained suitable KYC identification before processing the transaction; and
 - iii. a TTR be lodged.
- g. It was not until around October 2019 that the SEG Cage Standard Operating procedures:
- i. provided that the Cage was not to allow CWA transactions or activate a CWA for excluded customers; and

Particulars

Paragraphs 159 to 177.

- ii. required the Cage to first check if the customer was an excluded customer, by checking the customer's name against Synkros upon swiping the customer's card.

Particulars

As at 30 September 2019, there were 748 unique member accounts to have used CWA since its inception.

Remittance services - items 31 and 32 table 1, s6 designated services

304. Star Sydney and Star Qld were non-financiers.

Particulars

Section 5 of the Act.

305. At all times, with respect to each of the transactions pleaded at paragraphs 323, 344(b), 359(b), 374, 404(d), 414(b), 422(g), 424(b), 430(b), 437(c), 444, 448(c), 455(b), 467, 477 and 483, Star Sydney and Star Qld made money available, or arranged for it to be made available to customers as a result of transfers under a designated remittance arrangement.
306. At all times, Star Sydney and Star Qld provided the services as described at paragraph 305 in the capacity of a non-financier in the course of carrying on a business of giving effect to remittance arrangements.

Particulars

Table 1, s6 remittance services were regularly provided to customers as part of Star Sydney's and Star Qld's business.

The provision of remittance services facilitated gaming (table 3, s6), including high value gaming, and generated gaming revenue.

Remittance services were provided and recorded through Star Sydney and Star Qld's systems including those used for FMAs and SKAs, and were the subject of documented processes and procedures.

307. At all times, Star Sydney and Star Qld provided designated services within the meaning of item 32, table 1, s6 when it provided the services described at paragraphs 305.
308. At all times, with respect to each of the transactions pleaded at paragraph 332, 334(a), 404(b), 414(b), 424(b), 430(a), 430(b), 437(c), 483, 485(a), 485(b) and 485(f), Star Sydney

and Star Qld accepted instructions from the customer for the transfer of money under a designated remittance arrangement.

309. At all times, Star Sydney and Star Qld provided the services as described at paragraph 308 in the capacity of a non-financier in the course of carrying on a business of giving effect to remittance arrangements.

Particulars

See paragraph 306.

310. At all times, Star Sydney and Star Qld provided designated services within the meaning of item 31, table 1, s6 when it provided the services described at paragraph 308.

The Star Patron account channel

311. Star Sydney, Star Qld and EEIS maintained bank accounts (**Star Patron accounts**) to facilitate the transfer of funds into and out of FMAs and SKAs:

- a. At various times, Star Sydney maintained up to:
 - i. 5 accounts in Australian dollars; and
 - ii. 15 foreign currency or multi-currency accounts.
- b. At various times, Star Qld maintained up to:
 - i. 6 accounts in Australian dollars; and
 - ii. 10 foreign currency or multi-currency accounts.
- c. At various times, EEIS maintained up to:
 - i. 2 accounts in Australian dollars;
 - ii. 13 foreign currency or multi-currency accounts; and(the **EEIS Patron accounts**).

Particulars

EEIS opened two accounts with Bank 1 (Macau) from February 2014 – one being multi-currency and one being in foreign currency. EEIS opened four further accounts with Bank 1 (Macau) in February 2015 – one being in Australian currency, and the remainder being foreign or multi-currency accounts. (In relation to the Bank 1 (Macau) cash channel, see paragraph 370).

EEIS opened four accounts with Bank 1 (Hong Kong) in February 2015 – one in Australian currency, and the remainder being foreign or multi-currency accounts.

EEIS opened four bank accounts with Bank 2 in Australia in December 2013, each in foreign currency. One further Bank 2 account in Australian currency was opened in Australia in April 2018.

Each of SEG, Star Sydney and Star Qld could access and operate the Bank 2 EEIS patron accounts.

SEG could access and operate the Bank 1 EEIS patron accounts.

312. The Star Patron accounts were a channel through which Star Sydney and Star Qld provided designated services (the **Star Patron account channel**).

Particulars

Paragraphs 313 to 344.

Transfers into FMAs and SKAs through the Star Patron account channel

313. At all times, Star Sydney and Star Qld customers could transfer or deposit money into Star Patron accounts including for the purposes of:
- a. making front money available to the customer for gaming;
 - b. repaying a CCF; or
 - c. facilitating other expenditure during a visit to a Star Sydney or Star Qld casino.
314. Star Sydney and Star Qld customers could transfer or deposit money into Star Patron accounts that were maintained in Australia and in foreign jurisdictions.
315. Both domestic and international Star Sydney and Star Qld customers could transfer or deposit money into Star Patron accounts that were maintained either in Australia or in foreign jurisdictions.
316. Customers could deposit funds into Star Patron accounts by:
- a. non-face-to-face direct transfer, both from:
 - i. within Australia; or
 - ii. another country; or
 - b. deposit at the Cage.
317. Funds could be deposited into a Star Patron account by cash, cheque or telegraphic transfer, in Australian dollars or foreign currency.
318. A customer of Star Sydney and Star Qld could:
- a. deposit funds personally into a Star Patron account;
 - b. arrange for any third party to deposit funds into a Star Patron account for or on their behalf;

Particulars

Third parties who could deposit funds into a Star Patron account for or on behalf of customers included remittance service providers, Customer 9, junket operators and others.

Cash deposits were accepted into Star Patron accounts held with Bank 2, Bank 1 (Macau), Bank 1 (Hong Kong) and two other banks.

Star Sydney and Star Qld were not in a position to identify which deposits into patron accounts were in cash, or to know the identity of the depositor.

- c. instruct another casino (Australian or foreign) to transfer funds from a gaming account held with that casino into a Star Patron account.

Particulars

See the particulars at paragraph 285.

319. Star Patron accounts were used by some corporate entities to make deposits on behalf of Star Sydney and Star Qld customers, including:

a. corporate entities run by junket tour operators;

Particulars

For example, Company 6, whose director, Person 68, was arrested in December 2016. Notwithstanding the arrest, Star Qld continued to provide designated services to Company 6.

From 30 November 2016 to 4 April 2017, Star Qld facilitated approximately four junket programs in Australian currency and foreign currencies for the Company 6 junket. In the 2017 calendar year, rebates of \$182,320, were payable to the Company 6 junket operator, Company 6.

b. remittance service providers;

Particulars

Paragraph 442 to 460.

c. other corporate entities.

Particulars

From November 2021, if funds were transferred from a company, the customer was required to provide an ASIC company extract stating the association between the guest and the company. The guest was required to be a director and 100% shareholder of the company.

Prior to November 2021, there was no restriction on which companies could deposit funds to the Star.

See the particulars at paragraph 285.

For example, see Customer 87 and Customer 86.

320. Star Sydney and Star Qld customers who wanted to deposit front money or repay a CCF were:

- a. provided with the Star Patron account details by either the SEG's International Marketing team, VIP Host team, Credit and Collections teams or the Cage teams; and
- b. advised to reference their name and/or membership number as a narrative (the **customer narrative**).

321. The Star Patron accounts were reviewed daily by Cage Management of each of the SEG casino properties to identify transactions with a customer narrative.

322. Where a transaction with a customer narrative was identified in a Star Patron account, the deposited money was credited to the customer's FMA or SKA in Synkros.

Particulars

Paragraph 277.

323. Star Sydney and Star Qld made money available to a customer when it credited the customer's FMA or SKA with the money that had been deposited into a Star Patron account.

Particulars

Paragraph 313.

324. The credit to an FMA or SKA, as pleaded at paragraph 323, was a designated service provided by Star Sydney or Star Qld under:
- a. item 32, table 1, s6 of the Act; and
 - b. item 13, table 3, s6 of the Act.

Particulars

Paragraph 307.

325. Once the money deposited into the Star Patron account had been credited to the customer's FMA, the customer of Star Sydney and Star Qld could access the money at the Cage by:
- a. obtaining chips or other CVIs (items 7 and 13, table 3, s6 designated services).
 - b. withdrawing cash in Australian dollars or foreign currency (item 13, table 3, s6 designated services).
326. Once funds had been deposited into an FMA or SKA, including via the Star Patron account channel, a customer could instruct Star Sydney or Star Qld to transfer the money to:
- a. a CCF account in the customer's name held at the same SEG casino for the purpose of redeeming an outstanding CCF balance;

Particulars

Paragraphs 484 to 553.

- b. another FMA or SKA in the customer's name held at either Star Sydney or a Star Qld casino;

Particulars

A customer could transfer funds between their FMAs or SKAs for the purposes of program play.

For example, a customer could transfer funds from their SKA to an FMA that was committed to a junket or rebate program. Such a transfer could occur if a customer was in a losing position and was holding excess funds in SKA.

A customer could also transfer between their FMAs at other SEG casinos, and between their SKAs at other SEG casinos.

- c. a CWA in the customer's name at the same SEG casino at which the customer held their FMA or SKA;

Particulars

Paragraphs 290 to 303.

- d. a bank account, including the customer's personal account, a third party bank account or a bank account of another casino;

Particulars

Paragraph 332.

Money could be transferred from a customer's FMA or SKA to a bank account for the purpose of returning front money as well as remitting winnings, including to customers overseas. Generally, outward telegraphic transfers were sent to a bank account in the same customer name as the FMA.

Money could be transferred from a customer's FMA or SKA to a third party bank account where the third party and the customer were participants in the same junket and the junket settled with winnings being transferred to the players.

Money could be transferred from a customer's FMA or SKA to a third party bank account if funds had been deposited into the customer's FMA or SKA from that third party bank account.

A customer could request a transfer of funds in their FMA or SKA to a casino of their choice either inside or outside of Australia.

- e. another customer's FMA, SKA or CCF account held at the same SEG casino at which the customer held their FMA or SKA.

Particulars

Paragraphs 280 to 282.

- f. another customer's FMA held at another Star casino, via the transferring customer's FMA at the recipient customer's casino.

Particulars

The acceptance by Star Sydney or Star Qld of each of the instructions pleaded at paragraph 326(a) to (f) was an item 31, table 1, s6 designated service and an item 13, table 3, s6 designated service.

- 327. The provision of item 32, table 1, s6 designated services through the Star Patron account channel involved higher ML/TF risks, including risks arising by reason of the following:
 - a. Designated services provided through the Star Patron account channel were facilitated through FMAs and SKAs, which involved the ML/TF risks pleaded at paragraph 285.
 - b. Remittance services were often provided as part of a complex chain of different designated services under tables 1 and 3, s6 of the Act.
 - c. Money could be remitted through Star Patron accounts 24 hours a day, 7 days a week.
 - d. Funds could be deposited into Star Patron accounts through non-face-to-face channels.
 - e. Funds could be deposited into Star Patron accounts offshore, including in foreign currencies.
 - f. Funds could be moved across international borders through Star Patron accounts.

- g. Star Sydney and Star Qld had very limited visibility over who was depositing funds into Star Patron accounts.
- h. Star Sydney and Star Qld conducted no, or very limited, checks to identify the party depositing the money and their source of funds.
- i. Star Sydney and Star Qld accepted cash deposits through Star Patron accounts.

Particulars

Paragraphs 373, 401, 414, 453, 466.

From 2013 to January 2018, Star Sydney and Star Qld maintained accounts with the Bank 1 (Macau) branch. From 2013 to April 2018, EEIS maintained accounts with the Bank 1 (Macau) branch. The accounts held by Star Sydney, Star Qld and EEIS accepted cash deposits from or on behalf of Star Sydney and Star Qld customers for the payment of CCFs or for front money in advance of play.

From 16 February 2015 to 30 June 2022, EEIS also maintained accounts with the Bank 1 (Hong Kong) branch which accepted cash deposits from or on behalf of Star Sydney and Star Qld customers for the payment of CCFs or EEIS loans.

At all relevant times, Star Sydney maintained an account with another foreign bank. Although this account was not set up with the intention of receiving cash deposits, there were no bank restrictions that would prevent cash deposits being made.

Until 31 December 2021, Star Sydney and Star Qld maintained accounts with a third foreign bank. Whilst these accounts were not supposed to accept cash deposits and were only supposed to accept cheque deposits and TTs, the third foreign bank did not prevent or restrict cash deposits from being made into these accounts.

At all relevant times, Star Sydney, Star Qld, and EEIS maintained accounts with Bank 2 in Australia, which were capable of receiving cash deposits.

The source of funds relating to cash deposits is more difficult to identify and trace than deposits by telegraphic transfer or cheque.

- j. Prior to 24 December 2020, Star Patron accounts held with Bank 2 permitted cash deposits through ATMs (including Smart ATMs) where the identity of the depositor could not be known or verified.

Particulars

In December 2020, a formal request was made that Bank 2 would no longer allow Smart ATM deposits into SEG entity bank accounts. From 24 December 2020 Smart ATM deposits could no longer be received into SEG entity bank accounts with Bank 2.

For example, see the suspicious Smart ATM transactions conducted by Customer 74.

- k. Star Sydney and Star Qld accepted deposits into Star Patron accounts from third parties (both telegraphic transfer and cash).

Particulars

Paragraphs 269 to 279.

- l. Star Sydney and Star Qld accepted deposits into Star Patron accounts from remittance service providers.

Particulars

Between January 2018 and October 2021, 11 overseas remittance service providers, including Company 1, Company 4, and Company 8, deposited at least \$47.2 million into three Star Patron accounts (excluding EEIS Patron accounts).

Star Sydney and Star Qld relied on the remitter having conducted due diligence on the depositor, and did not make its own inquiries as to the identity of the depositor.

- m. Acceptance of third party payments into Star Patron accounts provided an avenue for money laundering through smurfing or cuckoo smurfing.
- n. There were no limits on telegraphic transfers into an FMA or SKA.

Particulars

Paragraph 287(d).

- o. Once funds were deposited into an FMA or SKA via the Star Patron account channel, the funds could be transferred out of the FMA or SKA through further transactions, including by way of cash withdrawal and telegraphic transfer to another bank account (including to third parties).
- p. Deposited funds could be withdrawn, including through non-face-to-face channels, whether or not the customer used these funds to gamble.
- q. A customer could move funds deposited in Star Patron accounts from an FMA to a CWA.
- r. Star Sydney and Star Qld provided item 32, table 1, s6 designated services in Australian dollars and foreign currencies.

Particulars

See the particulars at paragraph 285.

- 328. The EEIS Patron accounts posed particularly high ML/TF risks.
 - a. The EEIS Patron accounts involved the ML/TF risks pleaded at paragraph 327.
 - b. The EEIS Patron accounts were established as a payment option for international customers who did not want to send money directly to a bank account in the name of a Star casino.

Particulars

At all times from 30 November 2016, foreign jurisdictions prohibited its citizens from gambling offshore.

The EEIS Patron accounts were established from 2013 to give international customers 'privacy' in moving money.

- c. Higher risk customers deposited money into the EEIS Patron accounts, including junket operators, junket funders, money remitters, foreign PEPs and other individuals.

Particulars

See paragraph 491.

For example, between 14 October 2019 and 20 April 2020, third party companies acting on behalf of Customer 1 deposited a total of \$10,667,257 into the EEIS Patron accounts, which Star Sydney made available to Customer 1 through the EEIS remittance channel.

- d. The EEIS Patron accounts were used by Star Sydney and Star Qld to receive CCF repayments.
 - e. Money owed by a Star Sydney or Star Qld customer could be paid by a third party depositing into an EEIS Patron account, including through overseas remitters.
 - f. EEIS loans could be repaid through EEIS Patron accounts (paragraph 485(c)).
 - g. The EEIS Bank 2 Patron accounts were used to deposit money that was collected from Star Sydney customers through the modified Customer 9 channel (paragraph 422(f)).
 - h. The EEIS Patron accounts were not transparent because:
 - i. from the name of the accounts, their connection to Star Sydney and Star Qld was not apparent on their face; and
 - ii. some customer deposits were entered with the description "investment" or "property investment", disguising their purpose.
 - i. The EEIS accounts were at risk of being exploited by organised crime.
329. Star Sydney and Star Qld failed to assess the ML/TF risks of providing item 32, table 1, s6 designated services through the Star Patron accounts channel.
330. The Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to item 32, table 1, s6 and item 13, table 3, s6 designated services provided on FMAs and SKAs through the Star Patron account channels, including for the following reasons:
- a. The Joint Part A Programs did not include appropriate risk-based controls to identify, mitigate and manage the ML/TF risks pleaded at paragraphs 327 and 328.
 - b. The Joint Part A Programs had no risk-based processes in place to understand the source of funds of transactions through the Star Patron account channel.

Particulars

Star Sydney and Star Qld did not carry out checks for source of funds with respect to telegraphic transfers into Star Patron accounts for or on behalf of customers.

- c. The Joint Part A Programs had no processes in place with respect to third party deposits to consistently check the identity of the third party or their source of funds.

Particulars

For example, Star Sydney and Star Qld could not check and verify the source of funds of deposits by remittance service providers. Instead, it was reliant on the remitter to conduct source of funds checks.

See paragraphs 269 to 279 as to the failure to include appropriate controls on third party deposits.

- d. The Joint Part A Programs had no processes to identify deposits into Star Patron accounts that were made in cash.
- e. The Joint Part A Programs did not include appropriate risk-based controls to identify, mitigate and manage the ML/TF risks of remittance services provided through junket and rebate channels.

Particulars

Paragraph 665.

- f. No appropriate preventative controls were applied to remittance services to mitigate and manage ML/TF risks, such as controls to:
 - i. restrict remittance from third parties;
 - ii. require senior management approval of remittance at or above appropriate pre-determined levels, with the criteria for approval having regard to ML/TF risks; and/or
 - iii. impose daily or transaction limits on remittance.

Particulars

See the particulars at paragraph 285.

- g. Detective controls applied to deposit of funds into FMAs and SKAs through the Star Patron account channel were inadequate.

Particulars

See the particulars at paragraphs 285 and paragraphs 771 to 776.

- 331. The failure to appropriately identify, mitigate and manage the ML/TF risks of providing designated services through the Star Patron account channel made Star Sydney and Star Qld vulnerable to criminal exploitation.

Transfers out of FMAs and SKAs through the Star Patron account channel

- 332. At all times, Star Sydney and Star Qld accepted instructions from its customers to transfer money sourced from customers' FMAs or SKAs to bank accounts by way of telegraphic transfer, including for the purposes of:
 - a. returning front money to customers not used for gaming;
 - b. paying a customer winnings;
 - c. returning front money or paying rebates to a junket funder or junket operator on settlement of a program;

- d. returning money to a bank account from which front money was originally deposited into the FMA; or
- e. otherwise transferring a balance of funds in an FMA or SKA.

Particulars

Paragraphs 280 to 282.

- 333. Star Sydney and Star Qld transferred money from Australia to foreign jurisdictions, sourced from the FMAs or SKAs of foreign resident customers, including for the purposes pleaded at paragraph 332.
- 334. Star Sydney and Star Qld transferred money domestically within Australia, sourced from the FMAs or SKAs of customers, including for the purposes pleaded at paragraph 332.
- 335. Telegraphic transfers out of FMAs and SKAs, via the Star Patron account channel, as pleaded at paragraph 332, involved the provision of:
 - a. item 31, table 1, s6 designated services by Star Sydney and Star Qld, including both domestic and international remittance; and
 - b. item 13, table 3, s6 designated services on FMAs and SKAs.
- 336. When a customer requested to withdraw funds from their FMA and transfer them to a personal bank account, the Cash Services Supervisor/ Duty Manager prepared the transfer paperwork.
 - a. The withdrawal paperwork and the TT paperwork was signed by the customer with a receipt issued. A duplicate copy was sent to the Cage for end of shift reconciliation.
 - b. The Cash Services Supervisor/ Duty Manager loaded the pending TT payment into the online banking portal (the Bank 2 online banking portal) in readiness for approval. The Cashier Services Manager/Duty Manager and Gaming Manager are then sent a copy of the pending transaction via email for their approval.
 - c. Both the Cashier Services Manager/Duty Manager and Gaming Manager are independent approvers who are then able to authorise the payment via the Bank 2 Bank portal.
- 337. From February 2015 to November 2021, Star Sydney and/or Star Qld issued **letters of comfort**, at a customer's request, that purported to verify the customers' winnings.

Particulars

The purpose of a letter of comfort was to provide the customer with proof of the source of funds related to winnings from gaming at a Star casino. A letter of comfort could also be provided to the customer's bank by the customer, if funds were sent offshore by telegraphic transfer or if a casino cheque was issued.

A letter of comfort could only be provided to a customer of Star Sydney who had a loyalty program membership and played in a private gaming room. Such customers were usually playing on a rebate program.

In order to be issued a letter of comfort, the customer was required to have rated winnings from play, as recorded in Synkros or IRBMS.

The amount of winnings stated in the letter of comfort could not exceed the rated winnings as recorded in Synkros or IRBMS.

Prior to issuing a letter of comfort, The Star Sydney verified the winnings by checking the ratings in Synkros or IRBMS and confirmed that the ratings were attributable to the customer requesting the letter.

A letter of comfort was approved and issued by the Cash Services Duty Manager and it recorded a Star reference number, the customer's name and account number. A copy of each letter was retained in the private gaming room Cage.

519 letters of comfort were issued by Star Sydney from 10 February 2015 to 18 November 2021.

13 letters of comfort were issued by Treasury Brisbane casino from 23 October 2018 to 16 June 2021.

64 letters of comfort were issued by Star Gold Coast casino from 4 March 2019 to 12 June 2021.

338. The letters of comfort issued by Star Sydney and Star Qld were estimates of winnings only because Star Sydney and Star Qld did not make or keep complete records of item 6 and 9, table 3, s6 designated services provided to customers.

Particulars

The data relied on from IRBMS did not contain records of gaming transactions that were not specified in the customer's program agreement. The data did not include any uncarded gaming transactions.

The data relied on from Synkros did not include records of any uncarded gaming transactions. The data in Synkros was based on transactions records from Game Connect, which were an estimate based on staff observation and were inputted manually.

Winnings from a tournament or a promotion/draw could not be verified from Synkros/IRBMS data.

Star Sydney and Star Qld were unable to reliably verify that money being paid out to customers was attributable to winnings.

On 5 March 2019, Star Qld prepared 12 letters purportedly confirming Customer 45's winnings totalling \$16,092,500 under individual rebate programs recorded under various account numbers allocated to Customer 45. These letters were issued in circumstances where Customer 45 had attended 21 individual rebate programs and recorded an overall win of \$1,015,000.

339. From 1 May 2019, letters of comfort relating to large payouts to high risk customers were issued by Star Sydney and Star Qld, including:
- a. A letter dated 6 May 2019 issued by Star Sydney, relating to a payout of just under \$2 million by Customer 9;

- b. A letter dated 3 January 2020, issued by Star Sydney relating to a payout of \$4.9 million by Customer 5;
- c. A letter dated 10 February 2020, issued by Star Sydney relating to a payout of \$11.6 million by Customer 5;
- d. A letter dated 14 May 2021, issued by Star Sydney relating to a payout of \$2.9 million by another customer;
- e. A letter dated 1 June 2021, issued by Star Sydney, relating to a payout of just under \$5 million by that same customer;
- f. 12 letters issued by Star Qld on 5 March 2019 relating to payouts totalling over \$16 million by Customer 45.

Particulars

Star Sydney and Star Qld were unable to reliably verify that money being paid out to these customers was attributable to winnings.

See paragraph 338.

The verification provided in letters of comfort issued with respect to Customer 45 was not consistent with Star Qld's and Star Sydney's records of this customer's winnings.

- 340. The provision of item 31, table 1, s6 designated services through the Star Patron account channel involved higher ML/TF risks, including risks arising by reason of the following:
 - a. Money could be remitted out of the casinos 24 hours a day 7 days a week, including offshore.
 - b. Remittance services were often provided as part of a complex chain of different designated services under tables 1 and 3, s6 of the Act.
 - c. Funds sourced from FMAs and SKAs could be moved across international borders through Star Patron accounts.
 - d. Money could be remitted to third parties, including through junket channels.

Particulars

Paragraph 280(g) and 281.

- 341. Star Sydney and Star Qld failed to assess the ML/TF risks of providing item 31, table 1, s6 designated services through the Star Patron accounts channel.
- 342. The Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to item 31, table 1, s 6 designated services provided on FMAs and SKAs through the Star Patron account channels, including for the following reasons:
 - a. The Joint Part A Programs did not include appropriate risk-based controls to identify, mitigate and manage the ML/TF risks pleaded at paragraphs and 340.
 - b. The Joint Part A Programs did not include appropriate preventative controls to mitigate and manage ML/TF risks, such as controls to:
 - i. restrict remittance to third parties;

- ii. require senior management approval of remittance at or above appropriate pre-determined levels, with the criteria for approval having regard to ML/TF risks; and/or
- iii. impose daily or transaction limits on remittance.

Particulars

See the particulars at paragraph 285.

- c. The Joint Part A Programs did not include appropriate risk-based controls to identify, mitigate and manage the ML/TF risks of remittance services provided through junket channels.

Particulars

Paragraph 665.

- d. Star Sydney and Star Qld remitted money to junket players from junket operator FMAs and SKAs, where they could not reliably attribute winnings to individual players and where they relied upon instruction from the junket operator.

Particulars

Paragraph 665.

- e. Star Sydney and Star Qld could not always reliably attribute payouts to winnings.

Particulars

Paragraphs 337 to 339.

- f. Star Sydney and Star Qld did not have appropriate risk-based systems and controls to identify customers requesting withdrawing funds from FMAs/SKAs who had engaged in minimal or no gaming.

Particulars

Paragraph 558.

- g. Transaction monitoring on outward transfers from FMAs was not appropriately risk-based.

Particulars

See the particulars at paragraphs 285.

Items 31 and 32, table 1, s6 designated services - transfers between FMAs, SKAs or CCF accounts

- 343. At all times, Star Sydney and Star Qld could transfer money from one customer's FMA (the **first customer**) to another customer's FMA, SKA or CCF account (the **second customer**) at the first customer's request.

Particulars

There were no limitations on when one customer could transfer funds from their FMA or SKA to another customer's FMA, SKA or CCF account.

Such transfers occurred frequently in the following circumstances.

A junket operator, junket representative and junket player could transfer funds from their FMA or SKA to a junket funder's FMA or CCF account

A junket funder could transfer funds from their FMA or SKA to a junket operator, junket representative or junket player

A junket operator could transfer funds from their FMA or SKA to junket players to disburse funds to winning junket players mid-program or at settlement

344. At all times, when Star Sydney and Star Qld transferred money from the first customer's FMA or SKA to the second customer's FMA or CCF account, Star Sydney and Star Qld:
- a. accepted instructions from the first customer for the transfer of money under a designated remittance arrangement; and
 - b. made money available, or arranged for it to be made available to the second customer as a result of transfers under a designated remittance arrangement.
345. At all times, Star Sydney and Star Qld provided an item 31, table 1, s6 designated service when it accepted instructions from the first customer for the transfer of money to the second customer's FMA or CCF account.
346. At all times, Star Sydney and Star Qld provided an item 32, table 1, s6 designated service when it made money available, or arranged for it to be made available to the second customer as a result of a transfer from the first customer's FMA or SKA.
347. The transfer of funds between the FMAs, SKAs or CCF accounts of different customers facilitated transactions through junket channels and involved higher ML/TF risks.
348. Star Sydney and Star Qld failed to assess the ML/TF risks of providing item 31 and 32, table 1, s6 designated services with respect to transfers between FMAs, SKAs and CCF accounts.
349. The Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to item 31 and 32, table 1, s6 designated services provided with respect to transfers between gaming accounts, including for the following reasons:
- a. There were inadequate processes in place to understand the reasons for the FMA/SKA to FMA/CCF account transfers, including the relationship between the customers and source of funds.
 - b. Star Sydney and Star Qld would assist junket operators to distribute winnings to individual junket players, without adequate processes to understand the reasons for the transfers.

Particulars

Paragraph 665.

- c. The Joint Part A Programs did not include appropriate risk-based controls to identify, mitigate and manage the ML/TF risks of remittance services provided through junket channels.

Particulars

Paragraph 665.

- d. The Joint Part A Programs did not include appropriate risk-based controls to identify, mitigate and manage the ML/TF risks of remittance services provided through the Customer 9 channels.

Particulars

Under the Customer 9 channels, Customer 9 could transfer funds from his FMA to any third party FMA.

- e. No appropriate preventative controls were applied to remittance services to mitigate and manage ML/TF risks, such as controls to:
 - i. restrict remittance to and from third parties;
 - ii. require senior management approval of remittance at or above appropriate pre-determined levels, with the criteria for approval having regard to ML/TF risks; and/or
 - iii. impose daily or transaction limits on remittance.

Particulars

See the particulars at paragraph 285.

- f. FMA/SKA to FMA/CCF account transfers were not subject to appropriate transaction monitoring.

Remittance channels for international customers to transfer money into Australia

- 350. Star Sydney's and Star Qld's international customers transferred money from foreign jurisdictions to Australia, to be credited to their Star Sydney or Star Qld FMA, including for the purposes of:
 - a. making front money available for gaming;
 - b. repaying a CCF;
 - c. facilitating other expenditure during a visit to a Star Sydney or Star Qld casino;
 - d. other non-gaming purposes.
- 351. On and from 30 November 2016, Star Sydney and Star Qld utilised a number of channels to enable international customers to transfer money from foreign jurisdictions to Australia, to be credited to their Star Sydney or Star Qld FMA or SKA (the **international remittance channels**).
- 352. The international remittance channels included:
 - a. The Hotel Card channel (from paragraph 356);
 - b. The Bank 1 (Macau) cash channel (from paragraph 370);
 - c. The initial Customer 9 channel (from paragraph 391) and the modified Customer 9 channel (from paragraph 414) (together, the **Customer 9 channels**);
 - d. Overseas remitter and cash collection channels, including Company 11 (paragraph 442); and
 - e. The EEIS remittance channel (paragraphs 461).

353. Each of the international remittance channels involved the provision by Star Sydney and Star Qld of item 32, table 1, s6 designated services.

Particulars

Paragraphs 360, 407, 432, 418.

354. The international remittance channels also involved the provision by Star Sydney and Star Qld of item 31, table 1, s6 designated services.

Particulars

Paragraphs 406, 429, 417.

355. The Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to items 31 and 32, table 1, s6 designated services through the overseas remittance channels for the reasons pleaded at paragraph 356 to 493 below.

The Hotel Card channel

356. Star Sydney and Star Qld adopted a practice of making money available to customers at the Star Sydney and Star Qld casino Cages that was sourced from the customers' debit card transactions at SEG hotels (the **Hotel Card channel**).

- a. The Hotel Card channel was adopted by Star Sydney from 2013; and
- b. The Hotel Card channel was adopted by Star Qld from 1 January 2017.

357. At all times, Star Sydney and Star Qld customers accessed money from their debit card using the Hotel Card channel by:

- a. swiping their debit card at a Bank 2 eftpos terminal at either:
 - i. The Star Grand hotel in Sydney (previously known as the Astral hotel);
 - ii. The Star Grand hotel at The Star Gold Coast;
 - iii. The Darling at The Star Gold Coast; or
 - iv. The Treasury Brisbane hotel;(collectively, the **SEG hotels**)
- b. authorising a payment to one of the hotels pleaded at paragraph 357(a) (the **Hotel Card payment**); and
- c. presenting the Hotel Card payment receipt from the Bank 2 eftpos terminal to the Cage at a Star Sydney or Star Qld casino.

Particulars

The VIP/Premium Services Executive Host escorted the customer to the Cage and presented copies of both the merchant and customer copy eftpos receipts.

358. Once the Hotel Card payment receipt was presented to the Star Sydney casino Cage, Star Sydney:

- a. checked the name of the debit cardholder, the debit card user and the customer presenting the Hotel Card payment receipt;
- b. in some instances, approved a temporary CCF or increased the CCF limit for the customer in an amount that was all or most of the amount on the Hotel Card payment receipt, pending clearance of the Hotel Card payment; and

Particulars

Item 6, table 1, s6 of the Act.

See paragraphs 495, 501, 502, 505, 514, 527 and 542 on temporary CCFs.

It could take up to 24 to 48 hours for a Hotel Card payment to be cleared.

- c. deposited money into the customer's FMA that was equal or proximate to the amount of the Hotel Card payment, and in some instances, equal to the amount approved for the temporary CCF or increased CCF limit.

Particulars

Item 13, table 3, s6 of the Act.

- 359. Once the Hotel Card payment receipt was presented to the Star Qld casino Cage, Star Qld:
 - a. checked the name of the debit cardholder, the debit card user and the customer presenting the Hotel Card payment receipt;
 - b. deposited money into the customer's FMA that was equal or proximate to the amount of the Hotel Card payment..
- 360. Star Sydney or Star Qld made money available to the customer within the meaning of item 32, table 1, s6 of the Act when it credited an amount equal or proximate to the Hotel Card payment to the customer's FMA.

Particulars

Paragraphs 305 to 307.

- 361. Once money equal or proximate to the Hotel Card payment was credited to the customer's FMA with Star Sydney or Star Qld, the customer could:
 - a. apply the money to the purchase of a chip purchase voucher for play on table games;
 - b. withdraw the money in cash or by way of an EGM redeemable ticket for play on EGMs;
 - c. access the funds in any other way permitted by Star Sydney or Star Qld, including by way of cash withdrawal or telegraphic transfer to a bank account; and
 - d. apply the money to repay monies owed under a third party CCF.

Particulars

Paragraph 255.

- 362. At all times:
 - a. The Hotel Card payment was recorded in OPERA, the record keeping system maintained by SEG hotels, as a charge to a hotel room account.

- b. The relevant SEG hotel generated a receipt for the Hotel Card payment on a hotel letterhead.

Particulars

The hotel receipt specified the customer's name, a room number and arrival and departure dates. The receipt also recorded a debit and credit to the customer in the amount of the Hotel Card payment, with a description such as "transfer to customer's account". The receipt indicated that no GST was applied to the transaction.

It is not clear whether the hotel receipt was provided to the Star Sydney or Star Qld customer in each instance of it being generated.

363. Star Sydney made money available to customers through the Hotel Card channel from 2013 to 18 February 2022.

Particulars

Generally, Star Sydney permitted customers to access the Hotel Card channel until about March 2020.

Additionally, Star Sydney processed four transactions through the Hotel Card channel from 24 January 2022 to 18 February 2022 totalling \$1.1m.

364. Star Qld made money available to customers through the Hotel Card channel from 1 January 2017 to 26 October 2021.

Particulars

Generally, Star Qld permitted customers to access the Hotel Card channel until about March 2020.

Additionally, Star Qld processed one transaction through the Hotel Card channel on 26 October 2021 totalling \$10,000.

365. The provision by Star Sydney and Star Qld of designated services through the Hotel Card channel involved higher ML/TF risks because:

- a. the designated services provided by Star Sydney and Star Qld that were funded by the Hotel Card transactions related to gaming services within the meaning of table 3, s6 of the Act;
- b. the rules applicable to the use of debit cards made by the issuer of the debit cards used in the Hotel Card channel contained provisions stating the use of its card services for the purpose of gaming was prohibited;

Particulars

For example, the issuer's rules included a statement that "a merchant with a prohibited merchant category code should not be recruited by an Acquirer for the acceptance of [the issuer's] Cards". One of the prohibited codes was "betting... including casino gaming chips".

The issuer's rules also stated: "A [card issued by the issuer] must not be used for any purpose prohibited by local laws applicable in the cardholder's jurisdiction."

From mid-2019 senior management of Star Sydney were aware that the issuer had raised concerns with Bank 2 about transactions that had been identified as suspiciously large gambling transactions, using a prohibited merchant code.

- c. the Hotel Card channel lacked transparency, enabling customers to disguise the purpose and nature of transactions on their debit cards;

Particulars

SEG hotel records presented the Hotel Card payments as relating to hotel charges. The Hotel Card payments were not payments relating to SEG hotel charges. In some instances, the SEG hotels noted dummy rooms on Hotel Card payment records where the customer was not staying at the hotel.

The SEG hotel records thereby created a misleading record of the purpose and nature of the transaction.

An external auditor's report found that the Hotel Card channel introduced features designed to present the Hotel Card transactions as being something other than what they were.

During the period June-December 2019, Bank 2 sent various requests for information to SEG regarding transactions identified as suspicious by the issuer.

SEG provided responses on 19 June, 28 August, 4 November, 7 November and 16 December 2019. These responses indicated that the transactions related to hotel accommodation, and SEG provided documents described as invoices for these transactions. SEG also advised that the use of the service may include other non-gaming expenses processed through a customer's hotel account (such as travel, tourism and entertainment expenses). Senior management were involved in the preparation of these responses. For example, the 7 November 2019 response was approved by the Chief Financial Officer, and had been sent in draft to the SEG General Counsel, Corporate, and the SEG Chief Legal and Risk Officer.

These responses were misleading because they obfuscated the purpose of the transactions and the Hotel Card channel.

- d. transactions through the Hotel Card channel were complex and involved multiple stages, thereby presenting risks that funds could be layered;

Particulars

An external auditor's report found that the procedures and documentation associated with the Hotel Card channel were complex, involved multiple stages and introduced features designed to present the transaction as being something other than what it was. The auditor considered this had the hallmarks of a layering typology and rendered the arrangements vulnerable to exploitation by money launderers.

- e. the jurisdictional profile of the customers involved additional ML/TF risks;

- f. junkets could be funded by a Hotel Card deposit by a junket operator, junket participant or third party;
- g. there was a risk that the Hotel Card channel was facilitating capital flight;
- h. money deposited in FMAs sourced from a Hotel Card transaction could be withdrawn in cash;
- i. money deposited in FMAs sourced from a Hotel Card transaction could be transferred to third parties;
- j. money deposited in FMAs sourced from a Hotel Card transaction could be withdrawn without gaming;
- k. there was a significant volume of money moving through the Hotel Card channel;
- l. the Hotel Card channel was used by junket operators;

Particulars

For example, between 6 January 2017 and 2 February 2017, Customer 14, a junket operator funded by Customer 13, transacted \$327,000 through the Hotel Card channel in four transactions. On each occasion, Star Sydney approved a temporary CCF for Customer 14.

On 7 October 2018 and 23 August 2019, Customer 8, a junket operator funded by Customer 7 transacted \$120,000 through the Hotel Card channel in two transactions. On each occasion, Star Qld made the funds available to Customer 8.

- m. a number of high risk customers were accessing money through the Hotel Card channel.

Particulars

Customer case study: Customer 85

For example, Customer 85 used the Hotel Card channel at Star Sydney during the period November 2014 to February 2018. Customer 85 had debit cards that could be used in the Hotel Card channel with at least five banks in a foreign country, and he never stayed at a SEG hotel.

Customer 85's use of the of the Hotel Card channel was not commensurate with his level of gambling. He was permitted to use the Hotel Card channel to purchase more chips than he used for gambling, and to obtain cheques.

Customer case study: Customer 51

Another example involved Customer 51. By 7 February 2017, Star Sydney was aware of media reports alleging that Customer 51 was being investigated by law enforcement for money laundering offences, and that Customer 51 had planned travel to Star Sydney proposing to buy-in for \$100,000 using the Hotel Card channel. The Star Sydney CEO approved Customer 51's access to funds via the Hotel Card channel on 7 February 2017.

In the period 16 February 2017 to 9 May 2017, Customer 51 transferred \$258,000 in total to Star Sydney using the Hotel Card channel and was provided with a temporary CCF on each occasion, including one instance where a temporary CCF of \$124,000 was approved but the Hotel Card payment was \$24,000 only.

366. At no time did Star Sydney and Star Qld carry out an ML/TF risk assessment of the provision of designated services through the Hotel Card channel.

Particulars

Assessments of the Hotel Card channel conducted by Star Sydney in 2013 and by Star Qld in 2015 did not consider the ML/TF risks of designated services provided through this channel. Nor did these assessments identify the fundamental lack of transparency this channel involved.

367. The Joint Part A Program did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to designated services provided on FMAs through the Hotel Card channel, for the following reasons:
- a. The Hotel Card channel was designed by Star Sydney and Star Qld so that the purpose of the transactions lacked transparency.
 - b. In the absence of an assessment of the ML/TF risks of the Hotel Card channel, this fundamental lack of transparency was not identified.
 - c. In the absence of an assessment of the ML/TF risks of the Hotel Card channel, the risk-based preventive and detective controls throughout the Joint Part A Programs were not designed to manage and mitigate the ML/TF risks specific to the Hotel Card channel, as required by the Act and Rules.
 - d. In particular, transaction monitoring and subsequent suspicious matter reporting undertaken by Star Sydney and Star Qld was not able to identify, assess or report ML/TF risks presented by the channel or by the origin of the Hotel Card funds.
 - e. Star Sydney and Star Qld did not keep a central record of all customers who used the Hotel Card channel, which inhibited the ability to appropriately monitor the ML/TF risks of these transactions.
368. Over \$990 million was deposited through the Hotel Card channel at Star Sydney from 2013 to 18 February 2022, with over \$493 million being deposited on and from 30 November 2016.

Particulars

As at September 2018, the volume of funds deposited using the Hotel Card channel was consistently totalling \$10-20 million per month.

369. About \$55.4 million was deposited through the Hotel Card channel at the Star Qld casinos from 1 January 2017 to 8 March 2020.

The Bank 1 (Macau) cash channel

370. At various times from 22 November 2013 until 27 April 2018, a number of SEG related entities held bank accounts with Bank 1 (Macau) to facilitate customer transactions (the **Bank 1 (Macau) accounts**).

Particulars

Star Sydney opened two accounts with Bank 1 (Macau) in November 2013, two further accounts in February 2015 and one account in August 2016.

Star Qld opened three bank accounts with Bank 1 (Macau) in November 2013, and two further accounts in August 2016.

Bank 1 (Macau) closed the Star Sydney and Star Qld accounts in January 2018 (although SEG understood these had been closed on 31 December 2017).

EEIS opened two bank accounts with Bank 1 (Macau) in February 2014, and a further four accounts in February 2015. These accounts were closed on 27 April 2018.

The EEIS bank accounts accepted deposits for and on behalf of Star Sydney and Star Qld customers.

371. Many international customers wanting to transfer money to Star Sydney, Star Qld or a related entity often preferred to do so in cash.

Particulars

Due to prohibitions on offshore gambling in foreign jurisdictions, some international customers were reluctant, or unable, to: send money to Star Sydney, Star Qld or SEG by telegraphic transfer from their offshore bank accounts; or provide a personal cheque drawn from their offshore bank accounts, including for the purposes of securing a CCF.

372. From 22 November 2013 to April 2018, customers of Star Sydney and Star Qld could deposit cash directly into the Bank 1 (Macau) accounts at Bank 1 (Macau) branch (the **Bank 1 (Macau) cash channel**).

Particulars

In the period 2013 to at least the end of 2017, the Bank 1 (Macau) accounts were heavily utilised for deposits by customers in Macau, both for the deposit of front money and the redemption of cheque cashing facilities. Bank 1 would accept large cash deposits in HKD for this purpose.

When a customer wanted to deposit cash into a Bank 1 (Macau) account, the customer would contact SEG IRB (International Rebates Business) or Credit and Collections in Macau.

373. Cash deposits by customers through the Bank 1 (Macau) cash channel had a number of funding sources:
- a. cash withdrawn by customers from junket cages or junket desks at Macau based casinos;

Particulars

Junkets were unable to transfer funds directly to Star Patron accounts. Star Sydney and Star Qld customers with junket accounts

were therefore required to withdraw funds in HKD from the cage of a Macau junket.

SEG Macau staff would accompany the customer to the junket cage or junket desk, where the customer would withdraw cash and be given a withdrawal receipt by the junket. The SEG staff would accompany the customer to the Bank 1 (Macau) branch, where the cash would be deposited into a SEG account.

It appears that the majority of cash deposits through the Bank 1 (Macau) cash channel were from this source, but this cannot be verified as complete and reliable records were not kept of cash deposits into the Bank 1 (Macau) account or of their source.

Star Sydney, Star Qld and SEG had no visibility over the source of cash withdrawn from junket accounts from Macau casinos.

See paragraph 376.

- b. cash withdrawn from a bank account;

Particulars

Star Sydney and Star Qld did not have any processes in place to determine whether the bank account from which the cash was withdrawn was in the customer's name or a third party's name.

See paragraph 376.

- c. cash from another source.

Particulars

This cash could be sourced from a foreign country.

See paragraphs 377 to 379.

- 374. Cash deposited into the Bank 1 (Macau) bank accounts was made available to Star Sydney and Star Qld customers by way of a credit to their Star Sydney or Star Qld FMA or SKA.

Particulars

Deposit receipts would be provided by Bank 1 (Macau), SEG staff would send them to the Star Sydney or Star Qld Cage, and then the Cage would credit the funds to the customer's FMA or SKA.

Paragraph 322.

This was an item 32, table 1, s6 designated service provided by Star Sydney and Star Qld.

- 375. At all times, the Star Sydney or Star Qld customer could apply the cash deposited into the Bank 1 (Macau) accounts to:
 - a. front money for gaming services, which could be accessed by the customer at the Star Sydney or Star Qld Cage once the deposit had been credited into their FMA or SKA; or
 - b. a debt that was owed by the customer to Star Sydney or Star Qld, such as to an amount owed under a CCF; or

- c. any transaction otherwise permitted through their FMA to SKA, including cash withdrawals.

376. At all relevant times, Bank 1 (Macau) required SEG to provide evidence of the source of funds before it would accept cash deposits into the Bank 1 (Macau) accounts by customers of Star Sydney and Star Qld:

- a. With respect to cash deposited from the source pleaded at paragraph 373(a), a SEG employee would attend the Macau branch with the customer to provide the withdrawal receipt from the junket to Bank 1 as evidence of the source of funds.
- b. With respect to cash deposited from the source pleaded at paragraph 373(b), a SEG employee would attend the Macau branch with the customer to present the bank withdrawal slip to Bank 1 as evidence of the source of funds.

Particulars

The purpose of the SEG employee's attendance at the Macau branch was to represent that the cash was SEG's cash, on the basis that it had been deposited with, or withdrawn from, SEG's Macau branch office.

377. By no later than April 2016, SEG's office in Macau, in consultation with SEG's relationship managers at the Bank 1 Macau branch, developed template letters to meet Bank 1's requirements for source of funds checks for cash deposited from the source pleaded at paragraph 373(c) (the **source of funds letters**).

Particulars

The source of funds letters may have been developed and used as early as 2013. By no later than 1 April 2016, SEG's office in Macau was using them as a matter of practice.

The source of funds letters identified payments that were to be received into Bank 1 (Macau) accounts. The letters purported to provide proof of the source of funds of the deposit and/or a description of the reason for the deposit.

378. From at least 2016, where a Star Sydney or Star Qld customer wanted to deposit cash from the source pleaded at paragraph 373(c) into a Bank 1 (Macau) account, an employee of SEG in Macau would:

- a. complete the source of funds letter with details relating to the depositor;
- b. attend the Bank 1 Macau branch with the Star Sydney or Star Qld customer at the time the cash was being deposited;

Particulars

International employees of SEG attended the branch because they had knowledge of customers and their associates, who may have been depositing funds, which would assist in the identification processes.

- c. provide the Bank 1 (Macau) branch with a copy of a source of funds letter relating to the customer;

Particulars

It was not SEG Macau's practice to keep copies of the completed source of funds letters provided to Bank 1 (Macau).

- d. take a photo of the cash deposit receipt issued by Bank 1 (Macau) to the customer, which was then emailed to the Star Sydney or Star Qld Cage for processing.
379. On and from 30 November 2016, the source of funds letters provided by SEG to Bank 1 (Macau) as pleaded at paragraph 378, contained information relating to the source of funds for the cash being deposited by the Star Sydney or Star Qld customers that was:
- a. false; or

Particulars

For example, one of the template source of funds letters asserted that the cash being deposited by the SEG employee had been withdrawn from the "Macau branch office safekeeping" and any balance would be returned back to a SEG entity "Macau Cage Safekeep", when SEG never had a Cage or safekeeping facility operating in Macau.

Another template letter, being a false letter of demand, was also provided to Bank 1 (Macau) that was intended to create a false impression as to the source of funds for the cash deposit – namely that the cash had previously been paid to SEG and was now SEG's cash.

Other template letters referred to a request for CCF repayment or payment outstanding on a junket, and included the option for a customer to pay cash to SEG's Hong Kong or Macau Office, notwithstanding that this payment method was not offered.

SEG Macau prepared different source of funds templates so that the same documentation was not always provided to Bank 1 (Macau).

The provision of false source of funds letters to Bank 1 (Macau) indicated inadequate control and supervision of the activities of offshore SEG employees.

It was not until late 2021 that SEG senior management identified that false source of funds letters had been issued by SEG Macau, but did not notify this to the SEG Board until 16 February 2022.

- b. not verified, or capable of being verified, by SEG at the time the letters were provided to Bank 1 (Macau).

Particulars

At the time the letters were prepared and the cash was being deposited into the Bank 1 (Macau) accounts, SEG Macau did not conduct any source of funds checks on the customer's cash deposit. Nor did Star Sydney or Star Qld.

SEG Macau did not retain complete records of all of the source of funds letters that were prepared and provided to Bank 1 (Macau).

SEG employees estimated about 20 source of funds letters were issued each year during the period in which this practice was adopted.

Five of the draft letters related to deposits by or on behalf of Customer 1, including for payment of AUD 7.3 million; six letters related to Customer 25, including for payment of HKD 80 million, and one letter related to Customer 34, for payment of over HKD 45 million.

380. During the period of time that the Bank 1 (Macau) accounts were opened, Star Sydney, Star Qld and/or SEG did not keep appropriate records of:
- a. which deposits in the Bank 1 (Macau) accounts were made in cash; and
 - b. which Star customers deposited cash through the Bank 1 (Macau) channel.

Particulars

For cash deposited from the source pleaded at paragraph 373(c), in the process of providing the Bank 1 (Macau) letters, deposit slips were created. These were passed to the Cage at SEG's properties in Australia, sometimes by sending photographs. Hard copy bank deposit receipts were likely held by the Macau office.

No SEG entity retained centralised records identifying which credits to FMAs had been sourced from cash deposits into the Bank 1 (Macau) accounts. Synkros records with respect to these deposits were not complete or accurate.

Although at least \$28 million was deposited through the Bank 1 (Macau) cash channel, it is not known precisely how much cash was deposited through the Bank 1 (Macau) accounts, what the source of the cash was, or how much cash was deposited using the false or incorrect source of funds letter. Star's records suggest the total value of cash deposits made through the Bank 1 (Macau) cash channel could be around \$200 million.

A paper given to the SEG Board in early 2018 reported that although management had implemented an interim solution (being the Customer 9 channel), the closure of the Macau bank accounts was estimated to have a \$21.5 million annual EBITDA impact unless rectified (offset by higher tax costs). This was driven by the assumption that junkets and/or premium direct players who had previously repaid outstanding balances in Macau would not visit SEG properties as frequently.

See paragraph 389 for a description of the EEIS Steering Committee.

381. At no time did SEG, Star Sydney or Star Qld appropriately assess the ML/TF risks of accepting cash deposits through the Bank 1 (Macau) cash channel for and on behalf of customers.

Particulars

The risk register reviews and assessments of FMAs did not consider channel risk, including the risks of depositing cash through the Bank 1 (Macau) channel.

A large number of cash deposits into Bank 1 (Macau) accounts were received from junket operators, including Customer 24.

382. At no time did SEG, Star Sydney or Star Qld include or incorporate appropriate risk-based procedures in the Joint Part A Program to identify or verify the source of funds of cash deposits by or on behalf of customers through the Bank 1 (Macau) cash channel.

Particulars

SEG Macau did not conduct any source of funds checks at the time the source of funds letters were prepared and the cash was being deposited into the Bank 1 (Macau) accounts. Nor did Star Sydney or Star Qld.

Also see the particulars at paragraph 371.

There were no policies or procedures that required cash deposits into the Bank 1 (Macau) accounts to be made by the customer and not by a third party or associate of the customer.

The false or incorrect source of funds letters issued to Bank 1 (Macau) obscured or falsely characterised the true source of funds of the cash deposits into the Bank 1 (Macau) accounts.

383. In the absence of appropriate records of cash deposits into the Bank 1 (Macau) accounts, Star Sydney and Star Qld were unable to apply appropriate risk-based transaction monitoring to these cash deposits.

Particulars

Paragraph 380.

The processes under the Joint Part A Program, including transaction monitoring, could not identify which deposits into the Bank 1 (Macau) accounts were cash or the customer on whose behalf these cash deposits were made. Nor could the processes identify which cash deposits were made by third parties.

384. In the absence of appropriate risk-based transaction monitoring and appropriate information on source of funds or source of wealth, Star Sydney and Star Qld were unable to identify, assess and monitor the ML/TF risks of cash deposits into Bank 1 (Macau) accounts.

Particulars

Paragraphs 380, 382 and 383.

De-risking by offshore banks and the search for new payment channels

385. On and from late 2017 to early 2018, a number of offshore banks started closing bank accounts held by SEG and its related entities.

Particulars

The Bank 1 (Macau) accounts held by Star Sydney and Star Qld were closed by late January 2018.

The Bank 1 (Macau) accounts held by EEIS were closed by late April 2018.

The accounts held by Star Sydney with another foreign bank were closed in May 2018.

386. SEG, Star Sydney and Star Qld understood that the Bank 1 (Macau) accounts were closed because Bank 1 decided to cease providing transactional banking services in Macau to international gaming operators.

Particulars

From 2017, money transfers out of Macau were increasingly scrutinised.

For example, Suncity was discouraged by Bank 1 (Macau) from making payments to SEG and had to use alternative banks to remit the funds.

387. From late 2017 to early to mid 2018, in response to the closure of its offshore bank accounts, SEG began exploring alternative ways to accept cash and other deposits from Star Sydney and Star Qld customers and prospective customers offshore.

Particulars

As at March 2018, SEG's top ten customers in the year to date were cash paying customers in Macau.

388. The **EEIS/MMS project** was first proposed to the SEG Board on 26 September 2017.

Particulars

EEIS was incorporated in November 2013. It was established with the intention to facilitate offshore settlement activities and provide credit to international junkets and premium players, on behalf of SEG casinos.

Whilst EEIS had opened bank accounts in November 2013 which were being used by customers of Star Sydney and Star Qld to deposit funds initially, it was not providing other services to customers.

In February 2017, in light of issues emerging in the region affecting the international business, members of SEG management began contemplating the "activation" of EEIS.

An International Rebates Business (**IRB**) strategy update prepared by the Chief Executive Officer, and the President International Marketing was presented to the SEG Board at its meeting on 26 September 2017. The IRB Strategy update developed the idea of activating EEIS.

The presentation showed that the IRB had delivered AUD 234.1 million EBITDA to the business over the previous four years.

389. By January 2018, the EEIS/MMS Project was established.

Particulars

The project sponsor was the General Manager, Commercial Finance, International Marketing. The project leads were the General Manager, Commercial Finance, International Marketing and the General Corporate Counsel.

There was an EEIS Steering Committee that reported to the SEG Board.

The Steering Committee members included the Chief Executive Officer; the Chief Financial Officer; the Group General Counsel and Company Secretary; the Chief Risk Officer; the President International Marketing; the General Manager, Commercial Finance International Marketing; the General Corporate Counsel; the Head of Strategy and Investor Relations; and the Project Manager, EEIS Project.

An EEIS Working Group was established, which comprised all the project leads in the individual workstreams, along with others including the General Manager, Commercial Finance, International Marketing; the Star Sydney Cashier Services Manager; the General Manager, Credit and Collections; the General Corporate Counsel; the Manager, VIP Credit and Collections; the Compliance Manager; and the Head of Strategy and Investor Relations.

390. Whilst the proposal to activate the EEIS/MMS project was being developed (as pleaded from paragraph 461), SEG:

- a. established a cash collection and remittance channel with a longstanding Star customer, Customer 9 (paragraphs 338 to 441); and
- b. used remittance service providers to remit money for customers (paragraphs 442 to 460).

The Customer 9 channels

391. On 15 January 2018, Star Entertainment International Pty Ltd, a fully owned subsidiary of SEG, entered into a written agreement with a Macau-based individual, Customer 9, described as a relationship management service agreement (the **Liquidity and Credit Management Service or LCMS**).

392. On 9 February 2018, Star Entertainment International Pty Ltd and Customer 9 entered into a supplementary agreement relating to the LCMS.

Particulars

The 15 January 2018 and 9 February 2018 agreements are referred to collectively as the **written LCMS agreement**.

The purpose of the LCMS was for Customer 9 to receive cash payments, on behalf of SEG casinos, from international customers in Macau. The cash payments were to be applied to the repayment of CCFs or for front money buy-in amounts. The remittance of funds

was intended to occur in one direction - from international jurisdictions to SEG entities in Australia. The LCMS was not intended to facilitate the payment of funds to international jurisdictions.

The channel was intended to be a short-term solution whilst the EEIS/MMS process was put in place. See paragraph 389.

The SEG Board and SEG's Chief Risk Officer were briefed on the arrangements with Customer 9 on or about 8 February 2018.

In a memorandum dated 8 February 2018 from the President, International Marketing, the Chief Risk Officer and Board were advised on the arrangements in place to facilitate international rebate business customers' management of funding for play and to seek the SEG Board's approval for consequential changes to the Joint Part A Program.

- 393. At the time it was executed, the written LCMS agreement was intended to operate from January 2018 to June 2018.
- 394. At all times, Customer 9 was a customer of Star Sydney and Star Qld.
- 395. At all times, Customer 9 held multiple FMAs and SKAs with Star Sydney and Star Qld.

Particulars

Customer 9 had one primary FMA with Star Sydney in AUD. This primary AUD account had 5 sub-accounts. Customer 9 also had three SKAs with Star Sydney in AUD.

Customer 9 had one primary FMA and one SKA with Star Sydney in HKD.

Customer 9 had five FMAs at Star Qld and three SKAs.

- 396. At all times, Customer 9 was a junket operator at Star Sydney and Star Qld.
- 397. During the relevant period, Customer 9 was a player on:
 - a. some of the junkets he operated; and
 - b. two additional Suncity junkets.

Particulars

Star Sydney did not understand the relationship or connection between Customer 9 and the Suncity junket and/or Customer 1.

- 398. Following the execution of the written LCMS agreement and until May or June 2018, Customer 9:
 - a. accepted cash deposits in foreign jurisdictions for or on behalf of Star Sydney customers (see paragraph 401);
 - b. accepted non-cash deposits in foreign jurisdictions for or on behalf of Star Sydney customers (see paragraph 402);
 - c. facilitated the remittance of the deposits pleaded at a. and b. to the Star Sydney customers' FMAs or SKAs in Australia (see paragraph 404 and 414);

- d. facilitated the purchase of non-redeemable gaming chips from Star Sydney for and on behalf of customers (see paragraph 408(d)).
(the **initial Customer 9 channel**).

- 399. At all times, Customer 9 could accept a cash or non-cash deposit for a Star Sydney customer if the customer held an FMA or CCF account with Star Sydney.
- 400. At all times, Customer 9 could accept a cash or non-cash deposit for a Star Sydney customer who was a junket operator, junket representative or junket funder.

Particulars

For example, the following junket operators, funders or players transferred over HKD 112.7 million through the initial Customer 9 channel between January 2018 and June 2018: Customer 35 (Star Qld junket operator), Customer 22 (junket funder and junket operator), Customer 20 (junket operator), Customer 5 (junket funder and junket operator), Customer 28 (junket operator), Customer 19 (junket operator) and Customer 24 (junket funder, junket representative, junket player).

Funds transferred through the initial Customer 9 channel were applied to recover part of the \$21 million debt owed by Customer 28's junket: see paragraph 413.

- 401. At all times until at least mid-2018, Customer 9 accepted cash deposits for or on behalf of Star Sydney customers through the initial Customer 9 channel in a number of ways including by way of:
 - a. cash deposit into an account he held with a casino or casinos in Macau;
 - b. cash deposit into an account or accounts he held with a junket operator in Macau; or

Particulars

Cash payments were made to Customer 9's junket account either with Suncity or another junket account, as convenient. Customer 9 had accounts with most of the large Macau junkets.

At a time of his choosing, Customer 9 would withdraw funds from his junket accounts in cash and deposit to his Bank 1 personal account in Macau.

Star Sydney did not have knowledge of each step in the process by which funds deposited with Customer 9 were sourced from those casinos.

- c. cash deposit into an account or accounts Customer 9 held with Bank 1 (Macau).
- 402. At all times until at least mid-2018, Customer 9 accepted non-cash deposits through the initial Customer 9 channel for or on behalf of Star Sydney customers by way of:
 - a. a deposit of chips into an account he held with a casino or casinos in Macau;
 - b. a transfer of funds from the customer's gaming account with a Macau casino to Customer 9's gaming account with the same Macau casino;
 - c. a deposit of chips into an account or accounts he held with a junket operator in Macau.

Particulars

Customer 9 held an account or accounts with the Suncity junket in Macau and with most large Macau-based junkets.

Star Sydney was aware of at least six Macau-based casinos from which funds deposited with Customer 9 were sourced.

403. At all times, the process by which a deposit identified at paragraphs 401 or 402 was made was as follows:
- a. The Star Sydney customer would submit a request to the SEG Sales Department or the Credit and Collections team in Macau to make a payment in order to repay a CCF or to make funds available in a Star Sydney FMA for gaming.
 - b. The Star Sydney customer, or a member of their staff or representative, and a Macau based representative from SEG Credit and Collections would meet at either:
 - i. the Cage of the Macau casino at which Customer 9 held an account;
 - ii. the junket room of a junket operator in Macau; or
 - iii. a branch of Bank 1 (Macau).
 - c. The customer or representative would:
 - i. deposit cash or chips, or would arrange for an account to account transfer, into the relevant account held by Customer 9 with the Macau casino;
 - ii. deposit cash or chips into the relevant account held by Customer 9 with the junket operator in Macau; or
 - iii. deposit cash into the relevant account held by Customer 9 with Bank 1 (Macau).

Particulars

Once at the Macau casino Cage, junket room or bank branch, the SEG representative would contact Customer 9 to seek advice on which account the money was to be deposited into. Once this was agreed, the SEG representative would provide the details to the Star Sydney customer, and would wait until the deposit was completed.

The SEG representative would make a record of the details of the deposit, such as its amount, the time and date of the deposit.

- d. The SEG representative completed an International Depositor Identity form with the customer's details and was required to sight a form of ID (either Star Club photo ID or passport).

Particulars

The form included fields for the following information to be collected:

- i. SEG customer/debtor name and membership number;
- ii. Agent details (including name, date of birth, casino membership number, passport number, residential address and relationship between agent and SEG customer/debtor);

- iii. Funder details (including name, date of birth, casino membership number, passport number, residential address and relationship between funder and SEG customer/debtor).

The form did not include any field to collect and/or verify information as to source of funds for the deposit.

The International Depositor Identity Form anticipated that deposits could be made for or on behalf of the customer by third parties.

Copies of the International Depositor Identity Forms were sometimes retained by SEG Macau, but not on every single occasion that a deposit was made. Any information on these forms relating to the beneficial ownership of funds was not available for TMP or ECDD purposes, as they were not stored on Protecht or TrackVia.

There were no written policies or procedures giving effect to the processes relating to this form.

- e. SEG Credit and Collections, Macau, would email the International Depositor Identity Form to the Star Sydney Cage.

Particulars

The forms were used by the AML/CTF Administrator for the purposes of IFTI reporting, but not for the purposes of monitoring these transactions and/or identifying any unusual or suspicious activity.

Any information on these forms relating to the beneficial ownership of funds was not available for TMP or ECDD purposes, as they were not stored on Protecht or TrackVia.

- f. Once the funds were deposited as described in subparagraph (c), the SEG representative would confirm that the deposit had been made and a receipt was issued by SMS to Customer 9 from the casino, junket room or Bank 1 branch.
 - g. The SEG representative would return to the SEG Macau office to attend to the steps pleaded at paragraph 404.
404. Once a deposit as described at paragraph 403 had been made, Star Sydney transferred funds from Customer 9's Star Sydney FMA or SKA to the customer's Star Sydney FMA or SKA in accordance with the following process:
- a. SEG Credit and Collections, Macau, would request the Star Sydney Cage to raise an 'FMA to FMA' transfer from Customer 9's Star Sydney FMA or SKA, which were in HKD, to the customer's Star Sydney FMA or SKA.

Particulars

Paragraphs 591 to 594.

- b. Customer 9 authorised the transfer from Customer 9's Star Sydney FMA or SKA to the customer's FMA or SKA in one of two ways:
 - i. either, the 'FMA to FMA transfer form' was printed and provided to Customer 9 for signing;

- ii. or the standing authority, set out in the written LCMS agreement, was relied upon to authorise the transfer as soon as the customer deposit was received or deemed to be received by Customer 9.

Particulars

Customer 9 was not always present when the steps pleaded at paragraph 403 were undertaken.

Clause 3.2 of the LCMS agreement of January 2018.

- c. SEG Credit and Collections, Macau, would email the FMA to FMA transfer form to the Star Sydney Cage.
 - d. Once Customer 9's authorisation was provided or deemed to have been provided, the funds were transferred from Customer 9's Star Sydney FMA or SKA and credited to the customer's Star Sydney FMA or SKA.
405. The authorisation from Customer 9, as pleaded at paragraph 404(b), was an instruction from Customer 9 to Star Sydney to transfer money from his FMA account to the customer's FMA account.
406. Star's Sydney's acceptance of the instruction from Customer 9 to transfer money from his FMA or SKA to the customer's FMA or SKA, as pleaded at paragraph 404(b), involved the provision by Star Sydney of:
- a. an item 31, table 1, s6 designated service; and
 - b. an item 13, table 3, s6 designated service.
407. The credit of money to the customer's FMA, SKA or CCF account from Customer 9's FMA or SKA, as pleaded at paragraph 404(d), involved the provision by Star Sydney of:
- a. an item 32, table 1, s6 designated service; and
 - b. an item 13, table 3, s6 designated service.
408. Once the deposit was entered into the Star Sydney customer's FMA or SKA, the money could be applied by the customer:
- a. to repay a debt owed to Star Sydney, including under a CCF (item 7, table 1, s6), by way of transfer from the customer's FMA to their CCF account (item 13, table 1, s6);
 - b. as front money for gaming (items 7 and 13, table 3, s6);
 - c. to any other transaction permitted through an FMA, including a cash withdrawal (item 13, table 1, s6); and/or
 - d. to the purchase of non-redeemable gaming chips from Star Sydney (items 7 and 13, table 3, s6).

Particulars

The initial Customer 9 channel was predominantly used by Star Sydney customers to repay debts owed under CCFs.

In February 2018, the arrangement was extended to include payments by customers for front money deposits prior to play and for the purchase of non-redeemable gaming chips.

Customer 9 facilitated the purchase of non-redeemable gaming chips from Star Sydney for and on behalf of customers from 12 February 2018 to approximately 25 October 2018.

Star Sydney is not aware of any maximum possible amount of nonredeemable gaming chips that the customer could purchase through the Customer 9 channel.

409. In accordance with the written LCMS agreement, Customer 9 was required to maintain a minimum balance in his FMA at the end of each month to fund the LCMS arrangement.

Particulars

Customer 9's Star Sydney FMA was to be topped up to HKD 90 million (about AUD 15 million) at the end of each month.

Customer 9 made payments into his FMA for this service through cheques drawn on his personal accounts; by electronic funds transfers from his personal bank accounts to Star Sydney's bank accounts; and by a cashier's order. On one occasion lucky money was converted and deposited into Customer 9's HKD FMA.

Customer 9 also funded his minimum FMA balance through transfers into his Star Sydney FMA from the FMA of another customer.

410. The deposit of funds into Customer 9's FMA for the purposes described at paragraph 409 involved the provision of an item 13, table 3, s6 designated service by Star Sydney.
411. Star Sydney or SEG paid Customer 9 a fee to facilitate the remittance of cash deposits to the FMAs of Star Sydney customers.

Particulars

Under the written LCMS agreement, Customer 9 was to be paid a monthly fee by SEG.

412. On or about 31 March 2018, Customer 9 advised SEG that Bank 1 (Macau) had blocked all his wire transfers, issuances of cashier orders and personal cheques from his Macau accounts and that he could no longer continue with his contractual arrangements with SEG.
413. At all times from March 2018, many international customers who:
- a. owed money to Star Sydney or Star Qld under a CCF; or
 - b. wanted to transfer money to Star Sydney or Star Qld casino
- were unable to, or did not want to, transfer money direct to a Star Patron account.

Particulars

On receipt of the advice from Customer 9 on 31 March 2018, the General Manager, Credit and Collections, SEG advised SEG management that credit notes and front money expected by Macau cash deposits for April 2018 totalled AUD50 million to AUD75 million, with no solution presently viable for Star to accept these funds.

As at the end of March 2018, cash paying customers in Macau represented 65% of IRB's business volume. These customers included a representative for Customer 22, a representative for

Customer 78, Customer 6 (a junket operator funded by Customer 5), and Customer 21.

Significant high value customers of Star Sydney and Star Qld would not transfer money to Star Patron accounts. For example, the second largest junket in Macau, Customer 28's junket, was unwilling or unable to transfer money directly to a Star Patron account, resulting in a default on a CCF repayment on or about March 2018 in the order of AUD 21 million.

414. From March or April 2018:

- a. Customer 9, or an associate, continued collecting cash from Star Sydney customers, including from customers in Macau.
- b. The funds would be transferred from Customer 9's Star Sydney FMA or SKA to the customer's Star Sydney FMA or SKA, on authorisation or deemed authorisation from Customer 9.
- c. Customer 9 maintained a balance in his Star Sydney FMA or SKA to cover these transfers in a number of ways, including:
 - i. Customer 9 transferred the cash collected from the customer to a third-party remitter.

Particulars

The funds may have been transferred to remitters in Hong Kong.

- ii. The third-party remitter deposited these funds into EEIS patron accounts in Hong Kong or Australia.

Particulars

Paragraph 311.

Some funds were initially deposited in Hong Kong accounts, prior to the EEIS accounts being opened in Australia.

- iii. Customer 9 otherwise arranged for the funds to be credited to his FMA or SKA, including by deposits into a Star Patron account.

415. By about June 2018, Customer 9 advised SEG that he would no longer use his money to assist SEG in recovering outstanding remittance from SEG customers.

Particulars

Customer 9 advised SEG that his banks in Hong Kong were questioning his use of their accounts and was putting stops on some transfers.

416. The authorisation from Customer 9, as pleaded at paragraph 414(b), was an instruction from Customer 9 to Star Sydney to transfer money from his FMA account to the customer's FMA account.

417. The instruction from Customer 9 to transfer money from his FMA account to the customer's FMA account, as pleaded at paragraph 414(b), involved the provision by Star Sydney of:

- a. an item 31, table 1, s6 designated service; and

- b. an item 13, table 3, s6 designated service.
418. The credit of money to the customer's FMA account from Customer 9's FMA account, as pleaded at paragraph 414(b), involved the provision by Star Sydney of:
- a. an item 32, table 1, s6 designated service; and
 - b. an item 13, table 3, s6 designated service.
419. The written LCMS agreement was not extended past 30 June 2018 because Customer 9 was no longer able to transfer funds from his Hong Kong bank or Macau accounts to his Star Sydney FMA.
420. Notwithstanding the expiry of the written LCMS agreement, customers continued to remit money through Customer 9, as pleaded at paragraphs 421 to 434, after 30 June 2018.

The modified Customer 9 channel

421. From about May 2018, the operation of SEG's arrangement with Customer 9 began to evolve, including with the assistance of third parties, such as:
- a. third-party remitters in foreign jurisdictions;
 - b. offshore junket operators; and
 - c. other third parties

(modified Customer 9 channel), as pleaded at paragraphs 422 to 431.

Particulars

The modified Customer 9 channel evolved as a matter of practice and was not subject to any written arrangement. It was not a process that was approved by the SEG Legal or AML Compliance teams.

The third-party remitters included Company 7, Company 9, and Company 1.

The type of customers who transferred funds through these remitters were customers that played on junkets and premium players.

The modified Customer 9 channel was used by customers who had no alternative but to repay CCFs with cash, including those with overdue debts.

422. From about May 2018 to September 2019, customers of Star Sydney and Star Qld who used the modified Customer 9 channel were variously involved in the following:
- a. The customer contacted SEG International Marketing team to advise they wished to make a cash payment in Macau.
 - b. The International Marketing team member contacted SEG VIP Credit & Collections to arrange a meeting between the customer and a representative of a third-party remitter.
 - c. Representatives or agents of the third-party remitters collected cash from the customer in Macau.

Particulars

The customer would either deposit cash directly with the remitter or would arrange for cash to be provided to the remitter via a casino in Macau.

- d. SEG employees in Macau accompanied the customers when the third-party remitter collected the cash, if required.
- e. The customer would send a copy of the remittance receipt to SEG Macau.
- f. The third-party remitters would deposit these funds into EEIS bank accounts in Australia.

Particulars

By early May 2018, CCF redemption began to be permitted through the EEIS Bank 2 Account, opened on 24 April 2018. Some of these were made through the modified Customer 9 channel.

Each of SEG, Star Sydney and Star Qld could access and operate the EEIS Bank 2 accounts.

SEG did not understand or have any visibility over the relationship between Customer 9 and the third-party remitters.

- g. Once the funds had been received into the EEIS Patron account or other Star Patron account, the Cage would credit the funds into the customer's FMA or SKA; or

Particulars

If the customer was not playing in an active junket program, the funds would be transferred to the customer's FMA and it would be recorded as a deposit. The funds would then be withdrawn from the FMA and transferred to redeem, either partially or wholly, the customer's CCF, in which case the transfer would be recorded as a deposit in the CCF account. These records were maintained in Synkros.

If the customer was playing in an active junket program, the funds would first be transferred to the customer's SKA and the same process as described in respect of transfers to the FMA would also apply.

The third-party remitters agreed they would pay the first month of collections in full to SEG, and recover their 3% fee in the following month by withholding 3% of any future payments, and depositing 97% of all monies collected into the EEIS bank accounts.

- 423. The credit of funds into a customer's FMA or SKA as pleaded at paragraph 422(g) was an item 32, table 1, s6 designated service provided by Star Sydney and Star Qld.
- 424. In addition, from about June 2018 to September 2019, the modified Customer 9 channel also involved the following transactions:
 - a. Customer 9, or an associate, would collect or receive cash payments from a Star Sydney customer including in Macau.

Particulars

Paragraphs 430 and 431.

- b. The funds would be transferred from Customer 9's Star Sydney FMA or SKA to the customer's Star Sydney FMA or SKA, on authorisation or deemed authorisation from Customer 9.

Particulars

The 'FMA to FMA transfer form' used in connection with the LCMS agreement continued to be used after the written LCMS agreement lapsed.

SEG Macau staff used copies of the FMA to FMA transfer form pre-signed by Customer 9, or photocopied forms previously signed by Customer 9, to authorise transfers from Customer 9's FMA.

- c. Customer 9 maintained a balance in his Star Sydney FMA or SKA to cover these transfers in a number of ways, including:
 - i. Customer 9 would deposit, or arrange for, the funds into a Star Patron account, which were then credited to his Star Sydney FMA or SKA.
 - ii. Alternatively, an associate of Customer 9 would transfer funds from his Star Sydney FMA or SKA to Customer 9's FMA or SKA: paragraphs 430 and 431.
425. The authorisation from Customer 9, as pleaded at paragraph 424(b), was an instruction from Customer 9 to Star Sydney to transfer money from his FMA or SKA to the customer's FMA or SKA for the purposes of item 32, table 1, s6 of the Act.
426. The instruction from Customer 9 to transfer money from his FMA or SKA account to the customer's FMA or SKA, as pleaded at paragraph 424(b), involved the provision by Star Sydney of:
- a. an item 31, table 1, s6 designated service; and
 - b. an item 13, table 3, s6 designated service.
427. The credit of money to the customer's FMA or SKA from Customer 9 FMA or SKA, as pleaded at paragraph 424(b), involved the provision by Star Sydney of:
- a. an item 32, table 1, s6 designated service; and
 - b. an item 13, table 3, s6 designated service.
428. Customer 9 received a service fee for transfers through the modified Customer 9 channel.

Particulars

Customer 9 received a 3% service fee for transfers that were made by customers based in Macau through third party remitters and which were paid into an account held by EEIS; and for deposits that were made directly into Customer 9's FMA or SKA from another junket operator and which funds were then subsequently used for the purpose of redeeming customers' CCFs. Customer 9 received a 0.15% fee in respect of cash deposits made into an account in his name with Bank 1 (Macau).

429. The modified Customer 9 channel:
- a. was not directly used to deposit money into Customer 9's Star Qld FMA for or on behalf of Star Qld customers; but

- b. was used to transfer money into Star Sydney FMA accounts, which was then transferred to Star Qld FMA accounts;

Particulars

See paragraph 437 in relation to transfers to Star Qld customers that were routed through Customer 9's Star Sydney FMAs as part of the modified Customer 9 channel, including for and on behalf of junket funders.

- c. was used for transactions following the process described at paragraph 422, to deposit funds originating in the EEIS Bank 2 account to the FMA and SKA accounts of Star Qld customers.

Particulars

Between 20 July 2018 and 12 August 2019, 10 transactions totalling over \$4.6 million were made to the EEIS Bank 2 account, from Company 1 and Company 9. Each deposit was made available to Star Qld customers, for the redemption of their CCFs at Star Gold Coast.

This included one transfer of \$563,087.00 into the EEIS Bank 2 account on about 12 August 2019, which was credited to a Star Gold Coast FMA of Customer 1, and subsequently used to redeem his CCF at Star Gold Coast.

- 430. By no later than September 2018, a junket operator, who was an associate of Customer 9, assisted with the conduct of transactions through the modified Customer 9 channel (**Customer 9's Associate**):
 - a. Customer 9's Associate authorised transfers from his Star Sydney SKA to Customer 9's Star Sydney FMA;
 - b. Customer 9 authorised the transfer of the funds from his Star Sydney FMA or SKA to another Star Sydney customer's FMA to be applied to redeem the customers' CCFs; and
 - c. Customer 9 received a service fee in relation to the transfers from his Associate that were used from Customer 9's account to redeem customers' CCFs.

Particulars

Transfers from Customer 9's Associate's SKA were not recorded in the LCMS spreadsheet (a spreadsheet maintained by the Cage which included transactions in relation to the LCMS agreement).

Neither SEG nor Star Sydney understood the arrangements between Customer 9 and his Associate.

- 431. By around May or June 2018, Star Sydney and or SEG understood that an associate or associates of Customer 9 were assisting him with respect to the remittance of customer funds through the modified Customer 9 channel.

Particulars

SEG and/or Star Sydney understood that an associate of Customer 9, or corporate entities connected to the associate, were assisting

Customer 9 with respect to the collection of cash from customers to be remitted through the modified Customer 9 channel. The associate did not want to transfer payments directly to a casino.

The associate used remitters in foreign jurisdictions to deposit funds into an EEIS Patron account for Star Sydney and Star Qld customers.

Customer 9 received a fee for transactions facilitated by his associate through the modified Customer 9 channel.

432. The instruction from Customer 9's Associate to transfer money from his SKA account to Customer 9's FMA or SKA, as pleaded at paragraph 430(a), and the instruction from Customer 9 to transfer money to the customer's FMA as pleaded at paragraph 430(b), involved the provision by Star Sydney of:
- a. an item 31, table 1, s6 designated service; and
 - b. an item 13, table 3, s6 designated service.
433. The credit of money to the customer's FMA or SKA from Customer 9's FMA or SKA, as pleaded at paragraph 430(b), involved the provision by Star Sydney of:
- a. an item 32, table 1, s6 designated service; and
 - b. an item 13, table 3, s6 designated service.
434. By August 2019, Customer 9 had advised SEG that he wished to cease dealing with SEG in any way that involved the recovery or collection of outstanding debts.

Particulars

At a meeting with SEG Macau employees in August 2019, Customer 9 requested an immediate stop to these transactions, but agreed to give SEG a month to get its systems in order.

*Transactions through the initial Customer 9 and modified Customer 9 channel (**together the Customer 9 channels**)*

435. Between January 2018 and September 2019, money was transferred through the Customer 9 channel to the FMAs or SKAs of at least 60 Star Sydney and Star Qld customers, including a number of high risk Star Sydney customers such as:
- a. Customer 34;
 - b. Customer 20;
 - c. Customer 5;
 - d. Customer 45;
 - e. Customer 28;
 - f. Customer 19.

Particulars

Customer 34 received three AUD transfers totalling approximately \$2.5 million, and four HKD transfers totalling over HKD 12.3 million.

Customer 20 received five AUD transfers totalling over \$5.3 million and two HKD transfers totalling over HKD 11 million.

Customer 45 received one HKD transfer totalling over HKD 17.8 million.

Customer 5 received four AUD transfers totalling over \$12 million and two HKD transfers totalling over HKD 13.4 million.

Customer 28 received two AUD transfers totalling over \$1.4 million, and four HKD transfers totalling over HKD 45.6 million.

Customer 19 received six AUD transfers totalling over \$7.1 million, and two HKD transfers totalling over HKD 12.2 million.

436. From 12 August 2019 to 23 August 2019, about AUD3.9 million was transferred by Company 9, into the EEIS Bank 2 Account through the modified Customer 9 channel to partially redeem Customer 1's CCF.
437. Between July 2018 and July 2019, money was transferred to Star Qld customers via Customer 9's Sydney FMA on at least eight occasions:
- a. On each occasion SEG employees based in Macau instructed the Star Sydney Cage to transfer money from Customer 9's Sydney FMA or SKA to the customer's Star Sydney FMA or SKA.
 - b. This was followed by a subsequent transfer of the money from the customer's Star Sydney FMA to the customer's Star Qld FMA.
 - c. The money transferred to the customer's Star Qld FMA originated from Customer 9's Star Sydney FMA or SKA.
 - d. The transfer of money pleaded at (c) was a designated service provided by:
 - i. Star Sydney, within the meaning of item 31, table 1, s6 of the Act;
 - ii. Star Sydney, within the meaning of item 13, table 3, s6 of the Act;
 - iii. Star Qld, within the meaning of item 32, table 1, s6 of the Act; and
 - iv. Star Qld, within the meaning of item 13, table 3, s6 of the Act.
 - e. The designated services pleaded at (d) were provided through the modified Customer 9 channel.

Particulars

Three transfers were conducted for Customer 24, being:

- A. a transfer of HKD243,660 on about 24 July 2018, for the purpose of redeeming the customer's CCF with Star Qld;
- B. a transfer of \$200,007.02 on about 1 November 2018, for the purpose of redeeming the customer's CCF with Star Qld; and
- C. a transfer of \$89,365.19 on about 9 November 2018 for the purpose of redeeming the customer's CCF with Star Qld.

Customer 24 was a junket funder who remitted funds through Customer 9's Star Sydney FMA to fund junkets at Star Qld casinos.

The transfer referred to in (A) was made from the service fee paid to Customer 9 from SEG.

The transfers referred to in (B) and (C) were made from funds deposited into Customer 9's SKA (sub-account, junket 5#) from a junket operator and Customer 9's Associate.

Three transfers were conducted for a Star Qld customer, being:

- A. a transfer of \$472.68 on about 12 November 2018 for the purpose of redeeming the customer's CCF with Star Qld;
- B. a transfer of \$972,408.19 on about 12 November 2018 for the purpose of redeeming the customer's CCF with Star Qld;
- C. a transfer of \$242,345.20 on about 1 February 2019 for the purpose of redeeming the customer's CCF with Star Qld.

The transfer referred to in (C) was made from funds deposited into Customer 9's SKA (sub-account, junket 5#) from Customer 9's Associate.

One transfer was conducted for a Star Qld customer, being a transfer of \$169,505.40 on about 4 July 2019 for the purpose of redeeming the customer's CCF with Star Qld. This transfer was made from funds deposited into Customer 9's SKA (sub-account, junket 5#) from Customer 9's Associate.

One transfer was conducted for a Star Qld customer, being a transfer of \$683,165 on 11 September 2018 for the purpose of redeeming the customer's CCF with Star Qld.

On the information available to SEG, it is unclear why Customer 9's Associate was involved in the transactions identified above, or what (if any) arrangement existed between Customer 9 and Customer 9's Associate.

438. From January 2018 to September 2019, at least AUD 140 million moved through the Customer 9 channels.

Particulars

Over HKD 214 million (over AUD 40 million) was transacted through the initial Customer 9 arrangement.

Following the conclusion of the written agreements, from the period of 30 May 2018 to August 2019, AUD 103 million (as a total in AUD, comprising AUD and foreign currency transactions) was transacted through the Customer 9 Channels.

Of this, over AUD 73 million was transacted through the EEIS Bank 2 account. The balance was funds made available through Customer 9's FMA and SKA accounts.

439. The provision of designated services by Star Sydney and Star Qld through the Customer 9 channels involved high ML/TF risks including:
- a. The funds made available were deposited in cash;

- b. Funds could also be deposited in the form of chips issued by third party casinos, or transfers from the gaming accounts of other casinos;
- c. There were no limits on the amount of money, including cash, that a customer could deposit with Customer 9;
- d. Deposits by third parties were permitted, including in cash, chips or transfers from other gaming accounts;
- e. SEG had limited visibility over the source of funds of deposits made through remitters;
- f. The customers using the Customer 9 channels to remit funds had higher ML/TF risks;
- g. Deposits by junket operators and funders were permitted, including by customers with known criminal connections;

Particulars

For example, Customer 1 used the Customer 9 channel to transfer funds, through Company 9, into the EEIS Bank 2 bank account to partially redeem a CCF.

- h. Deposits were permitted through non-transparent and high risk channels, such as through Macau based casinos, junket operators and remitters;
- i. Star Sydney had no visibility over the source of funds that were sourced from Macau-based casinos or junket operator accounts;
- j. There were risks that the customer may not be providing their own funds (or that the customer would use a junket representative to deposit the funds);

Particulars

See paragraphs 400 to 402.

- k. The Customer 9 channel was intended to mask that customers were transferring funds to an Australian casino;
- l. The Customer 9 channel could be used to facilitate currency flight;
- m. Some deposits into Star Patron accounts through the Customer 9 channels involved misleading payment descriptors;
- n. Some deposits into Star Patron accounts through the Customer 9 channels were split amongst different customers when being credited to the customer's FMA or SKA.

Particulars

For example, a single deposit of just under \$155,000 by Company 1 on or around 28 June 2018, was credited to a customer in the amount of just over \$51,000 and a different customer in the amount of just under \$103,000.

A single deposit of just over \$570,000 by Company 1 on or around 29 June 2018 was credited to Customer 35 in the amount of just under \$301,000 and another customer in the amount of just under \$270,000.

These deposits were described as a 'Property Investment'.

440. At no time did SEG or Star Sydney (or Star Qld), carry out an appropriate risk assessment of the ML/TF risks posed by the Customer 9 channels.

Particulars

On 10 January 2018, SEG purported to carry out an assessment with respect to the LCMS, as revised on 8 February 2018.

The risk assessment identified that the ML/TF risks of this arrangement included risks as to source of funds, a lack of transparency and criminal infiltration. It acknowledged that remitters in Hong Kong and Macau, where SEG was looking to introduce these services, were unlikely to conduct inquiries into the source or beneficial owner of the funds involved and if these inquiries were completed, the visibility of this information to Australian regulators would be limited. The assessment acknowledged that third parties could be involved in the deposit transaction. The assessment acknowledged the risks that the arrangement could be used to bypass currency flight controls or to evade tax laws.

Although these risks were acknowledged, the assessment did not appropriately identify or assess the ML/TF attributes pleaded at paragraph 439.

The assessment concluded that the ML/TF risks of the arrangement were low. The ML/TF risks of the LCMS were not low.

At no time did Star Sydney or SEG conduct an appropriate assessment of the ML/TF risks of the modified Customer 9 channel.

The practice of accepting deposits from third-party remitters into bank accounts of Star Sydney and EEIS pursuant to the modified Customer 9 channel was not the subject of a legal and risk assessment, was not formally approved, was initiated and maintained by the VIP Credit & Collections team and was not disclosed to the Board before or while it was operating.

On about March 2020, SEG conducted due diligence in relation to Company 9 for the purpose of preparing a risk assessment, which was prepared in draft and not finalised.

441. At no time did the Joint Part A Programs include appropriate risk-based systems and controls to identify, mitigate and manage the ML/TF risks of the Customer 9 or modified Customer 9 channels:
- a. The only due diligence conducted on Customer 9 by SEG with respect to the Customer 9 channels involved WorldCheck searches conducted on Customer 9 by the AML team on 28 January 2018, 7 August 2018, 4 May 2019 and 18 June 2019. This was not an appropriate risk-based control.
 - b. SEG did not impose any limits on the amount a customer or third party could deposit through the Customer 9 channels.
 - c. SEG did not have appropriate systems or controls in place to understand the identity of the depositor. It was not possible for SEG to verify from the LCMS Spreadsheet the

identity of the depositor (in circumstances where that was someone other than the customer).

- d. SEG did not have appropriate systems or controls in place to verify the source of funds being deposited through Customer 9, including deposits by third parties.
- e. SEG considered that source of funds were verified by a SEG Macau staff member sighting the receipt of the customer's deposit into Customer 9's Macau casino account. This procedure did not provide any verification of source of funds. It was a process confirming the deposit had been made.
- f. SEG employee involvement in the transactions was not an appropriate control because their role was limited to observing that a deposit was made.
- g. SEG assumed that the majority of funds would come from personal bank accounts or other personal sources of liquidity, such as FMAs at Macau based casinos, available to known customers' in Hong Kong and Macau. There were no processes to confirm this assumption; nor did SEG have any basis to understand the source of funds or wealth from bank accounts or FMAs with other casinos.
- h. The International Depositor Identity Form was not an appropriate risk-based control because it did not require the collection and/or verification of information relevant to source of funds.
- i. SEG did not have any written policies or procedures that set out guidelines as to the completion of the International Depositor Identity form.
- j. Credit worthiness assessments on the CCF accounts held by customers were not an appropriate AML/CTF control.

Particulars

The AML team did not have access to OnBase, the database maintained by the Credit and Collections team, and on which records related to screening were held.

- k. The transaction monitoring applied to remittance through the Customer 9 channels involved no more than the same monitoring applied to any customer who held an FMA or SKA with Star Sydney or Star Qld. See paragraphs 771 to 722.
- l. A central record of transactions facilitated by Customer 9 was not maintained. Records of transactions relating to the Customer 9 channels were dispersed across different documents and databases, including in spreadsheets maintained by the Cage or in Synkros records. Records on spreadsheets did not permit appropriate risk-based monitoring.
- m. SEG Macau employees were not adequately trained on Australian AML/CTF requirements.
- n. On and from 8 February 2018 the Joint Part B Programs required customer identification to be conducted by the Cage Manager at the time of the FMA deposit with respect to:
 - i. transfers to a SEG casino for the repayment of a CCF via the LCMS;
 - ii. transfers to a SEG casino for the prepayment of a program buy-in via the LCMS.

- o. This control was not appropriately directed towards the ML/TF risks of the Customer 9 channels, particularly the ML/TF risks relating to source of funds and third party deposits. As the customers had already been identified when opening their FMA or CCF accounts, this process involved no more than checking identity information that had already been collected.

Overseas based remitter channels and cash collection services

- 442. At all times on and from 30 November 2016, Star Sydney and Star Qld customers used overseas based remitters to deposit money into Star Patron accounts.

Particulars

For example, deposits were made into the Star Patron accounts by 10 remitters including Company 9, Company 1, Company 7.

- 443. Following the closure of the Bank 1 (Macau) accounts in early 2018, SEG referred Star Sydney and Star Qld international customers to overseas remittance service providers to facilitate the transfer of offshore funds into Star Patron accounts.

Particulars

Whilst Star Sydney and Star Qld customers were unable or unwilling to deposit funds directly into a Star Patron account, they could deposit funds with overseas remitters.

SEG referred Star Sydney and Star Qld customers to overseas remitters including Company 9 and Company 1. Star Sydney also referred customers to Company 11.

The VIP Credit and Collections team in Macau would introduce a customer wanting to remit money to remitters such as Company 9. If required, the VIP Credit and Collections team member would attend the meeting between the customer and the representative of Company 9.

From 22 November 2018 to 2 March 2020, Company 9 facilitated at least 83 transfers of offshore funds into the EEIS Bank 2 account, totalling about \$52.1 million.

From 8 June 2018 to 9 August 2019, Company 1 facilitated at least 32 transfers of offshore funds into the Star Patron accounts, totalling over \$34.9 million.

Of these, at least 12 transfers, totalling \$14.4 million, were made into the Star Sydney Bank 2 account other than through the Customer 9 channels.

From 8 June 2018 to 17 June 2019, Company 1 facilitated at least 12 transfers of offshore funds totalling over \$14.4 million, into the Star Sydney Bank 2 account, for four customers.

From 8 June 2018 to 9 August 2019, Company 1 facilitated at least 20 transfers of offshore funds into the EEIS Bank 2 account, totalling about \$20.5 million.

Examples of deposits into Star Patron accounts facilitated by Company 9 included:

- A. Star Sydney facilitated the repayment of a customer's CCF, via a deposit into a Star Patron account by Company 9. The source of funds for the deposit was understood to be a winning cheque from a foreign casino in the amount of HKD1.9 million.
- B. In early September 2019, SEG staff introduced Suncity representatives to Company 9 to facilitate remittances for Customer 1 and Customer 3, in the order of over AUD3 million.
- C. A deposit in February 2020 by Company 9 for Person 25 to repay a Star Sydney CCF in the order of over \$800,000.
- D. A deposit in March 2020 by Company 9 for a customer which was credited to a Star Sydney SKA in an amount just under \$400,000.

SEG understood that Company 9 facilitated deposits into Star Patron accounts for or on behalf of:

- A. junket operators, including Suncity junket operators (for example, Customer 4).
- B. junket funders, including Customer 1, and others.
- C. customers who sourced their funds from junket accounts in Macau.

444. Funds deposited into Star Patron accounts by or on behalf of customers through overseas based remitters were credited to the customer's FMA, SKA or CCF account.

Particulars

This was an item 32, table 1, s6 designated service: see paragraph 305 to 307.

445. The deposit of funds into Star Patron accounts by overseas remitters involved higher ML/TF risks.

Particulars

The source of funds for deposits through remitters was not transparent.

Paragraph 327.

SEG Macau employees had concerns in early 2018 that the use of money changers to remit customers' money to Australia would not fulfil SEG's AML/CTF compliance requirements.

446. In early 2018, SEG also started to explore possible arrangements with overseas remittance service providers to facilitate the transfer of offshore funds into Star Patron accounts.
447. In January or February 2018, SEG and Company 11, a licensed money remitter in Hong Kong, discussed the cash collection, payments and remittance services that Company 11 could offer SEG.

Particulars

Company 11 provided cash collection services in Macau and Hong Kong. It also provided an online payment platform to enable clients to both make deposits and provide settlements in foreign jurisdictions. Company 11 also facilitated multi-currency cross-border remittance.

448. By March 2018, SEG and Company 11 were discussing the following proposal:
- a. Company 11 would accept cash from or on behalf of Star Sydney customers in Macau.
 - b. Company 11 would hold the cash in a secure safe for 70 days or deposit the cash into various facilities;
 - c. Funds would enter Company 11's bank account from these various sources.
 - d. Company 11 would deposit the cash deposits into the bank accounts of SEG related entities in small amounts over a long period of time.
 - e. Star Sydney would credit these deposits to the customer's FMA or SKA.
 - f. Commissions to Company 11 were to be negotiated at 3%.

Particulars

By late March 2018, SEG had been unable to find another service that could offer the "[Company 11] cash solution". SEG was under immense pressure from its international customers and junkets to present cash options to them. No other bank or third party was willing to pick up SEG's volumes without exposing themselves negatively with their bankers similar to Customer 9.

As at 20 March 2018, the General Corporate Counsel, SEG, understood that Company 11 did not hold a licence to accept remittance in Macau.

449. By late March 2018, Company 11 had expressed an interest in arranging a permanent contract with SEG.
450. SEG was concerned about the time required by Company 11 to clear the funds under the proposal.

Particulars

SEG Macau management reported that the main issue, with the large volume of remittance that SEG required, was the turnaround time on the funds to be deposited with Star Sydney. Star Sydney customers expected that when they paid their debts, their personal cheque (held under the CCF) would not be banked. Under the NSW Casino Control Act, Star Sydney was required to bank cheques relating to CCFs by 30 business days after issuance of the CCF.

See paragraph 539.

451. As at late March 2018, the potential solution being considered by SEG to manage the time Company 11 required to clear funds was:
- a. To raise a Star Sydney disbursement to temporarily clear the customer's CCF marker, once they had deposited funds with Company 11. However, this proposal was not implemented or made available to customers.

- b. The disbursement would be reversed pending the clearance of the funds deposited into a Star Patron account at an agreed time of maturity.
 - c. Front money cash players may have temporary CCF facilities offered to them similar to those made available through the Hotel Card channel.
452. In April 2018, the General Manager of Commercial Finance, International Marketing met with an officer of Company 11 to discuss next steps in agreeing on an arrangement.
453. By no later than March 2018, some Star Sydney customers had used or were using the services of Company 11 to remit money to Star Sydney in accordance with the following process:
- a. The customer contacted the SEG International Marketing team in Macau to advise they wished to make a cash payment in Macau;
 - b. The SEG staff would provide the customer with an introduction to Company 11. SEG personnel were advised not to recommend Company 11 to customers, but only to inform the customer that SEG was aware that other customers had used Company 11 in similar circumstances;
 - c. The International Marketing team arranged and observed a meeting between the customer and the Company 11 representative;
 - d. A VIP Credit and Collections team member in Macau sometimes attended as an observer, but was not always present;
 - e. Company 11 representatives generally travelled from Hong Kong to Macau for a meeting with the customer to receive the cash deposit.
 - f. Company 11 arranged for another remittance service provider to deposit the funds collected from the customer into a Star patron account.

Particulars

Star Sydney identified correspondence which referred to customer funds as having been transferred through Company 11 that contain receipts that reference Company 1 or Company 9 as the transferor.

In addition, funds identified in correspondence as having been transferred through Company 11, were sent from a foreign bank to Star Sydney's Bank 2 account, by a third party transferor.

Company 11 offered international Star Sydney and Star Qld customers a cash payment path whilst the EEIS remittance channel was in the process of being operationalised. Paragraph 461.

454. From at least April 2018, senior management in SEG were aware that Company 11 did not apply any KYC or AML procedures when collecting cash from Star Sydney customers.

Particulars

Company 11 did not have procedures to identify the person depositing the cash for or on behalf of the Star Sydney customer; nor were there any procedures to make inquiries as to source of funds.

The senior management aware of this included the Managing Director and Chief Executive Officer, Chief Financial Officer, Group

General Counsel and Company Secretary, Head of Strategy and Investor Relations, and the Managing Director of Star Sydney.

455. From March 2018 to at least January 2019:
- a. Company 11 facilitated the transfer of offshore funds into Star Patron accounts on behalf of Star Sydney customers via other overseas remitters; and
 - b. Star Sydney credited these deposits into their customers' FMAs, SKAs and/or CCF accounts.

Particulars

Customer 5

On or about late March 2018, Customer 5 used Company 11 to repay an AUD 3.2 million CCF marker at his own expense.

Customer 5 did not want Star Sydney to bank a cheque against his personal account as this "would have had serious ramifications to [Customer 5] with his bankers as has done to him in the past". Following receipt of the funds into a Star Patron account, the funds were credited to Customer 5's SKA (junket #3) account.

Customer 5 subsequently engaged Company 11 on or around 3 April 2018 for the deposit of approximately AUD 4.9 million.

Funds were made available by Star Sydney to Customer 5 in three transfers each of AUD 1.6 million, which were credited to Customer 5's primary SKA.

These transfers were made by a third party transferor from a foreign bank.

The funds were applied by Star Sydney to redeem Customer 5's CCF.

As at 19 August 2018, the majority of funds in Customer 5's Star Sydney FMA came from domestic transfers through Company 1 (Australia).

Person 69

On 17 April 2018, Star Sydney credited AUD3.3 million to Person 69's FMA for the purpose of redeeming his CCF. Company 11 had collected these funds from or on behalf of Person 69 and arranged for the funds to be remitted to a Star Patron account.

On 3 May 2018, SEG approved Company 11 to collect HKD 50 million / AUD 7.6 million in cash from Person 69. Person 69 funded a junket, with key player Customer 78. The junket had fully exhausted its CCF. A repayment was required following play by Customer 78.

Person 70

On 14 September 2018, SEG referred Person 70 to Company 11. On 29 September 2018, \$848,273.00 was deposited into a Star Patron account for Person 70. The deposit was made by Company 1 with the purpose of the payment being recorded as "investment".

Customer 21

On 7 January 2019 two deposits were made to a Star Patron account by Company 1, totalling AUD 3.4 million, for the redemption of a CCF in the name of Customer 21. The funds were credited to Customer 21's SKA. The deposit was facilitated by Company 11.

On 10 January 2019, a further deposit of AUD 1.7 million was made into a Star Patron account by Company 1 for the benefit of Customer 21. The deposit was facilitated by Company 11.

456. The credits to customer accounts pleaded at paragraphs 444, 448(e) and 455(b) were designated services provided by Star Sydney or Star Qld (paragraph 444 only) under:
- a. item 32, table 1, s6 of the Act;
 - b. item 7, table 1, s6 of the Act; and
 - c. item 13, table 3, s6 of the Act.
457. SEG continued to have discussions with Company 11 until November 2018, but no formal arrangement was entered into.

Particulars

Company 11 was not a registered remitter in Macau and was not lawfully permitted to collect cash in Macau. SEG recognised that this posed problems for this solution.

By no later than November or December 2018, SEG senior management were aware that cash collection services conducted by Company 11 in Macau were unlawful because Company 11 had a remittance licence in Hong Kong only, and did not hold a remittance licence in Macau.

458. As at August 2019, SEG employees were continuing to refer Star Sydney customers to Company 11.

Particulars

The process as at late August 2019 involved a SEG International Marketing team member arranging and observing the meeting between the customer and Company 11, with VIP Credit and Collections sometimes in attendance.

On 26 August 2019, the General Corporate Counsel, advised the Chief Legal & Risk Officer that SEG could not be certain that Company 11's cash operations in Macau were lawful.

459. At no time did SEG, Star Sydney or Star Qld, carry out an appropriate risk assessment of the ML/TF risks posed by overseas remittance channels including transfers through Company 11.

Particulars

By at least December 2018, SEG had undertaken due diligence in relation to Company 11 and decided not to enter into a formal agreement with Company 11.

A memorandum prepared by SEG's General Corporate Counsel in August 2019, into the use of overseas remitters including Company 11, indicated that the risks would be high. The memorandum identified legal, source of funds and reputational and operational risks of any relationship with Company 11.

Nonetheless, SEG referred customers to Company 11 and Company 11 facilitated the transfer of customer funds into Star Patron accounts: paragraph 424.

It was not until March 2020 that SEG started preparing a draft risk assessment of the use of Company 9 to facilitate the payment of debts incurred by SEG casino customers. The risk assessment was not finalised.

460. Transfers facilitated through Company 11 posed higher ML/TF risks:
- a. Star Sydney had no visibility over the source of funds relating to transfers that were facilitated through Company 11.
 - b. SEG was advised that Company 11 could not lawfully collect cash in Macau and could not lawfully remit cash collected in Macau.

Particulars

Paragraphs 457, 458 and 454.

- c. Company 11 did not directly remit money to Star Sydney, but SEG was aware that Company 11 used other overseas remitters to transfer the funds to Star Sydney or Star Qld.
- d. The use of another remitter involved ML/TF risks as it created a further layer of non-transparency.
- e. In recognition of the higher ML/TF risks, SEG chose not to enter into a formal arrangement with Company 11.
- f. SEG advised their employees not to recommend Company 11 to customers, but only to inform the customer that SEG was aware that other customers had used Company 11 in similar circumstances
- g. Notwithstanding the matters pleaded at e, Star Sydney provided item 32, table 1, s6 designated services to customers, knowing that Company 11 had facilitated the transfer.

The EEIS remittance channel

461. From 2015 to April 2021, Star Sydney and Star Qld made money available to customers by crediting money, that:
- a. had been deposited into EEIS Patron accounts; or
 - b. was funded by the EEIS CCF (as defined in paragraph 476, from June 2019)
- to the customers' FMAs or SKAs (the **EEIS remittance channel**).

Particulars

Paragraphs 468 and 479.

Remittance through the EEIS remittance channel also involved remittance of cash or other funds collected through Customer 9 and other overseas remitters.

462. From January 2018, the expansion of the EEIS remittance channel was considered through the EEIS Steering committee to facilitate and support the International Rebates Business or **IRB**.

Particulars

Paragraph 389.

463. On 22 March 2018, the SEG Board was briefed with a paper providing an update on the strategy to establish and re-activate a number of EEIS entities to facilitate and support payments for IRB customers (**IRB paper**).

Particulars

The IRB paper was an update on the IRB Strategy presented at the September 2017 Board meeting (as pleaded at paragraph 388), which was intended to address the closure of the Bank 1 (Macau) accounts from early 2018.

The paper reported that although management had implemented an interim solution (the Customer 9 channels), the closure of the Macau bank accounts was estimated to have a AUD21.5 million annual EBITDA impact unless rectified (offset by higher tax costs). This was driven by the assumption that junkets and/or premium direct players who had previously repaid outstanding balances in Macau would not visit SEG properties as frequently.

464. The strategy to facilitate and support payments for IRB customers included a proposal to establish EEIS as a licensed money lender and licensed remittance agent to:
- a. provide loans to junkets and players;
 - b. operate a CCF with each of Star Sydney and Star Qld; and
 - c. facilitate the payment of money owed by customers to Star Sydney and Star Qld.

Particulars

The intention of the proposal was to change the nature or appearance of the payments made by international customers from being the repayment of gambling debts in Australia to being the repayment of loans made in Hong Kong.

The intention of the proposal was also to extend the time for customers to settle amounts owed following settlement of a junket program. Customers loaned money by EEIS were to have 30 calendar days from the program end date to settle any outstanding debt, as required by the Casino Control Acts in NSW and Qld. This was in contrast to CCFs, which were required to be settled by 30 business days from buy-in. See paragraph 539.

The proposal also involved establishing the Macau Marketing Subsidiary (**MMS**) which would be established via EEI Services (Macau) Limited to market SEG casinos to Macau licenced junkets and enter into rebate agreements with junkets. It was initially proposed to establish EEI Services (Hong Kong) Holdings Limited as an EEIS Junket, but this proposal ultimately was not introduced.

Management intended for the EEIS/MMS project to be fully operational from 1 July 2018.

465. On 24 May 2018, the SEG Board approved the establishment of an internal CCF for EEIS with a limit of \$400 million to facilitate the provision of loans to IRB customers.

Particulars

For an explanation of the internal CCF, see paragraphs 476 to 481, 485 to 486.

At a meeting of the SEG Board on 24 May 2018, the Chief Financial Officer, introduced a paper titled '*EEIS Money Lender/ Macau Marketing Subsidiary Structure*'. The paper discussed the nature of the EEIS project and the process under the proposed money lender arrangements, as well as the proposed structure and implementation for the first phase of the project.

In the paper, it was advised that due to the continued tightening of the Macau regulatory environment, SEG had not yet been able to open bank accounts in Macau.

It was stated that introducing the EEIS Money Lender CCF 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.

This payment path was not activated until June 2019 - see paragraph 470.

466. By at least early May 2018, customers could repay amounts they owed to Star Sydney and Star Qld including under a CCF by depositing funds, by EFT or cash, into:
- a. the EEIS Bank 2 accounts in Australia; and
 - b. the EEIS Bank 1 (Hong Kong) accounts.

Particulars

The EEIS Bank 2 accounts were opened on 26 April 2018. Each of SEG, Star Sydney and Star Qld could access and operate these accounts.

The EEIS Bank 2 accounts were used to accept:

- A. deposits which were subsequently transferred into the customer's FMA with Star Sydney to fund gaming, including the repayment of amounts owed under a CCF;

B. deposits which were subsequently transferred into a customer's SKA with Star Sydney and disbursed to the customer;

C. a deposit which was subsequently transferred into a customer's SKA with Star Sydney and disbursed to pay a non-gaming (hotel related) debt to Star Sydney.

By 6 June 2018, over AUD 12 million had been received through the Australian EEIS bank accounts for the repayment of CCFs.

By 27 July 2018, over AUD24 million had been received through the Australian EEIS accounts.

From 30 November 2016 to April 2021, at least \$182.1 million (as a total in AUD, comprising AUD and foreign currency transactions) was remitted for the benefit of Star Sydney or Star Qld customers via the EEIS remittance channel. Of those deposits, at least \$154 million was deposited by third parties into EEIS Patron accounts. Additional deposits were made through the EEIS remittance channel by Customer 9.

The EEIS Bank 2 foreign currency accounts were also used to accept a number of deposits which were subsequently transferred into the customer's FMA to fund gaming, including the repayment of amounts under a CCF.

Any such amounts received into the EEIS Bank 2 account were transferred to the account of Star Sydney or Star Qld, as the case may be, to ensure the funds were clearly identified for internal processing to clear the amount outstanding in the customer's CCF account.

The EEIS Bank 1 (Hong Kong) account was opened in February 2015 and also accepted CCF repayments and EEIS loan repayments on behalf of Star Sydney and Star Qld customers, including by third party remitters.

See paragraph 328.f.

467. The deposits pleaded at paragraph 466 were made available to Star Sydney or Star Qld customers by a credit into the customer's FMA, SKA and/or CCF accounts.

Particulars

Deposits made for the purposes of redeeming a customer's CCF were generally made to, and recorded on, the customer's FMA or SKA first and then withdrawn and applied to the customer's CCF. The application of funds to the customer's CCF balance is known as a CCF redemption. There were also occasions where the deposit was not made to the FMA or SKA first but was recorded directly to the customer's CCF account.

468. The credits to FMAs, SKAs or CCF accounts pleaded at paragraph 467 involved designated services provided by Star Sydney or Star Qld under:

- a. item 32, table 1, s6 of the Act;
 - b. item 7, table 1, s6 of the Act (for repayment of amounts owed under CCFs);
 - c. item 13, table 3, s6 of the Act.
469. During mid to late 2018, the EEIS Steering Committee continued to review, assess and monitor payment pathways for international customers of Star Sydney and Star Qld.

Particulars

On 3 August 2018, the EEIS/MMS Project team was briefed with a discussion paper on the development of new payment pathways.

The payment pathways discussed included the ongoing development of EEIS, and were intended to overcome the ever-increasing challenges international customers were facing to remit and receive funds to and from SEG casinos.

The discussion paper stated that the development of new pathways had to be continuous in order to address the ever-rising tide of AML/CTF regulations as well as to respond to the pressure from foreign authorities to stem capital outflows.

The discussion paper reported that the customers predominantly affected were junket funders, junket operators and premium players (including those playing on junkets).

The challenges these customers reported included that their banks were not making payments to SEG casinos or that their banks were challenging incoming payments from SEG casinos. Further, SEG had no method for accepting cash payments outside the casino Cage.

On 16 November 2018, the IRB payment pathways were presented in an EEIS Steering Committee presentation.

Four central pathways were presented:

First, if customers were able to transfer funds electronically to an existing Star Patron account in Australia, the preference was that they utilise existing CCF processes. This required a personal cheque, which was required to be banked 30 working days after buy in, unless redeemed earlier.

Second, if customers were unable to transfer electronically directly to a Star Sydney or Star Qld account in Australia, but were able to transfer money to an EEIS bank account in Australia or Hong Kong, they were to be offered remittance services through the EEIS accounts.

Third, EEIS was to offer loans to approved customers as an alternative to a CCF. The EEIS loan also required a personal cheque to be provided, but it was required to be banked 30 days after program settlement (not after buy-in).

Fourth, if customers were only able to pay by cash or EFT in Macau, SEG would refer the customers to money remitters. However, neither

SEG nor the SEG casinos would directly engage with these entities.
Deposits by these remitters could be made into EEIS Patron accounts and other Star Patron accounts.

Pending full activation of the EEIS, the pathways that continued to be used by Star Sydney and Star Qld customers included overseas remitters, including Company 1, the Customer 9 channels, and direct payments to EEIS bank accounts in Australia.

Remittance through EEIS loans

470. By June 2019, EEIS commenced providing loans to international customers of Star Sydney and Star Qld (the **EEIS loans**).

Particulars

Only International Premium Direct customers or international junket operators were eligible for EEIS loans.

The EEIS loans were intended to be an alternative to a Star Sydney or Star Qld CCF.

471. EEIS loans were provided in AUD and HKD.
472. Funds drawn under EEIS loans were used to fund rebate program play at the Star Sydney casino, the Star Gold Coast casino or Treasury Brisbane casino and were subject to relevant policies and procedures applicable to such program play.
473. All EEIS loans were approved by persons employed by SEG.
474. All EEIS loan documents were executed by persons employed by either SEG, Star Sydney or Star Qld.
475. The key terms and conditions of the EEIS loans included that:
- a. the loan was only to be drawn at a casino operated by SEG in Australia and credited to the customer's FMA;

Particulars

Funds drawn on an EEIS loan could be deposited into an FMA with either Star Sydney or Star Qld in the name of the borrower only.

- b. the use of the facility by the customer was subject to the standard terms and conditions for an FMA, which required those funds to be used for gaming purposes;
 - c. the facility allowed multiple drawdowns, subject to the facility limit;
 - d. funds could be accessed in either AUD or HKD;
 - e. it was an interest-free loan;
 - f. there was a standard requirement to hold a cheque as collateral for the loan; and
 - g. the standard repayment was 30 days following settlement of the program funded by the loan. (This could be extended to 90 days with approval).
476. EEIS held a master CCF with Star Sydney and with Star Qld (the **EEIS CCF**), from which Star Sydney or Star Qld customers would drawdown on the EEIS loan.

Particulars

The SEG Board approved the EEIS CCF on 24 May 2018.

Paragraph 465.

477. A drawdown on an EEIS loan was effected by Star Sydney or Star Qld by transferring money from the EEIS CCF to the Star Sydney or Star Qld customer's FMA.
478. Star Sydney and Star Qld made money available to a customer when it credited the customer's FMA with an EEIS loan drawdown.
479. The credit to an FMA, as pleaded at paragraph 478, was a designated service provided by Star Sydney or Star Qld under:
 - a. item 32, table 1, s6 of the Act; and
 - b. item 13, table 3, s6 of the Act.
480. EEIS provided a cheque from its Bank 1 (Hong Kong) account as security for each drawdown on the EEIS CCF (the **EEIS cheques**).
481. In accordance with the Casino Control Act in NSW and Qld, the EEIS cheques were required to be banked 30 business days after presentation, unless the outstanding amount under the EEIS CCF had been cleared prior to that date.

Particulars

EEIS settled the CCFs with Star Sydney and Star Qld within the statutory time limit under the Casino Controls Acts in each State.

EEIS was to recover debts from losing players or junkets. The players were to have 30 calendar days from program end date (as opposed to the current 30 business days from buy-in) to settle any outstanding debt. If the debt was not settled within the time limit, EEIS would bank the customer cheque.

482. Once the EEIS drawdown was credited to the customer's FMA with Star Sydney or Star Qld, the money could be used by the customer to acquire gaming chips or a CPV at Star Sydney and the Star Qld casinos.

Particulars

Items 6, 7 and 13, table 3, s6 of the Act, provided by Star Sydney or Star Qld.

483. Once the EEIS drawdown was credited to the customer's FMA with Star Sydney or Star Qld, the customer or their authorised representative could:
 - a. transfer the funds in the customer's FMA to the FMA of a third party to fund a rebate program of a third party; or
 - b. access the funds in the customer's FMA in the form of chips or a CPV to fund a rebate program of a third party.

Particulars

Items 31 and 32, table 1, s6 of the Act, provided by Star Sydney or Star Qld.

Items 6, 7 and 13, table 3, s6 of the Act, provided by Star Sydney or Star Qld.

484. Once money was transferred or accessed as pleaded at paragraph 483, the third party could access:
- a. cash, subject to the cash out policy;
 - b. gaming chips or a CPV;
 - c. an electronic funds transfer, subject to the cash out policy.

Particulars

Items 6, 7 and 13, table 3, s6 of the Act, provided by Star Sydney or Star Qld.

485. EEIS loans could be repaid by Star Sydney or Star Qld customers by a credit entered in the EEIS CCF account, which could be funded in the following ways:
- a. from the customer's winnings on a rebate program;

Particulars

A customer's winnings on a rebate program would be credited to the junket operator's FMA. When conducting an IRB settlement, all funds are withdrawn from the FMA at the end of play and, if the IRB program is funded by CCF, used to repay the outstanding CCF balance.

- b. by offsetting the rebate to be paid by Star Sydney or Star Qld to the customer, if their losses were sufficiently small;
- c. by the customer transferring funds to an EEIS bank account;

Particulars

Four Bank 1 (Hong Kong) accounts.

Two Bank 2 accounts in Australia.

SEG could access and operate the Bank 1 accounts.

Each of SEG, Star Sydney and Star Qld could access and operate the Bank 2 accounts.

No cash deposits were made to repay any EEIS loan.

- d. by cheque banked in an EEIS bank account;
 - e. by SEG disbursement (on one occasion where there was a discount on a debt); and
 - f. from funds from the customer's FMA or SKA with a SEG casino.
486. The credit to the EEIS CCF in each case pleaded in paragraph 485 (a), (b) and (f) involved an item 31, table 1, s6 designated service provided by Star Sydney or Star Qld to the Star Sydney or Star Qld customer.
487. EEIS loans could be repaid by a third party on behalf of the Star Sydney or Star Qld customer in the same ways pleaded at paragraph 485.

Particulars

Third party repayments for EEIS loans occurred in relation to those EEIS loans drawn to fund an International Junket Operator or International Premium Direct customers who were not the borrower under the loan.

Where the rebate programs so funded were winning programs, the EEIS loan was repaid by a transfer of the funds available from the International Junket Operator or International Premium Direct customer on settlement of the relevant rebate program. As the front money for the relevant rebate program was funded by the EEIS borrower, the return of funds at the end of that rebate program was a return of the same funds.

488. The repayment of any outstanding EEIS loan balance was recorded by SEG as follows:
- a. The repayment was not recorded by either Star Sydney or Star Qld on Synkros.
 - b. The repayment was recorded in the EEIS Receivables Control sheet.
 - c. The EEIS Receivables Control sheet was managed by the SEG Credit and Collections team on behalf of EEIS.
 - d. The SEG Credit and Collections team are employed by various entities within the SEG group, depending on their location.
489. As at August 2019, although the EEIS loan product had been established, challenges remained with customers using EEIS remittance services.

Particulars

Although EEIS had been established and had provided initial loans to customers, the remittance services that EEIS could offer had not been utilised to date and were subject to finalisation with advice on different scenarios being sought from Hong Kong lawyers.

In the absence of this, customers generally used the following methods:

A: electronic transfer of funds from a bank account to a SEG bank account (or, if repaying a CCF, to the Australian bank account of EEIS) - usually customers bore their own transfer fees, but this could be varied by agreement with suitable approvals;

B: the use of a licenced remittance provider in their home jurisdiction to make the transfer from their home jurisdiction to a SEG bank account (or, if repaying a CCF, to the Australian bank account of EEIS) - subject to paragraph (C) below, usually patrons bore their own transfer fees, but this could be varied by agreement with suitable approvals.

C: referral to Company 11, in some instances.

490. Between 25 June 2019 and March 2020 EEIS provided six loans to five international customers of Star Sydney and Star Qld.

Particulars

Of the six loans provided by EEIS, five were repaid in full or in part by a 'winning program', which involved a set-off of winnings against the loan, as facilitated by SEG and/or Star Sydney in Australia.

One of the loans (to Customer 21) was repaid by a deposit into an EEIS Bank 2 account held in HKD.

One of the loans to another customer was repaid by a deposit to an EEIS Bank 2 account held in AUD.

There were two instances where existing International Premium Direct customers used an EEIS loan to fund an International Junket Operator (and, in one of those cases, to also fund two other International Premium Direct customers. Both of those borrowers were junket participants (or junket players) on some of the junket rebate programs those borrowers funded with an EEIS loan.

491. Designated services through the EEIS remittance channel involved the following high ML/TF risks:
- a. The EEIS remittance channel involved the ML/TF risks relating to EEIS Patron accounts pleaded at paragraph 328.
 - b. The EEIS remittance channel was used by high risk customers to remit offshore funds into Australia, including junket operators, representatives, funders and players.
 - c. The EEIS remittance channel was used by international customers to repay CCFs, including junket funders.

Particulars

Paragraph 552(j)-(n).

- d. Remittance through the EEIS remittance channel involved money collected from Star Sydney and Star Qld customers through Customer 9, Customer 9's associates and Company 11.
- e. Money collected through Customer 9, Customer 9's associates and Company 11 included cash, chips, money in overseas casino accounts and money in overseas junket accounts.
- f. Third parties could remit money through the EEIS remittance channel for or on behalf of customers.
- g. Remittance through the EEIS remittance channel lacked transparency as to source of funds.
- h. The EEIS channel could be used to repay amounts owed under CCFs, and thereby offsetting and cuckoo smurfing.
- i. Remittance through EEIS loans involved an additional layer of non-transparency.
- j. SEG, Star Sydney and Star Qld had very limited visibility over the source of funds remitted through the EEIS remittance channel.

Particulars

An external auditor concluded that the design and promotion of the EEIS loan arrangements during the Relevant Period indicates SEG

was prepared to engage in window dressing so as to navigate potential legal, regulatory or contractual obstacles. These arrangements put SEG at grave risk of, first: failing to mitigate, manage and report the risk of ML/TF; and second: potentially being complicit in enabling the placement, layering and integration of illicit funds. These risks were considered to be heightened by the lack of curiosity and rigour in relation to a customer's source of wealth and source of funds.

492. At no time did Star Sydney or Star Qld carry out an appropriate assessment of the ML/TF risks of the EEIS remittance channel.

Particulars

On or about 28 August 2018, a risk assessment was conducted with respect to remittance and lending services provided by EEIS. It assessed the risk of ML/TF for EEIS to be medium.

The risks identified were not specific to the provision of designated services by Star Sydney and Star Qld through this channel, but largely referred to the FATF and AUSTRAC guidance that identified risk typologies.

For example, there was no assessment of the ML/TF risks of Star Sydney or Star Qld accepting CCF redemptions through the EEIS Bank 2 accounts, including through third-party remitters more generally.

Whilst the assessment identified some risks of the use of third party remittance services, SEG framed EEIS as a control to mitigate risks associated with remittance. EEIS loans were described as being less attractive to customers wishing to launder money via remittance services as the funds can only be remitted to SEG casinos for the purposes of gambling. This conclusion was not reasonably open.

The assessment concluded that EEIS loans would decrease the likelihood of casino customers (including junket operators) engaging third party underground remittance services to bring money to SEG casinos because a legitimate channel exists for the transfer of these funds. This conclusion was not reasonably open.

Paragraphs 329, 341, 348, 366, 381, 440 and 459.

493. At no time did the Joint Part A Programs appropriately identify, mitigate or manage the ML/TF risks of the EEIS remittance channel because:

- a. They did not include appropriate risk-based controls to understand the source of funds of transactions through this channel.
- b. Processes to obtain, review or update appropriate KYC information with respect to customers transacting through this channel were inadequate.

Particulars

Paragraphs 146 to 156.

- c. There were no transaction or daily limits on transactions through the EEIS remittance channel.
- d. Star Sydney and Star Qld had systems and controls in place to assess credit risk exposure (**CRE**) but not the ML/TF risks of CCF repayments.

Particulars

Paragraph 507 and 553.

- e. Appropriate transaction monitoring was not applied to item 32, table 1, s6 designated services through EEIS Patron accounts.

Particulars

See paragraph 779.

- f. There was insufficient guidance on how to identify suspicious transactions through this channel, and how to escalate any unusual activity.

Particulars

See paragraph 854.

Loans - items 6 and 7, table 1, s6 – cheque cashing facilities (CCFs)

- 494. The Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to items 6 and 7, table 1, s6 designated services for the reasons pleaded at paragraphs 495 to 553 below.
- 495. At all times, Star Sydney and Star Qld provided Cheque Cashing Facilities (**CCFs**) to customers.

Particulars

A CCF permitted a customer to exchange credit granted under the CCF for gaming services under table 3, s6 of the Act.

CCFs were also issued to Star Sydney customers pending clearance of funds transacted through the Hotel Card channel (paragraph 358).

These CCFs were known as **temporary CCFs**.

CCFs could be issued in AUD and HKD.

CCFs were the most common method for making front money available to customers.

- 496. CCFs were available to both domestic and international customers of Star Sydney and Star Qld.
- 497. At all times, a junket operator could be funded by a third party (a **junket funder**).
- 498. At all times, a junket funder could open a CCF to fund a program run by a junket operator.
- 499. Members of the SEG Sales team would identify a Star Sydney or Star Qld customer to whom they would wish to offer a CCF, or a customer could directly approach Star Sydney or Star Qld for a CCF.
- 500. In order for a customer to be eligible for a CCF, the customer was required to:

- a. complete and sign an application for a CCF;
- b. undergo a background and creditworthiness review undertaken by the SEG Credit and Collections team;
- c. be on-boarded as a customer of Star Sydney or Star Qld, if they were not an existing customer; and
- d. open an FMA, if they did not already have an FMA with Star Sydney or Star Qld.

501. The limit being sought under the CCF was:

- a. specified in the customer's application;
- b. otherwise negotiated between the customer and Star Sydney or Star Qld; or
- c. equal to or greater than the amount of the transaction facilitated through the Hotel Card channel in the case of a temporary CCF.

502. The background and creditworthy review by the SEG Credit and Collections team included:

- a. checks on the customer with a credit reporting body based overseas dedicated to the casino industry, potentially with follow up calls to other casinos in Australia and other jurisdictions to confirm a customer's status;
- b. checks with other relevant credit reporting bodies, depending on the jurisdiction of residence of the proposed customer. If an appropriate credit reporting body was not available in a relevant jurisdiction, internet searches were conducted to verify background information provided by the customer and, where relevant, the SEG Sales team representative;
- c. formerly a World-Check search, now a Dow Jones Factiva search, on the customer;
- d. real estate checks on customers in selected foreign jurisdictions; and
- e. if a business card or business details were provided by the SEG Sales team, checks were conducted to verify such details, to the extent possible.

Particulars

Limited checks were conducted on customers being granted a temporary CCF.

503. The purpose of the background and creditworthy checks was to assess credit risk not ML/TF risk.

Particulars

The Credit and Collections team did not make any in-depth enquiries as to the junket operator's or funder's source of wealth or source of funds.

The AML team did not have access to OnBase, the database maintained by the Credit and Collection team, and on which records related to background and creditworthy checks were held.

If negative holdings were identified in a World-Check or DOW Jones Factiva check, the customer could be referred by email to the AML team for further investigation separate from the credit approval process.

504. If, following the background and creditworthy checks, the customer was considered sufficiently creditworthy to be considered for approval for a CCF, a CCF Risk Matrix was completed by the SEG Sales team.
505. The CCF Risk Matrix did not include appropriate risk-based criteria against which to identify and assess the ML/TF risks of providing the CCF to the customer.

Particulars

The CCF Risk Matrix criteria were focussed on credit risks, credit history, market comparisons to credit limits at other casinos and local laws for the enforcement of gaming debts in the customer's jurisdiction of residence.

One criterion included: 'AML jurisdiction – in what jurisdiction is the customer's cheque bank account located?'

This criterion did not adequately address the ML/TF risks posed by CCFs.

Customers who were to receive a temporary CCF were considered to be a low credit risk because the funds to clear the CCF arrived within 48 hours of the drawdown on the CCF being issued.

506. If, following the CCF Risk Matrix review, the customer was determined to be suitable for a CCF, the customer's application for a CCF was referred for approval in accordance the SEG Delegated Authorities Policy.
507. The level of approval required for a CCF under the SEG Delegated Authorities Policy was dependent upon the credit risk exposure or **CRE** associated with the CCF.

Particulars

The CRE was the maximum credit risk for an individual customer or junket.

The CCF limit could be significantly higher than the CRE. This was because the Table Play Rebate reduced the casino's CRE with respect to a CCF. See paragraph 634; and see paragraph 509 for an example.

The delegations for approving CCFs were based on CRE rather than the limit for the CCF. In approving CCF applications, CRE only was taken into account.

The ML/TF risks of the CCF flowed from the CCF limit not the CRE limit. Star Sydney and Star Qld did not have appropriate risk-based systems and controls in place to identify, mitigate and manage the ML/TF risks of the CCF limits. See paragraph 553.

508. Depending on the credit risk exposure of the CCF for which approval was being sought, approval from one or more of the following SEG employees was required:
- a. Chief Executive Officer;
 - b. Group Chief Financial Officer;
 - c. Company Secretary;

- d. Property Managing Director;
- e. Property Chief Financial Officer;
- f. Group Financial Controller;
- g. Chief Operating Officer;
- h. General Manager of VIP Credit and Collections; or
- i. Manager of VIP Credit and Collections.

509. Applications for CCFs with large CRE limits were approved by the SEG Board, including with respect to CRE limits that exceeded those in the SEG Delegated Authorities Policy.

Particulars

For example, on or about 18 November 2017, the SEG Board approved a proposal to provide a junket operator, Customer 5, with a CCF facility limit of \$166.7 million, which would be available for drawdowns on a permanently active basis. The CRE for this facility was \$50 million. SEG did not assess the ML/TF risks of the \$166.7 million facility.

See Customer 5's risk profile below.

On or about 16 February 2018, the SEG Board approved a proposal to provide Customer 1, the Suncity junket funder, with a CCF facility limit of \$266.7 million, subject to a 70/30 Revenue Sharing Agreement (see paragraph 634). The CRE for this facility was \$80 million. SEG did not assess the ML/TF risks of the \$266.7 million facility.

See Customer 1's risk profile below and paragraph 657.

510. Generally:

- a. a CCF was approved for the duration of an international customer's visit to a Star Sydney or Star Qld casino (a 'this trip only' or **TTO** approval);
- b. the customer's creditworthiness would need to be reviewed before each subsequent trip or visit to a Star Sydney or Star Qld casino; and
- c. a new CCF would be approved for each subsequent trip or visit to a Star Sydney or Star Qld casino.

511. A permanent active CCF could be approved for:

- a. international customers who used their CCF frequently; and
- b. domestic customers.

512. The limit of a permanent active CCF would be assessed and reapproved periodically.

Particulars

CCFs for customers in these categories would be reassessed and reapproved at least every 12 months, with some customers checked as frequently as monthly.

513. If a Star Sydney or Star Qld customer wanted to increase the limit of a CCF:

- a. an updated application form was required to be completed and signed; and
 - b. the application was assessed and approved in accordance with the process pleaded at paragraphs 502 to 508.
514. For a temporary CCF issued to a customer pending clearance of funds transacted through the Hotel Card channel:
- a. a temporary CCF was approved for each Hotel Card swipe; and
 - b. a new temporary CCF or increased limit for an existing temporary CCF was approved for each subsequent Hotel Card swipe.

Particulars

Paragraph 358.

515. The approval of a CCF in accordance with the process pleaded at paragraph 508 entitled the customer to use the facility at any SEG casino.

Particulars

The approved limit of a CCF applied across all SEG casinos. The limit was monitored and controlled by Cage employees at each casino property communicating with the other sites when a drawdown was requested. However, each property opened a separate CCF account: paragraph 521.

516. Star Sydney and Star Qld made a loan to a customer upon the:
- a. approval of a CCF for a customer;
 - b. re-approval of a CCF for a customer; and
 - c. approval of a CCF with a new limit.

Particulars

A CCF was an advance of money by Star Sydney or Star Qld to the customer.

Paragraph (a) of the definition of 'loan' in s5 of the Act.

517. At all times, Star Sydney and Star Qld made loans as described at paragraph 515 in the course of carrying on a loans business.

Particulars

The provision of CCFs was a core activity of Star Sydney and Star Qld that facilitated gaming (table 3, s6) and the generation of gaming revenue.

CCFs were provided to international VIP players and junket operators and players, and facilitated high value gaming.

The international VIP and junket business was a significant component of Star Sydney and Star Qld's revenue.

- A. In the 2016, 2017, 2018 and 2019 calendar years, the total value of drawdowns under CCFs at Star Sydney was \$1.3 billion, \$3.4 billion, \$3.1 billion, and \$3.1 billion respectively.

B. In the 2020 calendar year, in which gaming activity was reduced due to COVID-19-related travel restrictions and lockdowns, the total value of drawdowns under CCFs at Star Sydney was \$581 million.

C. In the 2016, 2017, 2018 and 2019 calendar years, the total value of drawdowns under CCFs at Star Gold Coast was \$243 million, \$480 million, \$916 million and \$775 million respectively and at Treasury Brisbane was \$14.4 million, \$15 million, \$32.8 million and \$42.7 million respectively.

D. In the 2020 calendar year, in which gaming activity was reduced due to COVID-19-related travel restrictions and lockdowns, the total value of drawdowns under CCFs at Star Gold Coast was \$361 million and at Treasury Brisbane was \$22.4 million.

CCFs were provided and recorded through Star Sydney's and Star Qld's systems, and were the subject of documented processes and procedures.

CCFs were provided to customers regularly as part of Star Sydney's and Star Qld's business.

518. At all times, the approval by Star Sydney or Star Qld of a CCF for a customer as pleaded at paragraph 515 involved the provision of an item 6, table 1, s6 designated service to the customer.

Cheque cashing facilities - item 7, table 1, s6 designated services

The drawdown of funds under a CCF

519. Once a CCF was approved for a customer who had not previously been approved for a CCF:
- a. a CCF account would be opened in Synkros for the customer at the SEG casino for which the CCF had been approved; and
 - b. the credit limit approved under the CCF would be credited to the customer's CCF account.

Particulars

A FMA and SKA would also be opened, if the customer did not already hold these accounts.

These steps were undertaken by the SEG Credit and Collections team or by the Cash Services Duty Manager or Supervisor at the Cage of a casino property.

520. For a customer with a pre-existing CCF account, once a new CCF or new CCF limit had been approved:
- a. the existing details in Synkros (including details of the bank on which the cheque was to be drawn and KYC information) would be checked and updated as required; and
 - b. the credit limit approved under the CCF would be credited to the customer's CCF account.

Particulars

These steps were undertaken by the SEG Credit and Collections team or by the Cash Services Duty Manager or Supervisor at the Cage of a casino property.

- 521. The Star Sydney, Star Gold Coast and Treasury Brisbane casinos each maintained separate CCF accounts for their customers.
- 522. A customer was required to open a separate CCF account at each SEG casino to access their CCF at that casino.

Particulars

A single CCF limit was approved for all SEG properties. However, a customer was required to open a separate CCF account at each casino. The balances of a CCF account at each casino were kept separately. The approved limit across all SEG casinos was monitored and controlled by Cage employees at each property communicating with the other sites when a drawdown was requested.

- 523. The opening of a CCF account was a designated service provided by Star Sydney or Star Qld under item 11, table 3, s6 of the Act.

Particulars

Paragraph 471(a).

- 524. The credit entry to the CCF account corresponding to the approved limit of the CCF was a designated service provided by Star Sydney or Star Qld under item 13, table 3, s6 of the Act.

Particulars

Paragraphs 471(b) and 520(b).

- 525. At all times, a customer could draw on an approved CCF:
 - a. at the Star Sydney or Star Qld Cage for which the CCF was approved; or
 - b. through another individual authorised in writing to operate the CCF on their behalf, either under a standard form "Junket to Representative Authority" or under a standard form "Third Party Authority".

Particulars

Any existing customer of Star Sydney or Star Qld could be authorised under a third party authority to operate a CCF holder's CCF account.

A junket representative could be authorised to operate a CCF holder's account on behalf of the CCF holder, subject to the junket representative being approved and subject to KYC.

- 526. A junket funder would usually provide a third party authority giving:
 - a. the nominated junket operator;
 - b. a nominated junket representative;
 - c. a nominated individual rebate playerauthority to drawdown on the CCF account for a specified amount and time period.

Particulars

Item 12, table 3, s6 of the Act.

527. Prior to the first draw-down on a CCF, a customer would be required to undergo a KYC check in accordance with the KYC Standard under the AML/CTF Program at the relevant time.

Particulars

This check would occur at the Cage of the relevant casino, if the customer was present at the property. If the CCF holder was not present at a casino property, the KYC would take place in the customer's jurisdiction of residence by a casino licensed employee of SEG to the same standard. This would not occur every trip but would be done for the first use of a CCF or if KYC updates were required.

Limited checks were conducted with respect to customers drawing down on a temporary CCF.

528. At all times, subject to paragraph 529, to draw on a CCF a counter cheque was:
- a. generated by Star Sydney or Star Qld from Synkros at the casino Cage in the amount designated by the customer, which could be any amount up to the CCF limit; and
 - b. signed by, or on behalf of, the customer.

Particulars

A counter cheque included a customer's bank account details and was bankable.

A counter cheque was required to be issued in the name of the CCF account holder.

529. In place of a counter cheque, Star Sydney or Star Qld would accept a replacement cheque.
530. A replacement cheque was a blank cheque from the customer's bank-issued cheque book made payable to the Star Sydney or Star Qld casino and signed by the customer.

Particulars

Ordinarily, a replacement cheque would be accepted if it was issued from the CCF account holder's bank-issued cheque book.

531. At all times, once the counter cheque was signed by or on behalf of the customer, or a replacement cheque was provided to Star Sydney or Star Qld, an amount equal to the cheque was:
- a. either:
 - i. deposited into the customer's FMA (item 13, table 3, s 6); or
 - ii. issued as chips or a CPV (item 7, table 3, s 6)
 - b. and
 - iii. debited from the customer's CCF account (item 13, table 3, s6).

(the drawdown of funds under a CCF).

532. Funds could be drawdown from a CCF in AUD or HKD.

533. A single CCF approved for a junket funder could be drawdown to multiple FMAs held by multiple junket operators for multiple programs.
534. A single CCF approved for a junket funder could be drawdown to multiple sub-accounts held by a junket operator for different programs.
535. Where a person had authority to drawdown on a junket funder's CCF account (as pleaded at paragraph 526), the amount drawn down could be deposited into that person's FMA.

Particulars

Multiple junket operators or representatives could have third party authority to drawdown on a CCF account held by a junket funder.

Paragraph 553(f).

536. At all times, the drawdown of funds under a CCF was a transaction in relation to a loan, where the loan was made in the course of carrying on a loans business.

Particulars

See paragraph 452.

537. At all times, Star Sydney and Star Qld provided an item 7, table 1, s6 designated service when they provided a customer with a drawdown of funds from a CCF.

Particulars

See paragraph 531.

Repayments under a CCF

538. At all times, the balance owed to Star Sydney or Star Qld under a CCF could be repaid by:
- a. redemption of the counter cheque drawn from the customer's CCF account;
 - b. banking of the counter cheque; or
 - c. banking of a replacement cheque
- in the ways pleaded at paragraphs 539 to 544.

539. A counter cheque or a replacement cheque was required to be banked within the time prescribed by State legislation, unless it had been redeemed.

Particulars

Section 75, NSW Casino Control Act; ss 69-70, Qld Casino Control Act.

540. If a counter cheque or replacement cheque was not redeemed prior to the prescribed date for banking, Star Sydney or Star Qld would bank the cheque.
541. Prior to banking, Star Sydney or Star Qld completed a replacement cheque by dating the cheque and including the amount outstanding under the CCF at the date of banking.
542. A Star Sydney or Star Qld customer could redeem a counter cheque drawn on a CCF account, or could redeem a replacement cheque by:
- a. an electronic transfer of funds to a Star Patron account, including from a third party;

Particulars

SEG's policy was that a telegraphic transfer to repay a CCF balance could be made by the beneficiary of the CCF only.

However, Star Sydney and Star Qld accepted external telegraphic transfers from third party remitters for the repayment of CCF balances. Information relating to the sender of the funds received from third party remitters was difficult to ascertain. Star Sydney and Star Qld would not reject the payment unless there was evidence that they were not from the person responsible for the debt.

Third party remitters and other third parties collected cash from or on behalf of customers in Macau for the repayment of CCFs: see paragraphs 370 to 384, 391 to 441, 442 to 460.

Star Sydney and Star Qld would accept repayment of a CCF balance sourced from an FMA transfer from a third party. The third party deposited funds into their Star Sydney or Star Qld FMA by telegraphic transfer, and then requested for it to be transferred to the other customer's CCF account.

Payments from third parties were not always identifiable. See Paragraphs 275 and 277.

- b. applying winnings available at the conclusion of gaming;

Particulars

Paragraph 281.

A junket operator could move money between different sub-accounts for different programs. Paragraph 261.

- c. transfer from an FMA, whether in the customer's name or in a third party's name;

Particulars

For example, a Star Sydney or Star Qld customer could repay a third party CCF with funds sourced from a Hotel Card swipe.

- d. cash deposit at the Cage, including from third parties;

Particulars

For example, paragraph 662(f) regarding Customer 12.

- e. bank cheque;
- f. personal cheque that had been banked and cleared;
- g. disbursements from SEG authorised by the SEG Credit Committee; or
- h. a cleared deposit facilitated through the Hotel Card channel (see paragraph 358).

- 543. A junket operator could apply the settlement proceeds of a junket program to redeem a CCF held by a person funding the program in any of the ways pleaded at paragraph 542.

Particulars

Most Junket Program Agreements (**JPA**s) required any settlement proceeds payable to the junket operator, including rebates or

commissions, to be first applied to clear any outstanding amounts on the CCF that funded the program, pursuant to the terms of the JPA.

The junket funder was often not the same person as the junket operator.

544. The banking or redemption of a counter cheque or replacement cheque was recorded as a credit to the customer's CCF account.

Particulars

Item 13, table 3, s6 designated service.

545. The banking or redemption of a counter cheque or replacement cheque was a transaction in relation to a loan where the loan was made in the course of carrying on a loans business.

Particulars

See paragraph 452.

546. Star Sydney and Star Qld provided an item 7, table 1, s6 designated service when it banked or redeemed a counter cheque or replacement cheque.

Particulars

See paragraph 545.

547. If a cheque under a CCF was dishonoured, Star Sydney or Star Qld would recover payment from the customer in other ways.

548. Once funds were recovered from a customer following a dishonoured cheque, the recovered funds were recorded as a credit to the customer's CCF account.

Particulars

Item 13, table 3, s6 designated service.

549. The recovery of funds owed under a CCF by Star Sydney or Star Qld if a CCF cheque was dishonoured involved a transaction in relation to a loan where the loan was made in the course of carrying on a loans business.

Particulars

See paragraph 452.

550. Star Sydney and Star Qld provided an item 7, table 1, s6 designated service when it recovered funds owed under a CCF.

Particulars

See paragraph 549.

ML/TF risk assessments of CCFs

551. At no time did Star Sydney or Star Qld carry out an appropriate ML/TF risk assessment of the items 6 and 7, table 1, s6 designated services provided through CCFs.

Particulars

The 2019 Designated Services Risk Register considered CCFs.

552. The provision of items 6 and 7, table 1, s6 designated services by Star Sydney and Star Qld through CCFs involved higher ML/TF risks:
- a. CCFs enabled funds held by customers in foreign jurisdictions to be used in Australia without the need for a cross-border transfer.
 - b. Loans under CCFs could be drawdown and repaid as part of a complex chain of different designated services under tables 1 and 3, s6 of the Act.
 - c. A single CCF approved for a junket funder could be drawdown to multiple FMAs held by multiple junket operators for multiple programs.
 - d. A single CCF approved for a junket funder could be drawdown to multiple sub-accounts held by a single junket operator for different programs.
 - e. Multiple junket operators or representatives could have third party authority to drawdown on a CCF account held by a junket funder.
 - f. Credit approved through a single CCF facility could be shared across Star Sydney and Star Qld through multiple accounts.
 - g. Loans under CCFs could be drawn down by way of an FMA deposit and then withdrawn in accordance with the terms of an FMA, including by way of cash withdrawals.

Particulars

A cash withdrawal from the CCF holder's FMA (or the FMA of the operator or player funded by the CCF) was permitted where the customer was gaming on slot machines. A portion of those funds would be permitted to be taken in cash, the rest either as a ticket-in-ticket-out (**TITO**) voucher or funds could be transferred to the customer's CWA.

If a CCF was used to fund a rebate program, SEG's cash out policy would apply. Cash, funded by a CCF, could be withdrawn from a rebate program as follows:

- A. Premium Player or junket operator (Category A): Non-winnings of 5% of front money to a maximum of \$500,000;
- B. Premium Player or junket operator (Category B): Non-winnings of 5% of front money to a maximum of \$250,000; and
- C. Premium Player or junket operator (Category C): Non-winnings of 1% of front money to a maximum of \$25,000.
- D. These limits could be exceeded with relevant approvals.

- h. CCFs facilitated high volume and high frequency gambling by high risk customers playing through junket and rebate programs.
- i. Junket funders and operators were provided with significant lines of credit through CCFs. Following each drawdown of a credit facility or CCF by the junket operator or junket representative, chip purchase vouchers, gaming chips or cash equivalents that were issued by Star Sydney or Star Qld would be provided at the junket operator's or representative's discretion to the junket players.

Particulars

See paragraph 657.

- j. Loans under CCFs could be repaid through non-face-to-face channels, including by international and domestic telegraphic transfers.

Particulars

See paragraphs 350, 361(d), 375(b), 408, 429(c), 444, 467, 468 and particulars to 421 and 422.

- k. Loans under CCFs could be repaid by third party transfers through non-face-to-face channels, including third party companies.

Particulars

See the particulars at paragraph 285.

- l. Loans under CCFs could be repaid by transfer from a junket operator's FMA.

Particulars

Winnings from a junket program could be applied to redeem an amount owed by a junket funder under a CCF.

A junket operator could move money between different FMA sub-accounts for different programs.

- m. Temporary CCFs could be granted, with limited checks, for amounts that exceeded Hotel Card channel payments.

Particulars

Paragraph 358.

Customer 85.

- n. The provision and repayments of loans via CCFs created an avenue for money laundering through smurfing, cuckoo smurfing or offsetting.

Particulars

Paragraphs 25(a) to (h) and 650(h).

The Part A Programs did not apply controls to loans - CCFs

- 553. The Joint Part A Programs did not apply to items 6 and 7, table 1, s6 designated services and were not capable, by design, of identifying, mitigating and managing the ML/TF risks of these designated services.
 - a. The Joint Part A Programs did not include systems and controls to ensure that the approval of CCFs had regard to ML/TF risks.
 - b. The approval of credit limits under CCFs was subject to credit risk assessments not ML/TF risk assessments.
 - c. Where the customer being offered the CCF was funding or operating a junket that involved a table performance rebate arrangement, the CCF limit was higher than the CRE limit.

Particulars

For example, on 16 February 2018, Customer 1 was granted a CCF with a limit of \$266.67 million where the approved CRE was \$80 million.

Also, by 18 November 2017, the SEG Board had approved a CCF for Customer 5 with a limit of \$166.67 million where the approved CRE was \$50 million.

The CCF limit was calculated on the basis that the junket operator had a loss of the entire amount of that funding and was entitled to a rebate of 70% (being approximately \$116 million /\$186 million), providing a net exposure of approximately \$50 million /\$80 million.

- d. The ML/TF risks of the CCF flowed from the CCF limit not the CRE limit. Star Sydney and Star Qld did not have appropriate risk-based systems and controls in place to identify, mitigate and manage the ML/TF risks of the CCF limits.
- e. The Joint Part A Programs did not include appropriate risk-based controls to identify customers to whom the provision of credit was outside of risk appetite.

Particulars

Paragraphs 811 and 812.

- f. The Joint Part A Programs did not include controls to monitor drawdowns under CCFs or to understand the relationship between junket funders and the persons operating or playing on programs being funded by the CCF.
- g. The Joint Part A Programs did not have any processes in place to identify how, for example, the gaming chips issued by Star Sydney and Star Qld, based on the approved junket credit, were subsequently distributed among the junket players by the junket operator or representative.
- h. The Joint Part A Programs did not include appropriate risk-based controls to restrict withdrawals from FMAs that were funded by CCFs, including cash.
- i. The Joint Part A Programs did not include appropriate risk-based controls to restrict the ability of third parties to repay loans on behalf of customers.
- j. The Joint Part A Programs did not include appropriate risk-based controls to identify, mitigate and manage the ML/TF risks of CCF repayments through non-transparent international remittance channels.
- k. Star Sydney's and Star Qld's systems, processes and procedures could not adequately determine whether funds drawn on the CCF were used for game play.

Exchanging money for casino value instruments, including chips and tokens (and vice-versa)

- 554. From 30 November 2016, the Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to items 7 and 8, table 3, s6 designated services for the reasons pleaded at paragraphs 555 to 558 below.
- 555. Customers could use a number of different casino value instruments (**CVIs**) to obtain table 3, s6 designated services from Star Sydney and Star Qld, including those pleaded below:

- a. Chips:
- i. The exchange of money for chips was an item 7, table 3, s6 designated service.
 - ii. The exchange of chips for money was an item 8, table 3, s6 designated service.
 - iii. Chips could be used to enter into a game within the meaning of item 6, table 3, s6.
 - iv. A customer could be paid chips as winnings for the purposes of item 9, table 3, s6.

Particulars

Star Sydney and Star Qld issued different types of chips, including:

Cash chips: These were the main chip type used at the casino. Each chip had the actual value shown on both sides of the chip. Cash chips could be used at any table.

Premium chips: This was a type of chip issued to players participating in international or interstate premium player or junket programs. Use of these chips facilitated the tracking and calculation of drop, turnover and win/loss for these programs, separate from other gaming drop and win/loss on the same table(s). Premium chips were also available in HKD for use in specific HKD gaming areas.

Non-negotiable chips: This was a type of chip issued to players participating in international or interstate premium player or junket programs. Use of these chips facilitated the tracking and calculation of drop, turnover and win/loss for these programs, separate from other gaming drop and win/loss on the same table(s). Non-negotiable chips could not be redeemed for cash at the Cage without first being deposited into the FMA of the customer or the junket operator participating in premium player or junket program. Non-negotiable chips were also available in HKD for use in specific HKD gaming areas.

- b. Chip purchase vouchers (**CPVs**):
- i. This was a voucher drawn on a customer's FMA or CCF account, which involved an item 13, table 3, s6 designated service.
 - ii. A CPV could be exchanged for gaming chips at a table or selected Cage locations, or exchanged for credit for a gaming machine or ETG.
 - iii. A customer could deposit funds held in a CPV into an FMA, which involved an item 13, table 3, s6 designated service.
 - iv. A CPV was a channel through which items 6 and 7, table 3, s6 designated services could be obtained.
- c. Chip exchange vouchers (**CEVs**) or rollover slips:
- i. A CEV was used to record the exchange of premium cash chips for premium non-negotiable chips by participants in a program (including by premium players, junket operators, junket representatives, and junket players).

- ii. A CEV could not be exchanged for value at the Cage.
 - iii. CEVs were used to track turnover on a program.
 - iv. A CEV was a channel through which items 6 and 7, table 3, s6 designated services could be obtained.
- d. 'Ticket-in-ticket-out' tickets (**TITO tickets**):
- i. A TITO ticket was a barcoded ticket dispensed from EGMs or ETGs when a customer elected to collect credits.
 - ii. A TITO was a token for the purposes of the Act.
 - iii. A customer received an item 9, table 3, s6 designated service when a TITO was dispensed from a gaming machine.

Particulars

At Star Sydney, generally, the payout limit on tickets without human intervention was \$2,000 on the main gaming floor or \$5,000 in private gaming rooms. Paragraph 575.

At Star Qld, generally, the payout limit on tickets without human intervention was \$9,999 before July 2021 or \$5,000 on the main gaming floor or \$7,500 in private gaming rooms from July 2021. Paragraph 576.

Some machines at Star Sydney and Star Qld could dispense tickets up to \$100,000 without human intervention. Paragraph 577.

- iv. A TITO ticket could be exchanged or redeemed for cash at a cash redemption terminal (up to \$5,000 at Star Sydney and \$9,000 at Star Qld) or at the Cage with no limit.

Particulars

Paragraphs 579.j).

- v. A TITO ticket could also be redeemed for a cheque.
 - vi. The redemption of a TITO ticket was an item 8, table 3, s6 designated service.
 - vii. A TITO ticket could be inserted into an EGM or ETG to obtain an item 6, table 3 s6 designated service on an EGM or ETG.
 - viii. A customer could deposit funds held in a TITO ticket into an FMA or CWA, which involved an item 13, table 3, s6 designated service.
 - ix. A TITO ticket could also be purchased at the Cage and used for gambling purposes.
 - x. The purchase of a TITO ticket was an item 7, table 3, s6 designated service.
- e. Payout or hand-pay tickets:
- i. A hand-pay ticket was a document that was issued by Star Sydney or Star Qld when a customer wanted to cash-out on an EGM or ETG by a manual disbursement (where the customer was not automatically and totally cashed out directly by the machine).

- ii. A payout or hand-pay was a token for the purposes of the Act.
 - iii. The issue of a hand-pay slip was an item 9, table 3, s6 designated service.
 - iv. Payout or hand-pay tickets could be exchanged or redeemed for cash at the Cage or cash redemption terminals (up to the limits pleaded at paragraph 571(k)).
 - v. A payout or hand-pay ticket could also be redeemed for a cheque.
 - vi. The redemption of a payout or hand-pay ticket was an item 8, table 3, s6 designated service.
 - vii. A customer could deposit funds held in a payout or hand-pay ticket into an FMA or CWA, which involved an item 13, table 3, s6 designated service.
- f. Redeemable tickets:
- i. A redeemable ticket could be purchased with cash, chips, TITO tickets, or from funds in an FMA or SKA.
 - ii. A redeemable ticket was a token for the purposes of the Act.
 - iii. The purchase of a redeemable ticket was an item 7, table 3, s6 designated service.
 - iv. A redeemable ticket could be inserted into an EGM or EGT to obtain an item 6, table 3, s6 designated service on an EGM or ETG.
 - v. A redeemable ticket could be redeemed at cash redemption terminals (up to the limits pleaded at paragraph 571(k)) or at the Cage.
 - vi. The redemption of a TITO ticket was an item 8, table 3, s6 designated service.
 - vii. A redeemable ticket could be used to register a credit entitlement on an EGM or ETG.
- g. Multi play vouchers (**MPV**):
- i. This was a voucher issued to rebate players on programs if approved by SEG Marketing /Sales Managers.
 - ii. An MPV could be used at a gaming table in VIP gaming areas.
 - iii. An MPV could not be exchanged for value at the Cage.
 - iv. An MPV could be exchanged for tokens at a gaming table to place a wager.
 - v. An MPV was a channel through which item 6, table 3, s6 designated services could be obtained.
- h. Free bet vouchers (**FBV**):
- i. This was a complimentary bet voucher that was issued to a customer.
 - ii. An FBV could be exchanged for tokens at a gaming table to place a wager.
 - iii. An FBV could not be exchanged for value at the Cage
 - iv. An FBV was a channel through which item 6, table 3, s6 designated services could be obtained.

- i. Casino dollar chip purchase voucher (**CDCPV**):
 - i. A CDCPV was an electronically produced gaming document issued from a Member Kiosk, Customer Service desk or Cage when a customer chose to redeem their Casino Dollars.
 - ii. Casino dollars were a loyalty program currency that was accumulated by members as they purchased select goods and services on the casino property (e.g. gaming, hotel, food and beverage, select owned retail outlets).
 - iii. A CDCPV could be used for EGM play and for chips to play at tables.
 - iv. A CDCPV was a channel through which item 6, table 3, s6 designated services could be obtained.

556. The use of CVIs to obtain table 3, s6 designated services from Star Sydney and Star Qld involved the following higher ML/TF risks:

- a. Each of the above CVIs either directly involved the provision of table 3 designated services or were a channel through which table 3 designated services were provided.
- b. During a visit to the casino, a customer could use CVIs to undertake multiple transactions, such as buying into and cashing out of table games or EGMs (items 6 and 9, table 3, s6), or transacting on an FMA or SKA (item 13, table 3, s6).
- c. CVIs could be purchased with cash.
- d. CVIs could be issued in large values.
- e. There were no limits on the amount of chips that could be purchased, including in cash.
- f. CVIs were highly transferrable and could not always be traced to an account holder or identified customer.
- g. Customers could therefore transfer value from one person to another by passing on the CVIs.
- h. The redemption of CVIs could not always be attributable to winnings and could be cashed out with minimal or no play.
- i. The issue or redemption of tickets was not always face-to-face.

Particulars

See paragraphs 575, 576 and 577 with respect to the payout limits on TITO tickets through non-face-to-face channels.

See paragraph 579.j) for the maximum deposits and withdrawals through cash redemption terminals.

- j. By reason of (a) to (i), CVIs could be used to layer funds, as part of a more complex transaction chain of designated services, making it difficult to understand the purpose of transactions, the beneficial owner of funds or the ultimate beneficiary of value moved.

Particulars

Chapter 2 FATF/APG Casino Typologies Report.

See paragraph 25.

557. At no time did Star Sydney and Star Qld conduct an appropriate ML/TF risk assessment of the provision of table 3, s6 gaming services through CVIs.

Particulars

Whilst the Risk Registers referred to some risks relating to CVIs, at no time did Star Sydney and Star Qld adequately identify and assess all of the risks pleaded at paragraph 556.

At no time did Star Sydney and Star Qld identify and assess the different ML/TF risks of different CVIs in accordance with an appropriate ML/TF risk methodology.

558. At no time did the Joint Part A Programs include appropriate risk-based systems and controls to identify, mitigate and manage the ML/TF risks of the provision of table 3 gaming services through CVIs:
- a. At no time did the Joint Part A Programs include appropriate risk-based controls to mitigate and manage the ML/TF risks pleaded at paragraph 556.
 - b. With the exception of some limits on amounts printed on TITOs and transaction limits on cash redemption terminals, controls on CVIs were predominantly detective, not preventative.
 - c. Some TITO tickets had very high limits and posed ML/TF concerns, as pleaded at paragraph 577.
 - d. Cage staff applying detective controls to item 8, table 3, s6 designated services did not have adequate visibility over these complex transaction chains involving CVIs.
 - e. The transaction monitoring program did not include appropriate processes to identify customers who purchased or cashed out chips or other CVIs with minimal or no play (items 7 and 8, table 3, s6).

Particulars

Manual alerts or referrals could be raised by Cage staff if they observed such activity, but there were no risk-based procedures requiring Cage staff to verify play before cashing out chips. Game Connect did not record uncarded play.

It was not until April 2021 that automated rules were created to identify minimal gaming following a chip purchase or chip cash-out with no play. This rule relied on data from Game Connect which recorded carded play only.

Table games and electronic gaming machines

559. From 30 November 2016, the Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to items 6 and 9, table 3, s6 designated services for the reasons pleaded at paragraphs 560 to 581 below.
560. Star Sydney and Star Qld provided designated services under items 6 and 9, table 3, s6 through:
- a. table games; and

b. electronic gaming machines (**EGMs**), or pokie machines.

561. Star Sydney and Star Qld offered a range of different table games.

a. Table games included roulette, baccarat, blackjack and poker.

b. Some table games were semi-automated or fully automated (electronic table games or **ETGs**).

Rated and unrated gaming play

562. Star Sydney and Star Qld recorded table 3, s 6 gaming activity of customers differently depending on whether the customer was playing using their membership or loyalty card (**rated or carded play**) or not (**unrated or uncarded play**).

563. Star Sydney's and Star Qld's customers were free to choose whether to play carded or uncarded.

564. To play carded, the table games dealer scanned the customer's Star Club membership card and visually identified the customer.

565. Star Sydney and Star Qld customers accrued awards for carded play.

Record-keeping of rated play

566. Star Sydney and Star Qld recorded carded or rated play differently depending on the gaming services provided to the customer.

a. Where a customer engaged in carded or rated play at table games, Star Sydney and Star Qld:

i. manually input information about the customer's gaming activity into Game Connect;

Particulars

Gaming staff at Star Sydney and Star Qld manually record:

- a. the amount of cash or value of CPVs used by the customer to purchase chips;
- b. the number of chips brought by the customer to the table;
- c. the number of chips the player leaves the table with; and
- d. any adjustments to the preconfigured default average bet calculated by the Game Connect system, being the minimum bet available for the table, if gaming staff observe a customer to consistently place bets of a particular value.

As data is all drawn from staff observation and manually inputted into Game Connect, the accuracy of this data is limited for the following reasons: (A) Staff may not accurately observe the number of chips the customer brings to the table or leaves the table with; and (B)

While monitoring and recording the table game activity and transactions, there is a risk of human error in that transactions may go unrecorded or be incorrectly recorded.

- ii. record details of the customer's average bet, turnover and win/loss in Synkros based on automatic formulas;

Particulars

Following the end of play, manual data recorded in Game Connect is transferred to Synkros and automatic calculations are performed to calculate:

- a. the customer's win/loss based on the amount of cash and/or CPVs used to buy in and the number of chips brought to the table, less the number of chips the customer leaves the table with;
- b. the customer's average bet, based on the preconfigured default amount for each table set up in Game Connect which is the minimum bet available for the table, modified by any adjustments by gaming staff; and
- c. the customer's turnover based on the value of a customer's average bet and the number of decisions per hour, multiplied by the total time spent playing the table game.

This information is recorded against the membership number associated with the customer in Synkros.

- iii. from November 2020, only record the customer's wagering activity on a bet by bet basis where it occurred at Smart Tables at Star Sydney.

Particulars

By November 2020, Star Sydney commenced recording the customer's wagering activity on a bet by bet basis at Smart Tables via the Angel Eye surveillance system.

Smart Tables were available for customers who played Baccarat in two specific private gaming rooms only.

- b. Where a customer engaged in carded or rated play on EGMs, Star Sydney and Star Qld:
 - i. record details about the customer's gaming activity at the EGM;

Particulars

While the customer's membership card is inserted in the EGM, details of customer's gaming activity at the EGM are transferred to Synkros, which records:

- a. the customer's membership card number;
- b. the time the card was inserted in the machine;
- c. the time the card was removed from the machine;
- d. the **Total In**, being of all bets placed whilst the card was in the machine, including cash bills in, TITO tickets in, CWA transfers to the credit meter, cash equivalents issued by Star, or any free play awarded; and

- e. the **Total Out**, being all monies won or lost by the customer whilst their card was in the machine.
- ii. record details of the customer's average bet, turnover and win/loss in Synkros based on automatic formulas;

Particulars

When the customer's card is removed from the machine, the data is transferred to Synkros and automatic calculations are performed to calculate:

- a. the customer's win/loss based on the 'Total In' figure less the 'Total Out';
- b. the customer's average bet per spin based on the Total In divided by the preconfigured default number of spins played at the machine whilst the customer's card is inserted into the machine; and
- c. the customer's turnover based on the total of all bets placed by the customer.

This information is recorded against the membership number associated with the customer in Synkros.

- iii. can only link data related to a customer's gaming activity while the customer's membership card is in the machine. The customer's membership card could be removed from the machine at any time, after which time play would be uncarded.

567. Star Sydney and Star Qld's record-keeping methodology in respect of rated play is designed to primarily estimate gaming activity in order to calculate the accrual of rewards for customers, not to accurately capture the customer's actual gaming activity.

Record-keeping of unrated play

568. Where a customer engages in unrated play at table games, Star Sydney and Star Qld:
- a. do not track the gaming activity against the customer;
 - b. record details of cash transactions under \$10,000 in Game Connect but do not record the customer associated with the buy-in; and
 - c. record details of cash transactions over \$10,000 in Synkros.

Particulars

Paragraph 757.

569. Where a customer engages in unrated play at EGMs, Star Sydney and Star Qld record data on EGMs, including cash in and tickets in and tickets out, for a period of 90 days from play but do not record this against a particular customer.

The ML/TF risks of table games, EGMs and ETGs

570. Different table games and EGMs have different ML/TF risk profiles depending upon matters including:
- a. whether they are face-to-face or not;

- b. whether they permit even-money betting;
- c. the degree of uncertainty of outcomes;
- d. how rapidly money can be processed;
- e. ticket limits, which can vary between machines;
- f. whether they permit peer-to-peer gaming.

571. Prior to August 2017, cash of up to \$10,000 generally could be inserted into ETGs and EGMs at Star Sydney and Star Qld.

Particulars

Some Star Sydney machines were not applying these limits as at 2017.

- 572. Generally, from August 2017, cash of up \$7,500 could be inserted into ETGs and EGMs.
- 573. Some unrestricted EGMs and ETGs at Star Sydney and Star Qld could accept cash of \$10,000 or more.

Particulars

Machines that could accept cash of \$10,000 or more were predominantly in private gaming rooms. Some machines could accept unlimited cash.

574. From 30 November 2016, Star Sydney and Star Qld permitted unlimited cash deposits into EGMs and ETGs for customers playing on slot rebate programs.

Particulars

There were no limits on buy-in for slot rebate programs, and cash could be inserted directly into machines for slot rebate program play.

575. At all times, generally, EGM and ETG automated payout limits at Star Sydney were \$2,000 for the main gaming floor and \$5,000 for private gaming rooms.

Particulars

Ticket payments over a payout limit were required to be verified by a Star Sydney gaming attendant or above.

Some high value machines at Star Sydney could print a ticket for up to \$10,000 without requiring an attendant.

576. Generally:

- a. prior to July 2021, automated EGM and ETG payout limits at Star Qld were \$9,999; and
- b. from July 2021, automated EGM and ETG payout limits at Star Qld were \$5,000 for the main gaming floor and \$7,500 for private gaming rooms.

Particulars

Ticket payments over a payout limit were required to be verified by a Star Qld gaming attendant or above.

Some high value machines at Star Qld could print a ticket for up to \$10,000 without requiring an attendant.

577. Some unrestricted ETGs at Star Sydney and Star Qld printed tickets up to \$100,000 with no oversight by a gaming attendant.
578. At all times, a Star Sydney or Star Qld staff member was required to confirm a jackpot win before a payout could be awarded to a customer.
579. Table games and EGMs offered by Star Sydney and Star Qld involved the following ML/TF risks:
- a. Money could be moved through table games and EGMs through buying-in and cashing-out using cash, chips, TITO tickets and other CVIs.
 - b. Chips, TITOs and other CVIs were highly transferrable.
 - c. Customers could therefore transfer value from one person to another by passing on chips, TITOs, jackpot vouchers and other CVIs.
 - d. EGMs and ETGs were not face-to-face.
 - e. ETGs and EGMs involved less oversight by Star Sydney and Star Qld staff because they are not face-to-face.
 - f. EGMs and ETGs accepted large amounts of cash, and in particular:
 - i. Some unrestricted machines at Star Sydney and Star Qld could accept cash of \$10,000 or more.
 - ii. Unlimited cash could be deposited into EGMs and ETGs by customers playing on slot rebate programs.
 - g. Other than the limits on cash pleaded at (f), there were no limits on the amount of money that could be inserted into a Star Sydney and Star Qld ETG or EGM.
 - h. EGMs primarily accept cash and cash continues to be the primary method by which criminals obtain wealth from dealing in illicit commodities.
 - i. EGMs and ETGs issued tickets automatically in high values, and in particular:
 - i. some high value machines at Star Sydney and Star Qld could print a ticket for amounts just below \$10,000 without requiring a gaming attendant;
 - ii. some unrestricted ETGs at Star Sydney and Star Qld printed tickets up to \$100,000 with no oversight by a gaming attendant.
 - j. Tickets, including tickets that had been issued automatically by ETGs and EGMs could be redeemed for cash at cash redemption terminals (or ticket-in-cash-out terminals) without human oversight up to the following limits:
 - i. At Star Sydney, cash could be redeemed up to \$2,000 on the main gaming floor and \$5,000 in private gaming rooms.
 - ii. At Star Qld, cash could be redeemed up to \$9,000.
 - k. Money including cash could be inserted into ETGs and EGMs, and tickets could be collected with minimal or no play.

Particulars

Loading cash into EGMs, engaging in no limited play, and then claiming the credits as winnings is a well-known money laundering method.

- i. Some Star Sydney and Star Qld customers were issued with multiple gaming cards for use at EGMs, which allowed them to play multiple machines at once:
 - i. Star Qld platinum and diamond tier members were eligible to receive an additional card called a 'gaming card' to be used on EGMs when a member wished to play multiple machines at once.
 - ii. Star Sydney permitted customers to engage in slot rebate play using up to 2 gaming cards.

Particulars

For example, Person 67 appeared to have been issued 30 gaming cards in 15 days by Star Sydney. Star Sydney records indicated that the customer appeared to have been at multiple devices at the same time, but it was not clear why he was issued with 30 cards.

- m. In table games that permit even-money wagering (such as roulette and baccarat), two customers could cover both sides of an even bet to give the appearance of legitimate gaming activity while minimising net losses.
- n. Further, table games such as baccarat involve a low 'house edge'. Each hand can be high in value and is played within seconds. Money can therefore be turned-over very quickly, with minimal net loss and in collusion with other players.
- o. The risks of even-money waging are higher with ETGs and EGMs, as there is little to no oversight and a player can play several terminals at the same time.
- p. EGMs and ETGS are vulnerable to refining because they process large volumes of smaller amounts quickly.
- q. EGMs and ETGs are vulnerable to structuring by way of cash deposits of \$7,500 or under and structured funds could be redeemed through non-face-to-face channels.
- r. CWA credits, including credits derived from cash deposits, could be moved through EGMs.
- s. Poker permitted peer-to-peer gaming, which posed risks of collusion.
- t. Poker, particularly poker tournaments, could be used as a vehicle to legitimise the transfer of large amounts of funds between players.
- u. Third parties can purchase winning tickets and convert the proceeds to a winning cheque.
- v. By reason of (a) to (u), play on table games and EGMs could be used to layer funds, as part of a more complex transaction chain of designated services, making it difficult to understand the purpose of transactions, the beneficial owner of funds or the ultimate beneficiary of value moved.
- w. EGM related transactions are difficult to trace.
- x. EGMs can be used for spending proceeds of crime (not just cleaning money).

Particulars

See paragraph 25.

580. At no time did Star Sydney and Star Qld identify and assess the different ML/TF risks of different table games and EGMs in accordance with an appropriate ML/TF risk methodology.
581. At no time did the Joint Part A Programs include appropriate systems and controls to identify, mitigate and manage the ML/TF risks of designated services provided under items 6 and 9, table 3, s6 through each of the different table games and EGMs:
- a. The Joint Part A Programs did not have appropriate regard to the different ML/TF risk profiles of different table games and EGMs when determining and putting in place risk-based systems and controls for items 6 and 9, table 3, s6 designated services.
 - b. The Joint Part A Programs did not include appropriate preventative controls, such as appropriate transaction or daily limits, with respect to buy-ins and cash-outs.
 - c. The Joint Part A Programs did not include appropriate risk-based procedures to understand source of wealth or funds with respect to items 6 and 9, table 3, s6 designated services (especially with respect to uncarded play as defined in paragraph 562).
 - d. Detective controls were limited because Star Sydney and Star Qld did not make and keep complete or reliable records of transactions relating to items 6 and 9, table 3, s6 designated services.

Particulars

Paragraph 752.

- e. Detective controls were largely reliant on staff observation and surveillance, which were inadequate including for the following reasons:
 - i. the ML/TF risks of EGMs and ETGs could not be adequately monitored by manual and observational methods;
 - ii. manual and observational controls were not capable of consistently detecting the use of table games and EGMs to layer funds, as part of a more complex transaction chain of designated services; and
 - iii. the Part A detective controls did not allow the Cage visibility over any unusual patterns of activity on table games and EGMs at the point in time when the Cage exchanged chips, TITO tickets or other CVIs for money.

Foreign currency exchange - item 14, table 3, s6 designated services

582. From 30 November 2016, the Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to item 14, table 1, s6 designated services for the reasons pleaded at paragraphs 583 to 590 below.
583. At all times, Star Sydney and Star Qld provided foreign currency exchange services to customers within the meaning of item 14, table 3, s6 of the Act.
584. Subject to paragraph 585, the Star Sydney and Star Qld Cages each accepted physical currency, foreign cheques and travellers' cheques for the purposes of currency exchange.
585. Since late 2021/2022, Star Sydney no longer accepts travellers' cheques.

586. Customers could also deposit or transfer funds into foreign currency accounts held by Star Sydney and Star Qld.
587. Sydney and Star Qld would convert the funds to Australian dollars and make them available to the customer in their FMA.
588. Currency exchange was also facilitated for customers who were repaying debts owed to Star Sydney and Star Qld.
589. At no time did Star Sydney and Star Qld carry out an appropriate ML/TF risk assessment with respect to designated services provided through its foreign currency accounts, including currency exchange services.

Particulars

Star Sydney and Star Qld purported to carry out risk assessments of item 14, table 3, s6 designated services in 2016, 2017, 2019 and 2020.

These assessments did not have appropriate regard to the ML/TF risks pleaded at paragraph 564 below:

- A. The assessments in 2016 and 2017 identified risks of fraudulent or stolen foreign currency or travellers' cheques only.
- B. The 2019 and 2020 assessments identified risks of large, one-off, or frequent foreign currency exchanges or deposits of foreign currency to launder funds, which may also employ structuring methods to avoid TTR reporting; risks of exchange of foreign currency for casino cheques with little or no play; currency exchanges with no reasonable purpose (no play); and sudden inflow of foreign currency funds, followed by little or no gambling activity and a sudden outflow through a financial instrument (cheque).

None of these assessments analysed the risks specific to Star Sydney or Star Qld, having regard to the nature, size and complexity of their business. None of the assessments considered the risks posed specifically by international and rebate players.

590. The Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to item 14, table 3, s6 designated services.
- a. The FATF/APG Casino Typologies Report, Chapter 2, identifies indicators of money laundering using currency exchange, including:
- i. bank drafts/cheques cashed in for foreign currency;
 - ii. multiple currency exchanges;
 - iii. dramatic or rapid increases in size and frequency of currency exchange transactions for regular account holders;
 - iv. currency exchange for no reasonable purpose;
 - v. currency exchanges with low denomination bills for high denomination bills;
 - vi. currency exchanges carried out by third parties;

- vii. large, one-off, or frequent currency exchanges for customers not known to the casino;
 - viii. requests for casino cheques from foreign currency;
 - ix. currency exchanges with little or no gambling activity; and
 - x. structured currency exchanges.
- b. The Joint Part A Programs did not include controls for monitoring or managing transactions indicative of the above typologies.

Particulars

Controls were limited to staff training, the collection of customer identification information, SMR reporting, screening and monitoring for counterfeit notes.

None of these controls were appropriately directed toward detecting or managing the ML/TF risks pleaded above.

Star Sydney's and Star Qld's systems and controls to monitor for minimal or no play were limited.

Item 14, table 3, s6 transactions under \$1,000 were not recorded, and were therefore not capable of being monitored.

Manual monitoring of foreign currency transactions via the TT spreadsheet was not appropriately risk-based and was not subject to any guidance.

Controls assumed that foreign currency exchange was face-to-face, which did not apply to exchange of foreign currency via deposits into FMAs or SKAs through the Star Patron account channel.

Designated services provided in foreign currencies

591. From 30 November 2016, the Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to table 1 and table 3, s6 designated services provided in foreign currencies for the reasons pleaded at paragraphs 592 to 594 below.
592. At all times, Star Sydney and Star Qld provided the following designated services in Hong Kong Dollars (**HKD**):
- a. Table 3, s6 gaming services were provided to international or interstate premium players and junket players in HKD (with the exception of designated services provided through EGMs).
 - b. Star Sydney and Star Qld issued chips in HKD, being item 7, table 3, s6 designated services.
 - c. Chips in HKD enabled customers to purchase table 3, s6 designated services in HKD.
 - d. CCFs were provided to customers in HKD, including to international program and junket players, involving items 6 and 7, table 1, s6 designated services.

- e. Customers could open an FMA or SKA in HKD, and transact on these accounts in HKD, being items 11 and 13, table 3, s6 designated services.

Particulars

Customer 9 held FMA and SKA accounts in HKD to facilitate international remittance.

Junket operators were permitted to hold FMAs and SKAs in HKD.

- f. Star Sydney and Star Qld provided item 14, table 3, s6 designated services (currency exchange) in HKD to all customers.

Particulars

The ICM Cage Operations required the Cash Services Manager to ensure that computer systems were configured so that chip bank/fill bank/front window and tables could only conduct transactions in one currency (either AUD or HKD).

- 593. At no time did Star Sydney and Star Qld conduct an appropriate assessment of the ML/TF risks of providing designated services in HKD.
- 594. At no time did the Joint Part A Programs have appropriate regard to the fact that some table 1 and table 3, s6 designated services were provided in HKD for the purposes of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to these designated services.
 - a. At no time did the Joint Part A Programs include appropriate risk-based controls to monitor the provision of designated services in HKD, including with respect to designated services provided through international programs or junkets.
 - b. At no time did the transaction monitoring program in the Joint Part A Programs have regard to the fact that some customers received designated services in HKD for the purposes of determining whether the customer's transactional activity was unusual.

Particulars

For example, there were no processes in place to identify international program or junket customers provided with credit in HKD (item 6, table 1), gaming in HKD (table 3), but repaying credit in AUD (item 7, table 1) or receiving winnings in AUD (items 4 and 9, table 3).

Sections 85(2)(a) and 85(2)(c) of the Act.

Safe deposit boxes

- 595. From 30 November 2016, the Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to item 47, table 1 s6 designated services for the reasons pleaded at paragraphs 596 to 610.
- 596. At all times, Star Sydney and Star Qld provided safe deposit boxes inside private gaming rooms within the casino premises to customers within the meaning of item 47, table 1, s6 of the Act.
- 597. At all times, cash, chips and other items could be stored in a safe deposit box.

598. Safe deposit boxes were available in private gaming rooms at Star Sydney and Star Qld for:
- a. international customers; and
 - b. junket operators, junket funders and junket representatives authorised to access a safe deposit box on behalf of customers participating in a junket program.
599. A customer could nominate one agent to also have access to the safe deposit box.
600. A customer applied for a safe deposit box by completing a “safe deposit box record” form.

Particulars

The safe deposit box record was a manual form retained at the Cage.

The minimum information to be recorded on the form was: (i) box, key and guest number; (ii) box holder information including name, DOB, address and contact number; (iii) identification details including ID type, expiry date and points; (iv) nominated agent information (if applicable) including name, guest number, signature and identification details including ID type, expiry date and points; (v) terms and conditions of use; (vi) date and time, (vii) box holder signature, and (viii) Cash Services KE Cashier signature and licensed number.

601. Each time that a customer or their agent required access to an allocated safe deposit box, they were required to:
- a. present themselves at the Cage with their key to the box; and
 - b. provide identification and KYC information.
602. The Star Sydney and Star Qld Cage employee was required to:
- a. complete a “record of access form”; and
 - b. verify the customer's or agent's signature on each occasion that the box was accessed.

Particulars

603. The minimum information to be recorded on the form was: a) box holder's name and box number, b) date and time of entry, c) signature of box holder or agent, and d) signature and licence number of Cage representative. Once the steps at paragraph 602 were completed, the Star Sydney and Star Qld Cage employee:
- a. took the customer's key; and
 - b. used both the Casino Cage access key and the customer's key to remove the customer's safe deposit box from a safe inside the Cage;
 - c. gave the customer or agent access to the safe deposit box via the front window of the Cage.
604. At Star Qld, safe deposit boxes in private gaming rooms could be operated on a single key system and could be accessed at any time by the customer.
605. When the customer or agent completed their transaction:
- a. the customer or agent returned the safe deposit box to the Cage;

- b. the safe deposit box was closed and locked away by the Cage employee; and
 - c. the customer's key was returned to the customer or agent.
606. When the customer had no further use for the safe deposit box, they signed the bottom of the record of access form verifying the withdrawal of the safe deposit box contents and returned the key to the Cage.
607. Safe deposit boxes were required to be emptied at the conclusion of a junket program.
608. The provision of item 47, table 1, s6 designated services involved the following ML/TF higher risks:
- a. Customers may exploit the privacy of safe deposit boxes to store the proceeds and instruments of crime.
 - b. Safe deposit boxes may be used to store large amounts of cash and chips.
 - c. Star Sydney and Star Qld had little visibility over the source of funds held in safe deposit boxes.
 - d. The provision of safe deposit boxes in private gaming rooms added vulnerabilities and ML/TF risks.
 - e. Once cash was accessed from a safe deposit box in a private gaming room, it could be passed to another person in the private gaming room.
 - f. There was a risk that funds held in safe deposit boxes could be moved between junkets.
 - g. There was a risk that third parties could access funds in a safe deposit box.
609. Star Sydney and Star Qld carried out ML/TF risk assessments with respect to item 47, table 1, s6 designated services.

Particulars

Risk assessments were conducted in 2016, 2017, 2019 and 2020/21.

The assessments conducted in 2016 and 2017 did not identify any specific risks. Controls were assessed as effective and residual risk rated low.

An assessment in 2019 identified many of the inherent ML/TF risks of safe deposit boxes. Controls were assessed partially effective and residual risk was rated moderate.

The 2020-21 risk assessment rated safe deposit boxes as low risk and noted that the likelihood of risk had been significantly minimised due to COVID and the cessation of junkets.

610. The Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to item 47, table 1, s6 designated services because:
- a. There were no procedures or controls enabling Star Sydney and Star Qld to understand the purpose or expected use by the customer of the safe deposit box.

Particulars

Definition of KYC information in relation to a customer who is an individual in r1.2.1 of the Rules.

- b. There were no limits on the amount of cash or chips that could be stored in safe deposit boxes.
- c. There were no limits on the amount of cash that could be taken into private gaming rooms.
- d. There were no systems and controls in place for Star Sydney or Star Qld to understand the source of funds, including the origin of funds, being deposited into safe deposit boxes.

Particulars

Definition of KYC information in relation to a customer who is an individual in r1.2.1 of the Rules.

- e. Star Sydney and Star Qld did not maintain any records of the amount of cash or chips stored in safe deposit boxes; nor did they maintain records of the amount of cash or chips being deposited or removed from a safe deposit box each time it was accessed.
- f. Once cash had been withdrawn from a safe deposit box, cash or chips could be passed to third parties in the private gaming room.
- g. The risk that funds could be moved between junkets was not the subject of appropriate controls.
- h. The transaction monitoring program was not capable of monitoring a customer's use of a safe deposit box over time, for the purposes of determining whether there were unusual or suspicious patterns of activity.
- i. AML/CTF controls consisted of no more than customer identification.

Particulars

Case study – Customer 27

In July 2018, a junket operator, Customer 27, presented a cooler bag containing \$450,050 in cash made up of multiple denominations to the Sovereign Room Cage for deposit into a safe deposit box. Surveillance footage indicated Customer 27 had been given the cooler bag by a third party, who had accompanied Customer 27 to the Cage. Customer 27 requested the Cage to count the cash to ensure that there was \$450,050. Star Sydney contacted law enforcement and Customer 27 agreed to surrender the funds.

See Customer 27, including as to risk profile.

Case study: Customer 41

On 21 October 2017, a representative of Customer 41's junket presented \$180,000 in cash at Star Sydney. The cash was contained in a sealed white envelope which was in a shopping bag. It was comprised of \$179,000 in \$50 notes and \$1,000 in \$100 notes, in bundles of \$5,000 bound together with elastic bands. The representative requested that Star Sydney exchange the cash for \$100 notes. Star Sydney completed this transaction. The

representative then presented another \$90,000 in cash comprised of \$100 notes and requested that Star Sydney staff count the cash. Once this was completed, the junket representative placed the cash, totalling \$270,000, into the safe deposit box for Customer 41's junket program: SMR dated 23 October 2017.

On 22 October 2017, the same representative of Customer 41's junket presented \$130,000 in cash at Star Sydney. The cash was sealed within a white envelope and was comprised entirely of \$50 notes in bundles of \$5,000 bound together with red elastic bands. The representative requested that Star Sydney exchange the cash for \$100 notes and Star Sydney completed this transaction. The representative then placed the cash into the safe deposit box for Customer 41's junket program: SMR dated 23 October 2017.

See Customer 41, including as to risk profile.

Case study: Customer 50

On 30 August 2017, Person 46, a junket representative of Customer 31's junket removed \$175,000 in chips from Customer 31's safe deposit box. The junket representative exchanged the chips for cash and handed the cash to Customer 50. Customer 50 exchanged \$75,000 of the cash for chips and proceeded to record a turnover of \$600,450 with a loss of \$150,050. Customer 50 was not recorded as a player on junket and, at that time, Star Sydney failed to identify any links between Customer 50 and Customer 31's junket despite Customer 50 having played on Customer 31's junket in 2016 and 2017. Star Sydney considered this transaction to be highly unusual: SMR dated 31 August 2017.

Designated services provided in cash

611. From 30 November 2016, the Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to designated services involving cash for the reasons pleaded at paragraphs 612 to 617 below.
612. Star Sydney and Star Qld are cash intensive businesses that are vulnerable to the ML/TF risks and typologies pleaded at paragraph 18 and 25.
613. Controls on large or unusual cash deposits and payouts at the Star Sydney and Star Qld Cage were not appropriately risk-based from 30 November 2016:
 - a. From 1 November 2019, Star Sydney and Star Qld customers were asked for source of funds information when the customer sought a designated service by providing cash of \$300,000 or more.
 - b. From 1 June 2020, Star Sydney and Star Qld customers were asked for source of funds information when the customer sought a designated service by providing cash of \$100,000 or more.
 - c. At all times, Star Sydney or Star Qld Cage staff, in their discretion, might have inquired after source of funds information if the customer presented a red flag, such cash being presented in an unusual condition or packaging.

- d. However, at no time were customers obliged to provide Star Sydney or Star Qld with source of funds information, if or when asked.
- e. If a customer refused to provide source of funds information or if there was an additional ML/TF red flag trigger, the Star Sydney or Star Qld Cage team might have notified the surveillance team or reported a UAR.
- f. There was no requirement in the Joint Part A Programs to refuse to process the transaction or to escalate the transaction to a more senior employee for approval to process the transaction, including, but not limited to, in circumstances pleaded at (e).

Particulars

Paragraph 616(e).

See paragraphs 661, 664 and 689.

By way of example:

On two occasions in December 2016, Customer 54 presented a total of a total of \$445,000 at Star Qld, some of which was wrapped in rubber bands, which he used to gamble with. Star Qld recorded that he lost all the funds.

On 21 February 2017, Customer 30 exchanged a large amount of cash in a foreign currency for \$339,840 and deposited the funds to his FMA. The foreign currency was presented loose, bundled with rubber bands, in a paper bag.

Between 31 March 2017 and 1 April 2017, Customer 58 was a junket representative for a corporate junket operator, Company 6. During this period, Customer 58 and another customer presented a total of \$500,000 to be deposited into the corporate junket operator's account, bundled in \$10,000 units. Some of the \$10,000 bundles were wet, stuck together and had an unpleasant odour.

On 1 May 2018, Customer 84 arrived at the Sovereign Room cashier at Star Gold Coast with a blue cooler bag containing \$100,000 in \$50 notes which had previously been wet and had to be "fanned" before counting.

On 23 August 2018, Customer 18's junket representative deposited \$350,000 in cash into Customer 18's account. The cash presented was \$5,100 in \$100 notes, \$325,100 in \$50 notes, \$19,620 in \$20 notes, \$210 in \$10 notes and \$20 in \$5 notes. The cash was bundled with elastic bands inside vacuum sealed plastic bags.

On 19 September 2018, Customer 20's junket representative, Person 53, presented \$100,000 in cash, which was contained in a cereal box which was possibly sealed with a hot glue gun. The cash was deposited to Customer 20's account at Star Sydney.

On 29 and 30 October 2018, Person 11 deposited a total of \$200,000 in cash into Customer 34's FMA at Star Sydney, which was comprised of \$50 notes bundled in \$10,000 lots with elastic bands in a parcel bag.

On 1 March 2019, a Star Sydney customer exchanged \$199,600 in cash for chips. The cash comprised \$26,800 in \$100 notes, \$164,400 in \$50 notes and \$8,400 in \$20 notes. The cash was contained in a grey laundry bag and bundled with either elastic bands or medical bandages. After completing the transaction, the customer was observed to give the chips to Customer 102.

On 30 May 2019, Customer 3's Suncity junket representative, Person 63, deposited \$200,000 in cash Customer 3's account. The cash comprised a mixture of old and new \$50 notes in good condition bundled in \$10,000 units with rubber bands. Each bundle had been wrapped in plastic with foreign language writing on the side. The cash appeared to have been stored for some period of time as the notes were stuck together and difficult to process. The bags containing the cash were carried by Person 63 in a green cooler bag.

On 31 December 2019, Customer 3's Suncity junket representative presented a large sum in a foreign currency to be exchanged to Australian dollars and deposited into Customer 3's account. The cash was bundled in \$10,000 and \$50,000 units with rubber bands. Some of the foreign currency was returned to the junket representative as it was in poor condition. The remaining funds were converted to \$5,405,103 and deposited into Customer 3's account.

On 1 March 2020, Customer 94 presented \$35,000 in cash at Star Sydney. The cash comprised wet \$50 notes. Customer 94 stated that the notes were wet because water had spilled on them in a suitcase.

On 25 March 2021, Customer 84 presented \$149,000 in cash comprised of multiple bundles of \$100 notes, strapped in unusual straps fastened by a heat seal with a computer encoded reference on each one, marked in the same place with an orange highlighter and dated 13 August 2019.

On 9 September 2022, Customer 108 exchanged \$20,000 in cash for chips at Star Qld. The cash comprised \$4,000 in \$100 notes, \$14,200 in \$50 notes and \$1,800 in lower denomination notes. Customer 108 recorded minimal gaming, with a loss of \$1,750, before returning 39 minutes later and exchanging \$22,625 in chips back to cash.

- g. Star Sydney and Star Qld obtained source of funds information in verbal form from the customer, or occasionally, in the form of a receipt from a financial services provider.
- h. At no time did the Joint Part A Programs include any requirement to verify source of funds for large cash transactions.
- i. There were no limits on cash transactions at the Cage – whether daily or transaction based.
- j. The controls with respect to large cash transactions conducted by junket operators, junket representatives, junket players or junket funders were inadequate.

Particulars

Paragraphs 658 to 661.

- k. No specific approvals were required before large cash transactions could be processed.
- l. The Joint Part A Programs did not include appropriate risk-based procedures for Star Sydney or Star Qld to determine whether they would accept cash that was presented in an unusual or suspicious condition or in unusual or suspicious packaging.

Particulars

Some parts of the Joint Part A Programs identified red flags that included the presentation of cash in an unusual condition (for example, sticky, smelly or dirty cash) or packaging (for example, in suitcases, shopping bags or cardboard boxes): see paragraph 721. However, there were no procedures, policies or guidance on when Star Sydney or Star Qld might refuse to accept cash in such condition.

Star Qld's Standard Operating Procedures from April 2016 to January 2020 set out procedures for banking mutilated notes, including notes that were heat damaged or blood stained. These documents did not include any guidance on when cash in such condition might not be accepted.

For example, see Customer 115, Customer 58 and Customer 84.

- m. Detective controls for large cash transactions were not applied by the Joint Part A Programs until April 2021.

Particulars

From April 2021, TrackVia has generated automated alerts for cash transactions of a customer for a cumulative value of \$50,000 or more in a 24-hour period. Prior to April 2021, Transwatch provided an automated alert to the AML team of cash transaction of \$100,000 or more. Alerts under Transwatch were not consistently or reliably reviewed.

- 614. From 30 November 2016, there were no appropriate risk-based controls relating to cash transactions on FMAs, SKAs, CCF accounts and CWAs:
 - a. There were no limits on cash deposits or withdrawals from an FMA or SKA account.
 - b. A third party could deposit or withdraw cash into or from a customer's FMA or SKA, with no limit, provided a third party authority form had been completed by the customer. This was not an appropriate risk-based control for large cash deposits by third parties.
 - c. There were no limits on cash deposits into CCF accounts, for the purposes of redeeming loans.
 - d. A third party could deposit cash into a customer's CCF account, with no limit, provided a third party authority form had been completed by the customer.
 - e. There were no limits on cash deposits into CWAs at the Cage.

Particulars

Paragraph 296(a).

- f. There were no appropriate risk-based controls to mitigate and manage the ML/TF risks pleaded at paragraph 613 with respect to large cash transactions through FMAs, SKAs and CCF accounts.

- 615. There were no appropriate risk-based controls to identify or limit cash deposits into Star Patron accounts, including by third parties.

Particulars

See paragraph 330.

- 616. At all times, controls on cash in private gaming rooms at Star Sydney and Star Qld were inadequate:

- a. There were no limits on the amount of cash that could be taken into a private gaming room.
- b. There were no appropriate controls on who could bring cash into private gaming rooms.
- c. Controls with respect to cash transactions that could be conducted in private gaming rooms by junket operators, junket representatives or junket players were inadequate.

Particulars

Paragraphs 662 to 664.

- d. Controls with respect to cash transactions in Salon 95, occupied by the Suncity junket, were inadequate.

Particulars

Paragraphs 679 to 680, 686 and 689.

- e. Star Sydney and Star Qld were aware of repeated suspicious or unusual activity involving large amounts of cash in private gaming rooms.

Particulars

See paragraphs 662 to 665.

For suspicious transactions in the Salon 95 private gaming room, see paragraph 679(d).

For suspicious transactions at Star Sydney's private gaming room cage, where Star suspected that the cash originated with the Suncity junket, see paragraph 685(g) and Customer 3's risk profile.

With respect to many of these logged incidents, Star Sydney was aware that there were CCTV blind spots in private gaming rooms which impacted its understanding of how cash had entered the room and to whom it was being distributed: see paragraph 679(d)(iii).

Similar incidents involving cash in private gaming rooms were identified by Star Sydney involving junkets other than Suncity. For example, in April 2019, a junket representative Customer 94 deposited \$300,000 in cash at a private gaming room Cage on behalf of a junket operator Customer 14. The cash was presented in a beige duffle bag, secured in rubber bands and in multiple denomination

notes. The duffle bag was brought on site by a third party, Person 3. Star Sydney staff observed that Person 3 gave the bag to Customer 94 in the private room.

For other incidents involving cash in private gaming rooms, see for example Customer 84's risk profile.

617. At all times, controls for mitigating and managing the ML/TF risks of cash transactions under \$10,000 were not appropriately risk-based:
- a. At Star Sydney, records of buy-in transactions at buy-in desks below \$10,000 were not kept in Synkros unless the customer elected to play carded (that is, against a membership account or a loyalty account for the Star Club).
 - b. At Star Sydney, records were not kept in Synkros regarding cash-out transactions below \$10,000 for any customer (that is, regardless of whether the customer elected to play carded or not).
 - c. At Star Qld, records of buy-in transactions at buy-in desks below \$10,000, and cash-out transactions below \$10,000, were not kept in Synkros for any customer except in relation to buy-in transactions of \$5,000 or more made at the time a membership card was supplied.
 - d. In the absence of records, Star Sydney and Star Qld did not have adequate visibility over designated services involving cash under \$10,000 and were unable to apply consistent AML/CTF controls.

Particulars

See paragraph 757.

618. At all times, there were inadequate controls in place for mitigating and managing the ML/TF risks of uncarded cash transactions.

Particulars

Transaction monitoring had limited application to uncarded transactions. Paragraph 568, 617 and 754 to 756.

Designated services provided through rebate and junket channels

Star Sydney's and Star Qld's rebate business

619. SEG's rebate business included:
- a. international junket programs: see paragraphs 628 and 629 below;
 - b. domestic junket programs: see paragraphs 620 and 621 below;
 - c. individual rebate programs: see paragraphs 622 to 624 below; and
 - d. player referral programs: see paragraph 625 below.

Domestic junkets

620. SEG's domestic rebate business included **domestic junket** programs.

Particulars

Domestic junket programs were offered by SEG to junket operators who arranged a junket, consisting of a group of domestic players or an individual domestic player, that met the minimum front money buy-in.

621. From at least May 2017 until at least March 2020, Star Sydney and Star Qld provided very high value table 1 and 3, s6 designated services through domestic junket programs.

Particulars

Between May 2017 and March 2020, Star Sydney and Star Qld recorded a combined turnover exceeding \$1.2 billion through domestic junket programs.

In the same period, Star Sydney and Star Qld recorded that domestic junket programs had combined losses exceeding \$26 million.

Individual rebate programs

622. Until at least April 2022, Star Sydney and Star Qld entered into agreements with customers for those customers to play on **individual rebate programs**.

Particulars

International or domestic individual rebate programs were available to customers based on the residency of the customer.

See paragraph 634 below.

The majority of individual rebate programs provided for a Rebate on Turnover.

A Rebate on Turnover was payable to the customer based on the turnover recorded for the customer.

623. Star Sydney and Star Qld did not have appropriate systems and controls in place to keep complete or reliable records of the provision of table 3, s6 designated services to customers through individual rebate programs.

Particulars

Star Sydney's and Star Qld's record-keeping methodology in respect of individual rebate programs was designed for the limited purpose of calculating rebates payable to the individual customer as a result of their play on an individual rebate program.

624. In the absence of appropriate records of the provision of table 3, s6 designated services to customers through individual rebate programs, Star Sydney and Star Qld were unable to adopt and maintain appropriate risk-based AML/CTF controls.

Player referrer agreements

625. Star Sydney and Star Qld entered into agreements with persons (**player referrers**) to refer to Star new or pre-existing international customers who had not otherwise visited the casino for an extended period (**referred player**).

Particulars

A player referrer could be, but was not necessarily, an approved junket operator.

For example, junket operators Customer 3, Customer 6, Customer 43, Customer 8, Customer 15, Customer 12, Customer 31, Customer 36, Customer 17 and Customer 9 each referred players to Star Sydney and/or Star Qld.

A player referrer could be, but was not necessarily, present at Star Sydney or Star Qld during the referred player's trip.

626. Player referral agreements had commonalities with junkets and the ML/TF risks posed by junkets. The ML/TF risks associated with the provision of designated services by Star Sydney and Star Qld to referred players overlapped significantly with the ML/TF risks associated with the provision of designated services to junket players pleaded at paragraph 650 below.
627. From March 2020, player referral agreements ceased temporarily due to the closure of SEG's casinos as a result of COVID-19 restrictions and due to the subsequent international border closures. It was not until May 2022 that the SEG Board determined to cease player referral agreements permanently.

INTERNATIONAL JUNKETS

What is a junket?

628. A junket is an arrangement between a casino and a **junket operator** to facilitate a period of gambling (**junket programs**) by one or more high wealth players (**junket players**) at the casino (**junket channel**).
629. From 30 November 2016 to October 2020, Star Sydney and Star Qld entered into agreements with junket operators.
- a. At all times, Star Sydney and Star Qld sought to attract business from international VIP customers.
 - b. Often, international VIP customers would seek credit from Star Sydney and Star Qld to fund the purchase of gaming chips.

Particulars

See paragraph 657 below.

- c. The inherent commercial risk to Star Sydney and Star Qld of non-repayment of gambling debts was amplified for international VIP customers who came from jurisdictions in which the enforcement of gambling debts was practically difficult.
- d. In these circumstances, Star Sydney and Star Qld would seek to direct these international VIP customers to participate in gambling through junket programs, including the Suncity junket.

Particulars

From 30 November 2016, Star Sydney and Star Qld entered into agreements with over 140 junket operators.

See paragraphs 671 and 672.

- e. Some junkets were at times funded by one or more **junket funders**.
- f. Some junket operators were at times represented by one or more **junket representatives**. Junket operators were not necessarily present during a junket program.
- g. Some junket funders were also junket players and/or junket representatives.
- h. Some junket operators were also junket players.
- i. Some junkets had only one junket player.
- j. Some junkets were operated by corporate junket operators.

Particulars

For example, from 30 November 2016, Star Qld provided designated services to a corporate junket operator, Company 6, through four junket programs.

See *Customer 58*.

630. Front money would be made available to junket players for gaming activity on junket programs at Star Sydney and Star Qld in a number of ways, including:
- a. funds drawn from a CCF;
 - b. cash in Australian or foreign currencies;
 - c. funds in a junket operator's FMA or drawn from a junket operator's SKA;
 - d. telegraphic transfer, including from third party companies;
 - e. transfers from another customer's FMA;
 - f. chips or other CVIs deposited into a customer's FMA; and/or
 - g. transfers via other channels, including the EEIS remittance channel and the Hotel Card channel.

Particulars

The most common method for making front money available to junket players was funds drawn from a CCF.

CCFs used to fund junket programs could be held by the junket operator or a junket funder.

On some occasions, junket funders also played on the junkets that they funded. For example, between May 2017 and December 2018, Customer 10 provided over \$210 million in funding for junket programs at Star Qld operated by Customer 15 and Customer 16. Customer 10 was a junket player on each program, and recorded a cumulative junket turnover exceeding \$4.4 billion with losses of over \$74 million.

For the Hotel Card channel, see paragraphs 356 to 367 above.

For the EEIS remittance channel, see paragraphs 461, 465 to 467, 491, 492 above.

For the Bank 1 (Macau) cash channel, see paragraphs 372, 382 to 384 above.

For the Company 9 channels, see paragraphs 398, 421, 439, 440 and 441 above.

631. Junket operators and junket funders would at times authorise junket representatives to act on their behalf at Star Sydney or Star Qld.

Particulars

Junket operators would at times authorise junket representatives to act on their behalf pursuant to a Junket Representative Authority (**JRA**), which allowed a junket representative to:

- a. execute junket agreements;
- b. transact on the junket operator's FMA, SKA or CCF up to a specified limit;
- c. conduct transactions or meet conditions specified in the JRA; and
- d. operate a safe deposit box.

Junket funders would at times authorise junket operators or junket representatives to act on their behalf pursuant to a third party authority, which allowed a junket operator or a junket representative to:

- a. transact on the junket funder's FMA, SKA or CCF up to a specified limit;
- b. conduct transactions or meet conditions specified in the TPA; and
- c. disburse rebates payable pursuant to the TPA as specified.

632. Star Sydney and Star Qld would at times authorise junket operators to hold more than one sub-account in order to facilitate the operation of more than one junket program at the same time.

Particulars

See paragraph 847 below.

Junkets were profitable to Star and the junket operator

633. For each junket program, Star Sydney or Star Qld and the junket operator (or authorised junket representative) entered into a Junket Program Agreement (**JPA**), which specified the types of rebates payable in respect of the junket program.

Particulars

See paragraph 671 to 700.

See paragraph 634.

634. In return for bringing junket players to the casino and facilitating their junket activity, Star Sydney and Star Qld paid junket operators and junket funders rebates and other benefits as set out in the applicable JPA.

Particulars

A rebate effectively operated as a hedge to reduce the variability of wins/losses by the junket program and Star Sydney or Star Qld.

A JPA could provide for one or more type of rebate, including:

- a. a **Rebate on Turnover**, which was calculated in accordance with a pre-determined rate (a percentage value) and multiplied by the total non-negotiable turnover recorded at the time of settlement. Non-negotiable turnover means the total value of non-negotiable CPVs purchased at the Cage, plus the total value of any non-negotiable chips issued in exchange for premium chips, less the total value of non-negotiable CPVs and/or non-negotiable chips returned to the Cage; and
- b. a **Table Play Rebate**, which was an agreed percentage of the amount payable by either the junket or Star to the other party and depended on whether the junket won or lost. A JPA which offered a Table Play Rebate was referred to as a **Revenue Sharing Agreement**.

The Table Play Rebate reduced the casino's overall credit risk exposure (**CRE**), including with respect to CCFs. See paragraphs 280, 507 and 657.

Where a net rebate was payable by Star Sydney or Star Qld to the junket operator, that rebate was used to offset any outstanding amounts on a CCF used to fund the junket program. The CCF used to fund the junket program could be in the name of the junket operator or a junket funder.

635. JPAs that provided for a Revenue Sharing Agreement were profitable to both Star Sydney and Star Qld, and the junket operator.

Particulars

Over time:

- a. an individual junket player was more likely than not to record a gross loss; so
- b. a junket program was more likely than not to record a gross table loss.

Under a Revenue Sharing Agreement, profits that would ordinarily, over time, accrue to Star Sydney or Star Qld would instead be, in part, rebated to the international junket operator.

Pursuant to arrangements between junket operators and junket players, to which Star Sydney or Star Qld would not be party, junket operators recovered losses under junket programs from individual junket players.

636. Rebate on Turnover and Revenue Sharing Agreements incentivised junket operators to:
- a. bring new high value international VIP customers to Star Sydney and Star Qld;
 - b. facilitate the provision by Star Sydney and Star Qld of high value financial and gaming services (tables 1 and 3, s6) to junket players; and
 - c. encourage junket players to engage in high value and high volume gaming activity using non-negotiable chips, including to convert premium chips won into non-negotiable chips, which would increase the value of any rebate payable.

Particulars

For gaming activity on junket programs, including the use of non-negotiable chips and premium chips, see paragraph 669 below.

637. At no time did the Joint Part A Program appropriately identify, mitigate and manage the ML/TF risks of providing designated services to junket funders, junket operators and junket players on junket programs pursuant to JPAs which provided for a Rebate on Turnover or pursuant to Revenue Sharing Agreements.

Particulars

See paragraph paragraphs 666 to 670 below.

Star Sydney's and Star Qld's junket business

Junket revenue

638. From 30 November 2016 until October 2020, revenue from designated services provided through junket channels represented a material source of Star Sydney's total revenue.

Particulars

Between July 2016 and October 2020, Star Sydney made over \$1.3 billion in junket-generated revenue.

In the 2017, 2018 and 2019 financial years, junket-generated revenue for Star Sydney was approximately \$450 million, \$510 million and \$280 million, respectively.

In the 2020 financial year, in which Star Sydney's revenue was reduced due to COVID-19-related travel restrictions and lockdowns, Star Sydney's junket-generated revenue was just over \$110 million.

Between July 2020 and October 2020, in which period Star Sydney's revenue remained reduced due to COVID-19-related travel restrictions and lockdowns, Star Sydney's junket-generated revenue was just over \$2 million.

639. From 30 November 2016 until at least October 2020, revenue from designated services provided through junket channels represented a material source of Star Qld's total revenue.

Particulars

Between July 2016 and October 2020, Star Qld made approximately \$300 million in junket-generated revenue.

In the 2017, 2018 and 2019 financial years, junket-generated revenue for Star Qld was approximately \$33 million, \$128 million and \$199 million, respectively.

Decision to cease junket activity

640. In October 2020, the SEG Board resolved that SEG would cease dealing with junkets.
641. Following the SEG Board's resolution, Star Sydney and Star Qld announced that they would cease dealing with junkets from October 2020. The last recorded junket program play (at Star Sydney or Star Qld) was in October 2020.

Designated services provided through junket channels

642. From 30 November 2016 to October 2020, Star Sydney and Star Qld provided very high value table 1 and table 3, s6 designated services to thousands of junket players on thousands of junket programs.

Particulars

Between 30 November 2016 and October 2020, Star Sydney and Star Qld recorded a combined turnover exceeding \$125 billion from junket channels. A substantial proportion of that amount comprised turnover by international customers.

In the same period, Star Sydney and Star Qld recorded that junket programs had combined losses exceeding \$1.5 billion.

From December 2016 to September 2020, the turnover recorded in respect of Suncity junkets alone was more than \$15.5 billion. In the same period, junket players on Suncity junkets recorded a total loss of more than \$150 million.

Financial services - Table 1, s6

Loans - Items 6 and 7, Table 1, s6

643. Star Sydney provided items 6 and 7, table 1, s6 designated services to customers through junket channels in Australian dollars and foreign currencies, including via:
- a. CCFs; and
 - b. 'temporary' CCFs.

Particulars

See paragraphs 494 to 550.

Between 1 July 2016 and 19 April 2022, the total value of drawdowns under CCFs was over AUD 11.4 billion and HKD 3.6 billion at Star Sydney. A substantial proportion of that amount comprised drawdowns under CCFs approved for junket funders and junket operators.

644. Star Qld provided items 6 and 7, table 1, s6 designated services to customers through junket channels in Australian dollars via CCFs.

Particulars

See paragraphs 494 to 550.

Between 1 July 2016 and 19 April 2022, the total value of drawdowns under CCFs was over \$2.8 billion at Star Gold Coast and \$140 million at Treasury Brisbane. A substantial proportion of that amount comprised drawdowns under CCFs approved for junket funders and junket operators.

Remittance - Items 31 and 32, Table 1, s6

645. Star Sydney provided items 31 and 32, table 1, s6 designated services to customers through junket channels in Australian dollars and foreign currencies.

Particulars

Customers who received designated services through junket channels included junket operators, junket representatives, junket funders and junket players.

See paragraphs 304 to 493 above.

646. Star Qld provided items 31 and 32, table 1, s6 designated services to customers through junket channels in Australian dollars.

Particulars

Customers who received designated services through junket channels included junket operators, junket representatives, junket funders and junket players.

See paragraphs 304 to 493 above.

Gaming services - Table 3, s6

647. Star Sydney provided table 3, s6 designated services to customers through junket channels in Australian dollars and foreign currencies.

Particulars

Between December 2016 and February 2020, Star Sydney recorded a cumulative turnover from junket programs in foreign currencies of over AUD 9.4 billion.

At least ten junket operators offered junket programs in a foreign currency at Star Sydney, including Customer 3, Customer 34, Customer 6, Customer 4, Customer 25 and Customer 16. Over 150 junket players participated in junket programs operated in a foreign currency, including Customer 21, Customer 5 and Customer 20.

648. Star Qld provided table 3 designated services to customers through junket channels in Australian dollars.
649. The only permitted gaming activities on junket programs were baccarat and roulette.

The ML/TF risks of junkets

650. The provision of designated services by Star Sydney and Star Qld through junket channels involved higher ML/TF risks.

- a. Junket operators, junket funders and junket representatives facilitated the provision of both gaming and financial designated services to junket players, often in high values.
- b. Junket programs involved the movement of large amounts of money across borders.

Particulars

For example, on 9 October 2020, Customer 3 transferred \$1.2 million from his account at Star Sydney to Customer 1 overseas.

See Customer 3's risk profile.

- c. Junket programs often involved the use of multiple bank accounts, including by third parties and companies, which could obscure the identities of the persons conducting the transactions through junket programs and the source and ownership of funds of junket customers.

Particulars

For example, between September 2018 and November 2018, a company account (Company 4) made eight deposits totalling more than \$17 million into an EEIS Patron account which were made available to Customer 10 and used to repay his CCF at Star Sydney.

See Customer 10's risk profile.

- d. Exposure to some higher ML/TF risk jurisdictions is inherent in the junket operations sector.
 - i. There is a particular vulnerability associated with jurisdictions with currency flight and gambling restrictions in place, as these measures create demand for covert money remittances, which can be exploited by criminal groups.
 - ii. Having a customer base composed of predominantly foreign residents can increase the junket operations sector's attractiveness and exposure to transnational serious and organised crime, simply due to its geographical reach.

Particulars

For example, between 2017 and 2018, Customer 79 was a player on two junkets at Star Sydney operated by Customer 28. Customer 79's turnover on those junkets exceeded \$210 million. By 2017, media articles reported that Customer 79 had established an underground bank overseas to launder money.

See Customer 79's risk profile.

- iii. Such a customer base can mean that the source and destination of funds, and information about customers' criminal and financial activity, are difficult to identify as they are located in foreign jurisdictions.
- iv. Some junket funders, junket operators and junket players at Star were foreign PEPs.

Particulars

For example:

- a. junket funders and junket operators, such as Customer 1, Customer 10, Customer 5, Customer 33, Customer 7 and Customer 40, were foreign PEPs; and
- b. junket players, such as Customer 10 and Customer 50, were foreign PEPs.

Customer 10 had significant interests in a foreign country and was affiliated with a foreign political party. Between March 2017 and December 2018, Star Qld recorded a cumulative turnover exceeding \$4.4 billion in respect of Customer 10's junket activity as a junket player.

Customer 50 was a member of a foreign political body. Between January 2016 and January 2020, Star Sydney and Star Qld recorded a cumulative turnover of nearly \$75 million in respect of Customer 50's junket activity.

See Customer 10's risk profile and Customer 50's risk profile.

- v. Star Sydney provided table 3 designated services to customers through junket channels in both Australian dollars and foreign currencies.

Particulars

Between December 2016 and February 2020, Star Sydney recorded a cumulative turnover from junket programs in foreign currencies of over AUD 9.4 billion.

At least ten junket operators offered junket programs in a foreign currency at Star Sydney, including Customer 3, Customer 34, Customer 6, Customer 4, Customer 25 and Customer 16. Over 150 junket players participated in junket programs operated in a foreign currency, including Customer 21, Customer 5 and Customer 20.

- e. There are increased vulnerabilities associated with corporate junket operators, including the opaque corporate structure, difficulties establishing beneficial ownership or control, and the diversification of corporate junket operator businesses, which increases opportunities for the co-mingling of funds.

Particulars

For example, in 2017, Star Qld provided designated services to Company 6, a corporate junket operator. Company 6 was:

- a. a subsidiary of the parent company of Company 6;
- b. incorporated in a foreign jurisdiction, with its two major corporate shareholders also incorporated in a foreign jurisdiction; and
- c. understood to be ultimately beneficially owned by an individual, Person 68.

See Customer 58.

- f. On a per-transaction and per-customer basis, the junket operations sector is exposed to the risks associated with high-value cash activity.

Particulars

For example, between 18 October 2019 and 12 December 2019, third parties associated with Customer 12's junket transported a total of just under \$3 million in cash from a foreign country to Australia and deposited the cash into Customer 12's account at Star Sydney. The cash included a significant volume of \$50 notes, some of which were bundled in elastic bands and contained in a black duffle bag.

Some of the funds were transferred to Star Qld the purpose of redeeming Customer 12's outstanding CCF.

See Customer 12's risk profile.

- g. Junket operators and junket funders used formal or informal systems to remit money to Star Sydney and Star Qld.

Particulars

For the Hotel Card channel, see paragraphs 356 to 367 above.

For the EEIS remittance channel, see paragraphs 461, 465 to 467, 491, 492 above.

For the Bank 1 (Macau) cash channel, see paragraph 372, 382 to 384 above.

For the Company 9 channels, see paragraphs 398, 421, 439, 440 and 441 above.

- h. Offsetting arrangements (as explained in paragraph 25 above) used by junket operators to facilitate the provision of funds for junket operations:
 - i. create risks of exploitation by criminal entities;
 - ii. can circumvent international funds transfer reporting requirements; and
 - iii. can facilitate the laundering of domestically-generated proceeds of crime.
- i. Junket players generally relied on junket funders and junket operators to make their funds available at the casinos, including through CCFs.
- j. There is a level of anonymity and lack of transparency created by the pooling of junket players' funds and transactions under the name of the junket operator.
- k. Junket funders, junket operators, junket representatives and junket players were often connected to other Star Sydney or Star Qld customers in respect of whom Star Sydney or Star Qld had formed suspicions.
- l. To participate in a junket program, junket players were not required to have an FMA at Star Sydney or Star Qld against which gaming and transactional data would be recorded.
- m. The financial arrangements between the junket operators, junket funders and junket players were not disclosed to Star Sydney or Star Qld.
- n. Junket operators provided cash to junket players in circumstances where Star Sydney and Star Qld were unaware of the source of funds and the purpose for which the cash was used.

- o. Star Sydney and Star Qld offered significant amounts of credit in the form of CCFs to junket operators and junket funders on request.

Particulars

Junket funders and junket operators received large amounts of credit on and from 30 November 2016, with limits ranging from \$3,500 (Customer 52) to \$266.7 million (Customer 1).

See Customer 1's risk profile and Customer 52's risk profile.

See paragraph 634 and 657 above.

- p. As the volume of gaming transactions during junket programs is very high, there is also a higher risk that junkets will be exploited for money laundering.

Particulars

FATF/APG Casino Typologies Report.

AUSTRAC Junket Assessment.

FATF RBA Guidance.

- q. Star Sydney and Star Qld recorded gaming activity on junket programs for the limited purpose of calculating rebates payable to junket operators.

Particulars

See paragraph 666 to 670 below.

- r. Junket programs were exposed to ML/TF vulnerabilities and typologies, including cuckoo smurfing and structuring.

Particulars

See paragraph 25 above.

- s. The only permitted gaming activities on junket programs were baccarat and roulette, which both allow even-money wagering whereby two customers could cover both sides of an even bet to give the appearance of legitimate gaming activity while minimising net losses.

Particulars

See FATF/APG Casino Typologies Report.

- t. Money deposited into a junket operator's account at casinos and then withdrawn with minimal gaming activity can give the funds the appearance of legitimacy.

- u. Gaming accounts used by junkets at casinos are highly vulnerable to the storage and movement of potentially illicit funds. The parking of illicit money in such accounts puts distance between the act or acts that generated the illicit funds and the ultimate recipients of those funds, making it harder to trace the flow of money.

- v. Junket operators, junket funders and junket representatives were authorised to access a safe deposit box in private gaming rooms at Star Sydney and Star Qld on behalf of customers participating in a junket program, in circumstances where Star Sydney and Star Qld had little visibility over the source of funds held in the safe deposit boxes.

Particulars

See paragraphs 595 to 610 above.

- w. Star Sydney and Star Qld entered into exclusive use agreements with some junket operators which provided for the use of private gaming rooms for junket programs.

Particulars

The Suncity junket operated a Suncity Service Desk in private gaming rooms, which were vulnerable to being used to facilitate large cash and chip transactions without casino oversight.

See paragraph 683.d below

- x. The due diligence conducted in respect of junket operators, junket funders, junket representatives and junket players did not appropriately identify, mitigate and manage the ML/TF risks with respect to designated services provided through the junket channel.

ML/TF risk assessments and controls in respect of junkets

- 651. Star Sydney and Star Qld did not carry out an appropriate ML/TF risk assessment of the higher ML/TF risks of providing designated services through the junket channel in the period from 30 November 2016 to October 2020.

Particulars

Risk assessments were conducted in 2016, 2017, 2019 and 2020.

The 2019 and 2020 risk assessments identified some of the ML/TF risks inherent to the provision of designated services through the junket channel, including:

- a. that SEG may be used by organised crime or foreign PEPs for cross-border movement of funds through junket channels, in circumstances where the source of wealth and source of funds of the transacting parties is unknown;
- b. that SEG may be doing business with entities or individuals who pose higher ML/TF risks through unknown beneficial ownership structures;
- c. a lack of transparency in respect of the funding of junket programs, including the pooling of funds from numerous junket players, in circumstances where SEG was not privy to the funding and credit arrangements between the junket operator and junket players;
- d. that SEG staff may become desensitised to large value cash and other transactions;
- e. that third parties, including organised crime figures, could assist in obscuring the source of wealth and source of funds associated with junket channels;

f. that junket players may not be known to SEG, but SEG may nonetheless facilitate the movement of funds on their behalf; and

g. loan sharking and other money lending activity.

The February 2020 risk assessment, which was specific to junkets, concluded that the ML/TF risks of providing designated services through the junket channel was moderate.

For the reasons pleaded at paragraph 650 above, the ML/TF risks of providing designated services through the junket channel were not moderate for the purpose of the Act and Rules.

652. Consequently, from 30 November 2016 to October 2020, the Joint Part A Program did not include appropriate risk-based controls to identify, mitigate and manage the ML/TF risks of the provision of designated services through the junket channel for the reasons pleaded at paragraphs 654 to 665 above.

653. Despite the known higher ML/TF risks of the provision of designated services through the junket channel, as pleaded at paragraph 650 above, the controls in the Joint Part A Program that applied to the provision of designated services through the junket channel were generally no different to the controls applied to other customers.

Customer risk

654. At no time did the Joint Part A Program include appropriate systems and controls to identify, mitigate and manage the ML/TF risks posed by customers receiving designated services through junket channels.

a. The ML/TF risks posed by customers receiving designated services through junket channels included those pleaded at paragraph 650 above.

b. At no time prior to October 2020 did the Joint Part A Program provide for appropriate ML/TF risk ratings in respect of customers receiving designated services through junket programs.

i. Until February 2020, customers receiving designated services through junket programs were considered low risk by default.

Particulars

See paragraphs 112 and 113 above

Customers receiving designated services through junket programs were not low risk, including for the reasons pleaded at paragraph 650 above.

ii. From February 2020, customers receiving designated services through junket programs were considered 'medium' risk by default.

Particulars

See paragraph 113 above.

Clauses 14 and 15 of the Joint Part A Programs prior to November 2019.

Customers receiving designated services through junket programs were not medium risk for the purpose of the Act and Rules, including for the reasons pleaded at paragraph 650 above.

- c. The risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to the provision of designated services involving foreign jurisdictions, including the jurisdictional risks associated with customers receiving designated services through the junket channel.

Particulars

See paragraph 181 above.

- d. At no time did the Joint Part A Programs include appropriate risk-based procedures to obtain and analyse source of wealth or source of funds information for customers receiving designated services through junket channels.

Particulars

See paragraphs 146 to 156.

- e. The Joint Part A Programs did not include appropriate risk-based controls requiring Star Sydney and Star Qld to collect or verify appropriate KYC information for customers receiving designated services through junket channels, such as the beneficial ownership of funds used in connection with the junket channel or the beneficiaries of transactions being facilitated by junkets, including the destination of funds.

Particulars

Rules 9.1.5, 15.2 and 15.3, and paragraphs (l) and (m) of the definition of *KYC information* in r1.2.1 of the Rules.

See paragraph 146 to 156 above.

- f. Star Sydney and Star Qld provided designated services to junket players in circumstances where they did not have a direct relationship with the customer but instead relied on the junket operator as an intermediary or agent. As a consequence, Star Sydney and Star Qld did not always know who they were each providing designated services to when providing those services via junket channels.

Particulars

Junket operators, junket funders and junket representatives pooled front money for use by, and winnings for distribution to, junket players. This limited the transparency of the source of funds used by junket players on junket programs and obscured the beneficiaries of remittances arising from winnings on junket programs.

Star Sydney and Star Qld provided table 3, s6 designated services to junket players. Junket operators, junket funders and junket representatives acted as agents for junket players in respect of the remittance of funds into and out of the casino environment, being table 1, s6 designated services. Star Sydney and Star Qld did not appropriately collect, verify, review, update and analyse KYC

information for junket players, in circumstances where they had limited insight into the source and destination of funds.

Rules 1.2.1, 15.2, 15.10(1), (2) and (3) of the Rules.

- g. At no time did Star Sydney or Star Qld appropriately identify, mitigate and manage the ML/TF risks of providing designated services to junket players through junket funders, junket operators and representatives as agents.

Particulars

Star Sydney and Star Qld permitted junket operators to pay out winnings to junket players, without first assessing the risk of such transactions.

Star Sydney and Star Qld permitted junket operators to exchange cash for chips or vice versa for junket players, without first appropriately assessing the risk of such transactions.

See paragraphs 269 to 279 and 280 to 282.

Complex transaction chains

655. Star Sydney and Star Qld provided a range of table 1 and table 3, s6 designated services to customers through junket channels, involving complex transaction chains, but at no time identified, mitigated or managed the associated ML/TF risks.

Particulars

Rule 9.1.3 of the Rules.

656. The Joint Part A Programs did not include or incorporate a methodology to appropriately assess the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to complex designated service chains involving the junket channel, having regard to the nature, size and complexity of their business.

Particulars

See paragraph 87 above.

CCFs

657. At no time did the Joint Part A Programs appropriately identify, mitigate and manage the ML/TF risks of Star Sydney and Star Qld providing CCFs to junket funders or junket operators (items 6 and 7, table 1, s6).
- a. Star Sydney and Star Qld approved CCFs with significantly higher facility limits for junket operators and junket funders where a junket program was operated under a Revenue Sharing Agreement, because the Table Play Rebate reduced the casino's overall **CRE**.

Particulars

For example, on 16 February 2018, Star Sydney and Star Qld senior management approved a permanently active CCF limit of \$266.7 million for Customer 1 with a maximum CRE of \$80 million.

Where Customer 1 funded a junket program that was not operated under the Revenue Sharing Agreement, the maximum funds that

could be drawn down on Customer 1's CCF to fund the junket program was \$80 million.

Where Customer 1 funded a junket program that was operated under a Revenue Sharing Agreement on a 70/30 basis, the maximum funds that could be drawn down on Customer 1's CCF to fund the junket was \$266.7 million. Under the Revenue Sharing Agreement, whichever of Star or the junket recorded a gross win would pay a Table Play Rebate to the other which comprised 70% of that gross win.

See Customer 1.

See paragraphs 507 and 634 above.

- b. When a junket funder or junket operator applied for a CCF:
- i. Star Sydney and Star Qld conducted a risk assessment focussed on credit risk, not ML/TF risk; and
 - ii. Star Sydney and Star Qld conducted a risk assessment focussed on CRE, not the facility limit.

Particulars

For example, in approving Customer 1's permanently active CCF limit of \$266.7 million with a maximum CRE of \$80 million, the Board Paper presented to Star Sydney and Star Qld senior management referred only to the \$80 million CRE and not to the \$266.7 million facility limit.

- c. There was no framework in place in the Joint Part A Programs for Star Sydney or Star Qld to determine whether decisions with respect to the approval of credit facilities or CCFs, including the credit limit, for junket funders and junket operators were within each reporting entity's ML/TF risk appetite.

Particulars

See paragraph 507 above.

- d. CCFs held by junket funders or junket operators could be operated by third parties.

Particulars

A junket funder might authorise a junket operator, junket representative or any existing customer to operate their CCF pursuant to a TPA.

A junket operator might authorise a junket representative or any existing customer to operate their CCF pursuant to a JRA.

- e. Star Sydney and Star Qld would apply rebates payable to junket operators to offset amounts outstanding under CCFs.

Particulars

See paragraph 280.a, 543 and 634.

- f. Star Sydney and Star Qld did not have any processes in place to identify how any CPVs, gaming chips or cash equivalents purchased by junket operators or junket representatives were subsequently distributed among the junket players by the junket operator or junket representative.
- g. Star Sydney and Star Qld permitted funds drawn on a CCF to be accessed in cash, including where the funded customer was using EGMs at Star Sydney.

Particulars

On and from 2016, Star had a cash out policy which was approved by the Chief Financial Officer. The cash out policy applied to premium players or junket operators who were allocated a rating determined by the VIP Credit and Collections Team: see paragraph 552(g) above.

Large cash transactions

- 658. Designated services provided through junket channels often involved large cash deposits and payouts.
- 659. On and from 30 November 2016, controls on large cash deposits and payouts at the Cage at Star Sydney and Star Qld were not appropriately risk-based.

Particulars

See paragraphs 613 and 614.

- 660. Other than SEG's cash out policy, there were no daily or transaction limits in respect of cash.

Particulars

See paragraphs 552(g) and 614.

- 661. The Joint Part A Programs did not include any other controls to appropriately identify, mitigate and manage the ML/TF risks of large cash transactions through junket channels.

Particulars

See paragraph 611 to 618 above.

For controls on cash in private gaming rooms, see paragraph 616 above.

For safe deposit boxes, see paragraph 610 above.

For controls on Salon 95 and the Suncity Service Desk, see paragraph 689 below.

Private gaming rooms

- 662. From 30 November 2016, Star Sydney and Star Qld entered into agreements with junket operators for exclusive use of private gaming rooms.

Particulars

Suncity had exclusive use of two private gaming rooms at Star Sydney, including Salon 95 and Salon 82: see paragraphs 679 and 680 below.

Other junket operators had exclusive use of private gaming rooms on a program by program basis.

663. At no time did Star Sydney and Star Qld conduct an appropriate assessment of the ML/TF risks of providing designated services through the junket channel in private gaming rooms.

- a. In April 2018, the AMLCO purported to conduct an ML/TF risk assessment of the Suncity Service Desk.

Particulars

See paragraph 686 below.

- b. Otherwise, no specific ML/TF risk assessments were conducted with respect to private gaming rooms.

Particulars

For Suncity, see paragraph 684 below.

664. At no time did Star Sydney and Star Qld identify, mitigate and manage the ML/TF risks of providing designated services through the junket channel in private gaming rooms, including but not limited to the risks of cash in private gaming rooms.

Particulars

For controls on cash in private gaming rooms, see paragraph 616 above.

For safe deposit boxes, see paragraph 610 above.

For controls on Salon 95 and the Suncity Service Desk, see paragraph 689 below.

Remittance services

665. At no time did Star Sydney or Star Qld identify, mitigate and manage the ML/TF risks of providing remittance services (items 31 and 32, table 1, s6) through junket channels.

- a. Star Sydney and Star Qld permitted junket funders and junket operators (or junket representatives authorised to act on their behalf) to transfer money between:
 - i. FMAs and SKAs in their names at either Star Sydney or Star Qld; and
 - ii. FMAs and SKAs in the names of junket funders, junket operators, junket representatives, junket players and other third parties at the same Star casino, or another Star casino.
- b. Star Sydney and Star Qld also permitted:
 - i. telegraphic transfers, which it made available to FMAs or SKAs held by junket funders, junket operators and junket representatives, including from junket players and from other persons who were not junket players under the relevant junket program (item 13, table 3, s6 and items 31 and 32, table 1, s6); and
 - ii. telegraphic transfers sourced from FMAs or SKAs held by junket funders, junket operators and junket representatives, including to junket players and other persons who were not junket players under the relevant junket program (item 13, table 3, s6 and items 31 and 32, table 1, s6).

- c. At no time did Star Sydney or Star Qld identify and assess the ML/TF risks of transactions on FMA and SKA accounts held by junket funders, junket operators, junket representatives or junket players.

Particulars

See paragraphs 327, 328, 340, and 347 above.

- d. At no time did Star Sydney or Star Qld keep appropriate records of transactions into, out of and between FMAs and SKAs held by junket funders, junket operators, junket representatives and junket players.

Particulars

See particulars to paragraphs 253, 760 and 774.

- e. The Joint Part A Programs did not include appropriate controls to mitigate and manage the ML/TF risks of transactions into, out of and between FMAs and SKAs held by junket funders, junket operators, junket representatives or junket players, and third parties, at any time prior to October 2020.

Particulars

See paragraphs 330, 342 and 349 above.

- f. Star Sydney and Star Qld facilitated the payment of a junket player's winnings by transferring funds from a junket operator's FMA or SKA (item 13, table 3, s6) by telegraphic transfer to either the junket player or another third party (items 31 and 32, table 1, s6).
- g. At no time did Star Sydney or Star Qld assess the ML/TF risks of providing item 31 and item 32, table 1, s6 designated services to junket funders, junket operators, junket representatives or junket through international remittance channels which posed higher ML/TF risks.

Particulars

For the Hotel Card channel, see paragraphs 356 to 367 above.

For the EEIS remittance channel, see paragraphs 461, 465 to 467, 491, 492 above.

For the Bank 1 (Macau) cash channel, see paragraphs 372, 382 to 384 above.

For the Company 9 channels, see paragraphs 398, 421, 439, 440 and 441 above.

Record keeping in respect of junkets

- 666. Star Sydney and Star Qld did not have appropriate systems and controls in place to keep complete and reliable records of the provision of table 3, s6 designated services to junket operators, junket representatives and junket players through junket programs.
- 667. Information analysed by algorithms used to calculate or estimate customer turnover, winnings and losses was drawn from staff observations.
 - a. There was a risk of human error in that transactions may go unrecorded or be recorded incorrectly.

- b. This risk was particularly pronounced during junket programs, where the volume and frequency of bets is significant.
668. In the absence of appropriate records of the provision of table 3, s6 designated services to junket operators, junket representatives and junket players through junket programs, Star Sydney and Star Qld were unable to adopt and maintain appropriate risk-based AML/CTF controls.
- a. Star Sydney and Star Qld recorded the provision of table 3, s6 designated services to junket operators, junket representatives and junket players through junket programs for the primary purpose of calculating the rebate payable to the junket operator for and on behalf of the junket players.
 - b. Star Sydney and Star Qld did not collect and record the provision of table 3, s6 designated services to junket operators, junket representatives and junket players through junket programs in order to adopt and maintain appropriate risk-based AML/CTF controls.
669. At no time did Star Sydney or Star Qld:
- a. require junket players to open an FMA or SKA to participate on a junket program; or
 - b. record the subsequent allocation by junket operators or authorised junket representatives of non-negotiable chips to junket players, in circumstances where Star Sydney and Star Qld did not require junket players to have an FMA or SKA where this information could be recorded.

Particulars

Non-negotiable chips were a type of gaming chips issued to players participating in junket programs and other premium programs.

670. The table 3, s6 designated services provided to each junket player were not consistently recorded in connection with that junket player.
- a. In some instances, turnover attributable to a junket player would instead be recorded against the junket operator or junket representative at Star Sydney and Star Qld on some or all of SEG's information management systems.
 - b. Where accurate records were not kept of the designated services provided to a junket player on some or all of SEG's information management systems, Star Sydney and Star Qld were unable to view a complete picture of the customer's gaming activity which formed a part of their ML/TF risk profile.

Particulars

For example, between 4 August 2019 and 27 November 2019, Customer 45 was a junket player on three of Customer 3's junkets, in circumstances where Customer 45 recorded wins or losses but no turnover in respect of the program.

The turnover attributable to Customer 45's activity on junket programs, which exceeded \$10 million, was instead recorded against Customer 3's profile. Customer 45's wins and losses, which totalled a nearly \$5 million net win, were recorded against Customer 45's profile. This presented an inaccurate picture of both Customer 3's

and Customer 45's gaming activity and, consequently, ML/TF risk profiles.

See *Customer 3* and *Customer 45*.

- c. Where records were kept of designated services provided to a junket player, dispersed data sources and multiple customer account numbers impacted Star Sydney's and Star Qld's capacity to view a complete picture of the customer's gaming activity which formed a part of their ML/TF risk profile.

Particulars

See paragraph 285.i above and 854.g below.

See paragraphs 843 to 852.

- d. It was not until November 2020 that Star Sydney introduced electronic record keeping via the Angel Eye surveillance system at Smart Tables.

Particulars

Angel Eye was introduced after Star Sydney and Star Qld ceased the provision of table 3, s6 designated services to junket programs.

Junket channel case study: the Suncity junket

671. At all times until November 2020, Star Sydney and Star Qld provided table 1 and table 3, s6 designated services to customers through the Suncity junket.
672. From 30 November 2016 to November 2020:
- a. Star Sydney facilitated approximately 350 junket programs for the Suncity junket, in respect of which:
- i. total turnover exceeded \$11.8 billion; and
 - ii. rebates and other benefits payable to the Suncity junket funder (Customer 1) and junket operators (Customer 3, Customer 4) exceeded \$82 million.
- b. Star Qld facilitated over 120 junket programs for the Suncity junket, in respect of which:
- i. total turnover exceeded \$2.9 billion; and
 - ii. rebates and other benefits payable to the Suncity junket funder (Customer 1) and junket operators (Customer 3, Customer 4) exceeded \$42 million.

Star Sydney and Star Qld's business relationship with Suncity

Parties

673. From 30 November 2016, Customer 1 was the junket funder for the Suncity junket at Star Sydney and Star Qld.
674. The junket operators for the Suncity junket were:
- a. between 2016 and 2017, Customer 4; and
 - b. between 2015 and 2020, Customer 3.
675. From 30 November 2016, at least 27 individuals at Star Qld and at least 37 individuals at Star Sydney were authorised as junket representatives for the Suncity junket.

676. Despite the fact that Customer 4 and Customer 3 were junket operators of the Suncity junket, Star Sydney and Star Qld understood that Customer 1 and Customer 2 were the ultimate beneficial owners of the Suncity junket.

Particulars

In November 2021:

- a. Customer 1 was arrested by authorities in a foreign country in connection with allegations relating to an illegal gambling syndicate and money laundering; and
- b. authorities in a second foreign country issued an arrest warrant for Customer 1, in connection with alleged illicit cross-border and online gambling operations.

See Customer 1's risk profile.

677. At all times prior to September 2020, Star Sydney and Star Qld had a JPA in place with either Customer 3 or Customer 4, each of whom operated a junket branded as the 'Suncity' junket (the **Suncity junket**).

Particulars

From December 2016 to June 2017, Star had a junket agreement with Customer 4 (**December 2016 JPA**). The Managing Director and Chief Executive Officer and the Chief Financial Officer had oversight and responsibility for approving the December 2016 JPA.

On 30 June 2017 to 20 June 2018 (the **June 2017 JPA**) and from 21 June 2018 to the junket cessation date (the **June 2018 JPA**), Star had a junket agreement with Customer 3. The Managing Director and Chief Executive Officer and the Chief Financial Officer of SEG had oversight and responsibility for approving the JPAs.

From 21 June 2018, Star's JPA with Customer 3 included a requirement that Customer 3's junket representatives conduct activities, including at the Suncity Service Desk, in accordance with Star Sydney's processes.

See paragraphs 681 to 682.

678. At all times, Star Sydney and Star Qld approved CCFs for Customer 1, who funded the Suncity junket.

Particulars

Between 30 November 2016 and 20 August 2020, Star Sydney and Star Qld approved CCFs for Customer 1 on multiple occasions up to facility limits of \$266.7 million, including on a permanently active basis from 6 February 2014 (item 6, table 1, s6 of the Act).

Private gaming rooms

Star Sydney

679. At all times, Star Sydney made private gaming rooms available to the Suncity junket.

- a. At all times, Suncity had use of 27 private gaming rooms on a non-exclusive basis at Star Sydney.
- b. From December 2016 to September 2019, Star Sydney granted the Suncity junket exclusive use of a private gaming room, Salon 95, in which 48 junket programs were facilitated.
- c. From September 2019, Star Sydney granted the Suncity junket exclusive use of a private gaming room, Salon 82, in which 50 junket programs were facilitated.
- d. At all times, Star Sydney provided table 3, s6 designated services to customers associated with the Suncity junket in private gaming rooms.

Star Qld

- 680. At all times, Star Qld made private gaming rooms available to the Suncity junket on a non-exclusive basis.

Particulars

Star Qld provided the Suncity junket with access to 22 private gaming rooms on a non-exclusive basis.

Suncity service desk

- 681. From April 2018 to August 2019, Star Sydney allowed the Suncity junket to operate a **Suncity Service Desk** in Salon 95.

Particulars

Between June 2017 and January 2018, renovations were undertaken to accommodate Suncity's exclusive use of Salon 95. The renovations included the construction of a service desk and cage.

- 682. The Suncity Service Desk was a channel through which Star Sydney provided designated services to customers.

Particulars

The Suncity Service Desk was used by the Suncity junket to provide services to Suncity junket participants, including:

- a. the provision of gaming chips to customers for play;
- b. the provision of cash at the settlement (or partial settlement) of the junket; and
- c. additional services, including the booking and organisation of travel, accommodation, dining and entertainment experiences.

See paragraph 683(d).

The ML/TF risks posed by the Suncity junket

- 683. From 30 November 2016, the Suncity junket, and the provision of designated services by Star Sydney and Star Qld to and through the Suncity junket, posed higher ML/TF risks, because of the following red flags:

- a. Designated services provided by Star Sydney and Star Qld through the Suncity junket involved the ML/TF risks as pleaded at paragraph 650 above.

Parties

- b. The involvement of Customer 1, who Star Sydney and Star Qld understood to be the ultimate beneficial owner and funder of the Suncity junket, in circumstances where at all times on and from 30 November 2016:
 - i. Star Sydney and Star Qld were aware of allegations that Customer 1 was a former member of overseas organised crime syndicates and was associated with individuals linked to organised crime;
 - ii. publicly available information identified Customer 1 as a foreign PEP; and
 - iii. Star Sydney and Star Qld were aware of allegations that Customer 1 had indirectly received funds stolen from a central bank.

Particulars

See Customer 1.

- c. The involvement of Customer 2, who Star Sydney and Star Qld understood to be Customer 1's business partner, in circumstances where:
 - i. at all times Customer 1 and Customer 2 were co-directors of many overseas companies associated with the Suncity junket business; and
 - ii. Star Sydney and Star Qld were aware that Customer 1 and Customer 2 were connected to overseas organised crime syndicates.

Particulars

See Customer 2.

Salon 95 and the Suncity Service Desk

- d. Between April 2018 and September 2019, Star Sydney continued to allow the Suncity junket exclusive access to Salon 95 despite the following:
 - i. Large cash transactions and transactions involving cash that appeared suspicious were facilitated through the Suncity Service Desk in Salon 95 at Star Sydney.

Particulars

Between 17 April 2018 and 17 May 2018, at least 13 suspicious cash transactions took place in Salon 95 involving Suncity staff and unknown persons.

Star has no records of the total amount of cash involved in these suspicious transactions.

The transactions involved:

- a. Suncity staff members using the money counter at the Suncity Service Desk to count money retrieved from suitcases, backpacks, sports bags, plastic bags and esky bags;

- b. unknown third parties entering Salon 95 with large bundles of cash, the provenance of which was unknown; and
- c. unknown third parties leaving Salon 95 with large bundles of cash that had been provided to them by Suncity staff, often in circumstances where the third parties were not known to have played on any Suncity junket.

A subsequent investigation (**Operation Moneybags**) reviewed some of the transactions that took place between April 2018 and May 2018 and determined that Star was unable to identify the names of the persons who conducted the transactions or the dollar value of the transactions. The investigation also determined that Star could not identify what amounts were attributed to junket players.

- ii. By 12 May 2018, Star Sydney was aware that the Suncity Service Desk was being used to facilitate cash transactions unrelated to the ordinary gaming and transactional activities of junket or casino operations, including by offering customers a line of credit.

Particulars

In May 2018, Star staff observed a Star Sydney customer receive \$45,000 in cash at the Suncity Service Desk, despite not being a junket player on the Suncity junket at any time. When questioned by Star Sydney’s internal investigators, the customer advised that he needed to access \$45,000 urgently for a private business matter and an associate had given him instructions on how to contact Suncity.

Star Sydney identified that it appeared that Suncity operated a membership club whereby their customers had access to a line of credit: SMR dated 17 May 2018.

- iii. Between April 2018 and September 2019, blind spots in the Salon 95 CCTV system were exploited by customers and Suncity staff members, giving Star Sydney limited visibility over activity in Salon 95, including cash transactions at the Suncity Service Desk.

Particulars

Between April 2018 and May 2018, the Star Sydney surveillance team members reviewed CCTV vision of Salon 95 transactions as part of Operation Moneybags: see particulars to paragraph 683(d)(i) below.

The Star Sydney surveillance team was unable to track the cash transactions in Salon 95 during this period back to an owner, nor was it able to identify the origin of a number of bags that were used to carry cash to and from Salon 95.

During this period, Star Sydney was aware that CCTV blind spots were being exploited, meaning that it had limited visibility over the cash transactions in Salon 95.

For example, on 15 June 2018, a Star Sydney customer, Person 9, was invited onto the Salon 95 balcony by Suncity staff. Star Sydney considered this to be an attempt to find a spot not covered by Star Sydney's CCTV. The customer exited the blind spot holding a paper bag which Star Sydney understood contained \$35,000 in chips withdrawn from Customer 3's account.

- iv. Although Star Sydney did not record evidence of cash transactions at the Suncity Service Desk between June 2018 and April 2019, by May 2019, Star Sydney had become aware of efforts to conceal suspicious cash transactions in a computer cupboard behind the Suncity Service Desk in Salon 95.

Particulars

On 9 May 2019, 20 May 2019, 22 May 2019, 30 May 2019 and 31 May 2019, Star Sydney recorded CCTV vision of a number of suspicious cash transactions occurring in Salon 95, including incidents involving:

- a. money being placed into envelopes;
- b. money being taken from a drawer and covertly transported by Suncity staff members to a hire car;
- c. money being counted at the Suncity Service Desk and then being deposited at a cage in a private gaming room;
- d. Suncity staff members entering the computer cupboard with black bags; and
- e. money being stored in the computer cupboard.

Star Sydney suspected that Suncity staff were attempting to conceal their activities from CCTV by repacking cash into different bags, operating in the closet room out of view of CCTV or shrouding their actions with a blanket.

- v. By July 2019, SEG was advised that NSW exclusion orders were issued for six individuals associated with Suncity, including Suncity staff who worked in Salon 95.
- vi. In August 2019, Salon 95 was shut down following media reporting of allegations in respect of Suncity that were aired in July 2019.

Particulars

On 13 August 2019, the President of International VIP Sales wrote in an email to the Chief Casino Officer that Suncity would exit Salon 95 but that Star's business with Suncity would carry on as usual as for junkets operated at other part of the casinos.

Salon 82

- e. From September 2019 to March 2020, Star Sydney continued to allow the Suncity junket exclusive access to a private gaming room, Salon 82, despite the known ML/TF risks posed by the Suncity junket in respect of its activity in Salon 95.

Particulars

From September 2019 to March 2020, the Suncity junket operated junkets in Salon 82: see paragraph 679 above.

During this period, the Suncity logo was to be displayed from TV monitors in Salon 82 and on branded amenities, including ashtrays and lighters, which were used in the room.

Suspicious formed for the purpose of s41 of the Act

- f. Between 30 November 2016 and 2 November 2020, Star Sydney gave the AUSTRAC CEO 33 SMRs relating to designated services provided through the Suncity junket, including to junket operators Customer 3 and Customer 4.

Particulars

See *Customer 3* and *Customer 4*.

- g. Between May 2018 and June 2018, Star Sydney formed suspicions that cash presented by customers at the Cage originated from the Suncity junket.

Particulars

On at least eight occasions between 1 May 2018 and 18 June 2018, customers presented large amounts of cash sealed in plastic wrap or clear plastic bags, totalling approximately \$4.7 million, to be deposited into their accounts, in circumstances where Star Sydney suspected that it originated from the Suncity junket.

Star Sydney considered that it was possible that the Suncity junket was trying to hide the fact that the funds had originated from Suncity: SMR dated 6 June 2018.

See *Customer 3*.

- h. Between 30 November 2016 and 22 January 2020, Star Qld gave the AUSTRAC CEO 13 SMRs relating to designated services provided through the Suncity junket, including to junket operators Customer 3 and Customer 4.

Particulars

See *Customer 3* and *Customer 4*.

Items 31 and 32, Table 1, s6 designated services

- i. At all times, the Suncity junket received designated services through high risk channels, including the EEIS remittance channel and the Customer 9 channels:

Particulars

Between 5 September 2019 and 20 April 2020, \$13,710,031 was deposited through the EEIS remittance channel which Star Sydney or Star Qld made available to Customer 1.

Between 12 August 2019 and 23 August 2019, \$1,897,463 was remitted through the Customer 9 channels which Star Sydney or Star Qld made available to Customer 1.

On 19 August 2019, \$2,009,392 was remitted through the Customer 9 channels which Star Sydney made available to Customer 3.

See Customer 1 and Customer 3.

ML/TF typologies and vulnerabilities

- j. At all times, the Suncity junket funder (Customer 1), Suncity junket operators (Customer 3 and Customer 4), Suncity junket representatives and junket players engaged in transactions indicative of ML/TF typologies and vulnerabilities at Star Sydney and Star Qld.

Particulars

See Customer 1, Customer 3 and Customer 4.

Associations with overseas organised criminal syndicates

- k. In July 2019 and August 2019, Star became aware of media reports that alleged that:
- i. the Suncity junket was implicated in operating gambling platforms and facilitating underground banking and illegal gambling in a foreign country; and
 - ii. Australian casinos did business with Customer 1, the funder of the Suncity junket, who was connected to overseas organised crime syndicates.

Particulars to i and ii

See Customer 1.

ML/TF risk assessments with respect to the Suncity junket

684. Despite the ML/TF risks pleaded at paragraph 683 above, at no time did Star Sydney carry out an appropriate assessment of the ML/TF risks it reasonably faced with respect to the designated services it provided through the Suncity junket channel.

Particulars

At no time did Star Sydney carry out a specific ML/TF risk assessment in relation to the Suncity junket's use of Salon 82.

At no time did Star Sydney carry out a specific ML/TF risk assessment in relation to the Suncity junket's use of Salon 95.

Following media allegations raised in July 2019 and August 2019, SEG determined that it would conduct a risk assessment of the Suncity junket by no later than December 2019.

There is no record of any such risk assessment being conducted by December 2019.

On 13 February 2020, the Due Diligence Program Manager prepared a detailed chronology of the Star's engagement with Suncity.

On 8 May 2020, the Due Diligence Program Manager prepared a Suncity ECDD report in respect of Customer 1 and other Suncity associates, including Customer 3, Customer 4 and Customer 2. The Suncity ECDD report identified adverse media in respect of Customer

1 and noted the suspicious cash incidents that occurred in Salon 95. The Suncity ECDD report was provided by email to the Chief Legal and Risk Officer and copied to the General Corporate Counsel and the AML/CTF Compliance Officer.

The Suncity ECDD report was revised on 1 October 2020 and finalised by 7 January 2021 by the Due Diligence Program Manager. The final report was provided by email to the Group General Counsel and copied to the AML/CTF Compliance Officer. It concluded that:

- a. it was 'possible' that Customer 1's subordinates may maintain business relationships with overseas organised criminal syndicates and their affiliates;
- b. there was 'no clear evidence' that Customer 1 had personal involvement with or facilitated any type of criminality, including money laundering activity allegedly facilitated at Australian casinos, but rather he was a successful and astute businessman; and
- c. Customer 1 would not hold the positions in foreign political bodies that he did had the relevant authorities suspected him of involvement in criminal activity.

Recommendation to continue to do business with the Suncity junket in 2021

In January 2021, a recommendation was made that Star could continue to do business with the Suncity junket, including Customer 1, subject to certain compliance measures being adopted.

No steps were subsequently taken by Star to adopt any compliance measures.

685. At no time did Star Qld carry out an appropriate assessment of the ML/TF risks it reasonably faced with respect to the designated services it provided through the Suncity junket channel.

Salon 95 and the Suncity Service Desk

686. At no time did Star Sydney conduct an appropriate risk assessment in relation to the Suncity Service Desk.

Particulars

Star Sydney did not carry out an ML/TF risk assessment in relation to the Suncity Service Desk prior to the introduction of this facility at Star Sydney.

By 11 April 2018, the Compliance Manager had prepared a draft risk assessment of the ML/TF risks associated with the Suncity Service Desk, particularly Suncity's acceptance of cash by players for participation in a junket, the provision of chips for play by Suncity and the provision of cash by Suncity at settlement of a junket at the Suncity Service Desk. The draft risk assessment identified the following risks:

- a. the accidental provision of a designated service by Suncity;
- b. that the operations of the casino could be, or be perceived to be, conducted by a person other than the casino operator;
and
- c. the operation of a 'super junket', where unrelated parties are added to an overarching junket agreement rather than each group being treated as an individual junket.

The risk assessment set out proposed controls and concluded that it would be possible for the Suncity Service Desk 'to operate in a compliant fashion without significant compromise to the customer experience'.

The draft risk assessment did not appropriately identify or assess all of the ML/TF risks of the Suncity Service Desk pleaded at paragraph 683(d).

By mid-April 2018, Salon 95 and the Suncity Service Desk were operational.

By at least 18 April 2018, the first CCTV recording was made of a cash transaction in Salon 95: see paragraph 683(d) above.

On 27 April 2018, the Suncity Service Desk risk assessment was finalised and approved by the Chief Risk Officer. There were no changes to the risks identified in the draft risk assessment of 11 April 2018.

ML/TF controls with respect to the Suncity junket

687. The Joint Part A Programs did not include appropriate risk-based systems and controls to identify, mitigate and manage the ML/TF risks of designated services provided through the Suncity junket.

Parties related to Suncity

688. At no time did Star Sydney or Star Qld carry out appropriate due diligence having regard to the ML/TF risks of designated services provided through the Suncity junket, including in respect of:

- a. the Suncity junket funder, Customer 1;

Particulars

See *Customer 1*.

See paragraph 792 to 852 below.

- b. Customer 2, Customer 1's business partner; and

Particulars

See *Customer 2*.

See paragraph 792 to 852 below.

- c. Customer 3 or Customer 4, the Suncity junket operators.

Particulars

See *Customer 3* and *Customer 4*.

See paragraph 792 to 852 below.

Salon 95 and the Suncity Service Desk

689. At no time did the Joint Part A Program include or incorporate appropriate risk-based controls to identify, mitigate and monitor the ML/TF risks of cash in private gaming rooms, including cash transactions through the Suncity Service Desk in Salon 95.

- a. Controls on cash in private gaming rooms at Star Sydney and Star Qld were inadequate.

Particulars

See paragraph 616 above.

- b. CCTV surveillance inside Salon 95 was not an appropriate AML/CTF control on its own.
- c. At all times, controls on cash transactions at the Suncity Service Desk were inadequate, because:
 - i. despite receiving internal legal advice that Suncity could not conduct cash transactions at a Suncity Service Desk, in April 2018 Star Sydney and SEG senior management advised Suncity that it could conduct cash transactions at the Suncity Service Desk in specific circumstances if it adopted a number of controls;

Particulars

In April 2018, Star Sydney advised Suncity:

- a. cash received at the Suncity Service Desk be deposited to the Star Sydney cage at least on a daily basis;
- b. customers not to receive cash in exchange for chips in the same transaction; and
- c. cash received at the Suncity Service Desk would not be used to settle with customers.

See paragraph 690.

The controls conveyed to Suncity did not align with the controls set out in the ML/TF risk assessment finalised on 27 April 2018. See paragraph 684.

- ii. by no later than May 2018, Star Sydney and SEG senior management formed suspicions that Suncity was operating a pseudo cage through the Suncity Service Desk in Salon 95;

Particulars

On 14 May 2018, in relation to a \$45,000 transaction in Salon 95, a Senior Investigator sent an email to the General Counsel, Star Sydney and the Group Investigations Manager stating that Suncity's

activities that day were strange and that he was going to 'call it out early' that Suncity was 'operating a business model which is problematic for the SEG with regards to AML/CTF Laws'.

- iii. on 14 May 2018, Suncity was issued with a warning letter dated 10 May 2018, reminding Suncity of the restrictions on cash transactions previously communicated in April 2018;

Particulars

The letter stated that:

- a. the Suncity Service Desk must not operate a cash float;
- b. cash received at the Suncity Service Desk must be deposited at the Star Sydney cage;
- c. cash payments made to customers must be drawn down from the Star Sydney cage;
- d. exchanges of cash for chips and of chips for cash must not take place at the Suncity Service Desk;
- e. individuals who are not Suncity junket players should not seek services from the Suncity Service Desk.

The letter was signed by the Managing Director, Star Sydney.

At no time was Suncity informed of the proposed controls in the 27 April 2018 risk assessment: see paragraph 684 above.

- iv. on 23 May 2018, Star Sydney provided Suncity with standard operating procedures for the Suncity Service Desk in Salon 95 (Suncity Service Desk SOP), which included a list of 'key principles' and nine standard operating procedures for cash transactions at the Suncity Service Desk;

Particulars

On 23 May 2018, the Suncity Service Desk SOP was provided to the Suncity junket representatives by the General Manager VIP International.

The Suncity Service Desk SOP included the following requirements:

- a. Only approved junket representatives, participants and SEG staff could access Salon 95.
- b. SEG staff were required to conduct identity checks of junket players who accessed Salon 95.
- c. Junket participants could only receive gaming-related services at the Suncity Service Desk if they had recorded gaming activity in Synkros within the preceding 48 hours.
- d. Cash presented at the Suncity Service Desk to be deposited into the Suncity FMA should be counted by Suncity staff in view of CCTV, receipted, secured in the 'Buy-in Drawer', and deposited at the Star Sydney cage within two hours of receipt.

All transactions were to be documented in a book available on request to SEG representatives for audit purposes.

- e. If a junket player wanted to settle, then the chips were to be collected, counted, documented and secured by Suncity staff, then transported to the Star Sydney cage to be deposited. Any cash out was to be conducted at the Star Sydney cage in accordance with SEG's cash out policy, then the cash was to be transported back to Salon 95 to be disbursed to the junket player within two hours of being collected from the Star Sydney cage. All transactions were to be documented in a book available on request to SEG representatives for audit purposes.
 - f. Only limited chip exchanges could be conducted at the Suncity Service Desk, including exchanging chips of larger values for smaller values, or rollover of premium chips for non-negotiable chips.
 - g. Cash in the expenses drawer was limited to \$25,000 and was to be used for non-gaming related activity. All transactions were to be documented in a book available on request to SEG representatives for audit purposes.
 - h. If an excess of chips had been drawn down on the Suncity FMA, then the Suncity junket representative could issue non-negotiable chips to the junket participant but not in exchange for cash chips, cash or cash equivalents. The excess chips were to be sent to the Star Sydney cage to be credited to the Suncity FMA within two hours of receipt.
 - i. Suncity junket representatives were prohibited from receiving cash from players or providing cash to players outside settlement, partial settlement or cash out.
 - j. Electronic funds transfers could only occur at the Star Sydney cage.
- v. Star Sydney could not ensure that the procedures in the Suncity Service Desk SOP were being consistently applied;

Particulars

There were no mechanisms for enforcement of the Suncity Service Desk SOP, which depended on voluntary compliance by Suncity staff members who were not Star employees.

- vi. a further warning letter was issued to Customer 3, Suncity's junket operator, on 8 June 2018 as a result of non-compliance with the Suncity Service Desk SOP at Salon 95;

Particulars

The letter stated that:

- a. the Suncity Service Desk SOP was provided by Star Sydney to the Suncity junket representatives on 23 May 2018;
- b. Star Sydney was aware that processes in the Suncity Service Desk SOP were not followed;
- c. any further breach of the processes in the Suncity Service Desk SOP would result in the termination of access to the Suncity Service Desk and might lead to a review of Suncity's exclusive access to Salon 95; and
- d. it was Customer 3's responsibility to ensure that the Suncity junket representatives were aware of the obligations under the Suncity Service Desk SOP.

The letter was signed by the Managing Director, Star Sydney.

- vii. although Star Sydney did not record evidence of cash transactions at the Suncity Service Desk between June 2018 and April 2019, by May 2019, Star Sydney had become aware of efforts to conceal suspicious cash transactions in Salon 95; and

Particulars

On 9 May 2019, 20 May 2019, 22 May 2019, 30 May 2019 and 31 May 2019, Star Sydney recorded CCTV vision of a number of suspicious cash transactions occurring in Salon 95: see particulars to paragraph 683(d)(iv) above.

On 31 May 2019, a Star investigator:

- a. observed on CCTV two Suncity employees enter the closet room in Salon 95 before re-emerging with a bag of cash; and
- b. inspected the closet room behind the Suncity Service Desk, where he observed environmental shopping bags, similar to the kind of bag used to hold the cash observed in the CCTV vision, stuffed around a large computer server.

On 4 June 2019, the Investigations Manager, Financial Crime and Investigations showed CCTV vision of the 31 May 2019 transaction to the General Counsel, Star Sydney and the NSW Regulatory Affairs Manager.

By 5 June 2019, the Star investigator had prepared a report that recorded suspicions that:

- a. the cash seen in the vision from 31 May 2019 originated from the closet room behind the Suncity Service Desk;
- b. Suncity staff were attempting to conceal their activities from CCTV by repacking cash into different bags, operating in the closet room out of view of CCTV or shrouding their actions with a blanket; and
- c. turnover of Suncity staff meant that behaviours involving large cash transactions noticed and addressed by previous

staff members went unnoticed by new staff members and subsequently remerged.

- viii. by 23 May 2019, a purported review of Suncity's compliance with the Suncity Service Desk SOP failed to identify three cash incidents at the Suncity Service Desk that occurred during the period of review.

Particulars

Following a review between March 2019 and May 2019, on 23 May 2019, the Group Compliance Manager sent a report to the General Counsel, Star Sydney in respect of compliance with the Suncity Service Desk SOP. The report found that:

- a. the overall control environment was satisfactory and representative of good practice;
- b. the agreed upon procedures required changes as the Suncity Service Desk SOP did not reflect the actual operational model agreed with Suncity in May 2018;
- c. there was no evidence of the practices that raised concerns around the operation of Salon 95 in 2018; and
- d. there was an effective level of oversight of the operation of Salon 95.

The Group Compliance Manager also recorded that transaction logs required to be kept under the Suncity Service Desk SOP were not kept because Suncity was not performing the relevant transactions at the Suncity Service Desk.

There was no mention in the report by the Group Compliance Manager of the three cash incidents on 9 May 2019, 20 May 2019 or 22 May 2019 (see paragraph 683(d)(iv) above).

The Group Compliance Manager concluded that there was no evidence of cash transactions occurring in Salon 95 and that Star had effective oversight of Salon 95.

Record keeping

- d. Star Sydney did not make or keep appropriate records in relation to cash transactions at the Suncity Service Desk in Salon 95.

Particulars

See paragraph 683(d) above.

Star Sydney was dependent on records kept by the Suncity junket representatives in respect of any cash presented at the Suncity Service Desk, any cash provided to junket players following settlement and any cash provided to customers for non-gaming activities.

- e. In the absence of appropriate records of the designated services Star Sydney provided through Salon 95 and through the Suncity Service Desk, Star Sydney was unable to adopt and maintain appropriate risk-based AML/CTF controls.

Particulars

See paragraph 689(a) to 689(c) above.

- f. Vision from CCTV and table cameras did not constitute appropriate records of designated services provided in Salon 95.

Transaction monitoring

- g. At no time did the Joint Part A Programs apply appropriate risk-based transaction monitoring in private gaming rooms, including Salon 95 and Salon 82 which were occupied by Suncity.

Particulars

See paragraph 787.

Governance – Suncity Service Desk

- 690. From April 2018, senior management advised Suncity that it could conduct cash transactions at the Suncity Service Desk in specific circumstances, despite receiving internal legal advice indicating that, if Star Sydney permitted cash transactions at the Suncity Service Desk, Star Sydney would be exposed to the risk of the Suncity Service Desk being used to facilitate large cash and chip transactions without casino oversight.

Particulars

On August 2017, the General Manager, Commercial Finance International Marketing emailed Star staff members regarding the construction of a cage and a service desk in Salon 95.

Between 12 March 2018 and 13 March 2018, the Assistant Vice-President, VIP International Operations; the Cashier Services Manager, Star Sydney; the General Corporate Counsel; the General Counsel, Star Sydney and the NSW Regulatory Affairs Manager exchanged a number of emails which, amongst other things, queried the amount of cash that a customer could deposit into the 'Suncity Cage without any AML requirement'.

In response, the General Corporate Counsel advised that:

- a. he had not previously been consulted about the proposal for Suncity to operate a cage and handle cash transactions;
- b. it would be necessary to reinforce to the business that Salon 95 could only operate a service desk and not a cage;
- c. he thought that Suncity should not be handling cash payments, but if they were to they would need to be 'AML/CTF compliant';
- d. Suncity did not have authority to operate a cage;

- e. cash transactions could only occur at Star Sydney's cage in accordance with its applicable policies and standard operating procedures; and
- f. Suncity could nevertheless use the service desk to handle junket operator and junket representative transactions involving chips only.

By 13 April 2018, the General Manager Compliance and Responsible Gambling, Star Sydney; the General Counsel, Star Sydney; the NSW Regulatory Affairs Manager; the Compliance Manager; the General Manager VIP International and the General Manager, Commercial Finance International Marketing were aware of the advice of the General Corporate Counsel.

On 28 March 2018, the General Manager, VIP International queried whether Suncity could be permitted to handle cash in Salon 95 if its representatives collected KYC information, deposited the cash at the Star Sydney cage every 24 hours and obtained extra documentation for transactions over \$100,000.

On 31 March 2018, the General Corporate Counsel confirmed that Suncity could not handle cash at the Suncity Service Desk until the General Manager Compliance and Responsible Gambling, Star Sydney had given clearance .

On 6 April 2018, the General Manager Compliance and Responsible Gambling, Star Sydney advised the President of International VIP Sales that his team would perform an 'AML risk assessment' on the Suncity Service Desk and requested information about Star's arrangement with Suncity and the activity of the Suncity junket.

The President of International VIP Sales:

- a. requested the questions for the AML risk assessment in advance;
- b. noted that there was urgency to getting Salon 95 running.

The General Manager Compliance and Responsible Gambling, Star Sydney said that the AML risk assessment did not need to slow down the implementation of the service desk arrangement. The President of International VIP Sales was also later told that the ML/TF risk assessment was to be conducted with controls to provide a 'suitable solution'.

On 6 April 2018, the General Manager, Commercial Finance International Marketing told the Managing Director, Star Sydney that a concern had been raised around cash collection at the Suncity Service Desk, but that, assuming that the ML/TF risk assessment could be done concurrently, there was no reason why implementation of the service desk could not occur immediately.

On 12 April 2018, the General Manager VIP International; the General Manager Compliance and Responsible Gambling, Star

Sydney; the Chief Risk Officer; the General Manager, Commercial Finance International Marketing; the Managing Director, Star Sydney and the President of International VIP Sales received a copy of the draft ML/TF risk assessment: see paragraph 686 above.

By mid-April 2018, Suncity commenced operating junket programs and conducting cash transactions at the Suncity Service Desk: see paragraph 683(d) above.

691. By May 2018, Star senior management were aware that Suncity was conducting suspicious cash transactions in Salon 95, including with third parties, in a manner inconsistent with the restrictions on cash transactions imposed on it.

Particulars

See particulars to paragraph 683(d) and 689 above.

On or around 11 May 2018, the suspicious cash transactions conducted in Salon 95 (see paragraph 689 above) were discussed at a meeting attended by Star senior management, including the General Counsel, Star Sydney; the Managing Director, Star Sydney; the Chief Risk Officer and the General Manager Compliance and Responsible Gambling, Star Sydney.

On 14 May 2018, a Star Investigator advised the General Counsel, Star Sydney and the Group Investigations Manager that Suncity's activities that day were strange and that he was going to 'call it out early' that Suncity was 'operating a business model which is problematic for the SEG with regards to AML/CTF Laws'.

On 14 May 2018, Star Sydney issued its first warning letter signed by the Managing Director, Star Sydney to the Suncity junket regarding its compliance with restrictions on cash transactions in Salon 95: see particulars to paragraph 689(c)(iv) above.

On 8 June 2018, Star Sydney issued its second warning letter signed by the Managing Director, Star Sydney to the Suncity junket regarding its compliance with restrictions on cash transactions in Salon 95: see particulars to paragraph 689(c)(vii) above.

692. At no time were the higher ML/TF risks faced by Star Sydney in respect of the Suncity Service Desk and Suncity's use of Salon 95 (pleaded at paragraph 683(d) above) appropriately reported by senior management to the SEG Board.

Particulars

On 26 July 2018, a SEG Board meeting was held. One of the papers taken as read at the meeting was 'The Star Entertainment Group Limited – Managing Director & CEO Report – May 2018'.

Page 22 of the paper stated that concerns had emerged around the activities undertaken at the Suncity Service Desk, that the functions at the Suncity Service Desk were limited pending the development of detailed processes for the junket representatives and that training for Suncity staff would be completed by 8 June 2018 with compliance monitoring to follow.

The board paper did not contain:

- a. details of the internal legal advice provided in March 2018 outlining the risks to which Star Sydney would be exposed should it permit cash transactions at the Suncity Service Desk: see paragraph 690 above;
- b. details of suspicious cash transactions in Salon 95, including with third parties, observed in April 2018 and May 2018: see paragraph 683(d) below;
- c. details of the ML/TF risks identified in the Suncity Service Desk ML/TF risk assessment completed on 27 April 2018: see paragraph 686 above; and
- d. details of steps taken to permit Suncity to conduct cash transactions at the Suncity Service Desk subject to restrictions and Suncity's subsequent non-compliance with those restrictions: see paragraph 691 above.

Decision to cease business with the Suncity junket

693. It was not until April 2022 that Star senior management made a decision to cease doing business with the Suncity junket.

Particulars

See paragraphs 694 to 700 below.

694. In August 2021, Star senior management accepted a recommendation that Star could safely maintain a customer relationship with Customer 1 and Customer 3 subject to specific risk mitigation measures.

Particulars

See *Customer 1* and *Customer 3*.

695. Following media reports of Customer 1's arrest for alleged money laundering and illegal cross-border gambling operations, Star senior management accepted a recommendation that no further action needed to be taken in respect of Star Sydney and Star Qld's ongoing business relationship with Customer 1.

Particulars

See *Customer 1*.

696. It was not until 14 December 2021 that Star Sydney and Star Qld decided to cease the business relationship with Customer 1 and issued a WOL in respect of him.

Particulars

See *Customer 1*.

697. It was not until 24 January 2022 that Star Sydney and Star Qld decided to cease the business relationship with Customer 2 and issued a WOL in respect of him.

Particulars

See *Customer 2*.

698. It was not until 6 April 2022 that Star Sydney and Star Qld decided to cease the business relationship with Customer 3 and issued a WOL in respect of him.

Particulars

See Customer 3.

699. At no time has either Star Sydney or Star Qld made a decision to cease the business relationship with Customer 4.

Particulars

See Customer 4.

700. At all times Star Sydney and Star Qld failed to take appropriate steps to identify, mitigate and manage the ML/TF risks of doing business with the Suncity junket, including through Customer 1, Customer 2, Customer 3 and Customer 4.

The ongoing relationship with persons associated with junkets

Decision to continue to do business with persons associated with junkets

701. Despite ceasing junket operations in October 2020, Star Sydney and Star Qld determined to continue to conduct business with persons associated with junkets.
- a. Star Sydney and Star Qld have held money in FMAs for or on behalf of junket operators and junket funders on and from October 2020.
 - b. Star Sydney and Star Qld continued to provide designated services (items 31 and 32, table 1, s6) for and on behalf of junket operators and junket funders by remitting money into and out of the casino environment on and from October 2020.

Particulars

On 12 December 2021, Star Sydney received a deposit of approximately \$2.8 million from Customer 20's personal bank account, despite the fact that Star had ceased junket operations in October 2020.

See Customer 20.

- c. Star Sydney and Star Qld senior management determined to maintain a business relationship with persons associated with junket activities, including those in respect of whom Star Sydney and Star Qld had formed suspicions, despite the higher ML/TF risks associated with the junket activity of those persons.

Particulars

For example, in August 2021, despite the higher ML/TF risks associated with their junket activity, Star senior management determined to maintain a business relationship with a number of customers including Customer 1, Customer 3, Customer 28, Customer 46, Customer 20 and Customer 29.

Each of these customers was subsequently issued with a WOL by Star Sydney and Star Qld as follows:

- a. Customer 1, on 14 December 2021;

- b. Customer 20, on 1 March 2022;
- c. Customer 3, on 6 April 2022;
- d. Customer 28 and Customer 29, on 24 May 2022; and
- e. Customer 46, on 31 May 2022.

See *Customer 1, Customer 3, Customer 28, Customer 46, Customer 20, Customer 29.*

Designated services provided through international individual rebate programs

- 702. Star Sydney and Star Qld provided designated services to international VIP customers via individual rebate programs beyond October 2020 at Star Sydney and Star Qld.
- 703. Many of the ML/TF risks pleaded at paragraph 650 above were applicable to international VIP customers. Customers who, prior to the cessation of junket operations in October 2020, had been junket players could, following the cessation of junket operations, instead play on international individual rebate programs.

Particulars

For example, on 3 December 2021, Customer 53 recorded a turnover exceeding \$4 million at Star Sydney on an international individual rebate program.

Between 3 August 2015 and 21 July 2020, Customer 53 had been a junket player on more than ten junkets operated by Customer 11, Customer 15 and Customer 3. Customer 53's turnover as a junket player in that period exceeded \$210 million. Customer 53 was a close associate of Customer 10, who funded Customer 11's and Customer 15's junkets.

By 2018, Customer 53 had been the subject of law enforcement enquiries at both Star Sydney and Star Qld.

See *Customer 53.*

- 704. Between October 2020 and April 2022, Star Sydney and Star Qld recorded that the turnover of international individual rebate programs exceeded \$116 million. Rebates in excess of \$460,000 over the same period were payable by Star Sydney and Star Qld to the international VIP customers on international rebate programs.
- 705. From 30 November 2016 until at least December 2021, revenue from designated services provided through international individual rebate programs, other than junket programs, represented a material source of Star Sydney's total revenue.

Particulars

Between July 2015 and December 2021, Star Sydney made over \$540 million in international rebate revenue, other than junket-generated revenue.

In the 2016, 2017, 2018 and 2019 financial years, international rebate revenue, other than junket-generated revenue, for Star Sydney was approximately \$149 million, \$94 million, \$60 million and \$84 million respectively.

In the 2020 financial year, in which Star Sydney's revenue was reduced due to COVID-19-related travel restrictions and lockdowns, Star Sydney's international rebate revenue, other than junket-generated revenue, stood at just over \$149 million.

Between July 2020 and December 2022, in which period Star Sydney's revenue remained reduced due to COVID-19-related travel restrictions and lockdowns, Star Sydney's international rebate revenue, other than junket-generated revenue, stood at just over \$7 million.

706. From 30 November 2016 until at least July 2021, revenue from designated services provided through international individual rebate programs, other than junket programs, represented a material source of Star Qld's total revenue.

Particulars

Between July 2015 and July 2021, Star Qld made over \$191 million in international rebate revenue, other than junket-generated revenue.

In the 2016, 2017, 2018 and 2019 financial years, international rebate revenue, other than junket-generated revenue for Star Qld was approximately \$12.6 million, \$57.9 million, \$11.2 million and \$21.9 million respectively.

In the 2020 financial year, in which Star Qld's revenue was reduced due to COVID-19-related travel restrictions and lockdowns, Star Qld's international rebate revenue, other than junket-generated revenue, stood at just over \$84 million.

707. On 9 May 2022, SEG advised the Australian Securities Exchange that it was suspending international individual rebate programs.

The transaction monitoring program

708. At all times from 30 November 2016, Star Sydney and Star Qld were required by the Act and Rules to include a transaction monitoring program in their Joint Part A Programs that:
- a. included appropriate risk-based systems and controls to monitor the transactions of customers;
 - b. had the purpose of identifying, having regard to ML/TF risk, any transaction that appears to be suspicious within the terms of s 41 of the Act; and
 - c. had regard to unusual patterns of transactions, which have no apparent economic or visible lawful purpose.

Particulars

Section 85(2)(c) of the Act, rules 9.1.3, 9.1.4 and rules 15.4 to 15.7 of the Rules.

709. At all times, the Joint Part A Programs included a transaction monitoring program.

Particulars

The transaction monitoring program comprised:

A. The Joint Part A Programs (September 2016 to February 2019 versions, Part A, clause 14 and Annexure G; November 2019 to August 2022 versions, Part A, clause 7).

B. Transaction Monitoring and AUSTRAC Reporting Standard – clause 5.1, Appendix A (versions dated November 2019, March 2021 and May 2021) (**TMP Standard**).

C. The Star AML/CTF Transaction Monitoring Process Version 1.04 and The Star AML/CTF Transaction Monitoring Program Version 1.05.

(the **transaction monitoring programs**)

710. The transaction monitoring programs contained in the Joint Part A Programs provided for the following referrals, reports and alerts:
- a. manual referrals raised by Star Sydney or Star Qld employees based on observation;
 - b. manual reporting, reviewed by AML Administrators;
 - c. automated alerts raised by Transwatch prior to April 2021; and
 - d. automated alerts raised by TrackVia from April 2021.
711. From 30 November 2016, the transaction monitoring programs in the Joint Part A Programs did not comply with the requirements of rr9.1.3, 9.1.4, 15.4 to 15.7 of the Rules, by reason of the matters pleaded in paragraphs 713 to 791.
712. By reason of the matters pleaded in paragraph 711, the transaction monitoring programs did not comply with s85(2)(c) of the Act during the period from 30 November 2016.

Particulars

On 16 May 2018, KPMG advised SEG in its report that customers may be facilitating ML/TF through Star Sydney and Star Qld without being adequately detected and reported to law enforcement and AUSTRAC. KPMG rated this risk as high.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

The transaction monitoring programs were not aligned to an appropriate ML/TF risk assessment

713. At no time from 30 November 2016 were the transaction monitoring programs in the Joint Part A Programs aligned and proportionate to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to designated services, having regard to the nature, size and complexity of their businesses and the ML/TF risks reasonably faced.

Particulars

Star Sydney and Star Qld did not appropriately identify and assess the inherent and dynamic ML/TF risks of its designated services.

Rules 9.1.3 and 9.1.4 of the Rules.

Paragraphs 93 to 191.

714. The ML/TF typologies and vulnerabilities pleaded at paragraph 25 included some indicia of transactions relating to designated services provided by Star Sydney and Star Qld that may have appeared to:
- a. be suspicious for the purposes of s 41 of the Act; and/or
 - b. involve unusual patterns of transactions, which had no apparent economic or visible lawful purpose.
715. In the absence of an appropriate assessment of their ML/TF risks, Star Sydney and Star Qld were unable to design transaction monitoring systems to appropriately detect transactions that may have been indicative of the ML/TF typologies and vulnerabilities pleaded at paragraph 25.
716. By reason of the matters pleaded at paragraphs 713 to 715, the transaction monitoring programs in the Joint Part A Programs did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Section 85(2)(c) of the Act and rule 15.5 of the Rules.

Manual referrals

717. At all times, any Star Sydney or Star Qld employee could raise a manual referral if the employee observed a customer or transaction that raised ML/TF risks (**manual referrals**).

Particulars

Manual referrals could be based upon an employee's own observations or on the review of surveillance data.

718. Manual referrals were escalated for review to the AML Administrators at Star Sydney and Star Qld by email, handwritten note or by telephone.
719. Escalation processes for manual referrals were ad hoc and were not capable of consistently or reliably escalating unusual or suspicious behaviour observed by Star Sydney or Star Qld employees
720. Star Sydney and Star Qld employees raised manual alerts at their discretion.
721. The Joint Part A Programs did not include appropriate guidance or criteria to assist Star Sydney or Star Qld employees in the exercise of their discretion to raise manual referrals.

Particulars

Prior to November 2019, Appendix F of the Joint Part A Programs included a list of red flags that might signal ML/TF. Appendix F did not comprehensively identify all the ML/TF typologies Star Sydney and Star Qld reasonably faced with respect to the full suite of

designated services it provided under both table 1 and table 3 of s6 of the Act. Nor did they appropriately address the ML/TF risks of designated services posed through the factors of customer, channel, and jurisdiction. Nor were many of these red flags capable of detection by observation.

From February 2019, the Joint Part A Programs included more detail on the red flags that might signal ML/TF. Similarly, from November 2019, Appendix B of the TMP Standards included more detail on the red flags that might signal ML/TF. However, many of these red flags were not capable of consistent detection by observation, and did not appropriately cover all ML/TF risks.

The Cage Standard Operating Procedures identified some matters that were to be considered suspicious and escalated to the AML Administrators, including where a customer refuses or does not provide KYC information in relation to a TTR; where Cage supervisor or above identifies a potential suspicion relating to an offence, tax evasion, or the proceeds of crime; where the casino suspects the customer or their agent is not the person they claim to be; or if a guest refuses to provide source of funds information details for 'large cash transactions' or if there is an additional red flag trigger.

Similarly, the Table Games Standard Operating Procedures provided that the Assistant Manager was required to submit a SMR in certain circumstances, including where a customer removed notes from a \$10,000 buy-in to bring the transactions under the TTR threshold; a customer was observed to be splitting \$10,000 buy-in between tables; a customer was observed to make multiple buy-ins without play or minimal play; notes are in poor condition or are presented in an unusual manner (wrapped in newspaper, carried in a cardboard box); or a customer provides cash to a friend or associate to perform transactions on their behalf.

Neither of these Standard Operating Procedures addressed the full scope of the ML/TF typologies or vulnerabilities with respect to the designated services facilitated through the Cage or at tables.

722. Star Sydney and Star Qld employees were unable to appropriately monitor the transactions of customers for the purposes of the transaction monitoring programs because they did not receive adequate ML/TF risk awareness training.

Particulars

Frontline staff were staff with customer facing roles relating to table games, gaming machines, surveillance, security, Cage functions and VIP.

In December 2018, AUSTRAC recommended to Star Sydney that it provide additional in-depth AML/CTF training for Table Game Supervisors and Managers, noting that Star Sydney places a significant responsibility on Table Games Supervisors and Managers to identify suspicious activity, and to also assist staff to identify such activity. AUSTRAC advised that the inclusion of both additional and

more in-depth scenarios, of potential money laundering or terrorism financing through table games in the Supervisors and Managers training guides may increase the likelihood of this activity being detected in all areas of the casino, including the international rebate play (junkets) area.

The AML Administrators did not receive appropriate risk awareness training.

Star Sydney's and Star Qld's training has not improved over time.

723. Manual referrals were not capable of detecting suspicious or unusual patterns of transactions or behaviours across complex transaction chains involving multiple designated services.

Particulars

See paragraphs 19 and 20.

Observational transaction monitoring processes were focussed on individual transactions, and were not capable of identifying the complex transaction chains within of which they were part.

Complex transaction chains involved both gaming (table 3, s6) and financial (table 1, s6) services, some of which were provided through non-face-to-face channels.

For example, see paragraphs 180, 285, 327, 340, 552, 556 and 655.

724. Manual referrals were not capable of detecting suspicious or unusual transactions through non-face-to-face channels.

Particulars

Designated services provided by Star Sydney and Star Qld included financial services under table 1, s6, some of which were provided through non-face-to-face channels.

Some gaming services under table 3, s6 were also provided through non-face-to-face channels, including through EGMs, ETGs and cashless wagering accounts.

725. Manual referrals were not capable of detecting suspicious transactions through EGMs and ETGs.

Particulars

Transactions on EGMs and ETGs were non-face-to-face channels. There was limited opportunity and scope for employee observation to detect unusual or suspicious transactional behaviour.

The ML/TF typologies and vulnerabilities of EGMs and ETGs were not capable of being consistently detected by observation.

726. Manual referrals were not capable of consistently monitoring for transactions that were indicative of the ML/TF typologies and vulnerabilities (as identified at paragraph 25 above).

Particulars

For example, ML/TF typologies such as offsetting and cuckoo smurfing were difficult to detect by observation.

727. The escalation and review of surveillance and security data at Star Sydney and Star Qld was ad hoc and not subject to appropriate guidance related to ML/TF risks.

Particulars

Surveillance and security failed to consistently detect and escalate highly suspicious cash transactions in private gaming rooms.

Paragraphs 616, 663 to 664 and 689.

728. By reason of the matters pleaded at paragraphs 717 to 727, the manual referrals were not capable of consistently identifying:

- a. transactions that may have had indicia of the ML/TF typologies and vulnerabilities (as identified at paragraph 25 above)
- b. transactions that may be suspicious for the purposes of s41 of the Act; and
- c. unusually large or unusual patterns of transactions, which had no apparent economic or visible lawful purpose.

Particulars

Rules 15.6 and 15.7 of the Rules.

729. Transaction monitoring reliant upon employee observation and manual referrals was not appropriate for businesses of the size, nature and complexity of Star Sydney and Star Qld.

Particulars

Rule 9.1.3 of the Rules.

Manual reports

730. Prior to November 2019, clause 14 of the Joint Programs in the transaction monitoring programs provided for the following manual reports:

- a. Cash transactions, or the daily drop report on gaming tables, to be generated by the AML Administrators.
- b. Cheques issued to customers, to be generated by the Cage;
- c. Account opening to detect customers who opened an FMA on the previous day, to be generated by the Cage;
- d. Foreign currency transactions, to be generated by the Cage;
- e. International funds transfer instructions, to be generated by the AML Administrators.

731. In addition to the reports pleaded at paragraph 730, AML Administrators ran a daily AUSTRAC Threshold Transaction Report.

Particulars

This report included all threshold transactions for a calendar day.

732. These reports referred to at paragraphs 730 and 731:

- a. were not produced for transaction monitoring purposes and therefore not intended to report on unusual transactions, behaviour or activity;
 - b. did not form part of a systematic transaction monitoring program.
733. By at least late 2018, the AML Administrators at Star Sydney and Star Qld received reports of cash transactions of \$100,000 or more.
734. From November 2019, the Star Sydney and Star Qld AML Administrators received, reviewed and circulated the following reports prior to attending the PAMM meeting:
- a. top 100 EGM players for the month;
 - b. top table games players for the month;
 - c. top players by win/loss (domestic); and
 - d. top players by win/loss (international).

Particulars

For a description of the PAMMs and JRAMs, see paragraph 818.

735. The Joint Part A Programs did not include any criteria or guidance against which the reports identified at paragraphs 730, 731, 733 and 734 were to be reviewed, for the purposes of identifying transactions that might be unusual.

Particulars

Rule 15.7 of the Rules.

736. The manual reports identified at paragraphs 730, 731, 733 and 734 did not apply to the full suite of designated services provided by Star Sydney and Star Qld.

Particulars

For example, there were no manual reports to monitor deposits into FMAs or SKAs via the Star Patron accounts or the international remittance channels.

737. The manual reports identified at paragraphs 730, 731, 733 and 734 were not capable of consistently monitoring for transactions that were indicative of the ML/TF typologies and vulnerabilities (as identified at paragraph 25 above).

Particulars

For example, no manual report was designed to detect structuring, cash-outs with minimal gaming, or third-party transfers through FMAs or Star Patron accounts.

738. The manual reports identified at paragraphs 730, 731, 733 and 734 were not capable of detecting suspicious or unusual patterns of transactions or behaviours across complex transaction chains involving multiple designated services.

Particulars

See paragraphs 19 and 20.

See for example, paragraphs 180, 285, 327, 340, 552, 556, and 655.

739. Manual monitoring processes in the Joint Part A Programs were inconsistently applied across Star Sydney and Star Qld.

Particulars

On 16 May 2018, KPMG advised SEG in its report that the manual transaction monitoring process was being inconsistently applied between the two reporting entities. This finding was rated high risk by KPMG.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

740. By reason of the matters pleaded at paragraphs 728 to 739, the manual reports identified at paragraphs 730, 731 and 734 were not capable of consistently identifying:
- a. transactions that may have had indicia of the ML/TF typologies and vulnerabilities (as identified at paragraph 25 above);
 - b. transactions that may be suspicious for the purposes of s41 of the Act; and
 - c. unusually large or unusual patterns of transactions, which had no apparent economic or visible lawful purpose.

Particulars

Rules 15.6 and 15.7 of the Rules.

741. Transaction monitoring reliant upon the manual reports identified at paragraphs 730, 731 and 734 was not appropriate for businesses of the size, nature and complexity of Star Sydney and Star Qld.

Particulars

Rule 9.1.3 of the Rules.

Automated transaction monitoring

742. Prior to the introduction of TrackVia in April 2021, Star Sydney's and Star Qld's transaction monitoring program was reliant upon the manual alerts and manual referrals.

Particulars

Paragraphs 717 to 740.

The 2013 recommendations from AUSTRAC

In 2013, AUSTRAC recommended that Star Sydney consider the feasibility of implementing automated red-flag indicators for reports that are analysed to enhance its transaction monitoring program.

AUSTRAC also recommended in relation to transaction monitoring of electronic gaming machines that Star Sydney consider increasing the

ratio of gaming machine attendants and supervisors to electronic gaming machines.

The 2018 recommendations from AUSTRAC

In 2018, AUSTRAC conducted a compliance assessment of Star Sydney's transaction monitoring and ECDD programs.

AUSTRAC concluded that Star Sydney had not implemented and applied a transaction monitoring program and an ECDD program in its AML/CTF program to meet the ongoing customer due diligence obligations, contrary to the Act and Rules.

AUSTRAC recommended to Star Sydney that they consider automated monitoring and reduce the dependency on manual monitoring. AUSTRAC advised Star Sydney that given nature, size and complexity of Star Sydney's business, the reliance on manual monitoring was not sustainable. AUSTRAC also advised there was scope to improve and expand on Star Sydney's recently introduced automated systems.

AUSTRAC recommended that Star Sydney move towards more fully automated programs including, but not limited to, implementing and developing automated processes to capture all customers (including un-carded and rebate players) in its transaction monitoring program.

In its 2018 recommendations, AUSTRAC identified the need to enhance Star Sydney's automated monitoring of EGM activity. AUSTRAC recommended that Star Sydney introduce additional automated monitoring rules to identify all customers inserting funds into EGMs and ETGs and immediately claiming those funds without any, or minimal, play.

AUSTRAC also advised that Star Sydney may benefit from expanding their TMP to look at cash transactions under \$9,000 to better detect structuring.

AUSTRAC acknowledged that the AML Administrator is alerted when a transaction involves \$100,000 or more in cash, and analysis is carried out on the customer and their activities. However, AUSTRAC advised that the transaction monitoring program would benefit from the alerting and review of other significant cash transactions, between the current amounts of \$10,000 and \$100,000.

743. From November 2016 to 31 December 2020, Star Sydney and Star Qld had an automated transaction monitoring system known as Transwatch.

Particulars

Transwatch was also used to conduct screening.

744. Transaction monitoring through Transwatch was not effective and was not maintained by Star Sydney or Star Qld through the Joint Part A Programs.

Particulars

Section 81 of the Act.

As at May 2018, Transwatch included 5 rules, being:

- A. Reporting avoidance, table game-only transactions between \$8,500 and \$9,999;
- B. Large cash deposits \$300,000 and above;
- C. Large cash withdrawals \$300,000 and above;
- D. High risk nationality; and
- E. Politically exposed persons (PEPs).

The rules at D and E consisted of no more than screening. There was no guidance as to what constituted a high risk nationality.

The rule intended to detect reporting avoidance on table game-only transactions between \$8,500 and \$9,999 was ineffective and was switched off.

The Transwatch rules were limited as they only applied to customers rated medium and above, who were included on the customer risk register.

The Transwatch rules did not pick up transactional activities (such as a cash deposit of \$300,000) by a low risk or unknown customer.

For customers rated medium and above, the system only picked up transactional activities if they related to table game transactions between of \$8,500 and \$9,999, or cash deposits or withdrawals of \$300,000 or above.

Customers who were Foreign PEPs who conducted non-cash transactions over \$300,000, or cash transactions under \$300,000 would not be picked up.

Transwatch was ineffective because it generated a significant number of false positives. This meant that the AML team deprioritised reviewing alerts and relied on manual referrals and manual reports.

Once a Transwatch alert was actioned, the alert disappeared and could not be retrospectively located. Assurance and audit of the Transwatch system was therefore not possible.

On 16 May 2018, KPMG advised SEG that the effectiveness of Transwatch was limited. This finding was rated high risk by KPMG.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

After the KPMG Report, SEG introduced an additional Transwatch rule targeting Cashless Wagering Accounts and no play in EGMs and

ETGs. This rule alerted when there was a full money withdrawal that is 25% of the original amount that was deposited into an electronic gaming machine.

SEG's automated transaction monitoring framework did not go live until April 2021. The uplift is ongoing.

745. From April 2021, the introduction of TrackVia gave Star Sydney and Star Qld the capability to develop automated transaction monitoring.

Particulars

The implementation of automated monitoring at Star Sydney and Star Qld is still ongoing.

746. On and from April 2021, automated transaction monitoring rules were developed by Star Sydney and Star Qld through TrackVia to monitor for unusual activity including with respect to the following:

- a. Minimal gaming with chip purchase, from April 2021;
- b. Dormant accounts, from April 2021;
- c. TITO ownership, from April 2021;
- d. Large cash transactions, from April 2021;
- e. Refining, from April 2021;
- f. Structuring, from April 2021;
- g. Out of pattern activity at the Cage with gaming or with accounts, from December 2021;
- h. Very high risk customers, including PEPs, from December 2021;
- i. Chip buy-ins, from December 2021; and
- j. Source of wealth, from December 2021.

Particulars

Automated rules are not yet functioning appropriately and require tuning and optimisation for outputs to be accurate. There is a significant backlog of alerts due to inadequate resourcing.

See also paragraph 756.

747. The automated alerts in the transaction monitoring programs were not capable of consistently monitoring for transactions of customers indicative of the following possible ML/TF typologies and vulnerabilities across the full suite of designated services provided by Star Sydney and Star Qld:

- a. structuring on FMAs and SKAs, including via the Star Patron account channels;
- b. cuckoo smurfing on FMAs and SKAs, including via the Star Patron account channels;
- c. smurfing through third party deposits on FMAs and SKAs, including via the Star Patron account channels;
- d. offsetting on FMAs and SKAs, including through the provision of credit via CCFs;

- e. other transactions on FMAs and SKAs involving third parties who are not the account holder;
- f. transaction patterns showing deposits and withdrawals on FMAs and SKAs within a short time frame;
- g. large holding balances or parked funds on FMAs and SKAs;
- h. even money betting and chip dumping;
- i. chip or CVI cashing with minimal or no gaming activity;
- j. gaming by a customer over time involving high turnover or high losses;
- k. bill stuffing with minimal gaming;
- l. chip walking/unknown source of chips;
- m. jackpot purchases; and
- n. loan sharking.

Training

748. Star Sydney and Star Qld employees were unable to appropriately monitor the transactions of customers for the purposes of the transaction monitoring program because they did not receive adequate ML/TF risk awareness training.

Particulars

Frontline staff were staff with customer facing roles relating to table games, gaming machines, surveillance, security, Cage functions and VIP.

The observational procedures in the transaction monitoring programs relied on frontline staff.

In December 2018, AUSTRAC recommended to Star Sydney that it provide additional in-depth AML/CTF training for Table Game Supervisors and Managers, noting that Star Sydney places a significant responsibility on Table Games Supervisors and Managers to identify suspicious activity, and to also assist staff to identify such activity. AUSTRAC advised that the inclusion of both additional and more in-depth scenarios, of potential money laundering or terrorism financing through table games in Supervisors and Managers training guides may increase the likelihood of this activity being detected in all areas of the casino, including the international rebate play (junkets) area.

Star Sydney's and Star Qld's training has not improved over time.

749. The Joint Part A Programs did not provide for appropriate ML/TF risk awareness training for Star Sydney and Star Qld employees for the following reasons:
- a. As Star Sydney and Star Qld did not carry out appropriate ML/TF risk assessments, their risk awareness training did not adequately cover the ML/TF risks reasonably faced with respect to designated services.

Particulars

Part 9.2 of the Rules.

- b. The training modules did not cover all of the ML/TF typologies and vulnerabilities pleaded at paragraph 25 above.

Particulars

Part 9.2 of the Rules.

AML/CTF risk awareness training was not tailored to the ML/TF risks relevant to different employee roles and functions.

The AML Administrators did not receive appropriate risk awareness training.

AML/CTF risk awareness did not cover key risks and risk factors. Key ML/TF risks and typologies were missing from training modules or were not meaningfully addressed.

- c. The AML/CTF risk awareness training provided to Star Sydney and Star Qld employees was the same or very similar regardless of the different roles and functions of employees.

Particulars

Part 9.2 of the Rules.

The AMLCO, AML Administrators, and frontline staff did not receive training appropriate to their roles and functions.

Resourcing

750. The resourcing of the AML functions did not support the consistent generation, review and actioning of systems-generated or exception-based reports as required by the transaction monitoring program.

Particulars

As at 2019, the AML team comprised of 3 FTE. As at August 2022, there are 31 FTE in the AML team.

In 2013, AUSTRAC compliance assessment recommendations to Star Sydney noted that a large portion of the responsibility for ensuring ongoing compliance with Star's obligations under the Act rested with one person, the AML/CTF Administrator, whose duties included transaction monitoring and submission of reports under Part 3 of the Act. AUSTRAC expressed the view that this AML/CTF resourcing was disproportionate to the size, nature and complexity of Star Sydney's business operations. AUSTRAC recommended that Star Sydney give consideration to providing more personnel and electronic resources to assist the AML/CTF Administrator with their responsibilities.

In 2018 AUSTRAC again recommended that Star Sydney increase resourcing for its AML/CTF function. AUSTRAC noted that despite the high volume and value of transactions conducted at Star Sydney, there is only one full-time staff member that had

day-to-day responsibility for overseeing transaction monitoring and reporting obligations.

The transaction monitoring programs were not supported by appropriate information management systems

751. From 30 November 2016 Protecht and TrackVia were used by Star Sydney and Star Qld to facilitate transaction monitoring with respect to designated services.

Particulars

The AML Administrator would manually check the Protecht system, TrackVia and Synkros systems when new risk information became available any time that a trigger arises, for example during transaction monitoring.

752. For the reasons pleaded at paragraphs 753 to 765, Synkros did not contain complete or reliable records of transactions relating to designated services provided under table 1 and 3, s6 of the Act.

Table games, EGMs and ETGs

753. Synkros did not contain complete or reliable transactional data from table games, EGMs and ETGs for the reasons pleaded at paragraphs 566 to 569.

754. The transaction monitoring programs were unable to attribute uncarded transactions involving table 3, s6 designated services to individual customers.

Particulars

This limited Star Sydney's and Star Qld's ability to identify unusual or suspicious matters, for example, buy-ins with little or no corresponding gaming activity.

755. From 30 November 2016 to December 2020, Game Connect data was used to trigger the 'Reporting avoidance, table game-only transactions between \$8,500 and \$9,999 automated alert' in Transwatch. This did not apply to uncarded transactions that were not recorded in Game Connect.
756. From April 2021 Game Connect data was used to trigger the following transaction monitoring automated alerts in TrackVia (this did not apply to uncarded transactions that were not recorded in Game Connect):
- a. Large Cash Transactions;
 - b. Chip cash out with no play;
 - c. Structuring for Multiple transactions;
 - d. Structuring Near Threshold Transactions;
 - e. Minimal gaming;
 - f. Very high Risk/PEP;
 - g. Out of pattern transactions (Gaming);
 - h. Out of pattern Cage transactions;
 - i. Chip buy in with no chip purchase;

- j. Front Money transfer of value;
- k. Passport from specified countries.

Particulars

A June 2022 assessment reported that no automated transaction monitoring controls exist for non-carded players.

Transactions under \$10,000

757. At all times, Synkros contained limited records of transactions under \$10,000 conducted by customers at Star Sydney and Star Qld:
- a. At Star Sydney:
 - i. Records of buy-in transactions at buy-in desks below \$10,000 were not kept in Synkros unless the customer elected to play carded (that is, against a membership account or a loyalty account for the Star Club).
 - ii. Records were not kept in Synkros of cash-out transactions below \$10,000 for any customer (that is, regardless of whether the customer elected to play carded or not).
 - b. At Star Qld:
 - i. Records of buy-in transactions at buy-in desks below \$10,000, and cash-out transactions below \$10,000, were not kept in Synkros for any customer who elected to play uncarded.
 - ii. Records were not kept in Synkros of cash-out transactions below \$10,000 for any customer (that is, regardless of whether the customer elected to play carded or not).
 - iii. Records of buy-in transactions of \$5,000 or more were made if a membership card is supplied.
758. By reason of the matters pleaded at paragraph 757:
- a. the automated alerts did not appropriately cover transactions under \$10,000; and
 - b. monitoring of table 3 designated services under \$10,000 was limited to the manual alerts based on observations of Star Sydney and Star Qld staff.
759. By reason of the matters pleaded at paragraph 758, the transaction monitoring program was unable to appropriately monitor:
- a. for transactions that were structured to avoid reporting of cash transactions of \$10,000 or above; and
 - b. a customer's turnover that exceeded \$10,000 in any one session of play, where buy-in or cash-out transactions were under \$10,000.

FMA's and SKA's

760. Star Sydney and Star Qld did not record certain transactional details on Synkros in relation to transfers into or from FMA's and SKA's via the Star Patron accounts or in relation to transfers between FMA's.

Particulars

Star Sydney and Star Qld did not record in Synkros the details of the person who deposited or withdrew the funds or to whom the funds were transferred. Records of the person who deposited or withdrew the funds were kept separately in hard copy.

Records of transactions related to junkets

761. Records of transactions related to designated services provided through junket channels were not reliable or complete for the reasons pleaded at paragraphs 666 to 670 and 689(d).

Not all designated services recorded on Synkros

762. Synkros did not contain a complete or reliable record of transactions relating to all designated services provided by Star Sydney and Star Qld:
- a. Synkros did not capture transactional data from poker tournaments.

Particulars

Paragraphs 57 and 571.

- b. Transactions under \$1,000 involving the exchange of one currency for another were not recorded in Synkros.
- c. The redemption of vouchers for cash at cash redemption terminals was not recorded in Synkros against a customer account.

Transactional and risk records for customers not centralised

763. At all times, records relating to customers (including KYC information, risk profile information and transaction data) were dispersed across multiple IT systems and hard copy records.

Particulars

Transaction and customer data retrieval and reporting was siloed and did not address basic AML/CTF compliance monitoring and reporting needs. Data was available, but it was inconsistently entered and maintained. Data quality issues existed within the AML/CTF function and there was limited or ad hoc data quality monitoring for AML/CTF purposes.

Synkros records for FMA and SKA transactions did not include the transferor/transferee information.

Gaming activity for junkets was recorded separately in Synkros and IRBMS for different purposes.

Customer risk information was split across four databases, being OnBase, iBase, Protecht and Trackvia.

764. Star Sydney and Star Qld were unable to automatically collate transaction data where a customer had multiple accounts.

Particulars

From 2016, Star Sydney and Star Qld began to merge multiple accounts held by customers in certain circumstances.

Transactional data from two or more accounts could not be merged. Data such as cheque history or deposits/withdrawals to FMAs would be retained in Synkros for one of the merged accounts only. This data would not be retained on Synkros for the other accounts that had been merged.

See paragraph 848.

Also see Customer 45.

765. By reason of the matters pleaded at paragraphs 751 to 764, the transaction monitoring processes did not have a full view of a customer's transactions as against a complete customer risk profile.
766. A reporting entity cannot consistently identify transactions that may be:
- a. suspicious for the purposes of s41 of the Act; or
 - b. unusually large or involve unusual patterns with no apparent economic or visible lawful purpose,
- in the absence of appropriate KYC information relating to the customer conducting the transaction.
767. By reason of the matters pleaded at paragraphs 751 to 766, from 30 November 2016, the transaction monitoring programs in the Joint Part A Programs were not aligned to the nature, size and complexity of Star Sydney's and Star Qld's business, having regard to the ML/TF risks they reasonably faced.

Particulars

Rule 9.1.3 of the Rules.

768. By reason of the matters pleaded at paragraphs 751 to 767, from 30 November 2016, the transaction monitoring programs in the Joint Part A Programs did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Rules 9.1.3, 9.1.4, 15.5, 15.6 and 15.7 of the Rules.

The transaction monitoring program was not capable of appropriately monitoring financial services or gaming account transactions

769. From 30 November 2016, the transaction monitoring program in the Joint Part A Programs did not include appropriate risk-based systems and controls to monitor the transactions of customers in relation to:
- a. items 6 and 7, table 1, s6 designated services with respect to loans or credit;
 - b. item 13, table 3, s6 designated services with respect to gaming accounts; and
 - c. items 31 and 32, table 1, s6 designated services with respect to remittance
- by reason of the matters pleaded at paragraphs 770 to 782.

Particulars

Rules 9.1.3, 15.5, 15.6 and 15.7 of the Rules.

Loans or credit

770. From 30 November 2016, the transaction monitoring programs in the Joint Part A Programs did not include any risk-based systems and controls to monitor the transactions of customers with respect to designated services under items 6 and 7 of table 1, s6 of the Act.

Particulars

The transaction monitoring programs did not include any processes that were expressed to apply to items 6 and 7, table 1, s6 designated services, namely the provision and repayment of credit via CCFs.

The transaction monitoring programs did not include any processes that were expressed to apply to CCF accounts.

The transaction monitoring program did not include or incorporate any processes that were capable of monitoring items 6 and 7, table 1, s6 designated services, having regard to the ML/TF risks pleaded at paragraph 552.

The Credit and Collections team, who facilitated CCFs, did not monitor for transactions that may be suspicious or unusual, having regard to ML/TF risks.

See paragraphs 713 to 768.

FMA, SKAs and CWAs

771. From 30 November 2016, the transaction monitoring programs in the Joint Part A Programs did not include appropriate risk-based systems and controls to monitor the transactions of customers with respect to designated services under items 11 and 13 table 3, s6 of the Act, by reason of the matters pleaded at paragraphs 772 to 776 below.

Particulars

Items 11 and 13, table 3, s6 designated services were provided with respect to FMAs, SKAs and CWAs.

See paragraphs 713 to 768.

772. The transaction monitoring programs did not include appropriate risk-based systems and controls to consistently monitor the provision of items 11 and 13, table 3, s6, designated services to customers for the purposes of identifying any transactions that may be suspicious or unusual, having regard to:
- a. The ML/TF risks pleaded at paragraph 285 with respect to FMAs and SKAs; and
 - b. The ML/TF risks pleaded at paragraph 303 with respect to CWAs.
773. The transaction monitoring programs did not include appropriate risk-based procedures to consistently monitor FMAs and SKAs for item 13, table 3, s6 transactions potentially indicative of the ML/TF typologies pleaded at paragraph 25 (a), (b), (f), (g), (v), (w) and (x).
774. Transaction monitoring was limited because Star Sydney and Star Qld did not record key transactional details on Synkros in relation to transfers into or from FMAs and SKAs, including transactions via the Star Patron accounts or in relation to transfers between FMAs.

Particulars

Star Sydney and Star Qld did not record in Synkros the details of the person who deposited or withdrew the funds or to whom the funds were transferred. Consequently, third party transactions were not capable of being monitored over time.

Synkros was limited in its ability to record the form of withdrawal in relation to SKAs. The form of withdrawal recorded in Synkros had to be the same as the form of the previous deposit made into the SKA.

775. Star Patron account bank statements were not subject to automated transaction monitoring. Any monitoring of the statements needed to occur manually by Cage staff, at the time of accounting for the deposits in the FMAs.
776. The transaction monitoring programs in the Joint Part A Programs did not:
- a. refer to CWAs until February 2019; and
 - b. apply appropriate risk-based transaction monitoring to CWAs at any time.

Particulars

The TrackVia automated monitoring alerts did not include any alerts targeting the CWA account type.

The lack of automation and real time monitoring, reliance on manual processes, under-resourcing of the AML team, and a lack of staff training also resulted in inadequate review of CWA transactions, including a backlog of TrackVia alerts.

Items 31 and 32, table 1, s6 remittance services

777. From 30 November 2016, the transaction monitoring programs in the Joint Part A Programs did not include appropriate risk-based systems and controls to monitor the transactions of customers with respect to designated services under items 31 and 32 table 1, s6 of the Act, by reason of the matters pleaded at paragraphs 778 to 782 below.

Particulars

See paragraphs 713 to 768.

778. The transaction monitoring programs did not include appropriate risk-based systems and controls to consistently monitor the provision of items 31 and 32, table 1, s6 designated services to customers for the purposes of identifying any transactions that may be suspicious or unusual, having regard to the ML/TF risks pleaded at paragraphs 327, 328 and 340.
779. The transaction monitoring program did not provide for appropriately risk-based automated processes to monitor the provision of items 31 and 32, table 1, s6 designated services to customers, including through the Star Patron account channel.

Particulars

Paragraphs 746, 774 and 775; and paragraphs 327, 328 and 340

780. The transaction monitoring programs did not include appropriate risk-based systems and controls to consistently monitor the provision of items 31 and 32, table 1, s6 designated services to customers through the Customer 9 channels.

Particulars

See from paragraph 391.

781. The transaction monitoring programs did not include appropriate risk-based systems and controls to consistently monitor the provision of items 31 and 32, table 1, s6 designated services to customers through third party remitters.
782. The manual and observational monitoring processes in the transaction monitoring programs were not capable of consistently monitoring items 31 and 32, table 1, s6 designated services for the purposes of identifying suspicious or unusual transactions.

Transactions facilitated through junkets

783. From 30 November 2016, the transaction monitoring program in the Joint Part A Programs did not include appropriate risk-based systems and controls to monitor the transactions of customers receiving designated services through junket and rebate channels, for the reasons pleaded at paragraphs 784 to 789.

Particulars

Rules 9.1.3, 15.5, 15.6 and 15.7 of the Rules.

See paragraphs 713 to 768.

784. The transaction monitoring programs did not include appropriate risk-based systems and controls to consistently monitor the provision of designated services to customers through junket and rebate channels for the purposes of identifying any transactions that may be suspicious or unusual, having regard to the ML/TF risks pleaded at paragraph 650.

Particulars

Customers who received designated services through junket and rebate channels were subject to the same standard monitoring applied to all other customers.

785. The transaction monitoring programs did not include appropriate risk-based systems and controls to monitor transactions relating to table 1, s6 designated services (loans and remittance) provided through junket channels.

Particulars

Any review of junket transactions by VIP Services and/or the Credit Collections team was not for the purpose of identifying, mitigating or managing ML/TF risks.

See paragraphs 770 and 777 to 782.

786. The transaction monitoring programs did not include appropriate risk-based systems and controls to monitor deposits to FMAs and SKAs through Star Patron accounts on behalf of junket operators, representatives or players.

Particulars

See paragraphs 774 and 281.

787. The transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers relating to designated services facilitated through junket and rebate channels in private gaming rooms.

Particulars

Monitoring of transactions within private gaming rooms was largely limited to staff observation and surveillance.

CCTV or surveillance could not be used, on its own, to effectively monitor the transactions of customers in private gaming rooms for known ML/TF risks.

Paragraph 616, 663 to 665 and 689(a).

788. The transaction monitoring programs were not able to fully monitor designated services provided through junket and rebate channels because Star Sydney and Star Qld did not make or keep appropriate records of transactions conducted by key players.

Particulars

Paragraphs 666 to 670. See also paragraph 650.

789. The manual processes in the transaction monitoring program were not appropriate risk-based controls for monitoring transactions relating to designated services provided through the junket channel.

The transaction monitoring program did not include appropriate risk-based systems and controls to monitor transactions through the Hotel Card channel

790. From 30 November 2016 to February 2022, the transaction monitoring program in the Joint Part A Programs did not include appropriate risk-based systems and controls to monitor the transactions of customers who received designated services through the Hotel Card channel:
- a. Star Sydney and Star Qld did not keep central records of Hotel Card transactions.
 - b. Hotel Card funds became commingled with other funds and transactional activity at the point it was credited into the customer's FMA.
 - c. No monitoring was conducted specifically on the origin of the Hotel Card funds.
 - d. As a result, Star Sydney and Star Qld were unable to identify, mitigate and manage unusual or suspicious activity connected to the Hotel Card channel.

Particulars

Rules 9.1.3, 15.5, 15.6 and 15.7 of the Rules.

The transaction monitoring programs did not include appropriate assurance processes

791. The transaction monitoring programs in the Joint Part A Programs did not include or incorporate appropriate risk-based systems and controls for assurance.
- a. There were no quality assurance processes at the operational level, such a 'four eye check' or peer review, to confirm that processes in the transaction monitoring program (such as review of manual reports) were being applied correctly.
 - b. There were no controls for reviewing whether transaction monitoring criteria or reporting were capturing behaviours of concern, including new or changed behaviours.
 - c. There were no controls to ensure that updates to ML/TF risk assessments or material changes to ML/TF risk profile were recognised in the transaction monitoring programs.
 - d. There was no periodic review of the overall transaction monitoring framework to ensure that escalation and decision-making processes were effective and being consistently

applied, and that the transaction monitoring programs were properly aligned to other AML/CTF systems and controls.

Particulars

Sections 85(2)(a) and (c) of the Act and rules 9.1.3 and 15.5 of the Rules.

The Joint Part A Programs - Enhanced customer due diligence program

792. At all times from 30 November 2016, Star Sydney and Star Qld were required by the Act and Rules to:
- a. include an enhanced customer due diligence (**ECDD**) program in their Part A Program that complies with the requirements of the Rules;
 - b. apply the ECDD program when:
 - i. Star Sydney and Star Qld determines under its risk-based systems and controls that the ML/TF risk is high;
 - ii. a designated service is being provided to a customer who is or who has a beneficial owner who is, a foreign PEP; or
 - iii. a suspicion has arisen for the purposes of s41 of the Act; and
(the **ECDD triggers**).
 - c. include appropriate risk-based systems and controls in their ECDD program so that, in cases where one or more of the circumstances identified in paragraph b above arises, Star Sydney and Star Qld were required to undertake measures appropriate to the circumstances, including the range of measures in rule 15.10 of the Rules (**ECDD measures**), including but not limited to:
 - i. clarify or update KYC information already collected from the customer;
 - ii. clarify or update beneficial owner information already collected from the customer;
 - iii. obtain any further KYC information or beneficial owner information, including, where appropriate, taking reasonable measures to identify the customer's source of wealth and funds and the beneficial owner's source of wealth and funds;
 - iv. undertake a more detailed analysis of the customer's source of wealth and funds and the beneficial owner's source of wealth and funds;
 - v. undertake more detailed analysis and monitoring of the customer's transactions;
 - vi. seek senior management approval for continuing a business relationship with the customer and whether a designated service should continue to be provided to a customer; and
 - vii. consider whether a transaction or particular transactions should be processed.

Particulars

Section 85(2)(c) of the Act and rules 1.2.1 (definition of KYC information), 9.1.3 and 9.1.4, 15.8 to 15.11 of the Rules.

793. An ECDD program must include appropriate systems and controls to apply ECDD measures to customers falling within rules 15.9(1) and (2) from time to time, on a risk-basis.

Particulars

Sections 36, 85(2)(a) and (c) of the Act and rules 9.1.3, 9.1.4, 9.1.5, 15.9 and 15.10 of the Rules.

794. At all times, the Star Sydney and Star Qld Joint Part A Programs included an enhanced customer due diligence program (**the ECDD Programs**).

Particulars

Prior to November 2019, the ECDD Program was set out in clause 16 or 17 of the Joint Part A Programs.

From November 2019, the ECDD Program was set out in:

A. Clause 7 of the Joint Programs;

B. The ECDD Standard; and

C. The AML/CTF Standard Operating Procedures.

795. By reason of the matters pleaded in paragraph 797 to 852, the ECDD Programs in the Joint Part A Programs did not comply with rules 15.8 to 15.11 of the Rules from 30 November 2016.
796. By reason of the matters pleaded in paragraph 795, the Joint Part A Programs did not comply with s 85(2)(c) of the Act from 30 November 2016.

Systems and controls to determine when a customer should be referred for ECDD

797. From 30 November 2016, the ECDD Programs did not include appropriate systems, controls and procedures for Star Sydney and Star Qld to apply ECDD to customers, as and when appropriate on a risk-basis, who were:
- a. determined to pose high ML/TF risk;
 - b. foreign PEPs or had a beneficial owner who was a foreign PEP; or
 - c. the subject of a suspicion that had arisen for the purposes of s41 of the Act
- for the reasons set out at paragraphs 798 to 801 below.

Customers who were presenting high ML/TF risks

798. From 30 November 2016, the ECDD Programs did not include appropriate risk-based systems, controls and procedures for Star Sydney and Star Qld to identify customers who were required to have an automatic high risk or very high risk rating under the Joint Part A Programs, or who were presenting high ML/TF risks, and to escalate them for ECDD as and when appropriate on a risk basis:
- a. Screening through World Check or Dow Jones was relied upon to identify customers who were high risk or very high risk.

Particulars

Paragraph 114.

- b. Screening processes were not capable of consistently identifying customers who were high risk or very high risk.

Particulars

Paragraphs 127 to 133.

- c. The Joint Part A Programs did not include an appropriate methodology for identifying high customer risk, for the reasons pleaded at paragraph 88.
- d. Other processes for referring customers to the AML Administrator for consideration of their risk rating were predominantly reliant on observational processes and were not capable of consistently identifying customers who were high risk or very high risk.

Particulars

Paragraphs 136 to 143.

- e. As the Joint Part B Programs provided for safe-harbour ACIP only, customers who should have been rated high or very high risk were not capable of being consistently identified and referred for ECDD.

Particulars

Paragraph 867.

- f. There were no appropriate risk-based processes to determine in what circumstances further KYC information should be collected, and what type of KYC information should be collected, in respect of a customer to enable the review and update of KYC information for ongoing customer due diligence purposes.

Particulars

Rule 15.2 of the Rules.

Paragraphs 146 to 156.

- g. There were no appropriate risk-based processes for keeping, updating and reviewing documents, data or information collected under an ACIP, particularly in relation to high risk customers.

Particulars

Rule 15.3 of the Rules.

Paragraphs 146 to 156.

- h. The transaction monitoring programs were not capable of consistently identifying and escalating customers engaging in unusual or suspicious transactions, in particular:
 - i. The transaction monitoring programs were not capable of identifying and escalating customers who moved money through complex transaction chains involving both table 1 (financial) and table 3 (gaming) s6 designated services.
 - ii. The transaction monitoring programs were not capable of identifying and escalating customers whose transactions involved third parties or agents.
 - iii. The transaction monitoring programs had limited application to customers who were transacting under \$10,000 and who had not been the subject of ACIP. It had limited capacity to identify customers engaging in structuring.

- iv. The transaction monitoring programs had limited application to customers who were transacting uncarded.
- v. Dispersed data sources for customer information limited Star Sydney's and Star Qld's ability to understand a customer's transactional activity and to determine whether any particular activity was unusual.

Particulars

Paragraph 763

- vi. There were no procedures in the transaction monitoring program requiring escalation of customers where transactions indicating high risk had been detected.
- i. Reliance on observational processes by staff to refer potentially higher risk customers to the AML Administrators were not capable of consistently identifying high risk or very high risk customers requiring ECDD.
 - i. These processes were reliant upon the AML training received by staff, which was not adequate.
 - ii. The process for referrals was ad hoc and occurred via email, written notes or UARs.

Particulars

Paragraph 718.

- j. There were no processes in place for the Credit and Collections or VIP Services teams to consistently refer customers to the AML Administrator for ECDD when, during the course of a credit risk assessment, matters relevant to the customer's risk were identified.
- k. In addition, the AML team did not have access to OnBase, the database maintained by the Credit and Collections team, and on which records related to screening and creditworthy checks were held.
- l. There were no processes to consistently refer customers presenting higher ML/TF risks to the JRAM/PAMM.

Particulars

Rule 15.9(1) of the Rules.

Customers who had been rated high risk or very high risk

799. From 30 November 2016 to 1 December 2021, the ECDD Programs did not include appropriate systems, controls and procedures for Star Sydney and Star Qld to escalate customers who had been rated high risk or very high risk for ECDD as and when appropriate on a risk basis, for the following reasons:
- a. At all times prior to November 2019, the AMLCO maintained an ECDD list for the purposes of the ECDD Program.

Particulars

Clauses 16 and 17 of the Joint Programs prior to February 2018.

- b. Prior to November 2019, the Joint Part A Programs required the AMLCO to review the customer risk register annually to add customers to the ECDD list who were rated high risk.
- c. This process for adding high risk customers to the ECDD list was too infrequent and did not involve a referral of the customer for full ECDD.
- d. From April 2021, if updated information relating to a high or very high risk customer was entered into the customer risk register, a referral to the ECDD team was to be completed in TrackVia, who escalated the customer to the AMLCO.
- e. However, at no time did the Joint Part A Programs contain appropriate risk-based procedures to ensure that information material to a customer's risk profile was consistently and reliably added to the customer risk register.

Particulars

Paragraphs 157 and 851.

- f. From July 2021, customers with a very high risk rating were subject to a full ECDD process annually.

Particulars

The AML SOPs.

- g. From 1 December 2021 an automated transaction monitoring rule was deployed to alert the AML team on a daily basis to customers who have been assigned a very high risk rating. The AML Team reviews the alerts to assess the transaction monitoring case and to decide whether to refer the customer to the Due Diligence team (within the AML team) for ECDD.

Particulars

Rule 15.9(1) of the Rules.

See paragraph 115 for the class of customers who might be considered very high risk.

See paragraph 793.

See paragraphs 798c to k.

Foreign PEPs

- 800. From 30 November 2016, the ECDD Programs did not include appropriate systems, controls and procedures for Star Sydney and Star Qld to consistently identify and escalate customers who were foreign PEPs for ECDD as and when required on a risk basis, for the following reasons:
 - a. Foreign PEPs were required to be rated high or very high.
 - b. Screening was relied upon to detect customers who were foreign PEPs.
 - c. Screening processes were limited by reason of the matters pleaded at paragraph 127 to 133.
 - d. There were no processes in place for the Credit and Collections or VIP Services teams to consistently refer customers to the AML/Financial Crime teams for ECDD when,

during the course of a credit risk assessment for a CCF, the customer was identified as a foreign PEP.

- e. In addition, the AML team did not have access to OnBase, the database maintained by the Credit and Collection team, and on which records related to screening and credit worthy checks were held.
- f. In most instances, foreign PEPs could only be identified if they:
 - i. used a Star Club membership card. Uncarded play by foreign PEPs could not be reliably or consistently detected; or
 - ii. transacted AUD 10,000 or more, or AUD1,000 or more in foreign currency, and were subject to ACIP.
- g. Observational processes by Gaming and Surveillance and the AML team were not capable of consistently identifying foreign PEPs.
- h. From 1 December 2021 an automated transaction monitoring rule was deployed to alert the AML team on a daily basis to customers who had already been assigned a foreign PEP rating. The AML team reviews the alerts to assess the transaction monitoring case and to decide whether to refer the customer to the Due Diligence team for ECDD.

Particulars

For example, Customer 1 funded junkets at Star Sydney and Star Qld between 2016 and 2020 and was a foreign PEP during this time. SEG did not detect that Customer 1 was a foreign PEP until March 2020. Junkets funded by Customer 1 recorded a turnover exceeding \$12.6 billion at Star Sydney and exceeding \$2.9 billion at Star Qld.

Rules 8.1.3, 15.9(2) and 15.11 of the Rules.

See paragraphs 798c to f.

Customers in respect of whom a s41 suspicion had arisen

- 801. From 30 November 2016 to April 2021, the ECDD Programs did not include appropriate systems, controls and procedures for Star Sydney and Star Qld to escalate customers for appropriate ECDD when a s41 suspicion arose.
 - a. Since April 2021, upon submission of an SMR TrackVia will automatically generate a referral for an ECDD to be completed by the Due Diligence team. The results of the ECDD are then recorded in TrackVia.
 - b. Prior to the introduction of TrackVia in April 2021, UAR workflows were not clearly mapped to ECDD and did not require UARs to be actioned and finalised.
 - c. Prior to April 2021, the AML Administrators were expected to initiate ECDD at the same time that an SMR was reported. However:
 - i. in the absence of appropriate guidance, criteria and resources, there was little to no review of the customer beyond that involved in submitting the SMR; and
 - ii. in substance, there was no process to conduct appropriate risk-based ECDD when a s41 suspicion arose.

Particulars

Rule 15.9(3) of the Rules.

Systems and controls to determine what ECDD measures would be undertaken

802. From 30 November 2016, the ECDD Programs did not include systems and controls to carry out appropriate risk-based ECDD measures once a customer had been referred for ECDD, for the reasons pleaded at paragraphs 803 to 807.

Resources and accountabilities

803. Under the Joint Part A Programs, the following staff at Star Sydney and Star Qld were responsible for ECDD on and from 30 November 2016:
- a. The AML Administrators, who were primarily responsible for the conduct of ECDD prior to July/August 2022;
 - b. The AMLCO, who would review ECDD results only, rather than conduct it;
 - c. The JRAM;
 - d. ECDD analysts within the Due Diligence and Intelligence, AML team from July/August 2022; and
 - e. Group Manager Due Diligence and Intelligence from 2021.

Particulars

From 1 November 2019, the ECDD Standard (Appendix 2) provided that the AML Administrators were responsible for carrying out ECDD.

From 2021, the Group Manager Due Diligence was responsible for managing the ECDD process and reviewing any escalations which may arise from ECDD screening and if appropriate, could escalate a customer to the AMLCO or recommend to the AMLCO that a WOL be issued with respect to all SEG casino properties.

From August 2022, the ECDD Standard (Appendix 2) provided that the ECDD analysts were responsible for carrying out ECDD.

The accountabilities and role of the JRAM with respect to ECDD were not clearly set out in the Joint Part A Programs or supporting procedures.

The JRAM was a management committee that did not have an expert driven approach to AML.

804. The roles and responsibilities established by the Joint Part A Programs did not provide for appropriate resourcing for the conduct of ECDD, having regard to the nature, size and complexity of Star Sydney and Star Qld and the ML/TF risks they reasonably faced.

No procedures requiring ECDD to be undertaken when an ECDD trigger occurred

805. From 30 November 2016 to 1 November 2019, the Joint Part A Programs did not require appropriate ECDD to be undertaken in each case where a customer met the criteria in r15.9(1), (2) or (3) of the Rules.

- a. Prior to February 2019, the Joint Part A Programs provided that for each customer on the ECDD list, the AMLCO would consider whether any useful purpose would be served by taking some of the ECDD measures specified in r15.10 of the Rules and, if so, would nominate a delegate (the AML Administrator) to undertake the steps.

Particulars

Clause 16 or 17 of the Joint Part A Programs.

In December 2018 AUSTRAC noted this procedure and required Star to amend its ECDD Program to make it clear that, when a circumstance described in Part 15.9 of the AML/CTF Rules arises, Star must apply its ECDD program.

- b. Prior to November 2019, the Joint Part A Programs provided that consultation with the relevant managers, or more broadly within SEG, was required in order to carry out ECDD measures and to make determinations and seek approvals in relation to a customer, including whether to continue a business relationship:
 - i. The AML Administrator did not have appropriate independence or authority to undertake ECDD measures and deference was given to business units whose focus was not on AML/CTF.
 - ii. This process inhibited the independent and consistent assessment of customer risk.

Particulars

Clause 17 of the Joint Part A Programs.

- c. Prior to 1 November 2019, the Joint Part A Programs provided that the AML Administrator was obliged only to endeavour to:
 - i. obtain or clarify further KYC information;
 - ii. clarify the nature of the customer's business relationship;
 - iii. identify or analyse the customer's source of wealth or source of funds (see paragraph 808 below);
 - iv. obtain further clarifying information through occupation details, WorldCheck and other searches.

Particulars

Clause 17 of the Joint Part A Programs.

ECDD measures for foreign PEPs

- 806. Whilst the ECDD Programs stated that certain ECDD measures would be undertaken with respect to foreign PEPs, there were no processes requiring Star Sydney and Star Qld to appropriately and consistently:
 - a. undertake more detailed analysis of the foreign PEP's KYC information, including where appropriate, taking reasonable measures to identify the customer's source of funds and wealth prior to 1 November 2019; and

Particulars

In May 2018, KPMG advised that for foreign PEPs, other than a World-Check or Google search, no investigation into the customer's source of wealth or funds was being conducted.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

- b. ensure senior management approval would be sought for a continuing business relationship with the foreign PEP and whether a designated service should continue to be provided to the foreign PEP.

Particulars

Rules 15.9(2) and 15.11.

At all times, the Joint Part A Programs required foreign PEPs to be escalated to senior management for approval for a continuing business relationship.

Prior to November 2019, the Joint Part A Programs did not identify who within senior management foreign PEPs were to be escalated to.

Prior to November 2019, the Joint Part A Programs provided that moderate to significant exposure to ML/TF risks (including foreign PEPs), generally, required discussion at JRAM, as well as AMLCO sign off: see Appendix C, clause 1.4 of versions 4-6; Appendix B, Part 2 of versions 7-8 and paragraph 123.

From November 2019, foreign PEPs were to be escalated to the AMLCO for consideration of whether to continue a business relationship or if additional KYC information should be obtained.

The JRAM processes for determining whether to continue an ongoing business relationship with a customer were not appropriately risk-based.

Prior to August 2021, there is little evidence of foreign PEPs being identified and escalated through JRAM, through the AMLCO, or otherwise, for consideration as to whether Star Sydney or Star Qld should continue an ongoing business relationship.

Inadequate procedures or guidance appropriately addressing the suite of ECDD measures specified by the Rules

- 807. From 30 November 2016, the ECDD Programs did not include or incorporate appropriate procedures or guidance on the suite of risk-based ECDD measures to be applied by Star Sydney and Star Qld for the following reasons:
 - a. The ECDD Programs listed some ECDD measures, but did not include processes or guidance as to:

- i. which steps to apply in response to the specific ML/TF risks posed by customers;
 - ii. how those measures addressed the ML/TF risks posed by customer activity;
 - iii. how to assess the customers' risk following application of those ECDD measures; or
 - iv. the customer risks that were acceptable and those that were not.
- b. In the absence of appropriate guidance, the Joint Part A Programs did not provide for a consistent approach to ECDD across higher risk customers types over time.

Particulars

On 16 May 2018, KPMG reported that there were no procedural documents that set out in practice how and what ECDD was performed. KPMG understood that ECDD was conducted by the AML Administrators and comprised WorldCheck searches, review of the customer's transactional history (if available) and (in Qld) Google searches. KPMG advised SEG that there was no procedural document that set out how and what ECDD must be conducted and recorded, therefore this was open to interpretation and an inconsistent approach by the AML Administrators.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

In December 2018, AUSTRAC advised Star Sydney that its ECDD Program was not compliant with the Act and Rules. AUSTRAC wrote to Star Sydney requiring it to re-write its ECDD program to better set out its risk-based system and controls as required by Part 15.10 of the Rules. This included how they are applied to its customer types (for example critical-risk, high-risk, non-members, junket representatives and players) and the measures that will be applied to complete ECDD appropriate to the circumstances of the customer.

- c. In the absence of appropriate guidance, appropriate ECDD measures commensurate to the risks, could not be consistently applied.

Particulars

In May 2018, KPMG reported that appropriate ECDD was not always conducted. For a number of customers, the ECDD record appeared to be limited to a World-Check and did not include the type of information that would be expected, such as the reason why ECDD was conducted, details of the customer's transaction or gaming history, a general Google search.

KPMG found that due diligence on junket participants was limited, particularly at Star Qld. Across all SEG casinos, KPMG found that no

enquiries are made on the junket participants' source of wealth or funds.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

- d. The staff exercising discretion under the ECDD Program did not receive adequate training.

Particulars

See paragraph 748.

- e. The ECDD Programs did not provide guidance on the appropriate ECDD measures that were aligned to the nature, size and complexity of Star Sydney's and Star Qld's business, and the ML/TF risks posed by customers.
- f. In particular, the ECDD Program did not include appropriate procedures to ensure:
 - i. analysis of the full suite of designated services received by customers across multiple transaction chains and channels, including designated services provided under table 1, s6;
 - ii. analysis of third party transactions;
 - iii. that KYC information would be clarified and verified, beyond re-performing standard KYC checks; or

Particulars

Synkros was used to record KYC information collected about customers. Until 2019, there was no ECDD procedure requiring the AML team to search Synkros to verify that KYC information had been obtained in relation to the customer.

- iv. source of wealth or source of funds would be appropriately assessed (see paragraph 808 below).
- v. review of information relevant to investigations recorded on iBase.

Particulars

Rule 15.10 of the Rules.

Source of wealth and source of funds

- 808. From 30 November 2016, the ECDD Programs did not include appropriate systems and controls for Star Sydney and Star Qld to obtain, analyse, escalate and record source of wealth and source of funds information with respect to customers for the purposes of carrying out ECDD for the following reasons.

- a. At no time were customers obliged to provide Star Sydney or Star Qld with source of wealth information (including occupation) before a designated service was provided (with the exception of CCF applications as pleaded at paragraph 154).
- b. At no time were customers obliged to provide Star Sydney or Star Qld with source of funds information before a transaction was processed.

Particulars

Paragraph 613.

- c. At no time did the Joint Part A Programs require appropriate risk-based inquiries into source of wealth or source of funds:
 - i. when the customer was triggered for a risk assessment or
 - ii. for the purposes of the ongoing obligation to review or update KYC information.

Particulars

Paragraph 145.

- d. Accordingly, source of wealth or source of funds information included on a customer's risk profile was limited. This limited the AML Administrator's ability to recognise activity inconsistent with source of wealth or source of funds for the purposes of ECDD.

Particulars

The source of wealth information entered in Protecht or Trackvia was inconsistent or limited. The source of wealth or source of funds information entered for junket operators was often recorded as "junket operator".

- e. Prior to February 2019, the ECDD Programs stated that the AMLCO will consider whether any useful purpose would be served by endeavouring to obtain source of wealth information, and to undertake a more detailed analysis of the source of the customer's wealth and funds. This was not an appropriate risk-based procedure for the purposes of ECDD.

Particulars

Clause 17 of the Joint Part A Programs prior to February 2019.

- f. Prior to 1 November 2019, source of wealth or source of funds investigations were facilitated through PAMMs and JRAMs, where gaming activity was identified that was outside of expectations. Senior management would be directed to obtain this information by JRAM/PAMM.
- g. Source of wealth investigations through the PAMM and JRAM process were not appropriately risk based for the reasons pleaded at paragraphs 818 to 832.
- h. From November 2019, the ECDD Standards required the AML Administrators to take reasonable measures to establish the source of wealth and source of funds when conducting ECDD, but only with respect to very high risk customers, including PEPs.
 - i. Reasonable measures could include reviewing KYC information already obtained, reviewing public source information or asking the customer.

Particulars

These measures were limited for the reasons pleaded at a, b and d.

- ii. If source of wealth remained a concern, the AML Administrators could consider requesting proof of wealth in the form of bank statements or proof of employment.
- i. The ECDD Programs did not include appropriate guidance as to the circumstances in which source of wealth might require closer investigation for the purposes of determining what reasonable measures should be undertaken to establish the source of wealth and source of funds, or for the purposes of determining whether source of wealth remained a concern.
- j. From November 2019, where further investigations as to source of wealth or source of funds were considered necessary, they continued to be facilitated through PAMMs and JRAMs.

Particulars

Clause 5.3(c) of the ECDD Standard.

- k. The PAMM and JRAM processes were not appropriately risk based for the reasons pleaded at paragraphs 818 to 832 below.
- l. From November 2019, the ECDD Standard provided that the AML Administrator must escalate a customer to the AMLCO where concerns had been identified about the legitimacy of the customer's source of wealth or source of funds. The AMLCO was to give directions to senior management as to whether Star Sydney or Star Qld should cease an ongoing relationship with the customer.

Particulars

Measure 7 and clause 6 of the ECDD Standard.

- m. From November 2019, customers continued to be referred to PAMM and/or JRAM where concerns as to source of wealth or source of funds arose for the purposes of considering the customer's ongoing business relationship with Star Sydney or Star Qld.
- n. The PAMM and JRAM processes were not appropriately risk based for the reasons pleaded at paragraphs 818 to 832 below.
- o. Prior to November 2019, the Joint Part A Programs did not include any such escalation procedure.
- p. Star Sydney and Star Qld sought source of wealth and source of funds information from junket or international VIP customers where it was extending credit, but did not include procedures in its ECDD Program to assess this information from an AML/CTF perspective. Rather, this information was used to assess credit risk only.

Particulars

Paragraph 507.

- q. There were no processes to ensure that source of wealth and source of funds information obtained by Credit and Collections or VIP Services for the purposes of credit risk assessments were consistently referred, on a risk basis, to the AML team for the purposes of ECDD.

- r. The AML Administrator and AML team did not have access to OnBase, the database maintained by the Credit and Collection team, and on which records related to screening and creditworthy checks were held.
- s. From December 2021, TrackVia created automated transaction monitoring alerts if customer's tier level or level of play was not consistent with stated occupation. However, at no time did the Joint Part A Program procedures oblige customers to provide occupation information.
- t. There was some reluctance to obtain and make a record of source of wealth or source of funds information on the customer's account due to privacy reasons and due to concerns customers would be aggravated.

Particulars

Customer 84.

809. In the absence of appropriate information and guidance about source of wealth and source of funds, Star Sydney and Star Qld were unable to carry out appropriate risk-based ECDD measures. For example, Star Sydney and Star Qld were not in a position to understand the purpose of customer transactions, or the ML/TF risks they posed. Nor were they in a position to determine the ML/TF risk posed by the customer and the ongoing business relationship.

Particulars

Rules 15.10(1)(c), (2) and (5) of the Rules.

Senior management approval

810. From 30 November 2016, the ECDD Programs did not include appropriate systems and controls to seek senior management approval:
- a. for continuing business relationships with customers, having regard to the ML/TF risks reasonably faced;
 - b. on whether a designated service should be provided to a customer;
 - c. on whether a transaction or particular transactions should be processed for the reasons pleaded at paragraphs 811 to 842 below.

Particulars

Rules 15.10(6), (7) and 15.11 of the Rules.

811. The Joint Part A Programs did not set out appropriate criteria for the ML/TF risks that would and would not be accepted by Star Sydney and Star Qld with respect to customers (**ML/TF risk appetite for customers**).
812. In the absence of a ML/TF risk appetite for customers, there was no criteria or guidance in the Joint Part A Programs against which senior management could appropriately and consistently determine whether to approve:
- a. a continued business relationship with a customer;
 - b. the provision of a designated service (such as a loan or remittance service) to a customer;
 - c. a transaction or particular transactions.

Particulars

Rules 15.10(6), (7) and rule 15.11 of the Rules.

With respect to paragraph 811c, see also paragraph 613 and 613.m for example.

813. Prior to November 2019, Joint Part A Programs provided that moderate to significant exposure to ML/TF risks, required discussion at JRAM, as well as AMLCO sign off.

Particulars

Appendix C, clause 1.4 of versions 4-6; Appendix B, Part 2 of versions 7-8 of the Joint Part A Programs and paragraph 123.

Also see paragraphs 805(a) and (b).

814. The requirement pleaded at paragraph 813 applied to decisions on whether to continue a relationship with a high or very high risk customer.
815. At all times, decisions on whether Star Sydney or Star Qld would continue a business relationship with a customer were made either:
- a. through the JRAM process; or
 - b. by ad hoc emails.
816. From November 2019, the Joint Part A Programs also required very high risk rated customers to be escalated to the AMLCO for consideration of whether to continue a business relationship.

Particulars

The AMLCO generally attended the JRAM for this purpose.

However, the JRAM was authorised to determine ongoing relationships with customers without the input or advice of the AMLCO.

817. The ECDD Programs did not include appropriate risk-based processes to escalate high and very high risk customers to the AMLCO or JRAM to make decisions with respect to the matters pleaded at paragraph 810 for the reasons pleaded at paragraphs 818 to 842.

PAMM and JRAM

818. At all times, the Patron Activity Monitoring Meetings (**PAMM**) and Joint Risk Assessment Meetings (**JRAM**) considered customers who had come to Star Sydney's or Star Qld's attention as involving higher ML/TF risks.

Particulars

Rules 15.10(6), (7) and 15.11 of the Rules.

819. At all times, the PAMMs were to be held monthly and separately at each of Star Sydney and Star Qld.
820. Each of the Star Sydney and Star Qld PAMMs were generally attended by the AMLCO, Investigations Manager or Group Investigations Manager, the AML Administrator, gaming operations roles and other senior management.

Particulars

Senior management who attended PAMM from time to time included the Chief Operating Officer, Chief Risk Officer, Chief Financial Crime Officer, the Head of AML Operations, Director of Surveillance and the General Managers for AML/CTF Compliance and Financial Crime & Investigations. Gaming operations roles who attended PAMM from time to time included General Managers of Cash operations, Premium Guest, Table Games.

821. The AML Administrators, the AML team or the Investigations Manager could escalate a customer, at their discretion, to the PAMM as follows:
- a. The Star Sydney Investigations Manager may seek to add customers for consideration at PAMM or JRAM who have come to their attention through law enforcement interest.
 - b. Customers identified by the AML Administrator as having been charged or convicted of a criminal offence and who were rated higher than medium could be referred to PAMM.
 - c. Where law enforcement provided confirmation of a match for an AML referral, the confirmation was sent to the AML team and generally escalated through PAMM and/or JRAM.
 - d. In accordance with the ECDD Standards from 1 November 2019, the AML team could escalate a customer to PAMM for further information and assessment for the purposes of ECDD.
 - e. From June 2020, a customer could be referred to PAMM for further review of source of wealth information where the customer was identified as a PEP and/or rated critical/very high.
 - f. From June 2020, a customer could be referred to PAMM for further due diligence if the customer was the subject of 5 or more SMRs in the previous 12 months.

Particulars

Since April 2021, customers with two or more SMRs are automatically added to a 'Watchlist' and could subsequently be escalated from the Watchlist to PAMM or JRAM.

822. The intended purpose of the PAMMs was for Star Sydney or Star Qld to:
- a. identify the further information that should be gathered or analysed with respect to customers to allow further consideration of ML/TF risks, including in relation to source of wealth;
 - b. identify and discuss substantial trends or variances in a customers' gambling history and patterns of unusual behaviour;
 - c. consider whether information should be added to the customer risk register;
 - d. consider whether there was a rational basis to give the AUSTRAC CEO an SMR;
 - e. consider whether the customer should be added to the ECDD list;
 - f. implement restrictions for the customer to reduce ML/TF risks;
 - g. refer a customer to the JRAM to determine if:

- i. the customer should have their risk rating altered, or
- ii. Star Sydney or Star Qld should continue a business relationship with the customer or if the customer should be issued with a WOL.

Particulars

Paragraphs 123 and 833.

823. At all times, the JRAM met monthly after the state-based PAMMs had been conducted.
824. The JRAMs were generally attended by the AMLCO, AML Administrator, the Investigations Manager or Group Investigations Manager, the AMLCTF Financial Crime Program manager, Group Manager AMLCTF and Financial Crime and other senior management.

Particulars

Senior management who attended JRAM from time to time included the Chief Financial Crime Officer, General Manager Financial Crime & Investigations, Chief Risk Officer and the Chief Legal Officer.

825. At all times, customers raised in the PAMMs could be discussed at the JRAM or referred to the JRAM in serious cases.

Particulars

The basis on which PAMM escalated a customer was if the attendees determined that the activity the subject of a PAMM was serious enough to warrant escalation. The type of escalation from PAMM was on a case-by-case basis.

Generally, if PAMM considered that a customer's risk rating should be altered was automatically referred to JRAM for discussion.

826. The purpose of the JRAM was to consider:
- a. the risk rating of individual customers based on their ML/TF risk as a required by the Joint Part A Program;
 - b. whether any law enforcement agencies were required to be contacted;
 - c. whether to refer a customer to VIP Hosts for source of wealth checks;
 - d. SMR information in respect of the customer;
 - e. whether the SEG casinos should continue to deal with the customer, based on their ML/TF risks;
 - f. whether to recommend a customer be issued with a WOL (in accordance with the process described in paragraph 833).
827. The participants of JRAM who were the AMLCO or senior management were responsible for escalating any issues to the appropriate business unit. This process was not documented.
828. From April 2021, the TrackVia database recorded the minutes of each PAMM and JRAM at which a customer was considered, as well as any ECDD and OCDD conducted on that customer.
829. The records of the PAMM and JRAM meetings were sometimes incomplete prior to the implementation of TrackVia in April 2021.

830. At no time did the Joint Part A Programs include or incorporate any written procedures or guidance setting out the circumstances, having regard to ML/TF risks, in which a customer should be referred to the PAMM or to the JRAM.

Particulars

In the absence of written guidance or criteria, customers could not be consistently or reliably referred to PAMM or JRAM, as intended in the circumstances pleaded in paragraph 821 and 825.

For example, Customer 84 was the subject of a NSW exclusion order issued in July 2007. Customer 84 remained a customer of the Star Qld casinos after the issue of the exclusion order. Customer 84 was discussed at JRAM in July 2016. He was not escalated to JRAM again until October 2021. He was not issued with a WOL until December 2021.

On each occasion that Customer 84 attended Star Qld from 30 November 2016, Star Qld staff reactivated Customer 84's membership card to allow Customer 84 to receive gaming services. At the end of Customer 84 trip, Star Qld staff would change Customer 84 account status back to 'Excluded NSW'.

Customer 84 Synkros profile stated: 'Patron is excluded in CID NSW #..., account status "Excluded NSW". Account to be returned to Excluded NSW once cage transactions have been completed':

Customer 83 was the subject of a NSW exclusion order in June 2015. Customer 83 remained a customer of the Star Qld casinos and was discussed at JRAM in January 2019, was scheduled to be discussed at the March 2019 JRAM (but was removed from the agenda) and was not included on JRAM agenda again until November 2020. He was not issued with a WOL until 6 January 2021.

831. The Joint Part A Programs did not include or incorporate any procedures or guidance establishing the role and purpose of the PAMM and JRAM, having regard to ML/TF risks.

Particulars

In the absence of written procedures or guidance, the intended purpose of the PAMM and JRAM as pleaded at paragraphs 822 and 826 could not be reliably or consistently achieved. Nor could their decisions have appropriate regard to ML/TF risks.

832. The Joint Part A Programs did not include or incorporate any written guidance or criteria to enable PAMM and JRAM to appropriately or consistently consider, having regard to ML/TF risk, whether an ongoing business relationship was appropriate and consistent with ML/TF risk appetite for customers.

Particulars

See also paragraphs 811 and 812.

In the absence of criteria, guidance or ML/TF risk appetite for customers, senior management decisions through the PAMM and

JRAM processes on ongoing customer relationships were not appropriately based on ML/TF risk.

For example, see Customer 1, Customer 5, Customer 74, Customer 83, Customer 84, Customer 87 and Customer 45.

The withdrawal of licence process

833. At all times, the Exclusions policies required Star Sydney and Star Qld to consider issuing a customer with a withdrawal of the common law licence to enter specified casino premises (**WOL**) where the customer had engaged in illegal or undesirable behaviour which may compromise the reputation of SEG.

Particulars

The Exclusions Policies set out the procedures for issuing WOLs.

834. From 1 November 2019, the ECDD Standards referred to the issue of a WOL as being one possible outcome of ECDD.

Particulars

From 1 November 2019, clause 5.3 of the ECDD Standards.

Prior to 1 November 2019, the Joint Part A Programs referred to a prohibition of entry as one of the possible actions the AMLCO could take in relation to an escalated high risk customer.

835. At all times, the AMLCO, PAMM or JRAM could recommend or determine that a WOL should be issued to a customer, but authority to issue the WOL resided with other senior officers of SEG, Star Sydney or Star Qld.

Particulars

The authorised officers included the Chief Executive Officer, State Chief Casino Officer; Chief Legal and Risk Officer; General Counsel; Patron Liaison Manager; Director of Security; Security Operations Manager; and Investigations Manager.

From 2021, the Group Manager Due Diligence could also escalate a customer to the AMLCO or recommend to the AMLCO that a WOL be issued with respect to all SEG casino properties.

836. A WOL could be issued for a prescribed period that expired on a nominated date, or could remain in force until revoked.
837. The issue of a WOL could be, but was not necessarily, accompanied by a decision to place a “stop code” on a customer’s FMA to prevent further transactions.
838. The Joint Part A Programs did not include appropriate risk-based procedures to consistently identify and escalate customers to be considered for a WOL.

Particulars

Paragraph 830.

839. The Exclusions policies did not include guidance or criteria to enable Star Sydney or Star Qld to appropriately or consistently consider, having regard to ML/TF risk or ML/TF risk appetite for customers, whether a WOL should be issued.

Particulars

Paragraphs 811 and 812.

840. From 1 November 2019, the ECDD Standards provided that if the ECDD process identifies information suggesting a customer has:
- a. engaged in ML/TF;
 - b. committed any serious indictable offences;
 - c. any adverse finding and is considered very high MLTF risk;
- the AMLCO is to consider appropriate action including WOL.

Particulars

Clause 5.3 of the ECDD Standards.

841. In the absence of the Joint Part A Programs setting the ML/TF risk appetite to be accepted with respect to customers, appropriate risk-based decisions, having regard to ML/TF risks, were not capable of being made by Star Sydney and Star Qld with respect to the issue of WOLs.

Particulars

Paragraph 811 and 812.

842. To the extent that senior management within the VIP Services or Credit and Collections teams considered whether to provide designated services to a customer (such as a loan) or whether to continue an ongoing business relationship, decisions were made from the perspective of credit risk, not ML/TF risk.

Particulars

Paragraph 507.

The processes for senior management to approve loans and credit limits (items 6 and 7, table 1, s6 designated services) had regard to credit risk, not ML/TF risk.

Information management and records

843. From 30 November 2016, the ECDD Programs were not supported by appropriate information management and record keeping for the reasons pleaded at paragraphs 844 to 852.
844. The application of the ECDD Program relied upon information contained in Synkros, Protecht, Trackvia, iBase and CID.
845. By reason of the deficiencies in information management and record keeping pleaded at paragraphs:
- a. Star Sydney and Star Qld did not have a full view of customers' transactions for ECDD purposes; and accordingly
 - b. the ECDD process was not capable by design of operating as intended.

Particulars

Paragraph 752.

846. The Joint Part A Programs did not include appropriate processes to ensure complete customer information was consistently entered on to the customer risk register in Protecht and TrackVia.

Particulars

Paragraph 157.

847. Synkros generated patron account numbers for each customer, which were also used to search for customer records in Protecht and Trackvia.
- a. Some customers had multiple patron account numbers across the different SEG casino sites.
 - b. Star Sydney and Star Qld had no means of automatically collating transaction data across sub-accounts, secondary accounts or multiple accounts.
 - c. By allowing customers to have multiple patron accounts numbers, Star Sydney and Star Qld may not have had a complete view of a customer's KYC, ECDD or transaction records when searching Synkros, Protecht or Trackvia using the account number.

Particulars

In 2016, Star Sydney and Star Qld undertook a project to merge the accounts of customers who had two or more accounts across Star Sydney, Treasury Brisbane and Star Gold Coast casinos.

There were some instances where customers with multiple accounts did not have their accounts merged as part of this process. The merging of the accounts for these customers is ongoing.

Customers with active CCF accounts were excluded from the merger project. These accounts have since been progressively merged, but this has been on a case-by-case basis and has not been a systematic process.

Customers with inconsistencies in their personal details across different accounts did not have their accounts merged as part of the merger project. Where Star Sydney and Star Qld identify such customers, those accounts are merged.

Some customers with multiple accounts did not have their accounts merged as part of the merger project because of inconsistencies in their exclusion status as between accounts. Customers who were excluded in NSW were still permitted to play at Star Gold Coast and Treasury Brisbane casinos. Accordingly, their Star Gold Coast or Star Qld accounts were not merged with their Star Sydney accounts.

Transactional data from two or more accounts could not be merged. Data such as cheque history or deposits/withdrawals to FMAs would be retained in Synkros for one of the merged accounts only. This data would not be retained on Synkros for the other accounts that had been merged.

848. Junket operators and junket representatives could have multiple sub-accounts (and therefore multiple patron account numbers) allocated to them in Synkros.

Particulars

Junket operators could be allocated sub-accounts for the purposes of:

- (i) facilitating the operation of financial accounts and junket programs in multiple currencies;
- (ii) facilitating the operation of multiple junket groups by the same junket operator in a manner that permits separate records to be kept in relation to each junket group;
- (iii) facilitating the operation of multiple but separate CCFs and FMAs for a junket operator to use for different junket groups;
- (iv) allowing a junket representative who is a loyalty member to also earn points if playing with cash chips on a rebate program linked table; and
- (v) to facilitating the participation on a game table and slots rebate program at the same time.

- a. Star Sydney and Star Qld had no means of automatically collating transaction data across sub-accounts.
- b. By allowing customers to have multiple sub-accounts, Star Sydney and Star Qld did not have a full view of customers' transactions for ECDD or transaction monitoring purposes.

849. Information regarding customers under Investigation by the Investigations team was recorded in iBase.

- a. The AML team did not have access to iBase.
- b. There was no requirement for the Investigations team to share with the AML team information from iBase relevant to ECDD.
- c. In relation to information provided by law enforcement regarding customers of concern, this feedback would be entered into iBase, but not necessarily referred to the AML team or entered in TrackVia.
- d. Trackvia contains a "restricted documents" field which lists documents relating to a customer which are considered sensitive or confidential, and which AML team members need to request access to in order view.
- e. Only in January 2022 was a banner added to TrackVia in relation to customers under investigation, which stated that the 'patron was of interest to investigations' and advises the user to contact the Investigations team for more information.

850. The AML team did not have access to OnBase, the database maintained by the Credit and Collections team, and on which records related to screening and creditworthy checks were held.

851. The ECDD Programs did not include appropriate procedures requiring Star Sydney and Star Qld to maintain complete and accurate records with respect to the ECDD measures that were undertaken or of the outcomes of ECDD measures:

- a. The ECDD measures that were undertaken with respect to a customer were recorded on Protecht prior to April 2021 and on TrackVia from April 2021.

- b. Prior to November 2019, these records were incomplete, including for the following reasons:
 - i. Protecht contained limited to no records as to the reasons why ECDD conducted; the matters considered as part of ECDD; or the conclusions or outcomes of ECDD.

Particulars

In December 2018, AUSTRAC wrote to Star Sydney raising concerns that if a decision is made not to undertake any ECDD measures with respect to a customer that had been escalated, the reasons for this decision will not be recorded.

- ii. Protecht did not make appropriate records of the customer's transaction history or when the customer last visited the casino.
 - iii. World check and open source searches were not recorded consistently on Protecht until February 2019.
 - iv. When documents supporting or evidencing ECDD, such as screening results or open source searches, were attached to the ECDD record on Protecht, the copies were often unreadable (blurry) and undated.
 - v. External due diligence reports were not recorded on the Protecht record.
 - vi. Investigations or reports prepared by other parts of the business, for example by the Investigations team, were not recorded on the Protecht record.
 - vii. The discussion or outcomes of JRAM/PAMM were not consistently recorded on Protecht.
 - viii. If, following ECDD, the AML Administrator determined the matter was suspicious, this decision and the supporting ECDD documentation was recorded in Protecht. However, if a matter was determined not to be suspicious, ECDD results were not always recorded.
 - ix. Prior to February 2019, records were not made of any ECDD that was conducted following the lodgement of an SMR.
- c. From November 2019 to April 2021, Star Sydney and Star Qld began to systematise its ECDD processes and records. However, ECDD records did not:
 - i. contain any substantive information about matters considered or reasons why certain ECDD measures were taken; or
 - ii. record any risk score relating to the assessment of the customer's risk.
- d. From April 2021, records of ECDD improved, but did not record:
 - i. investigations or reports prepared by other parts of the business, for example by the Investigations team; or
 - ii. external due diligence reports.

852. For the reasons set out at paragraphs 844 to 851, Star Sydney and Star Qld's information and record keeping systems were not capable by design of providing a complete or accurate view of customers' transaction and ML/TF risk profiles for ECDD purposes.

The Joint Part A Programs - Appropriate systems and controls to ensure SMR, TTR and IFTI reporting

853. At all times, Part A of an AML/CTF program was required to include systems and controls designed to ensure compliance with the obligation to report:
- a. suspicious matter reports, or **SMRs**, under s41 of the Act;
 - b. threshold transaction reports, or **TTRs**, under s43 of the Act;
 - c. international funds transfer instructions, or **IFTIs**, under s45 of the Act.

Particulars

Rule 9.9.1(2) of the Rules, made for the purposes of section 85(2)(c) of the Act.

SMR reporting

854. From 30 November 2016, the Joint Part A Programs did not include appropriate systems and controls designed to ensure compliance with the obligation to report SMRs under s41 of the Act.
- a. Escalation processes for unusual or suspicious activity were not capable of consistently identifying and escalating suspicious matters:
 - i. Workflows were manual and relied on observations by frontline casino staff.
 - ii. Frontline staff escalated unusual or suspicious matters to the AML team by raising 'internal SMRs' or UARs, by emailing the AML team or providing the AML team with handwritten notes.
 - iii. Prior to the introduction of TrackVia in 2021, these processes were manual and not capable of being consistently applied.
 - iv. Frontline staff did not receive adequate AML/CTF risk awareness training.
 - v. Star Sydney's and Star Qld's systems and processes for surveillance did not appropriately identify and escalate suspicious or unusual matters to the AML team.
 - vi. Observational and manual processes were not capable of identifying and escalating unusual or suspicious activity arising from customer activity across complex transaction chains, including non-face-to-face channels.

Particulars

See paragraph 748.

- b. Resourcing of the systems and controls for SMR reporting were inadequate, and were therefore incapable by design of operating as intended.

Particulars

The AML Administrators were responsible for determining whether an SMR should be given to the AUSTRAC CEO.

Until October 2018, there was one AML Administrator for the Star Sydney casino and one for the Star Qld casinos. A third AML

Administrator was appointed from October 2018 to August 2022. As at late 2022, there were 18 persons in this role.

The AML team assisted with the investigation and assessment of potentially suspicious matters raised by frontline staff.

- c. The policies and guidance relating to suspicious matter reporting were inadequate because they:
 - i. were not based on or aligned to an appropriate ML/TF risk assessment of all of the ML/TF risks reasonably faced by Star Sydney and Star Qld; and
 - ii. did not cover all designated services provided by Star Sydney and Star Qld.

Particulars

The policies and guidance on SMR reporting did no more than list red flags, with no criteria against which to assess unusual or suspicious behaviour as against the designated services being provided.

On 16 May 2018, KPMG advised SEG in its report that the Part A Program and the SMR obligation was only partially described in ML/TF Risk Awareness training material and that employees had to refer to the inconsistent SOPs for guidance on the DBG's SMR obligations.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

- d. The deficiencies in the transaction monitoring programs meant that Star Sydney and Star Qld were unable to consistently identify suspicious activity within the meaning of s41 of the Act, having regard to unusual patterns of transactions, which had no apparent economic or visible lawful purpose.

Particulars

Rules 15.4 to 15.8 of the Rules.

- e. The lack of appropriate risk-based processes to understand a customer's source of wealth and source of funds limited Star Sydney's and Star Qld's ability to understand a customer's transactional activity and to determine whether any particular activity was unusual.
- f. Dispersed data sources for customer information limited Star Sydney's and Star Qld's ability to understand a customer's transactional activity and to determine whether any particular activity was unusual.

Particulars

See paragraphs 764 and 847.

- g. Dispersed data sources and multiple customer accounts numbers also impacted on Star Sydney's and Star Qld's ability to include accurate customer information in SMRs (for example, as to win/loss/turnover on an aggregate basis).

Particulars

For example, see customer 45.

- h. Information regarding customers under Investigation by the Investigations team was recorded in iBase. The AML team did not have access to iBase.
- i. VIP Services and Credit and Collections, who dealt with higher risk customers, were not given appropriate AML/CTF training to enable them to identify potential suspicious activity.
- j. SMRs relating to suspicious activity on junket programs were likely to be reported under the junket operator's name (with the junket representative as agent) with limited information about:
 - i. the junket player/s on whose behalf the transaction was conducted, and
 - ii. the junket funder providing the source of funds.
- k. This made it difficult for AUSTRAC and its law enforcement partners to understand the role of different parties to the suspicious activity, including what transactions took place, the source of the funds, who instructed the movement of funds, the recipient of the funds and further details of the transaction.
- l. Prior to 2019, there were no quality review or assurance processes regarding SMR obligations.

Particulars

Prior to 2019, Star Sydney and Star Qld did not undertake any testing or quality assurance with respect to its systems and controls for SMR reporting.

The 16 May 2018 KPMG report observed that, because the AML Administrators determined SMRs without any consultation with each other, there could be inconsistency across the two reporting entities as to what is considered suspicious. Additionally, because there was no consultation with the AML/CTF Compliance Officer or other senior management, KPMG considered there was no effective quality review of these decisions; and quality no assurance conducted on SMRs.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23, 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

From January of 2019 to November 2019, SEG introduced quality assurance by way of the SEG Group Compliance and Responsible Gaming Team. This team undertook testing by way of collecting

samples of SMRs submitted to AUSTRAC by the AML Team to conduct quality assurance to ensure the appropriate information was included in SMRs, and that systems were being implemented correctly.

From December 2019, the conduct of testing and quality assurance was undertaken by the SEG Group Compliance team.

With the introduction of TrackVia workflows in April 2021, each SMR is now reviewed by an AML Manager as a form of quality assurance prior to submission to AUSTRAC.

- m. There was inadequate documentation of the SMR reporting process.

Particulars

In December 2018 AUSTRAC recommended that Star Sydney improve records of their reasons for decision not to submit an SMR following an alert. AUSTRAC also advised that better and more complete records of all investigation outcomes would enable Star Sydney to provide evidence of each investigation and its findings to auditors. It may also assist in creating profiles for rules in an automated transaction monitoring system.

TTR reporting

- 855. From 30 November 2016, the Joint Part A Programs did not include appropriate systems and controls designed to ensure compliance with the obligation to report TTRs under s43 of the Act.
 - a. There were no written procedures, testing or assurance in respect of TTR reporting.
 - b. Prior to October 2019, Star Sydney and Star Qld did not have systems and controls in place to ensure reporting of threshold transactions through CWAs.

Particulars

Paragraph 303.

- c. TTRs relating to transactions conducted through junket programs were likely to be reported under the junket operator's name (with the junket representative as agent) rather than under the name of the junket player who conducted the transaction.
- d. This made it difficult for AUSTRAC and its law enforcement partners to understand the role of different parties to the threshold transaction, including what transactions took place, the source of the funds, who instructed the movement of funds, the recipient of the funds and further details of the transaction.
- e. There was inadequate documentation for and monitoring over the TTR reporting process.

IFTI reporting

- 856. From 30 November 2016, the Joint Part A Programs did not include appropriate systems and controls designed to ensure compliance with the obligation to report IFTIs under s45 of the Act.

- a. IFTI reporting processes were inconsistent across the Star Sydney and Star Qld casinos.
- b. There were no procedures for assurance or quality assessment with respect to IFTI processes.
- c. Star Sydney and Star Qld did not perform any testing or assurance to ensure the appropriate design, effectiveness and/or implementation of its systems and controls.
- d. Prior to July 2022, Star Sydney and Star Qld did not monitor its Bank 2 accounts that receive funds for gaming to ensure they are complying with their IFTI obligations.
- e. IFTIs relating to junket programs were likely to be reported under the junket operator's name (with the junket representative as agent) rather than under the name of the junket player who conducted the transaction.
- f. This made it difficult for AUSTRAC and its law enforcement partners to understand the role of different parties to the IFTI, including what transactions took place, the source of the funds, who instructed the movement of funds, the recipient of the funds and further details of the transaction.

857. By reason of the matters pleaded in paragraphs 853 to 856, the Joint Part A Programs did not comply with rule 9.9.1(2) of the Rules from 30 November 2016.

858. By reason of the matters pleaded in paragraph 857, the Joint Part A Programs did not comply with s 85(2)(c) of the Act from 30 November 2016.

The Joint Part B Programs – the applicable customer identification procedures

859. From 30 November 2016, Star Sydney and Star Qld's Joint AML/CTF Program included a Part B Program (the **Joint Part B Programs**), set out in:

- a. Clause 9 and the Know Your Customer Standard (**KYC Standard**) (versions 1 to 3) in relation to versions 9 to 11.1 of the Joint AML/CTF Program.
- b. Clauses 20 to 24 of versions 4 to 8 of the Joint AML/CTF Program.

Particulars

Chapters 4 and 10 and rule 14.4 of the Rules

860. From 30 November 2016, the Joint Part B Programs were not:

- a. programs the sole or primary purpose of which was to set out the applicable customer identification procedures (**ACIPs**) for the purposes of the application of the Act to customers of the reporting entity; and
- b. programs that complied with the requirements of the Rules.

Particulars

Section 85(3)(a) and (b) of the Act and Chapter 4 of the Rules.

Also see Chapter 10 and rule 14.4 of the Rules, made under s39 of the Act, which provide for certain exceptions to the application of Part 2 with respect to some designated services provided by Star Sydney and Star Qld.

Also see rule 9.1.6 of the Rules.

861. From 30 November 2016, the Joint Part B Programs did not include appropriate risk-based systems and controls that were designed to enable Star Sydney and Star Qld to be reasonably satisfied, where the customer was an individual, that the customer was the individual he or she claimed to be, for the reasons pleaded at paragraphs 862 to 859.

Particulars

Rule 4.2.2 of the Rules.

862. At no time did the Joint Part B Programs include any risk-based systems and controls to identify customers who were not low risk at the time the ACIP was being carried out:

- a. Customers were considered low risk by default, with limited exceptions.

Particulars

Paragraphs 114 and 115.

- b. There were no systems, controls or procedures to consistently identify customers who were not low risk prior to carrying out ACIP.

Particulars

See paragraph 127 to 134.

- c. There were no procedures in the Joint Part B Programs to consistently trigger a review of the default risk rating at the time ACIP was being carried out and were unlikely to be consistently identified at the time ACIP was being conducted.

- d. The Joint Part B Programs were accordingly not risk based.

Particulars

Clause 15 of the Joint Part A Programs (versions 4 to 8); Joint Part A Programs (versions 9 to 10) with the AML/CTF Framework.

Rules 4.2.2 and 4.1.3 of the Rules.

863. The Joint Part B Programs did not appropriately consider the ML/TF risk posed by a customer's sources of wealth and funds:

- a. With the exception of an application for credit under a CCF, at no time was a Star Sydney or Star Qld customer required to provide source of wealth information, including at the time that the ACIP was carried out.

Particulars

Paragraphs 150 to 155.

- b. For the reason pleaded at paragraph a, whilst the Joint Part B Programs provided that in some circumstances reasonable measures would be undertaken to obtain source of wealth or source of funds information in some circumstances, these procedures were discretionary and not appropriately risk-based.

Particulars

Rules 4.2.2 and 4.1.3(2) of the Rules.

The complexity and volume of designated services provided to customers, combined with the absence of source of funds and source

of wealth information, significantly limited Star Sydney and Star Qld's ability fully to understand who they were dealing with as a customer.

The failure to require appropriate source of wealth/funds information at the time of the ACIP, on a risk-basis, affected the operation of processes in the Joint Part A Programs. For example, this failure impacted Star Sydney and Star Qld's ability to identify unusual or suspicious transactions, such as unusually high turnover or losses.

- c. The Joint Part B Programs provided that reasonable measures would be taken to establish a foreign PEP's source of wealth and source of funds but did not include appropriate guidance as to what those reasonable measures were.

Particulars

The KPMG review of the Part B AML/CTF Program concluded that other than conducting a World Check on a customer who had been identified as a foreign PEP customer, generally no further enquiries were made as to their source of funds or wealth.

The KPMG Review of the Part B AML/CTF Program recommended that SEG provide specific guidance regarding what would be considered 'reasonable measures' to establish a PEP's source of wealth and funds under Rules 4.13.3.

SEG senior management, members of the Risk & Compliance Committee, Audit Committee, and the SEG Board were briefed on the findings of the KPMG report on 23 and 24 May 2018. This included the Chief Executive Officer & Managing Director, Group Chief Financial Officer, Managing Director of Star Sydney, Managing Director of Star Qld and the Chief Risk Officer. Members of the AML team and the General Counsel were provided with a copy of the report on 30 May 2018.

From November 2019, the KYC Standard stated that 'bank statements or other records to confirm source of wealth' may be requested as part of additional KYC requirements. However, there was no risk-based requirement requiring source of wealth or source of funds information to be collected or verified.

The Part B Programs and the KYC Standards did not otherwise include appropriate guidance regarding establishing a PEP's source of wealth and source of funds.

Clause 24 of the Joint Part B Programs prior to November 2019 and clause 5.3 of the KYC Standard.

- d. From 1 November 2019, the Joint Part B Programs and KYC Standard included a limited number of circumstances in which Star Sydney and Star Qld would attempt to collect information about a customer's occupation, or if directed by the AMLCO, about source of funds.

Particulars

Star Sydney and Star Qld were required to attempt to collect information about occupation, or source of funds if directed, with respect to customers who were:

- A. member of the loyalty club with access to private gaming areas, although the KYC Standards did not explain how this formed part of an ACIP at the time it was required to be carried out for the purposes of Part B of the Joint Program and s32 of the Act.
- B. participating in an international rebate program and who may have reasonably been considered to be providing significant financial contributions to the program. There was no guidance as to what a significant financial contribution meant, or how this formed part of an ACIP at the time it was required to be carried out for the purposes of Part B of the Joint Program and s32 of the Act.
- C. conducting very large cash transactions (of greater than \$100,000) or presented currency in an unusual manner or condition (for example, carried in shopping bags, loose notes, smelly or mouldy notes).

There was no obligation for a customer to provide source of wealth or source of funds information in any of these circumstances (other than for credit risk purposes with respect to a CCF approval). There was no requirement for Star Sydney or Star Qld to collect source of wealth or source of funds information from other sources.

Screening was inadequate for the reasons pleaded at 127 to 134.

Clauses 5.3 of the KYC Standard.

864. At no time did the Joint Part B Programs appropriately consider the ML/TF risk posed by the nature and purpose of Star Sydney's and Star Qld's business relationships with their customers, including as appropriate, the collection of information relevant to that consideration.
- a. The Joint Part B Programs did not appropriately consider the nature and purpose of the business relationship with customers who were junket funders, operators, junket representatives, junket players or playing on other rebate programs.

Particulars

Rules 4.2.2, 4.1.3(3) and 4.13.3 of the Rules

Until July 2019, the Joint Part A and Part B Programs assumed that the nature and purpose of the business relationship of the casino and customer was about the provision and consumption of entertainment in the form of casino gaming.

From July 2019, the Joint Part A and Part B Programs assumed in relation to junket operators, that the nature and purpose of the business relationship of the casino and customer (a junket operator company) would be that the junket operator would be providing support services to an associate of the customer (a junket participant), who would consume entertainment in the form of casino gaming.

These assumptions did not involve any appropriate consideration of customers' risk profiles.

865. The Joint Part B Programs did not consider the ML/TF risk posed by the types of designated services that Star Sydney and Star Qld provided, together with the methods or channels by which designated services were delivered.
- a. At no time did the Joint Part B Programs appropriately consider the ML/TF risks of designated services provided under table 1, s6 (such as items 6 and 7, table 1, s6 loans and overseas/domestic remittance services under items 31 and 32, table 1, s6).

Particulars

From 2018 to November 2019, the Joint Part B Programs purported to apply to customers who remitted money through the initial Customer 9 channel. The procedure required no more than sighting the customer's ID which was not an appropriately risk-based procedure with respect to these designated services, further noting that the customer would have been subject to ACIP at the time of opening their FMA.

- b. At no time did the Joint Part B Programs consider the ML/TF risks involved in providing table 1, s6 designated services (remittance services) and item 13, table 3, s6 (FMAs) designated services through non-face-to-face channels, including through the Star Patron account channels.
- c. At no time did the Joint Part B Programs consider the ML/TF risks of providing table 1 and table 3, s6 designated services to customers through junket or other rebate channels.

Particulars

Rules 4.2.2, 4.1.3(5) and (6) of the Rules.

866. At no time did the Joint Part B Programs consider the ML/TF risk posed by the foreign jurisdictions with which Star Sydney and Star Qld dealt.
- a. There were no risk-based procedures within the Joint Part B Programs to identify customers from higher risk jurisdictions at the time Star Sydney and Star Qld were conducting the applicable ACIP.
- b. While from November 2019, the Joint Part A Programs provided for customer risk ratings to be assessed by reference to jurisdictional risk, this was not included in the Joint Part B Programs as part of the ACIP and a customer risk rating review was not triggered by conducting ACIP.

Particulars

Paragraph 181.

867. At no time did the Joint Part B Programs include appropriate risk-based systems and controls for Star Sydney and Star Qld to determine whether additional KYC information would be collected about a customer and/or verified:
- a. The Joint Part A Programs provided that additional ID would be required in certain circumstances, such as a credit card or Medicare card, including in circumstances where there was doubt about the validity or condition of the ID document presented by the

customer. This was not a procedure that required additional KYC information to be collected and or verified on a risk-basis, although it was presented as such.

Particulars

Clause 20 of the Joint Part B Programs prior to November 2019 and cl 5.3 of the KYC Standards from November 2019.

- b. At all times, the Joint Part B Programs did not include appropriate risk-based systems and controls to determine whether source of wealth or source of funds information would be collected for the reasons pleaded at paragraph 863.
- c. There were no risk-based procedures in the Joint Part B Programs to determine whether to collect or verify additional KYC information relating to the beneficial ownership of funds used by the customer with respect to designated services or the beneficiaries of transactions being facilitated by the reporting entity on behalf of the customer including the destination of funds.
- d. The Joint Part B Programs applied the same safe-harbour ACIP to all customers, regardless of risk.

Particulars

Rules 4.2.2, 4.2.5 and 4.2.8 of the Rules; and the definition of KYC information in rule 1.2.1 of the Rules.

868. At no time did the Joint Part B Programs include ACIPs to be applied to all customers who Star Sydney and Star Qld were required to identify for the purposes of Part 2 of the Act.
- a. For designated services involving cash payments of \$10,000 or more, Star Sydney and Star Qld would issue a crossed cheque without completing any ACIP if the customer was unable to, or did not, provide suitable ID that could be reliably or independently verified.

Particulars

Cage Operating Procedures and Appendix A of the KYC Standards.

- b. There were no procedures in the Joint Part B Programs to determine whether the exemptions in rules 10.1.3 and 10.1.4 did not apply to a customer or prospective customer by reason of rule 10.1.5.
- c. There were no procedures in the Joint Part B Programs that required identification of customers who exchanged foreign currency by way of foreign drafts or travellers' cheques below \$1,000 – noting that the exemption in rule 14.4(2)(b) applies to physical currency only.
- d. There were no procedures in the Joint Part B Programs to determine whether the exemption in rule 14.4(b) did not apply to a customer or prospective customers.

Particulars

Rule 14.5 of the Rules.

- e. There were no appropriate risk-based procedures in the Joint Part B Programs to apply ACIPs to prospective customers who were to receive items 6, 7, 31 or 32, table 1, s 6 designated services.

Particulars

Section 85(3)(a) of the Act.

See also sections 32 and 39 of the Act; and Part 10 and rule 14.4 of the Rules.

- f. Prior to 1 June 2020, the Joint Part B Programs did not include appropriate risk-based procedures to apply ACIPs to prospective customers who were to receive designated services under table 3, s11 on the opening of a CWA.
869. At no time did the Joint Part B Programs include appropriate procedures to collect information and documents about an agent of a customer (who was an individual) or to determine whether to verify (and to what extent) the identity of the agent.
- a. In particular, the Joint Part B Programs did not contain appropriate ACIPs for identifying junket operators or junket representatives acting as agents for junket players.

Particulars

Until November 2019, the Joint Part B Programs did not have any procedures relating to agents who were authorised to act for or on behalf of a customer or prospective customer.

From November 2019, the definition of 'customer' in the Joint Part B Programs included 'agents' as well as 'participants on junket programs, junket promoters, representatives and funders.' However, to the extent Star Sydney and Star Qld knew they were dealing with an agent, the same ACIPs as applied to customers in general applied to agents of customers, junket promoters, representatives and funders.

- b. There were no procedures in the Joint Part B Programs to collect information and documentation of a customer's authorisation for an agent to act on the customer's behalf as required by rule 4.11.2(2).

Particulars

Part 4.11 of the Rules.

870. At no time did the Joint Part B Programs include appropriate risk-management systems that would enable Star Sydney and Star Qld consistently to determine whether a customer was a PEP, either before the provision of a designated service to the customer or as soon as practical after the designated service was provided:
- a. The Joint Part A Programs indicated that PEPs may be identified by screening, but the processes in the Joint Part A Programs for screening for PEPs were inadequate.

Particulars

Part 4.13 of the Rules.

Clause 24 of the Joint Part B Programs prior to November 2019 and clause 5.5 of the KYC Standards.

- b. The screening processes that occurred under Joint Part A Programs, the purpose of which included identifying whether a customer was a PEP, were inadequate for the reasons pleaded at paragraph 119.

871. At no time did the Joint Part B Programs include appropriate risk-management systems and procedures for Star Sydney and Star Qld to:
- a. comply with identification requirements in rules 4.2.3 to 4.2.9 of the Rules in respect of a customer who was:
 - i. a domestic PEP or international organisation PEP who had been assessed as posing a high ML/TF risk; or
 - ii. a foreign PEP;
 - b. obtain senior management approval before establishing or continuing a business relationship with the customer;
 - c. take reasonable measures to establish a customer's source of wealth and source of funds; and
 - d. comply with Chapter 15 of the Rules, including rule 15.11 with respect to a foreign PEP.

Particulars

Rules 4.13.2 and 4.13.3 of the Rules.

872. By reason of the matters pleaded in paragraphs 860 to 871, the Joint Part B Programs did not:
- a. set out the ACIPs for the purposes of the application of the Act to all customers of Star Sydney and Star Qld; and
 - b. comply with Chapter 4 of the Rules from 30 November 2016.
873. By reason of the matters pleaded in paragraph 872, the Joint Part B Programs did not comply with s85(3)(a) and (b) of the Act.

Ongoing customer due diligence – section 36 of the act

874. At all times from 30 November 2016, Star Sydney and Star Qld were each required by s36(1) of the Act to:
- a. monitor their customers in relation to the provision of designated services at or through a permanent establishment of Star Sydney or Star Qld (respectively) in Australia, with a view to identifying, mitigating and managing the risk that they may reasonably face that the provision of a designated service at or through a permanent establishment in Australia might (whether inadvertently or otherwise) involve or facilitate money laundering; and
 - b. do so in accordance with the Rules.

(ongoing customer due diligence)

875. At all times from 30 November 2016, Star Sydney and Star Qld were each required by the Rules made under s36(1)(b) of the Act, among other things, to:
- a. have regard to the nature, size and complexity of its business and the type of ML/TF risk it might reasonably face, including the risk posed by customer types;
 - b. include appropriate risk-based systems and controls in its Part A program to enable Star Sydney and Star Qld to determine in what circumstances further KYC information

- should be collected or verified to enable the review and update of KYC information for ongoing due diligence purposes;
- c. include a transaction monitoring program in its Part A program that, among other things:
 - i. includes appropriate risk-based systems and controls to monitor the transactions of customers;
 - ii. has the purpose of identifying, having regard to ML/TF risk (as defined in the Rules), any transaction that appears to be suspicious within the terms of s41 of the Act;
 - iii. has regard to unusual patterns of transactions, which have no apparent economic or visible lawful purpose;
 - d. include an enhanced customer due diligence program in its Part A program that complies with the requirements of the Rules; and
 - e. apply the enhanced customer due diligence program when:
 - i. Star Sydney and Star Qld determine under its risk-based systems and controls that the ML/TF risk (as defined in the Rules) is high;
 - ii. a designated service is being provided to a customer who is or who has a beneficial owner who is, a foreign PEP; or
 - iii. a suspicion has arisen for the purposes of s41 of the Act.
 - f. undertake the measures specified in rules 15.10(2) and 15.10(6) in the case of a customer who is a foreign PEP.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

JUNKET OPERATORS AND JUNKET FUNDERS

Customer 1

876. Customer 1 was a customer of Star Sydney during the relevant period. In 2017, Star Sydney recorded turnover exceeding \$860,000 for Customer 1.

Particulars

Customer 1 was a customer of Star Sydney from at least 11 July 2011.

On 14 December 2021, Star Sydney issued a WOL in respect of Customer 1 at the direction of the Star AML team.

877. Star Sydney provided Customer 1 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket funder for the Suncity junket operators, and a junket player. Between 2016 and 2020, Star Sydney recorded that junkets funded by Customer 1 had a turnover exceeding \$12.6 billion.

Particulars

On 11 July 2011, Star Sydney opened an FMA and SKA for Customer 1 which were closed on 6 December 2021 (item 11, table 3, s6 of the Act).

Between 15 July 2011 and 20 August 2020, Star Sydney approved CCFs for Customer 1 on multiple occasions up to facility limits of \$266,670,000, including on a permanently active basis from 6 February 2014 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel and the Customer 9 channels, which it made available to Customer 1 (items 31 and 32, table 1, s6 of the Act).

See Customer 1's risk profile below.

878. Customer 1 was a customer of Star Qld during the relevant period.

Particulars

Customer 1 was a customer of Star Qld from at least 6 July 2011.

On 14 December 2021, Star Qld issued a WOL in respect of Customer 1 at the direction of the Star AML team.

879. Star Qld provided Customer 1 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket funder for the Suncity junket operators. Between 2016 and 2020, Star Qld recorded that junkets funded by Customer 1 had a turnover exceeding \$2.9 billion.

Particulars

On 6 July 2011, Star Qld opened an FMA and SKA for Customer 1 which were closed on 6 December 2021 (item 11, table 3, s6 of the Act).

Between 7 October 2011 and 20 August 2020, Star Qld approved CCFs for Customer 1 on multiple occasions up to facility limits of \$266,670,000, including on a permanently active basis from 6 February 2014 (item 6, table 1, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the EEIS remittance channel and the Customer 9 channels, which it made available to Customer 1 (items 31 and 32, table 1, s6 of the Act).

See Customer 1's risk profile below.

880. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 1.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 1's risk profile

881. On and from 30 November 2016, Customer 1, and the provision of designated services to Customer 1 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 1's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 1 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 1;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on five occasions between 12 January 2012 and 11 November 2012.

The SMRs reported large cash deposits into and withdrawals from Customer 1's FMA by third parties.

- ii. Customer 1 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with the Suncity junkets at Star Sydney;

Particulars

Between 2015 and 2016, Customer 1 funded at Star Sydney:

- a. 22 junkets totalling \$30,250,000 for Suncity junkets operated by Customer 3; and
- b. 47 junkets totalling \$70,200,000 for Suncity junkets operated by Customer 4.

Customer 1 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 1 between 2015 and 2016 was \$1,468,907,442, including:

- a. \$455,849,409 with losses of \$9,465,590 for junkets operated by Suncity junket operator Customer 3; and
- b. \$1,013,058,033 with losses of \$23,953,650 for junkets operated by Suncity junket operator Customer 4.

Suncity junkets funded by Customer 1 had six junket representatives at Star Sydney.

- iii. Customer 1 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with the Suncity junkets at Star Qld;

Particulars

Between 2015 and 2016, Customer 1 funded at Star Qld:

- a. six junkets totalling \$5,500,000 for Suncity junkets operated by Customer 3; and
- b. four junkets totalling \$6,500,000 at Star Gold Coast and two junkets totalling \$6,020,000 for Suncity junkets operated by Customer 4.

Customer 1 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Qld.

Star Qld recorded that the total cumulative turnover of Suncity junkets funded by Customer 1 between 2015 and 2016 was \$235,640,698, including:

- a. \$84,912,620 with losses of \$2,953,551 for junkets operated by Suncity junket operator Customer 3; and
- b. \$150,728,078 with losses of \$7,800,322 for junkets operated by Suncity junket operator Customer 4.

Suncity junkets funded by Customer 1 had 6 junket representatives at Star Qld.

- iv. from 15 July 2011, Star Sydney provided Customer 1 with CCFs between \$20,000,000 and \$30,000,000, on a permanently active basis, to fund junkets operated by the Suncity junket operators, Customer 3 and Customer 4;

Particulars

On 15 July 2011, Star Sydney approved a CCF of \$20,000,000.

From 5 February 2014, Star Sydney increased Customer 1's CCF to a \$30,000,000.

- v. from 15 July 2011, Star Qld provided Customer 1 with CCFs with facility limits up to \$100,000,000, on a permanently active basis, to fund junkets operated by the Suncity junket operators, Customer 3 and Customer 4;

Particulars

On 15 July 2011, Star Sydney approved a permanently active CCF with a facility limit of \$3,330,000 for Customer 1.

From 5 February 2014, Star Sydney increased the facility limit of Customer 1's permanently active CCF to \$100,000,000.

- vi. in 2012, Star senior management took steps to modify the application of a Star Sydney SOP governing the use of CCFs and company cheques to facilitate the use of Customer 1's CCF for the operation of the Suncity junkets at Star Sydney;

Particulars

In December 2012, Suncity requested that a Suncity company cheque be accepted in lieu of a personal cheque to allow Customer 1 to draw down on his CCF for the Suncity junket at Star Sydney. The bank refused to provide a letter confirming that a single signatory was permitted on company cheques. The Chief Financial Officer approved the variation of the SOP on the basis that Star Sydney had minimised the risk associated with the recovery of any outstanding debts from Customer 1 and Suncity.

- vii. third parties deposited large amounts of cash and cash that appeared suspicious into Customer 1's FMA and SKA at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 7 August 2012 and 14 February 2016, Star Sydney gave the AUSTRAC CEO 31 TTRs totalling \$4,104,864, including:

- a. three TTRs detailing account deposits made by Customer 1 totalling \$1,370,000;
- b. 24 TTRs detailing account withdrawals made by Customer 1 totalling \$2,574,650;
- c. three TTRs detailing chip and cash exchanges made by Customer 1 totalling \$123,000; and
- d. one TTR detailing other monetary value out made by Customer 1 totalling \$37,214.

Large and suspicious cash transactions in 2012

Between 12 January 2012 and 11 November 2012, persons associated with Customer 1 made several large cash deposits into Customer 1's Star Sydney account totalling \$2,116,800, including:

- a. on 12 January 2012, two third parties attempted to deposit \$298,000 and \$77,000 respectively into Customer 1's Star Sydney account, but were reluctant to provide identification. Star Sydney required each person to open an FMA, deposit the cash into the FMAs, and then transfer the funds to Customer 1's FMA: SMR dated 13 January 2012;
 - b. on 13 January 2012, a Star Sydney customer deposited \$403,000 in cash into his front money account and then transferred the funds to Customer 1. The customer left the gaming room immediately and met with two individuals. The customer handed a black sports bag to one individual, who was identified as the person who transferred \$298,000 to Customer 1 on 12 January 2012: SMR 17 January 2012;
 - c. on 6 August 2012, a Star Sydney customer presented \$750,000 in cash to be deposited into Customer 1's SKA. The funds were withdrawn later that day to redeem Customer 1's CCF: SMR dated 8 August 2012; and
 - d. on 11 November 2012, a Star Sydney customer deposited \$588,800 in cash into Customer 1's account: SMR dated 12 November 2012.
- viii. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 1 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 8 April 2016, Star Qld gave the AUSTRAC CEO an incoming IFTI totalling \$787,385 where Customer 1 was named as the ordering customer and beneficiary. The funds were used to repay a CCF.

Between 9 February 2016 and 18 November 2016, Star Qld received eight telegraphic transfers totalling \$8,858,937, each of which was made available to Customer 1's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 15 August 2014, Star Qld gave the AUSTRAC CEO an outgoing IFTI totalling \$608,467 where Customer 1 was named as the ordering customer and beneficiary.

This transaction was conducted through the Star Patron account channel.

- ix. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 1 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 30 July 2015 and 15 November 2016, Star Sydney received 12 telegraphic transfers totalling \$16,188,604, each of which was made available to Customer 1's account. At least \$1,860,707 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Between 23 November 2011 and 5 September 2016, Star Sydney gave the AUSTRAC CEO 47 incoming IFTIs totalling \$40,769,922 where Customer 1 was named as the beneficiary, including:

- a. eight incoming IFTIs totalling \$6,114,216 where a third party company or individual was named as the ordering customer; and
- b. 39 incoming IFTIs totalling \$34,655,705 where Customer 1 was named as the ordering customer. Funds were used to redeem CCFs or deposited as front money for gaming programs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 16 July 2015 and 9 July 2016, Star Sydney sent three telegraphic transfers, totalling \$3,095,427 from Customer 1's SKA to an overseas bank account.

On 10 May 2016, Star Sydney sent a telegraphic transfer of \$90,599 from Customer 1's SKA to an Australian bank account.

Between 31 January 2012 and 3 September 2014, Star Sydney gave the AUSTRAC CEO 20 outgoing IFTIs totalling \$7,335,625 where Customer 1 was named as the ordering customer, including one IFTI totalling \$206,268 where the beneficiary was Customer 3, and 19 IFTIs naming Customer 1 the beneficiary.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 24 October 2015 and 17 June 2016, Star Sydney sent two telegraphic transfers totalling \$341,825 from Customer 1's account to Star Qld.

- x. media reports named Customer 1 as a person linked to overseas organised criminal syndicates; and

Particulars

From 30 April 2013, international media articles reported on the connection between Customer 1's Suncity junket operations and overseas organised criminal syndicates.

On 15 September 2014, an Australian broadcast program reported that an Australian casino had dealt with Customer 1's Suncity junket, who had links to overseas organised criminal syndicates.

On 14 March 2016, Customer 1 allegedly made millions of dollars in illegal campaign donations to a candidate for a foreign political position.

By April 2016, media articles alleged that Customer 1's account at an overseas casino was used to receive part of USD81,000,000 allegedly stolen from a central bank.

Star Sydney's and Star Qld's due diligence records did not contain records of these reports. Star did not become aware of the matters detailed in the 2016 media reports until receipt of an external due diligence report in June 2016: see paragraph 881.a.xi below.

- xi. Star Sydney and Star Qld did not identify Customer 1 as a foreign PEP, despite being in receipt of reports prepared by external due diligence providers that identified Customer 1 as a PEP;

Particulars

Between 2010 and 2016, Star Sydney and Star Qld received three reports prepared by external due diligence providers in respect of Customer 1. By 2013, the external due diligence reports identified that:

- a. in January 2013, Customer 1 had been appointed as a member of a foreign political body;
- b. Customer 1's prior roles in casinos would have necessitated associations with overseas organised crime syndicates;
- c. during this period, Customer 1 was arrested overseas on a number of occasions during police investigations into loan sharking, criminal intimidation, blackmail and unlawful detention but released without charge on each occasion and did not have a criminal record;
- d. Customer 1 was chairman of two listed companies in a foreign country and held directorships and shareholdings in at least

- 36 other companies which had interests in gaming promotion among other things, together with Customer 2; and
- e. Customer 1's Suncity business also operated online gambling websites.

In June 2016, the external due diligence report identified that:

- a. the Suncity Group, of which Customer 1 was chairman, allegedly made illegal campaign contributions to a candidate for a foreign political position; and
- b. USD81,000,000 in funds stolen from a central bank were deposited into accounts held by Suncity at an overseas casino.

Customer 1's risk profile as at 30 November 2016

- b. Customer 1 was a foreign PEP;

Particulars

See paragraph 115 above.

Between 2013 and 2018, Customer 1 was a member of a foreign political body.

Star Sydney and Star Qld did not identify Customer 1 as a foreign PEP until 16 March 2020.

- c. Customer 1 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
- i. between 2016 and 2020, Customer 1 funded at least 360 junkets operated by the Suncity junket operators Customer 3 and Customer 4 at Star Sydney totalling \$1,176,616,123;

Particulars

At Star Sydney, Customer 1 funded:

- a. 244 junkets totalling \$966,792,721 for a Suncity junket operator, Customer 3; and
- b. 116 junkets totalling \$209,823,401 for a second Suncity junket operator, Customer 4.

Customer 1 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

- ii. Star Sydney recorded that the total cumulative turnover of Suncity junkets funded by Customer 1 between 2016 and 2020 was \$12,637,210,936;

Particulars

Junkets funded in 2016

Between 1 December 2016 and 31 December 2016, junket programs funded by Customer 1 for Suncity junket operator Customer 4 had turnover of \$45,389,864 with wins of \$847,600.

In the 2016 calendar year, Customer 4 operated the highest number of junket programs at Star Sydney.

Junkets funded in 2017

In 2017:

- a. junket programs funded by Customer 1 for Suncity junket operator Customer 3 had turnover of \$120,692,962 with losses of \$5,833,090; and
- b. junket programs funded by Customer 1 for Suncity junket operator Customer 4 had turnover of \$1,810,462,190 with losses of \$35,190,747.

In the 2017 calendar year, Customer 4 operated the highest number of junket programs at Star Sydney.

In the 2017 calendar year, the turnover of junkets operated by Customer 4 was the fourth highest of all junkets operated at Star Sydney.

Junkets funded in 2018 – 2020

In 2018, junket programs funded by Customer 1 for a Suncity junket operator Customer 3 had a turnover of \$4,806,346,196 with losses of \$37,600,470.

In 2019, junket programs funded by Customer 1 for a Suncity junket operator Customer 3 had turnover of \$5,358,574,735 with losses of \$30,805,125.

In 2020, junket programs funded by Customer 1 for a Suncity junket operator Customer 3 had turnover of \$495,744,990 with losses of \$4,517,475.

Between 2018 and 2020, Customer 3 was one of the top ten junket operators who operated the highest number of junket programs per year, and one of the top ten junket operators whose junket operations in total involved the highest total turnover per year, at Star Sydney.

- iii. between 2016 and 2020, Star Sydney provided Customer 1 with significant amounts of credit upon request, up to facility limits of \$266,670,000 on programs operated subject to a Revenue Sharing Agreement and Rebate on Turnover, which were approved by the SEG board;

Particulars

See paragraphs 516 to 518 and 552 above.

SEG's board approved and oversaw the CCF held by Customer 1 during the relevant period.

On 24 March 2017, Star senior management including the Chief Executive Officer, approved a permanently active CCF with a facility limit of \$166,670,000 on programs operated subject to a Revenue Sharing Agreement and Rebate on Turnover.

On 15 February 2018, the President, International Marketing submitted a board paper that sought approval to increase Customer 1's CCF to a facility limit of \$266,670,000 on programs operated subject to a Revenue Sharing Agreement and Rebate on Turnover.

The board paper noted that since 2015, Star had collected \$136,500,000 from the Suncity junket (reflecting losing programs) and recommended the increase in order to attract high value key players.

The board paper was circulated for approval on 15 April 2018.

By 16 February 2018, the Chief Legal and Risk Officer confirmed that the circulating resolution had been approved by the board.

- iv. Suncity junkets funded by Customer 1 had 41 junket representatives at Star Sydney; and
- v. the junkets funded by Customer 1 facilitated the provision of high value designated services to junket operators, junket representatives and at least 700 junket players including foreign PEPs and players in respect of whom Star Sydney had formed suspicions such as Customer 9, Customer 82, Customer 53, Customer 45, Customer 106, Customer 59, Customer 58, Customer 61 and Customer 20;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- d. Customer 1 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;
 - i. between 2016 and 2017, Customer 1 funded 121 junkets operated by the Suncity junket operators Customer 3 and Customer 4 at Star Qld totalling \$223,225,598;

Particulars

At Star Qld, Customer 1 funded:

- a. 78 junkets totalling \$151,737,000 at Star Gold Coast and 19 junkets totalling \$35,500,000 for a Suncity junket operator, Customer 3; and
- b. 20 junkets totalling \$28,508,598 at Star Gold Coast and four junkets totalling \$7,480,000 for a second Suncity junket operator, Customer 4.

Customer 1 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Qld.

- ii. Star Qld recorded that the total cumulative turnover of junkets funded by Customer 1 between 2016 and 2020 was \$2,984,743,964;

Particulars

Between 1 December 2016 and 31 December 2016, junket programs funded by Customer 1 for Suncity junket operator Customer 4 had turnover of \$3,896,219 with wins of \$847,600.

In the 2016 calendar year, Customer 4 operated the second highest number of junket programs at Star Gold Coast and the highest number of junket programs at Treasury Brisbane.

In the 2016 calendar year, Customer 4 operated the highest number of junket programs at Star Gold Coast and Treasury Brisbane.

In the 2016 calendar year, the turnover of junkets operated by Customer 4 was the fifth highest of all junkets at Star Gold Coast, and the highest at Treasury Brisbane.

In 2017:

- a. junket programs funded by Customer 1 for Suncity junket operator Customer 3 had turnover of \$47,247,667 with losses of \$1,973,395; and
- b. junket programs funded by Customer 1 for Suncity junket operator Customer 4 had turnover of \$369,392,550 with losses of \$9,467,150.

In the 2017 calendar year, the turnover of junkets operated by Customer 4 was the ninth highest of all junkets at Star Gold Coast, and the highest at Treasury Brisbane.

In 2018, junket programs funded by Customer 1 for Suncity junket operator Customer 3 had turnover of \$443,885,119 with losses of \$11,982,730.

In 2019, junket programs funded by Customer 1 for Suncity junket operator Customer 3 had turnover of \$1,018,574,812 with losses of \$12,374,700.

In 2020, junket programs funded by Customer 1 for Suncity junket operator Customer 3 had turnover of \$1,091,561,156 with losses of \$9,498,255.

Between 2017 and 2020, Customer 3 was one of the top ten junket operators who operated the highest number of junket programs at Star Gold Coast.

Between 2018 and 2020, Customer 3 was one of the top ten junket operators whose junket operations in total involved the highest total turnover at Star Gold Coast.

In 2017 and 2019, Customer 3 was one of the top ten junket operators who operated the highest number of junket programs, and whose junket operations in total involved the highest total turnover, at Treasury Brisbane.

- iii. between 30 November 2016 and 2020, Star Qld provided Customer 1 with significant amounts of credit upon request, up to facility limits of \$266,670,000;

Particulars

See paragraphs 516 to 518 and 552 above.

- iv. Suncity junkets funded by Customer 1 had 30 junket representatives at Star Qld; and
- v. the junkets funded by Customer 1 facilitated the provision of high value designated services to at least 150 junket players, including foreign PEPs and players in respect of whom Star Qld had formed suspicions such as Customer 45 and Customer 61;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

2019

On 11 February 2019, a Star Qld customer was the sole junket player on a Suncity junket program operated by Customer 3 and funded by Customer 1. The program was established with front money of \$20,000,000, but the customer recorded losses of \$19,817,000.

Subsequently, the junket player engaged in gameplay on the main gaming floor, buying in using \$10,000 in cash, and winning \$149,000 which he exchanged for cash. Following these transactions, Star Qld identified that the junket player was a foreign PEP, being a member of a foreign political body and businessman: SMR dated 14 February 2019.

On 6 December 2019, a Star Qld customer presented to the cage with a shoebox of cash totalling \$280,000 (\$220,800 in \$100 notes, \$58,900 in \$50 notes and \$300 in \$20 notes). The cash was used to buy-in to gameplay, with the customer losing all of the funds.

Customer 1's CCF was then used to fund the customer's gameplay on a commission-based program, with a buy-in of \$500,000. The customer recorded losses of \$703,000 under the program: SMR dated 9 December 2019.

- e. Customer 1 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 6 September 2017 and 13 September 2017, Customer 1 was a player on one junket at Star Sydney operated by Suncity junket operator Customer 4;
 - ii. the junket was funded by Customer 1 himself;
 - iii. between 6 September 2017 and 13 September 2017, Star Sydney recorded high turnover totalling \$867,480 with losses of \$79,250 for Customer 1's gaming activity on junket programs; and
 - iv. during the period referred above, Star Sydney provided non-gaming benefits to Customer 1 as a junket player;

Particulars

Between 6 September 2017 and 13 September 2017, Customer 1 received:

- a. accommodation at Star Sydney between 5 September 2017 and 10 September 2017;
 - b. personal use of Star Sydney's yacht on 7 September 2017;
 - c. restaurant bookings on 7 September 2017;
 - d. golf bookings;
 - e. valet car parking;
 - f. a trip event sponsorship deal where Suncity received \$90,000 to use on hotel expenses based on trip turnover;
 - g. a welcome dinner to a maximum cost of \$50,000;
 - h. a farewell dinner onboard The Star Sydney's yacht with buffet and beverage package; and
 - i. use of Star Sydney's yacht for four days (each day for six hours).
- f. designated services provided to Customer 1 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 1 was connected to other customers at Star Sydney, including junket operators in respect of whom Star Sydney had formed suspicions (such as Customer 4, Customer 3 and Customer 9), and players whom Star considered had acted suspiciously, such as Customer 2;

Particulars

Together, Customer 1 and Customer 2 were the co-owners of Suncity.

Between 6 September 2017 and 13 September 2017, Customer 1 played on a junket with two other junket operators, Customer 4 and Customer 9.

Customer 3 and Customer 4 operated Suncity junkets at Star Sydney, all of which were funded by Customer 1.

See Customer 2's risk profile Customer 3's risk profile and Customer 4's risk profile.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 1 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

On 23 August 2019, deposits through the Customer 9 channels totalling \$1,334,376 were made available by Star Sydney to Customer 1's account.

Other remittances into the casino environment

See paragraph 327 above.

Between 16 December 2016 and 11 June 2021 Star Sydney received 24 telegraphic transfers totalling \$92,831,757, each of which was made available to Customer 1's account. At least \$40,695,528 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Between 7 March 2017 and 18 October 2017, Star Sydney gave the AUSTRAC CEO seven incoming IFTIs totalling \$12,931,109 where Customer 1 was named as the beneficiary and the ordering customer.

Between 30 January 2018 and 13 June 2018, Star Sydney received two telegraphic transfers totalling HKD8,655,119 into its foreign currency bank account, each of which was made available to Customer 1's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 31 March 2017 and 2 November 2020, Star Sydney sent two telegraphic transfers totalling \$3,192,738 from Customer 1's SKA to Australian bank accounts.

On 10 March 2018 and 6 March 2019, Star Sydney sent two telegraphic transfers totalling \$10,850,000 from Customer 1's SKA to another Australian casino.

On 9 October 2020, on instructions from a Suncity junket operator, Customer 3, Star Sydney transferred \$1,233,600 from Customer 3's SKA to Customer 1's overseas personal bank account. On 27 October 2020, Star Sydney was informed by the overseas bank that the funds were rejected on the basis that it did not accept transfers from casinos. Star Sydney gave the AUSTRAC CEO an incoming IFTI in respect of the transaction on 2 November 2020.

On 28 October 2020, following the rejection of funds by the overseas bank, Customer 3 requested that the funds be transferred to Customer 1's SKA at Star Sydney, then transferred to another Australian casino, despite the fact that the casino was closed due to

the COVID-19 pandemic lockdowns and had not confirmed an opening date. The funds were rejected and returned to Customer 1's SKA at Star Sydney on 7 December 2020.

On 28 May 2021, Star Sydney attempted to transfer the \$1,233,600 in funds from Customer 1's SKA to Customer 1's overseas personal bank account. The funds were rejected and returned to Customer 1's SKA at Star Sydney on 11 June 2021.

As at 12 August 2022, Star Sydney still held \$1,233,600 in Customer 1's SKA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 5 April 2017 and 22 October 2019, Star Sydney received at least four transfers totalling \$2,726,143 from Star Qld, which it made available to Customer 1's account.

Between 16 June 2017 and 19 March 2020, Star Sydney sent seven transfers totalling \$3,343,810 from Customer 1's account to Star Qld.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 1 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

On 12 August 2019, deposits through the Customer 9 channels totalling \$563,087 were made available by Star Qld to Customer 1's account.

Other remittances into the casino environment

See paragraph 327 above.

Between 13 December 2016 and 15 April 2019, Star Qld received ten telegraphic transfers totalling \$23,037,799, each of which were made available to Customer 1's FMA at Star Gold Coast. The funds were transferred for the purpose of redeeming outstanding CCFs held by Customer 1.

On 24 November 2017, Star Qld received a telegraphic transfer of \$2,909,905, which it made available to Customer 1's FMA at Treasury Brisbane.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 10 January 2017, Star Qld facilitated a telegraphic transfer of \$484,347 from Customer 1's FMA at Treasury Brisbane to an overseas bank account.

On 13 June 2018, Star Qld facilitated a telegraphic transfer of \$582,807 from Customer 1's FMA at Star Gold Coast to an overseas bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 18 May 2017 and 9 August 2019, Star Qld facilitated seven transfers totalling \$2,998,066 from Star Gold Coast to Treasury Brisbane, each of which was made available to Customer 1's FMA. Some of the funds were sourced from Customer 3's SKA at Star Gold Coast. Some of the funds were transferred for the purpose of redeeming outstanding CCFs held by Customer 1.

Between 14 June 2017 and 22 April 2020, Star Qld received six transfers totalling \$3,936,071 from Star Sydney, each of which was made available to Customer 1's FMA at Star Gold Coast. Some of the funds were transferred for the purpose of redeeming outstanding CCFs.

On 18 September 2017, Star Qld facilitated a transfer of \$618,773 from Customer 1's account at Star Gold Coast to Star Sydney.

On 8 January 2018 and 18 July 2018, Star Qld facilitated two transfers totalling \$1,175,449 from Treasury Brisbane to Star Gold Coast, both of which were made available to Customer 1's FMA at Star Gold Coast.

On 22 October 2019, Star Qld received a transfer of \$753,534 from Star Sydney, which it made available to Customer 1's FMA at Treasury Brisbane.

On 11 December 2019, Star Qld facilitated a transfer of \$20,156 from Customer 1's FMA at Treasury Brisbane to Customer 3's FMA at Star Sydney.

- j. Star Sydney and Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 1 by remitting large amounts of money into the casino environment via his accounts, including through the EEIS remittance channel;

Particulars

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 14 October 2019 and 20 April 2020, third party companies acting on behalf of Customer 1 deposited a total of \$10,667,257 into the EEIS Patron accounts, which Star Sydney made available to Customer 1 through the EEIS remittance channel.

On 5 September 2019, a third party company acting on behalf of Customer 1 deposited a total of \$3,042,774 into the EEIS Patron account, which Star Sydney and Star Qld made available to Customer 1 through the EEIS remittance channel.

- k. Customer 1 and his junket representative transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 11 September 2017 and 27 March 2018, Star Sydney gave the AUSTRAC CEO 14 TTRs totalling \$116,215:

- a. nine TTRs detailing account deposits involving Customer 1 totalling \$781,078; and
- b. five TTRs detailing account deposits involving Customer 1 totalling \$383,137.

Large and suspicious cash transactions in 2017

On 4 September 2017, Customer 1's junket representative opened an account at Star Sydney. Customer 1 requested \$250,000 to be transferred from his account to the junket representative's account. The junket representative immediately withdrew the funds as cash: SMR dated 5 September 2017.

On 8 September 2017, a Star Sydney customer deposited \$150,900 in cash, comprising \$50 notes and \$100 notes. The cash was deposited to Customer 1's SKA and then transferred to a second SKA held by Customer 1, to redeem a CCF.

On 10 September 2017, Customer 1's junket representative presented \$100,223 in cash, in mixed denominations including \$100, \$50, \$20, \$10 and \$5 notes, which was deposited into Customer 1's account.

On 22 December 2017, Customer 1's junket representative deposited \$100,000 in cash in \$100 notes, in straps issued by the Star, for deposit into Customer 1's account.

On 25 January 2018, Customer 1's junket representative deposited \$100,000 in cash in \$50 notes bundled in rubber bands into Customer 1's SKA.

Large and suspicious cash transactions in 2018

On 24 March 2018, Customer 1's junket representative deposited \$100,000 in \$50 notes in a plastic bag into Customer 1's account.

- I. Customer 1 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

For example, on 26 April 2018, Star Qld gave the AUSTRAC CEO one TTR detailing an account deposit made by Customer 1 totalling \$40,035 and on 14 May 2018, Star Qld gave the AUSTRAC CEO one TTR detailing an account withdrawal made by Customer 1 totalling \$40,035.

- m. in 2017, Customer 1 was the subject of law enforcement enquiries on one occasion at Star;

Particulars

On 26 July 2017, Star Sydney received a request from a law enforcement agency, in respect of Customer 1.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- n. between April 2018 and August 2019, Star Sydney permitted the Suncity junket funded by Customer 1 to operate the Suncity Service Desk in Salon 95, at which multiple suspicious transactions involving cash were observed;

Particulars

See paragraph 683.d above.

- o. in 2019, a law enforcement agency issued exclusion notices in respect of individuals associated with Suncity junkets at Star Sydney;

Particulars

On 16 July 2019, a law enforcement agency issued an exclusion notice in respect of 12 persons, several of whom were Suncity junket representatives or staff members.

See *Customer 3's risk profile*.

- p. from 2017, publicly accessible media reports named Customer 1 and his company Suncity as engaged in proxy betting, online gambling, and underground banking, with links to overseas organised crime syndicates;

Particulars

On 8 May 2017, a media article reported that Customer 1's company, Suncity, was engaged in proxy betting, to the extent that 80% of its business came from proxy betting with 20% of the business related to table games.

Star Sydney's and Star Qld's due diligence records did not contain records of this report.

On 9 July 2019, a media article reported that Customer 1, being the junket funder of the Suncity junket operated by Customer 3, was implicated in operating gaming platforms and facilitating underground banking and illegal gaming in a foreign country and had met with gaming officials in a foreign country in respect of those allegations. The reports were denied by Customer 1 in his role as Chief Executive of the Suncity Group.

Star Sydney and Star Qld were aware of these reports from July 2019.

- q. from June 2019, Star senior management held copies of a report prepared by the Hong Kong Jockey Club (**HKJC**), which alleged that the Suncity Group, Customer 1 and Customer 2 were connected to overseas organised crime syndicates;

Particulars

The HKJC report alleged that:

- a. The Suncity Group was involved in a diverse range of business activities, including some criminal enterprises;
- b. Customer 1 was connected to overseas organised crime syndicate figures; and
- c. Customer 2, Customer 1's business partner, was allegedly a member of overseas organised crime syndicates and involved in illegal bookmaking, drug trafficking and large scale money laundering activities.

On 12 June 2019, a copy of the HKJC report was provided to the Group General Counsel and Company Secretary, Star Entertainment, General Counsel Corporate and the Group Investigations Manager, Star Entertainment by the Due Diligence Program Manager, Star Entertainment.

- r. by 15 August 2019, Star was aware of media allegations in respect of Customer 1, including his connections to overseas organised crime syndicates;

Particulars

On 27 July 2019, a media article reported that an Australian casino dealt with junket operators such as Customer 1, who were backed by overseas organised crime syndicates.

Between 1 and 5 August 2019, media articles reported that Customer 1 had been banned from entering Australia, allegedly on the basis of his links to organised crime.

On 9 August 2019, a media article reported that in 2012 two individuals suspected of money laundering had deposited \$403,000 in

cash into an account at Star Sydney, which was transferred into Customer 1's Star Sydney account.

On 15 August 2019, the allegations against Customer 1 reported in media articles were summarised by the Chief Casino Officer and Chief Legal and Risk Officer in a SEG Board Paper.

- s. it was not until March 2020 that Star Sydney and Star Qld recorded media allegations which reported that Customer 1 was linked to overseas organised crime syndicates in its due diligence records for Customer 1;

Particulars

On 23 February 2020, Australian media articles were published with respect to an Australian casino's dealings with Customer 2 and Customer 1, and noted that Customer 1 had allegedly been banned from Australia due to his links to overseas organised crime syndicates.

It was not until mid-March 2020 that Star Sydney and Star Qld recorded these allegations in its due diligence records.

On 3 September 2020, a media article reported that an Australian casino had received due diligence reports suggesting that Customer 1 was involved in overseas organised crime syndicates.

On 20 October 2020, a media article reported that an Australian casino had received information to suggest that Customer 1 was a foreign PEP with a criminal history.

Star Sydney's and Star Qld's due diligence records did not contain records of these reports.

It was not until at least November 2020 that Star Sydney and Star Qld conducted media database searches and recorded the following allegations in its due diligence systems:

- a. Customer 1 was a foreign PEP since 2013;
- b. another Australian casino had been subject to scrutiny over its relationship with Customer 1;
- c. Customer 1's Suncity company operated online gaming and proxy betting through offshore online casinos; and
- d. \$403,000 in cash was deposited into Customer 1's account at Star Sydney by individuals who were subsequently prosecuted and convicted of money laundering.

It was not until January 2021 that Star Sydney and Star Qld conducted foreign language media database searches on Customer 1, which identified reports that alleged:

- a. Customer 1 was a foreign PEP; and

- b. facilitating cross-border capital transfer through underground banks; and
 - c. enabling cross-border online gambling activities.
- v. Star Sydney and Star Qld did not have adequate reason to believe that Customer 1's source of wealth and source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 1 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

In August 2019, Star Sydney and Star Qld recorded Customer 1's occupation as founder and chairman of the Suncity Group and subsidiaries.

On 23 March 2020, the AML/CTF & Financial Crime Administrator requested access to source of wealth records held by the Star VIP Credit and Collections team with respect to Customer 1, which comprised credit checks and property searches.

Star Sydney and Star Qld did not take appropriate steps to verify their assumptions regarding Customer 1's source of wealth or source of funds in circumstances where:

- a. between 2016 and March 2020 (prior to the COVID-19 pandemic), turnover on junkets funded by Customer 1 exceeded \$1.3 billion;
- b. between May 2018 and August 2019, Star Sydney allowed the Suncity junket funded by Customer 1 to operate a service desk in Salon 95, and was aware of that Suncity staff were attempting to conceal large and suspicious cash transactions from Star: see paragraph 683.d above;
- c. from 2017, publicly accessible articles alleged that Customer 1 was connected to overseas organised criminal syndicates and underground banking, and that his companies engaged in illegal proxy and online betting: see paragraphs 881.o and 881.s; and
- d. by November 2021, Customer 1 had been arrested on charges of alleged criminal association, illegal gambling, money laundering and running an illegal online gambling operation in a foreign country: see paragraph 881.u.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 1

882. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 1 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 1.

- a. On and from 30 November 2016, Customer 1 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 1's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 16 March 2020 that Customer 1 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 13 April 2014, Customer 1 was rated medium, not being high for the purpose of the Act and Rules.

On 21 August 2019, Customer 1 was rated high, not being high for the purpose of the Act and Rules.

On 16 March 2020, Customer 1 was rated critical, being high for the purpose of the Act and Rules.

On 15 July 2020, Customer 1 was rated very high, being high for the purpose of the Act and Rules.

Monitoring of Customer 1's transactions

883. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 1's transactions.

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 1, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders or players.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 1 through:
 - i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the EEIS remittance channel and the Customer 9 channels;

Particulars

See paragraphs 441 and 493 above.

- d. Star Sydney and Star Qld provided designated services to Customer 1 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 1's KYC information

- 884. Star Sydney and Star Qld did not review, update and verify Customer 1's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 1's business with each of Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 1's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out at paragraph 881 above, there were real risks that Customer 1's source of wealth and source of funds were not legitimate: see *Customer 1's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 1's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 1.

Particulars

See paragraph 155 above.

Section 36(1)(a), (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Between 30 November 2016 and February 2019, Star Sydney's and Star Qld's due diligence records did not contain details of any ongoing customer due diligence in respect of Customer 1 despite that:

- a. between May 2018 and August 2019, Star Sydney allowed the Suncity junket funded by Customer 1 to operate a service desk in Salon 95, and was aware of that Suncity staff were attempting to conceal large and suspicious cash transactions from Star: see paragraph 683.d above; and
- b. from 2017, publicly accessible articles alleged that Customer 1 was connected to overseas organised criminal syndicates and underground banking, and that his companies engaged in illegal proxy and online betting: see paragraphs 881.o and 881.s.

See paragraph 890.a.

However, it was not until 14 December 2021 that WOLs were issued by Star Sydney and Star Qld in respect of Customer 1.

Failure to apply appropriate due diligence suited to Customer 1's high ML/TF risks

885. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 1 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 1; and
 - c. reviewing and updating Customer 1's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 1 all times because Customer 1 was a foreign PEP: see *ECDD triggers in respect of Customer 1*.

ECDD triggers in respect of Customer 1

886. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 1 following any ECDD triggers in respect of Customer 1. In particular, because Customer 1 was a foreign PEP, Star Sydney and Star Qld were required to:

- a. undertake detailed analysis of Customer 1's KYC information including taking reasonable measures to identify the source of Customer 1's wealth and the source of Customer 1's funds; and
- b. seek senior management approval for continuing a business relationship with Customer 1 and whether Star Sydney and Star Qld should continue to provide a designated service to Customer 1.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), , 15.9(3), 15.10 and 15.11 of the Rules.

887. Customer 1:

- a. at all times from 30 November 2016 was a foreign PEP;

Particulars

See Customer 1's risk profile above.

It was not until 16 March 2020 that Star Sydney and Star Qld became aware that Customer 1 was a foreign PEP.

- b. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

Between 5 September 2017 and 20 November 2020, Star Sydney gave the AUSTRAC CEO two SMRs with respect to Customer 1.

- c. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period;

Particulars

Between 14 February 2019 and 23 January 2020, Star Qld gave the AUSTRAC CEO three SMRs with respect to Customer 1.

- d. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 16 March 2020, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 1 was critical, being high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 1* above.

888. Each matter pleaded in paragraph 887 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

889. It was not until 16 March 2020 that Star Sydney and Star Qld identified that Customer 1 was a foreign PEP.

890. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 1 following the ECDD triggers:
- a. on each occasion prior to 14 December 2021 that Star Sydney and Star Qld conducted ECDD in respect of Customer 1 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 1 and the provision of designated services to Customer 1 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney or Star Qld's ML/TF risk appetite. In particular, Star Sydney and Star Qld failed to monitor Customer 1 as a foreign PEP because:
 - i. Star Sydney's and Star Qld's analysis of Customer 1's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 1;
 - ii. Star Sydney's and Star Qld's analysis of Customer 1's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 1;

Particulars to (i) and (ii)

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 817 above.

ECDD

On various dates between September 2019 and November 2021, Star Sydney and Star Qld conducted ECDD in respect of Customer 1.

On 8 September 2019, Star Sydney and Star Qld obtained an external due diligence report in respect of Customer 1 that identified that:

- a. Customer 1 had held multiple foreign political positions and was a foreign PEP;
- b. allegations in foreign media that Customer 1 and his Suncity Group company were involved in the provision of proxy betting and online gambling services to residents of a foreign country where gambling is illegal; and
- c. allegations in Australian media that Customer 1's Suncity Group company was connected to overseas organised crime syndicates and that Customer 1 had been banned from entering Australia.

On 16 March 2020, Star Sydney and Star Qld conducted searches which indicated that Customer 1 was a foreign PEP. Following this, Star Sydney and Star Qld increased Customer 1's risk rating to critical, which was high for the purpose of the Act and Rules, and conducted ECDD which identified that:

- a. Customer 1 held approximately 78 accounts, including accounts denominated in HKD;

- b. despite the fact that Customer 1 had allegedly been banned from entering Australia, his company, Suncity, had continued to operate Suncity-branded junkets at Australian casinos, including at Star Sydney;
- c. six SMRs had been given to the AUSTRAC CEO; and
- d. one law enforcement request had been issued to Star Sydney in respect of an IFTI.

In September 2020, Star Sydney obtained an external due diligence report in respect of Customer 1 which identified that:

- a. Customer 1 had been involved with overseas organised criminal syndicates, but this was historical;
- b. it was not possible to avoid interaction with overseas organised criminal syndicates in the junket industry;
- c. that assumed that Customer 1 would have taken steps to avoid having a criminal record, given his broader aims to expand his company;
- d. proxy betting occurred in gaming rooms operated by Suncity in an overseas jurisdiction; and
- e. companies associated with Suncity were involving in online gambling.

On 30 December 2020, a screening conducted by Star in respect of Customer 1 identified that:

- a. Customer 1 was a former member of an overseas organised crime syndicate in charge of loan-sharking and gambling; and
- b. another Australian casino had been informed that Customer 1 was a PEP with a substantial criminal history.

On 28 January 2021, an ECDD profile of Customer 1 was prepared by the Due Diligence Program Manager and the International Compliance Officer (Hong Kong), which outlined Customer 1's business interests, Customer 1's alleged connections to overseas organised crime syndicates, Customer 1's foreign political positions, issues related to the Suncity junket's operations in Salon 95, and Australian media allegations and inquiry into another Australian casino's dealings with Customer 1 and the Suncity junket.

On 1 November 2021, following reports that Customer 1 had been arrested, the Group Manager Due Diligence & Intelligence reviewed media articles in relation to the matter, and identified that Customer 1 was suspected of:

- a. operating a cross-border criminal gambling syndicate;

- b. facilitating cross-border capital transfer through underground banks; and
- c. enabling cross-border online gambling activities.

The summary also noted that Customer 1 had resigned as the chairman and executive director of the Suncity Group and the Suncity Group had closed its VIP rooms.

- iii. Customer 1 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's risk appetite.

Particulars to (iii)

See paragraph 817 above.

- iv. on any occasion prior to December 2021 that Customer 1 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 1 and the provision of designated services to Customer 1 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite.

Particulars to (iv)

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810.

At no time prior to August 2019 did senior management give appropriate consideration to the ML/TF risks posed by Customer 1.

Between August 2019 and December 2021, senior management considered the relationship with Customer 1 on multiple occasions and in different forums.

JRAM and PAMMs

Between August 2019 and November 2021, Customer 1 was retained for monitoring by the JRAM and PAMM for over two years. The minutes of the meetings recorded that:

- a. in August 2019, Customer 1 was allegedly linked to organised crime and that the HKJC had been briefed by law enforcement about Customer 1's involvement in money laundering;
- b. by September 2019, Customer 1's risk rating was uplifted to high (which was not high for the purpose of the Act and Rules) with the AML/CTF Compliance Officer to await the outcomes of the adverse media coverage;
- c. between November 2019 and December 2019, Star senior management advised retaining Customer 1 on the JRAM/PAMM list until Star had completed its risk assessment of the Suncity junket;

- d. between January 2020 and October 2020, Star senior management agreed to retain Customer 1 on the JRAM/PAMM until the ILGA inquiry was completed and that a Star staff member would conduct ECDD on junkets referred to in the inquiry, including the Suncity junket;
- e. in March 2020, Star senior management were informed that Customer 1 had been identified as a foreign PEP;
- f. in November 2020, Star senior management were expecting to receive further due diligence reports on Customer 1 and that Star would review future relationships on strict conditions;
- g. between December 2020 and January 2021, Star senior management would action any decisions regarding whether to continue doing business with Customer 1 once ILGA inquiry had announced its findings;
- h. by 18 February 2021, the AML/CTF Compliance Officer planned to discuss the findings of the ILGA inquiry with the Chief Legal Officer and Group General Counsel and announce decision whether to continue doing business with Customer 1 at the next meeting;
 - i. between March 2021 and April 2021, the AML/CTF Compliance Officer advised the JRAM that no decisions about whether to continue doing business with Customer 1 had been made;
- j. in June 2021, the JRAM were advised that no decision about whether to continue doing business with Customer 1 would be made until an independent review had been completed, which was due on 30 June 2021;
- k. on or around 21 August 2021, an out of session JRAM was convened to consider appropriate risk mitigation strategies for patrons such as Customer 1;
- l. by 26 August 2021, the JRAM was still awaiting a senior management decision with respect to continuing to do business with Customer 1;
- m. by 23 September 2021, no further updates were recorded in respect of whether to continue to do business with Customer 1 on the basis that Star Sydney was closed due to COVID-19 pandemic restrictions; and
- n. between 28 October 2021 and 18 November 2021, the JRAM was informed that Customer 1 would remain on the JRAM list until the Chief Legal and Risk Officer had made decisions following the findings of Project Congo.

Internal reports provided to senior management

From February 2020, senior management were provided with internal reports that outlined the high ML/TF risks posed by Customer 1.

On 13 February 2020, the Due Diligence Program Manager prepared a detailed chronology of the Star's engagement with Suncity.

On 8 May 2020, the Due Diligence Program Manager prepared a Suncity ECDD report in respect of Customer 1 and other Suncity associates, including Customer 3, Customer 4 and Customer 2. The report was provided to the Chief Legal and Risk Officer, and copied to General Counsel Corporate and the AML/CTF Compliance Officer, and identified:

- a. media articles which alleged that Customer 1 was involved in money laundering, proxy betting and online gambling services and reported on his links to overseas organised crime syndicates;
- b. Customer 1 was a foreign PEP; and
- c. that a HKJC report alleged that Customer 1's business partner, Customer 2, not Customer 1, orchestrated money laundering activities.

On 1 October 2020, a revised draft copy of the above report was prepared by the Due Diligence Program Manager and provided to the Group General Counsel and copied to the General Counsel Corporate and the AML/CTF Compliance Officer. The purpose of the report was to assist Star senior management to provide advice to the Board in respect of Customer 1 and Suncity, who had been referred to during the Bergin ILGA inquiry. The report noted that:

- a. in respect of public allegations against Customer 1 from 2014 onwards, Star should have done more, including ECDD on Customer 1;
- b. records in Customer 1's Protecht did not include details of public allegations or risk assessment or mitigation measures taken by Star;
- c. it was 'highly likely' that Customer 1 and his subordinates retained business relationships with overseas organised criminal syndicates;
- d. Customer 1 would 'most likely' have been 'conversant' with money laundering activities at Australian casinos, including Star; and
- e. Star should undertake a holistic review regarding the appropriateness of maintaining a business relationship with Customer 1, which may pose a reputational risk.

By 7 January 2021, the abovementioned report was revised and finalised by the Due Diligence Program Manager and provided to the Group General Counsel and copied to the AML/CTF Compliance Officer. The final version of the report identified:

- a. it was 'possible' that Customer 1's subordinates may maintain business relationships with overseas organised criminal syndicates and their affiliates;
- b. there was 'no clear evidence' that Customer 1 had personal involvement or facilitates any type of criminality but rather he was a successful and astute businessman;
- c. Customer 1 would 'most probably' have been 'conversant' with money laundering activity purportedly facilitated at Australian casinos but there was no evidence to suggest he was aware or directed this; and
- d. Customer 1 would not have been appointed to positions in foreign political bodies had authorities suspected his involvement in criminal activity.

January 2021 recommendation to continue doing business with Customer 1 and Suncity

In January 2021, the Group Manager Due Diligence & Intelligence recommended that Star continue to do business with Customer 1, despite preparing a report that identified there was a basis to terminate the relationship with Customer 1 because of:

- a. public allegations that Customer 1 and the Suncity junket are engaged in money laundering at Australian casinos;
- b. the risk that the public and regulators may think that this also occurs at Star;
- c. continuing a relationship would give an impression that Star was comfortable to engage with a company with links to overseas organised crime syndicates and that facilitates money laundering;
- d. legitimate concerns regarding Suncity's ability to operate compliance junket programs following the investigation into Salon 95; and
- e. that Customer 2, who was subject to law enforcement interest in Australia, was Customer 1's business partner.

The recommendation to continue to do business with Customer 1 and Suncity was to be subject to conditions including:

- a. stringent compliance measures;
- b. Star to request Customer 2 step down from his position as Customer 1's business partner in Suncity; and

- c. Star can 'reasonably argue' that evidence in the ILGA inquiry did not substantiate Customer 1's involvement in overseas organised criminal syndicates and there was no 'irrefutable' evidence that would prevent the Star from continuing to engage, because instances of non-compliance at Salon 95 can be attributed to Suncity's poor management rather than criminal intent.

Despite this recommendation, which was based on the understanding that conditions were required for any ongoing business relationship, no formal decision was made to continue to do business with Customer 1 or Suncity. In addition, no steps were taken to adopt the conditions recommended in the report.

February Bergin ILGA report

In February 2021, the Bergin ILGA inquiry published its findings, including that:

- a. there were links between Customer 1, the Suncity junket and overseas organised criminal syndicates; and
- b. it was more probably than not that the large amounts of suspicious cash transacted at the Suncity cash administration desk was money to be laundered.

August 2021 Project Congo review

On 16 August 2021, the Project Congo – High Risk Customer Review was provided to the Group General Counsel and copied to the AML/CTF Compliance Officer and AML/CTF & Financial Crime Program Manager. The report was also provided to the Chief Legal and Risk Officer. The purpose of Project Congo was to examine individuals who had been the subject of adverse mention in the Bergin ILGA inquiry.

The report summarised the options in the January 2021 report, and recommended that Star could safely continue a business relationship with Customer 1 subject to patron-specific risk mitigation processes.

However, the ECDD methodology applied by Project Congo screening did not take into account any transaction monitoring, and did not have appropriate regard to the higher ML/TF risks posed by Customer 1: see *Customer 1's risk profile*.

On 18 August 2021, the Due Diligence Program Manager reviewed the ECDD performed on Customer 1 and recommended that subject to patron specific risk mitigation measures being put in place, Star Sydney could safely maintain a customer relationship with Customer 1. The AML/Compliance Officer reviewed the recommendation and noted that he agreed with it, despite not being aware of the proposed risk mitigation measures, which were due to be discussed at an out of session JRAM on 21 August 2021.

August 2021 decision to continue a business relationship with
Customer 1

On or about 21 August 2021, an out of session JRAM was held to discuss risk mitigation strategies for customers like Customer 1, attended by the Due Diligence Program Manager, the AML/CTF Compliance Officer and AML/CTF & Financial Crime Program Manager.

Following the meeting, the Group General Counsel and the AML/CTF Compliance Officer decided that Star could continue doing business with Customer 1 'on an individual customer basis', subject to:

- a. attestation of source and origin of funds in respect of cash transactions;
- b. commissioning reliable external due diligence providers to provide updated background reports;
- c. requiring annual declaration of non-criminal status;
- d. attendance for an interview with AML/CTF Compliance Officer;
- e. ECDD on a regular basis, not annually; and
- f. an independent report to be provided to the AML/CTF Compliance Officer and Chief Legal and Risk Officer.

WOL

On 3 December 2021, the Group Manager Due Diligence & Intelligence reviewed the ECDD performed on Customer 1 following media reports of his arrest, noted that senior management approval of proposed risk mitigation measures for Customer 1 was outstanding but recommended that no further action should be taken in respect of Customer 1. He further noted the possibility that the media might report negatively on Star and its business relationship with Suncity.

The AML/CTF Compliance Officer reviewed the recommendation and noted that he agreed with the recommendation on the basis that Star continue to monitor Customer 1 based on the outcomes of Project Congo and the court matters referred. He also noted that Customer 1's CCF and FMA were to be closed.

On 14 December 2021, the Group Manager Due Diligence & Intelligence reviewed the further ECDD performed on Customer 1 following media reports of his arrest, and recommended that due to the nature of Customer 1's alleged offending (money laundering through underground banking) and the possible lengthy custodial sentence if convicted, that consideration be given to issuing a groupwide WOL.

On 14 December 2021, the AML/CTF Compliance Officer reviewed the recommendation and, making specific reference to the nature of

the charges Customer 1 was facing, agreed that Star should cease the customer relationship and issue a groupwide WOL on the same day.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 1: see *Customer 1's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed Customer 1's source of funds or source of wealth: see paragraph 881.v.

By reason of the matters set out above, there were real risks that Customer 1's source of wealth and source of funds were not legitimate: see *Customer 1's risk profile* above.

Contravention of s36 of the Act in respect of Customer 1

891. By reason of the matters pleaded from paragraphs 876 to 890 above, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 1 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rules 15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

892. By reason of the matters pleaded at paragraph 891, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 14 December 2021 with respect to Customer 1.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 2

893. Customer 2 was a customer of Star Sydney during the relevant period. Between 2017 and 2018, Star Sydney recorded turnover exceeding \$29 million for Customer 2.

Particulars

Customer 2 was a customer of Star Sydney from at least 22 November 2012.

On 24 January 2022, Star Sydney issued a WOL in respect of Customer 2.

894. Star Sydney provided Customer 2 with designated services within the meaning of table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 22 November 2012, Star Sydney opened an FMA and SKA for Customer 2 which were closed on 4 February 2022 (item 11, table 3, s6 of the Act).

See *Customer 2's risk profile* below.

895. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 2.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 2's risk profile

896. On and from 30 November 2016, Customer 2, and the provision of designated services to Customer 2 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 2's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 2 had the following risk history:
- i. on 27 March 2014, Star Sydney provided Customer 2 with significant amounts of credit upon request, up to limits of \$5,000,000; and

Particulars

See paragraphs 516 to 518 and 552 above.

On 27 March 2014, Star Sydney senior management, including the General Manager, Credit and Collections, the Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit for Customer 2 of \$5,000,000.

- ii. from at least 2014, Star Sydney was aware that Customer 2 was a Suncity 'boss';

Customer 2's risk profile from 30 November 2016

- b. Customer 2 was a junket player who received high value gambling services (table 3, s6) at Star Sydney through junket programs;
- i. between 30 March 2017 and 30 March 2018, Customer 2 was a player on two Suncity junkets at Star Sydney operated by Customer 4 and Customer 3;
 - ii. each of the junkets were funded by a person other than the junket operator, being Customer 1; and
 - iii. between 30 March 2017 and 30 March 2018, Star Sydney recorded high turnover totalling \$29,041,610 with losses of \$1,029,835 for Customer 2's gaming activity on junket programs;

Particulars

In 2017, Customer 2's turnover on junket programs was \$25,910,040 with losses of \$77,835.

In 2018, Customer 2's turnover on junket programs was \$3,131,570 with losses of \$952,000. Customer 2 was funded with \$1,000,000.

- c. designated services provided to Customer 2 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 2 was connected to other customers at Star Sydney, including junket funders, foreign PEPs, players who posed higher ML/TF risks and players who Star Sydney considered had acted suspiciously such as Customer 1 and Customer 5:

Particulars

From at least 2010, Star Sydney was aware that Customer 2 was a major shareholder, together with Customer 1, in the Suncity group. By 2010, Star Sydney was aware that Customer 1 was known to a number of law enforcement agencies for his extremely close ties to a number of high profile and senior members of an organised crime syndicate.

From at least 2013, Star Sydney was aware that Customer 2 was a co-director, together with Customer 1, of many overseas companies.

Customer 1's and Customer 2's business relationship is ongoing.

In November 2021, Customer 1 was arrested in a foreign country and charged with illegal gaming, criminal association, fraud and money laundering.

See Customer 1.

In July 2019, SEG obtained an external due diligence report in respect of a number of customers. The report described Customer 2 as the 'boss' of the Suncity group and noted his association with Customer 5.

Customer 5 was a foreign PEP.

By October 2014, Star Sydney was aware that Customer 5 had reportedly been detained in a foreign country for alleged involvement in money laundering.

By November 2019, Star Sydney suspected that Customer 5 may use other junket licenses and associations to launder money through casinos.

See Customer 5.

- e. in 2018, Customer 2 was the subject of a law enforcement enquiry at Star Sydney;

Particulars

On 21 March 2018, Star Sydney received a request from a law enforcement agency for details relating to Customer 2 and Suncity.

- f. Customer 2 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 2 had access to private gaming rooms at Star Sydney, including Harbours Salons.

- g. by April 2018, a confidential report published by a foreign gaming organisation stated that Customer 2 was believed to be a member of an organised crime syndicate;

Particulars

The confidential report

In April 2018, a foreign gaming organisation published a report in respect of the Suncity group which alleged that Customer 2:

- a. was a major business partner of, and had had eleven common directorships with, Customer 1;
- b. was believed to be a member of an organised crime syndicate;
- c. was reported to be involved in illegal bookmaking, drug trafficking and large scale money laundering activities; and
- d. was of interest to Australian law enforcement agencies due to money laundering and drug trafficking activities which he reportedly orchestrated from a foreign country.

The report concluded that the Suncity Group's controlling entities, being Customer 2 and Customer 1, posed tangible criminal and reputational risks to the foreign gaming organisation and to the relevant gaming industry in a foreign country.

Star's knowledge of the confidential report

The Due Diligence Program Manager was a participating author of the confidential report, having previously worked for the foreign gaming organisation which published it.

The Due Diligence Program Manager commenced employment at Star in May 2019.

In June 2019, he sent the confidential report to the Group General Counsel, the Group General Counsel (Corporate) and the AML/CTF Compliance Officer. The AML Compliance Manager was also provided with a copy of the confidential report.

- h. in and from February 2020, publicly accessible media articles reported that Customer 2 had allegedly been added to a list of transnational, serious and organised crime targets; and

Particulars

In February 2020, publicly accessible media articles reported that Customer 2:

- a. co-owned Suncity together with Customer 1, a business that brought high-roller gamblers from a foreign country into Australian casinos;
- b. was added to a list of transnational, serious and organised crime targets in or about 2017;
- c. was the subject of interest from law enforcement agencies; and
- d. was alleged to have links to an organised crime syndicate.

In December 2021, publicly accessible media articles reported that Customer 2:

- a. had invested in many of Customer 1's and Suncity's corporate subsidiaries using offshore companies;
 - b. was a powerful figure in an organised crime syndicate; and
 - c. was allegedly involved in large-scale money-laundering activities and the sourcing and distribution of illegal drugs overseas.
- i. Star Sydney did not have adequate reason to believe that Customer 2's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 2 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood that Customer 2 had significant business interests in a foreign country, particularly as they related to Suncity entities.

By 2010, Star Sydney was aware that Customer 1, being the co-owner together with Customer 2 of Suncity, was known to a number of law enforcement agencies for his extremely close ties to a number of high profile and senior members of an organised crime syndicate.

Despite this, between 2017 and 2018 Customer 2 recorded a turnover on Suncity junket programs exceeding \$29 million. There were real risks associated with Customer 2's source of wealth and source of funds, being Suncity entities overseas.

Star Sydney's determination of the ML/TF risks posed by Customer 2

897. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 2 appropriately because the risk-based

procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 2.

- a. On and from 30 November 2016, Customer 2 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 2's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 12 January 2022 that Customer 2 was rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

Until 20 March 2020, Customer 2 did not have a risk rating at Star Sydney.

On 20 March 2020, Customer 2 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 12 January 2022, Customer 2 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 2's transactions

898. At no time did Star Sydney apply appropriate transaction monitoring to Customer 2's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 2, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 2 through the junket channel; and

Particulars

See paragraph 783 above.

- d. Star Sydney provided designated services to Customer 2 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 2's KYC information

- 899. Star Sydney did not review, update and verify Customer 2's KYC information, having regard to the high ML/TF risks posed, because:
 - a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in rule 1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 2's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 2's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

In and from September 2010, Star obtained external, or prepared internal, due diligence reports in respect of Customer 1. The reports identified that Customer 2 was the business partner of Customer 1 and owned 50% of the Suncity group.

By reason of the matters set out above, there were real risks that Customer 2's source of wealth and source of funds were not legitimate: see *Customer 2's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 2's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 2.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act and rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in rule 1.2.1 of the Rules.

Due diligence conducted in 2020

In March 2020, Star conducted due diligence on Customer 2. Star identified that Customer 2:

- a. co-owned Suncity, which brought high-roller gamblers from a foreign country into Australian casinos;
- b. had various business interests, including in racing and hospitality;
- c. had never been charged with or convicted of an offence but continued to be a target of money laundering investigations by Australian law enforcement agencies;
- d. exercised control, together with Customer 1, over various private and listed Suncity businesses using companies located in offshore tax havens; and
- e. a 2018 report described Suncity as having deep links to organised crime.

In April 2020, Star conducted due diligence in respect of Customer 2. Star identified that Customer 2:

- a. was the co-owner of Suncity, together with Customer 1;
- b. was allegedly involved in money laundering;
- c. was a person of interest to law enforcement agencies; and
- d. was suspected to be involved in an organised crime syndicate.

In May 2020, Star conducted an ECDD review of Suncity entities and associated VIP junket participants. The review in respect of Customer 2 included that:

- a. Customer 2 was the chairman and executive director of a Suncity entity; and
- b. open source media articles reported that Customer 2 used a Suncity associated account to transfer approximately \$500,000,000 to and from Australia.

As a result of the May 2020 ECDD screening, the Due Diligence Program Manager recommended in May 2020 that consideration be given to raising Customer 2's risk rating.

In September 2020, Star obtained an external due diligence report in respect of Customer 2 (as well as Customer 1 and Customer 3) which stated that:

- a. despite media allegations, no public information or evidence was available to confirm that Customer 2 was involved in any criminal activity;

- b. in his youth Customer 2 was involved, at a low level, in an organised crime syndicate but was not believed to have any current associations with that syndicate;
- c. Customer 2's source of wealth was believed to be derived from the Suncity VIP rooms, which expanded into other businesses;
- d. information provided by a foreign gaming club suggested that Customer 2 was a member of an organised crime syndicate in a foreign country and was closely associated with senior figures in that syndicate. Customer 2 was believed to be the criminal mastermind behind a large illegal bookmaking syndicate in a foreign country which was highly profitable and an ongoing source of capital; and
- e. between 2013 and 2015, Customer 2 stayed at Star Qld on a number of occasions with foreign associates. The trips were facilitated by Customer 23. Customer 2 was known to be visiting Queensland to attend horse sales and meet with Australian based criminal associates.

In October 2020, Star produced an updated assessment in respect of Customer 1, which repeated much of the material outlined in the May 2020 and September 2020 reviews in respect of Customer 2.

In November 2020, Star conducted due diligence in respect of Customer 2. The review set out the matters identified in the May and September 2020 screenings as well as that:

- a. Customer 2 was the chairman and executive director of a number of companies;
- b. Customer 2 was the business partner of Customer 1 and owned 50% of the Suncity group which operated VIP junket rooms overseas and in Australia; and
- c. Customer 2 was the subject of an external due diligence report obtained in September 2020, and the information included in that report.

In November 2020, Star produced a draft updated assessment in respect of Customer 1 which also referred to Customer 2. In addition to the material contained in previous screenings in respect of Customer 2, that assessment noted that:

- a. Star had 'recently' received confirmation that Customer 2 and Customer 1 each owned 50% of Suncity Group Ltd. However, by 30 November 2016, Star was aware that Customer 2 and Customer 1 were co-owners of Suncity;
- b. while Customer 2 did not have a criminal record, many successful criminals do not have criminal convictions by virtue of

the fact they are proficient at concealing their criminal activities from law enforcement;

- c. Customer 1's partnership with Customer 2 was of real concern due to Customer 2's alleged involvement in money laundering activities and purported interest to Australian law enforcement agencies;
- d. Customer 1 and Customer 2 would most probably have been 'conversant' with the money laundering activities of Suncity staff purportedly engaged in at their Australian based VIP rooms; and
- e. if the business relationship with Customer 1 were to continue, that consideration be given to requesting that Customer 1 ask Customer 2 to step down as his Suncity business partner.

Due diligence conducted in 2021

In January 2021, Star conducted due diligence in respect of Customer 1, which repeated much of the material contained in previous screenings in respect of Customer 2.

In January 2021, Star produced a draft updated due diligence profile in respect of Customer 1. In addition to the material contained in previous screenings in respect of Customer 2, that assessment included that a benefit of requesting that Customer 1 ask Customer 2 to step down as his Suncity business partner was to distance Customer 1 and Suncity from the adverse media reporting pertaining to Customer 2.

Star Sydney understood that Customer 2 had significant business interests in a foreign country, particularly as they related to Suncity entities.

The due diligence conducted by Star Sydney did not have appropriate regard to Customer 2's higher ML/TF risks: see *Customer 2's risk profile* above.

The due diligence conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 2's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 2's source of wealth and source of funds were not legitimate: see *Customer 2's risk profile* above.

Failure to apply appropriate due diligence suited to Customer 2's high ML/TF risks

900. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 2 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 2; and

- c. reviewing and updating Customer 2's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 2 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 2*.

ECDD triggers in respect of Customer 2

- 901. Star Sydney was required to apply the ECDD Programs to Customer 2 following any ECDD triggers in respect of Customer 2.

Particulars

Section 36(1)(a) and (b) of the Act.

- 902. Customer 2 was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney.

Particulars

On 12 January 2022, Star Sydney determined that the ML/TF risks posed by Customer 2 was high risk for the purpose of the Act and Rules: see *Star Sydney's determination of the ML/TF risks posed by Customer 2* above.

- 903. The matter pleaded in paragraph 902 was an ECDD trigger.

Particulars

Rules 15.9(1) and 15.10 of the Rules

See paragraphs 792, 798 and 799 above.

- 904. On 17 January 2022, the AML/CTF Compliance Officer determined that a WOL should be issued in respect of Customer 2.

Particulars

Rules 15.10(2) and (5) of the Rules.

In January 2022, Star conducted ECDD in respect of Customer 2. An ECDD analyst set out the information that previous reviews identified about Customer 2.

Following the January 2022 ECDD screening, the Due Diligence Program Manager escalated Customer 2 to the AML/CTF Compliance Officer. On 17 January 2022, the AML/CTF Compliance Officer supported issuing a WOL in respect of Customer 2 on the basis that:

- a. Customer 2 was suspected of money laundering, which supported allegations made by open source media in respect of Customer 2; and

- b. Customer 2 was associated with Customer 1.

- 905. On 24 January 2022, Star Sydney issued a WOL in respect of Customer 2.

Particulars

Rule 15.10 of the Rules.

On 24 January 2022, Star Sydney issued a WOL in respect of Customer 2 at the direction of the General Manager (Financial Crime and Investigations) for undesirable behaviour.

Contravention of s36 of the Act in respect of Customer 2

906. By reason of the matters pleaded from paragraphs 893 to 905 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 2 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rules 15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

907. By reason of the matters pleaded at paragraph 906, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 24 January 2022 with respect to Customer 2.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 3

908. Customer 3 was a customer of Star Sydney during the relevant period. Between 2017 and 2020, Star Sydney recorded turnover exceeding \$2.8 billion for Customer 3.

Particulars

Customer 3 was a customer of Star Sydney from at least 23 August 2011.

On 6 April 2022, Star Sydney issued a WOL in respect of Customer 3.

909. Star Sydney provided Customer 3 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator of the Suncity junket. Between 2017 and 2020, Star Sydney recorded that junkets operated by Customer 3 had a turnover exceeding \$10 billion.

Particulars

On 23 August 2011, Star Sydney opened an FMA and SKA for Customer 3 in respect of his primary account, which remains open (item 11, table 3, s6 of the Act).

Between 3 February 2012 and 1 January 2020, Star Sydney opened a further 37 FMAs and SKAs for Customer 3 in respect of different accounts held in his name, each of which remains open (item 11, table 3, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Customer 9 channels, which it made available to Customer 3 (items 31 and 32, table 1, s6 of the Act).

See Customer 3's risk profile below.

910. Customer 3 was a customer of Star Qld during the relevant period. Between 2017 and 2020, Star Qld recorded turnover exceeding \$310 million for Customer 3.

Particulars

Customer 3 was a customer of Star Qld from at least 24 August 2011.

On 6 April 2022, Star Qld issued a WOL in respect of Customer 3.

911. Star Qld provided Customer 3 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator of the Suncity junket. Between 2017 and 2020, Star Qld recorded that junkets operated by Customer 3 had a turnover exceeding \$2.6 billion.

Particulars

On 24 August 2011, Star Qld opened an FMA for Customer 3 in respect of his primary account which remains open (item 11, table 3, s6 of the Act).

On 9 August 2019, Star Qld opened a second FMA for Customer 3 in respect of his primary account which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 3 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 3's risk profile below.

912. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 3.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 3's risk profile

913. On and from 30 November 2016, Customer 3, and the provision of designated services to Customer 3 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 3's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 3 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 3;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 28 occasions between 4 October 2011 and 21 July 2015.

The SMRs reported that Customer 3 and persons associated with the Suncity junket conducted large and suspicious cash and other transactions at Star Sydney totalling at least \$5,043,060: see paragraph 913.a.viii below.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 3;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 6 July 2015.

The SMRs reported that Suncity's junket representative had made a large cash withdrawal from Customer 3's account at Star Qld: see paragraph 913.a.ix below.

- iii. Customer 3 was a junket operator for the Suncity junket, funded by Customer 1, who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney and Star Qld;

Particulars

Suncity agreements with Star Sydney and Star Qld

On and from 30 June 2011, Star Sydney and Star Qld entered into various agreements with Customer 3, on behalf of Suncity, setting out the terms of the junket programs facilitated by Suncity at Star Sydney and Star Qld.

On 23 August 2011, Star Sydney approved Customer 3 to be a junket operator.

On 8 February 2012, Star Qld approved Customer 3 to be a junket operator.

Customer 3's agreements with Customer 1

On 18 January 2013, Customer 1 authorised Customer 3 to operate his Star CCF up to a limit of \$2,000,000 including signing cheques on his behalf or in his name as an authorised representative and to conduct all associated transactions on Customer 1's behalf.

Activity of Suncity junkets operated by Customer 3 at Star Sydney by
30 November 2016

In 2015, Customer 3 was one of the top ten junket operators who operated the highest number of junket programs at Star Sydney.

Between 29 June 2015 and 5 January 2016, Customer 3 operated 22 junket programs at Star Sydney. On each occasion, the junket was funded by Customer 1.

Between 29 June 2015 and 5 January 2016, Customer 1 provided \$30,250,000 in funding to the Suncity junket operated by Customer 3 at Star Sydney.

Between 29 June 2015 and 5 January 2016, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 3 was \$455,849,409 with losses of \$9,465,590.

In 2015 and 2016, Customer 3 was entitled to benefits totalling \$4,486,069 from Star Sydney in his capacity as a junket operator.

Activity of Suncity junkets operated by Customer 3 at Star Qld by 30
November 2016

In 2015, Customer 3 was one of the top ten junket operators who operated the highest number of junket programs, and whose junket operations in total involved the highest total turnover, at Star Gold Coast.

Between 3 July 2015 and 16 January 2016, Customer 3 operated six junket programs at Star Qld. On each occasion, the junket was funded by Customer 1.

Between 3 July 2015 and 16 January 2016, Customer 1 provided \$5,500,000 funding to the Suncity junket operated by Customer 3 at Star Qld.

Between 3 July 2015 and 16 January 2016, Star Qld recorded that the total cumulative turnover of Suncity junkets operated by Customer 3 was \$84,912,620 with losses of \$2,953,551.

In 2015 and 2016, Customer 3 was entitled to benefits totalling \$653,374 from Star Qld in his capacity as a Suncity junket operator.

- iv. Suncity junkets recorded a high turnover of \$2,256,600,000 by 30 November 2016;

Particulars

Between FY2014 and FY2016, the Suncity junket recorded a total:

- a. front money of \$179,100,000;
- b. turnover of \$2,256,600,000;
- c. settled loss of \$41,200,000; and

- d. rebate payable to the Suncity junket operators, which included Customer 4 and Customer 3, of \$18,800,000.
- v. between September 2012 and September 2016, Customer 3 referred players to Star Sydney on 97 occasions;

Particulars

See paragraph 625 above.

Between September 2012 and September 2016, Customer 3 referred players to Star Sydney on 97 occasions.

Customer 3 received a commission on amounts wagered by the referred customers, who Star Sydney dealt with directly.

- vi. between July 2015 and September 2015, Customer 3 referred three junket players to Star Qld;

Particulars

See paragraph 625 above.

Between July 2015 and September 2015, Customer 3 referred three junket players to Star Qld.

Customer 3 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- vii. Customer 3 received high value financial and gambling services (tables 1 and 3, s6) at Star Qld other than through junket programs. By 30 November 2016, Star Qld recorded high individual rated turnover totalling \$4,497,350 for Customer 3;
- viii. Star Sydney was aware that Customer 3 and persons associated with the Suncity junket had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose, including large and suspicious cash transactions;

Particulars

See paragraphs 611 to 618 above.

TTRs by 30 November 2016

Between 28 November 2011 and 21 February 2013, Star Sydney gave the AUSTRAC CEO six TTRs detailing incoming payments to Customer 3 totalling \$594,900 which comprised account deposits and the issue of a cheque.

Between 30 September 2011 and 26 December 2016, Star Sydney gave the AUSTRAC CEO 102 TTRs detailing outgoing payments from Customer 3 totalling \$7,767,327 which comprised:

- a. \$5,295,314 in account withdrawals;
- b. \$1,829,505 in chip exchanges;
- c. \$227,267 in other monetary value out;

- d. \$368,000 in premium player commissions or rebates; and
- e. \$47,241 in foreign currency exchanges.

Large and suspicious transactions by 30 November 2016

Between October 2011 and July 2015, Customer 3 and persons associated with the Suncity junket conducted large and suspicious cash and other transactions at Star Sydney totalling at least \$5,043,060, including:

- a. \$100,000 in chip exchanges by Customer 3;
- b. \$509,615 in chip exchanges by junket representatives of the Suncity junket operated by Customer 3;
- c. \$600,000 in telegraphic transfers to international third parties by the Suncity junket operated by Customer 3;
- d. \$1,520,000 cash withdrawals by Customer 3;
- e. \$1,923,545 cash withdrawals by junket representatives of the Suncity junket operated by Customer 3;
- f. \$279,900 cash deposits by Customer 3; and
- g. a \$110,000 cheque issued for Customer 3.

Large and unusual transactions in 2011

On 14 October 2011, Customer 3's Suncity junket representative requested that Star Sydney send a \$600,000 telegraphic transfer to a third party in a foreign country in the name of a junket player of the Suncity junket. The customer was playing in the foreign country and had requested that his winnings from the Suncity junket operated by Customer 3 be transferred there. The Suncity junket advised Star Sydney that they were unable to access the funds through their bank account for reasons unknown to Star Sydney. Star Sydney considered it suspicious that a transfer to a third party had been requested and noted that this was not usual practice for Star Sydney. Star Sydney nonetheless processed the transaction: SMR dated 4 November 2011.

On 18 December 2011, Customer 3 settled a Suncity junket program and took \$368,000 in cash at Star Sydney. On 19 December 2011, Customer 3 returned with \$110,000 in cash and requested that a Star cheque be issued in favour of a junket player. Star Sydney considered these transactions to be suspicious due to the large amounts of cash involved: SMR dated 20 December 2011.

Large and unusual transactions in 2015

On 13 March 2015, two Star Sydney customers, including Customer 19, were observed to split \$50,000 in cash between them to exchange for chips. Each customer advised Star Sydney that they

were exchanging the cash on behalf of Customer 45. Customer 19 returned a short time later to exchange a further \$20,000 in cash for chips. The cash was contained in a brown leather designer satchel and totalled approximately \$400,000 in cash. Later in the evening, Customer 3's Suncity junket representative withdrew \$200,000 from Customer 3's account. The junket representative was observed to hand the cash to Customer 19. \$100,000 of that cash was presented by Customer 19 to exchange for chips. Customer 19 was observed to hand the chips to Customer 45. Customer 19 later returned a purchased a further \$80,000 in chips. Customer 19 was observed to hand the chips and remaining cash to Customer 45: SMRs dated 16 March 2015, 17 March 2015.

- ix. Customer 3, and persons associated with the Suncity junket, transacted using large amounts of cash at Star Qld; and

Particulars

See paragraphs 611 to 618 above.

Between 3 March 2015 and 6 July 2015, Star Qld gave the AUSTRAC CEO three TTRs detailing outgoing payments from Customer 3 totalling \$2,320,000 in account withdrawals

On 4 July 2015, Customer 3's Suncity junket representative withdrew \$117,000 in cash from Customer 3's account at Star Qld. Star Qld considered this to be a large amount of cash to carry: SMR dated 6 July 2015.

- x. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 3 by remitting large amounts of money into and out of the casino environment via his account;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 5 February 2013, Star Sydney gave the AUSTRAC CEO an incoming IFTI detailing a deposit into Customer 3's FMA totalling \$1,799,006 from his personal bank account overseas.

The above transaction was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraphs 281 and 327 above.

See particulars to paragraph 913.a.viii above.

On 31 January 2012, Star Sydney gave the AUSTRAC CEO an outgoing IFTI detailing a transfer from Customer 1 totalling \$202,268 to Customer 3's bank account overseas.

On 22 August 2012 and 4 January 2013, Star Sydney gave the AUSTRAC CEO IFTIs detailing transfers from Customer 3 totalling \$96,604 to the Suncity company account overseas.

On 27 February 2013 and 24 July 2013, Star Sydney gave the AUSTRAC CEO IFTIs detailing transfers from Customer 3 totalling \$1,018,805 to his bank account overseas.

Each of the above transactions was conducted through the Star Patron account channel.

Customer 3's risk profile from 30 November 2016

- b. Customer 3 was a Suncity junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
- i. between 11 November 2017 and 1 September 2020, Customer 3 operated 244 Suncity junkets at Star Sydney, each of which was funded by Customer 1;

Particulars

Between 2018 and 2020, Customer 3 was one of the top ten junket operators who operated the highest number of junket programs per year, and one of the top ten junket operators whose junket operations in total involved the highest total turnover per year, at Star Sydney.

Between 11 November 2017 and 1 June 2018, Customer 1 provided \$967,779,721 in funding to the Suncity junket operated by Customer 3.

- ii. between 11 November 2017 and 1 September 2020, Star Sydney recorded that the total cumulative turnover of Suncity junkets operated by Customer 3 was \$10,781,358,882 with losses of \$78,756,160;

Particulars

In 2017, Suncity junkets operated by Customer 3 had a turnover of \$120,692,962 with losses of \$5,833,090.

In 2018, Suncity junkets operated by Customer 3 had a turnover of \$4,806,346,196 with losses of \$37,600,470.

In 2019, Suncity junkets operated by Customer 3 had a turnover of \$5,358,574,735 with losses of \$30,805,125.

In 2020, Suncity junkets operated by Customer 3 had a turnover of \$495,744,990 with losses of \$4,517,475.

- iii. between 10 January 2018 and 16 June 2018, 12 of the Suncity junket programs operated by Customer 3 were conducted in a foreign currency;
- iv. between 16 November 2017 and 1 September 2020, Star Sydney recorded a cumulative turnover of \$2,809,171,838 for Customer 3 as a junket player on Suncity junkets despite not being a junket player at any time;

Particulars

See paragraph 670 above.

- v. between 2017 and 2020, total benefits of \$53,738,138 were payable to Customer 3 by Star Sydney in his capacity as a Suncity junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers;

Particulars

Customer 3 was entitled to benefits from Star Sydney in his capacity as a Suncity junket operator:

- a. in 2017, total benefits of \$2,542,424 were payable to Customer 3;
 - b. in 2018, total benefits of \$30,977,464 were payable to Customer 3;
 - c. in 2019, total benefits of \$16,047,729 were payable to Customer 3; and
 - d. in 2020, total benefits of \$4,170,521 were payable to Customer 3.
- vi. Customer 3 operated Suncity junkets in private gaming rooms including private gaming rooms that were exclusive to the Suncity junket;

Particulars

Customer 3 operated Suncity junkets in non-exclusive private gaming rooms, including Oasis, Pit 80, the Sovereign Room, and Chairman's.

Customer 3 operated Suncity junkets in exclusive private gaming rooms, including Salon 73, Salon 75, Salon 76, Salon 77, Salon 82, Salon 88, Salon 90, Salon 93, Salon 95, Salon 96, Salon 97 and Salon 98.

- vii. on 30 June 2017 and 21 June 2018, the Chief Financial Officer, on behalf of Star Sydney, and Customer 3 entered into an agreement that provided the Suncity junket, operated by Customer 3, with exclusive access to Salon 95 and the Salon 95 service desk;

Particulars

See paragraph 677 above.

- viii. between March 2018 and August 2019, Star Sydney permitted the Suncity junket funded by Customer 1 and operated by Customer 3 to operate a service desk in Salon 95, at which multiple suspicious transactions involving cash were observed;

Particulars

Large and suspicious cash transactions involving Suncity staff

On 17 April 2018, CCTV recorded a cash transaction in which a Suncity staff member retrieved a red suitcase from behind the host desk, opened the bag, removed a substantial amount of cash and counted the cash in a money counter. The cash was then re-bundled and stored in a desk.

On 21 April 2018, CCTV recorded a man hand a Suncity staff member a yellow plastic shopping bag to staff at the Suncity Service Desk. The Suncity staff member opened a desk drawer in Salon 95 which showed a gaming chip float and conducted a chip float reconciliation. The Suncity staff then removed cash from the plastic bag and counted it using a money counter. The Suncity staff wrapped some of the cash in clear plastic bags and placed it into the desk drawer.

On 7 May 2018, Star recorded that a Suncity staff member had paid cash to a patron who had no history of junket play and no known links to Suncity.

On 8 May 2018, Star recorded the following transactions:

- a. a group finished playing at Salon 95, then took their chips to the Suncity Service Desk. The chips were accepted and exchanged for an unknown amount of cash;
- b. an individual appeared to have exchanged a \$100,000 plaque in exchange for \$100,000 in cash in Salon 95;
- c. an unknown man who picked up chips and plaques from a baccarat table and went to the enclosed room inside Salon 95. Persons inside the room then removed large bundles of cash wrapped in plastic from a desk drawer and placed the bundles on the desk. Persons inside the room handed the cash to people at the counter outside the room, which was placed in a brown paper bag and taken to another part of Salon 95; and
- d. an unknown man was escorted by a Suncity staff member to the Suncity Service Desk, directed to use a tablet affixed to the desk, then handed \$100,000 in a brown paper bag. The man was escorted to the lobby of The Darling, where he handed the bag to another waiting person. All three then returned to the Suncity Service Desk where the bag was handed back to the Suncity staff.

Large and suspicious cash transactions involving unknown third parties

On 18 April 2018, CCTV recorded cash transactions at the Suncity Service Desk including:

- a. an unknown man in a black suit who collected a black bag with a blue trim from the balcony of Salon 95. The bag was taken to the Suncity Service Desk, and cash comprised of \$50

notes was removed from the bag, counted using a money counter, and placed in a drawer underneath the desk; and

- b. an unknown man in a black suit who opened up a black backpack on the balcony outside Salon 95 and observed its contents. The man brought the backpack into the enclosed room in Salon 95, and at the same time was passed a different bag. The man then took bundles of cash out of the black backpack and put the cash on a chair in the enclosed room.

On 4 May 2018, Star recorded that an individual took a blue esky bag into Salon 95, which contained a substantial amount of cash in \$50 notes, bundled in elastic bands.

On an unknown date in May 2018, CCTV recorded an unknown man suspected to work for Suncity as a driver entering the Suncity Service Desk with a sports bag. The man took out a large bundle of cash from the bag, divided the bundle into three, then put the bundles back in the bag.

Attempts to avoid detection

On 14 May 2018, two individuals, being Person 9 and his associate, approached the Suncity Service Desk and spoke to a staff member.

The individuals were then escorted to an adjacent room while the Suncity staff members prepared a receipt on a clipboard, picked up a plastic bag, then opened a drawer. One of the Suncity staff members then stood in a position to obscure the view of the security camera while the other staff member put something in a plastic bag. The staff members took the plastic bag to the other room, picked up the individuals who were waiting and went down to the retail arcade. The staff member then gave the friend the cash, while Person 9 signed something on the clipboard.

On 15 June 2018, Person 9 was invited onto the Salon 95 balcony by Suncity staff. Star Sydney considered this to be an attempt to find a spot not covered by Star Sydney's CCTV. Person 9 exited the blind spot holding a paper bag which Star Sydney understood contained \$35,000 in chips withdrawn from Customer 3's account.

See paragraph 683.d above.

- ix. by May 2018, Star Sydney was aware that the Suncity Service Desk was being used to facilitate suspicious cash transactions and opened an investigation;

Particulars

On 14 May 2018, Star Sydney became aware that an individual who was not a Suncity junket customer obtained \$45,000 in cash (see paragraph 913.b.viii above).

Star Sydney's investigations team opened Operation Moneybags in order to investigate the incident and similar incidents involving cash in Salon 95.

The investigator recorded that he was unable to identify the names of the persons conducting the transactions or the dollar value of the transactions. The investigator also noted that the cash was transported to Salon 95 in suitcases, backpacks and other carriers and it was not possible to identify what amounts were attributable to junket players.

See paragraph 683.d above.

- x. in September 2019, the Suncity junket operated by Customer 3 commenced operations in Salon 82;

Particulars

On 13 August 2019, following a meeting with Customer 1, it was agreed that Suncity would cease operation of the Salon 95 private gaming room. Suncity vacated Salon 95 on 1 September 2019 and commenced operations in Salon 82.

- xi. Customer 3 had approximately 30 junket representatives at Star Sydney; and
- xii. Customer 3 and his junket representatives facilitated the provision of high value designated services to over 500 junket players at Star Sydney including foreign PEPs, players who posed higher ML/TF risks and players who Star Sydney considered had acted suspiciously such as Customer 2, Customer 53, Customer 45, Customer 57, Customer 59 and Customer 58;

Particulars

See paragraphs 643 to 649 above.

On 25 March 2018, Customer 2 was a player on the Suncity junket operated by Customer 3. Customer 2 received \$1,000,000 in funding and lost \$952,000.

- c. Customer 3 was a Suncity junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 25 November 2017 and 13 March 2020, Customer 3 operated 97 Suncity junkets at Star Qld, each of which was funded by Customer 1;

Particulars

Between 2017 and 2020, Customer 3 was one of the top ten junket operators who operated the highest number of junket programs at Star Gold Coast.

Between 2018 and 2020, Customer 3 was one of the top ten junket operators whose junket operations in total involved the highest total turnover at Star Gold Coast.

In 2017 and 2019, Customer 3 was one of the top ten junket operators who operated the highest number of junket programs, and whose junket operations involved the highest total turnover, at Treasury Brisbane.

Between 25 November 2017 and 13 March 2020, Customer 1 provided \$151,737,000 in funding to the Suncity junkets operated by Customer 3.

- ii. between 25 November 2017 and 13 March 2020, Star Qld recorded that the total cumulative turnover of Suncity junkets operated by Customer 3 was \$2,601,268,754 with losses of \$35,829,080;

Particulars

In 2017, Suncity junkets operated by Customer 3 had a turnover of \$47,247,667 with losses of \$1,973,395.

In 2018, Suncity junkets operated by Customer 3 had a turnover of \$443,885,119 with losses of \$11,982,730.

In 2019, Suncity junkets operated by Customer 3 had a turnover of \$1,018,574,812 with losses of \$12,374,700.

In 2020, Suncity junkets operated by Customer 3 had a turnover of \$1,091,561,156 with losses of \$9,498,255.

- iii. between 22 December 2017 and 13 March 2020, Star Qld recorded a cumulative turnover of \$314,947,630 for Customer 3 as a junket player on his own junkets despite not being a junket player at any time;

Particulars

See paragraph 670 above.

- iv. between 2017 and 2020, total benefits of \$44,248,097 were payable to Customer 3 by Star Qld in his capacity as a Suncity junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers;

Particulars

Customer 3 was entitled to benefits from Star Qld in his capacity as a Suncity junket operator:

- a. in 2017, total benefits of \$371,341 were payable to Customer 3;
- b. in 2018, total benefits of \$12,441,120 were payable to Customer 3;
- c. in 2019, total benefits of \$21,057,610 were payable to Customer 3; and
- d. in 2020, total benefits of \$10,378,026 were payable to Customer 3.

- v. Customer 3 operated Suncity junkets in private gaming rooms including private gaming rooms that were exclusive to the Suncity junket;

Particulars

Customer 3 operated junkets in non-exclusive private gaming rooms, including Pit 6, Pit 7, Pit 11 and Pit 12.

Customer 3 operated junkets in exclusive private gaming rooms, including Salon 22, Salon 66, Salon 69, Salon 88, Salon 89, Salon 90, Salon 96, Salon 98 and Salon 99.

- vi. Customer 3 had approximately 20 junket representatives at Star Qld; and
- vii. Customer 3 and his junket representatives facilitated the provision of high value designated services to over 100 junket players at Star Qld including foreign PEPs, players who posed higher ML/TF risks and players who Star Qld considered had acted suspiciously such as Customer 13, Customer 45 and Customer 61;

Particulars

See paragraphs 643 to 649 above.

Between 7 February 2019 and 11 February 2019, a Star Qld customer was the sole junket player on a Suncity junket operated by Customer 3. The Suncity junket program had front money of \$20,000,000 provided by Customer 1. By 11 February 2019, the customer had a recorded loss of \$19,817,000. Star Qld was unaware of any arrangement between the customer and Customer 3 or Customer 1 as to repayment of the customer's loss. Further checks conducted by Star Qld identified the customer to be a foreign PEP, being a member of a foreign political body. Star Qld considered the substantial loss to be suspicious: SMR dated 14 February 2019.

In May 2019 and June 2019, a junket player on the Suncity junket operated by Customer 3 recorded a cumulative loss of \$822,675. Star Qld did not have records of any significant wins to account for the losses. Star Qld was not aware of any arrangement that the customer had to repay Customer 3 for the losses. Star Qld was unaware of the customer's source of funds or occupation: SMR dated 30 July 2019.

In September 2019, a junket player on the Suncity junket operated by Customer 3 recorded a loss of \$2,044,500. Star Qld did not have records of any other gaming activity in 2019. The customer was a director of an import/export business. Star Qld was not aware of any more information about the company. Star Qld was not aware of any arrangement between the customer and Customer 3 to repay the loss. Star Qld considered that the loss appeared to be large given that this was the only recorded play for the customer at Star Qld in 2019: SMR dated 4 October 2019; and

In December 2019, a junket player on the Suncity junket operated by Customer 3 recorded a loss of \$2,953,650. Star Qld did not have any record of recent significant wins to account for the substantial loss.

Star Qld was not aware of any arrangement for the customer to repay Customer 3. The customer's occupation was recorded as a stock trader: SMR dated 22 January 2020.

- d. designated services provided to Customer 3 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- e. between November 2017 and March 2018, Customer 3 referred players to Star Sydney on 15 occasions;

Particulars

See paragraph 625 above.

Between November 2017 and March 2018, Customer 3 referred players to Star Sydney on 15 occasions.

Customer 3 received a commission on amounts wagered by the referred customers, who Star Sydney dealt with directly.

- f. between December 2017 and February 2020, Customer 3 referred 26 junket players to Star Qld;

Particulars

See paragraph 625 above.

Between December 2017 and February 2020, Customer 3 referred 26 junket players to Star Qld.

Customer 3 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- g. Customer 3 was connected to other customers at Star Sydney and Star Qld, including junket funders, foreign PEPs, players who posed higher ML/TF risks and players who Star Sydney and Star Qld considered had acted suspiciously such as Customer 1 and Customer 2;

Particulars

Together, Customer 1 and Customer 2 were the co-owners of Suncity.

See Customer 1, Customer 2 above.

- h. Customer 3 received high value financial and gambling services (tables 1 and 3, s6) at Star Qld other than through Suncity junket programs;

Particulars

See paragraph 623 above.

For example, on 27 February 2018, Star Qld recorded high turnover on an individual rebate program totalling \$716,040 for Customer 3.

- i. Star Sydney provided designated services (items 31 and 32, table 1, s6) to Customer 3 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

On 19 August 2019, deposits through the Customer 9 channels totalling \$2,009,392 were made available by Star Sydney to Customer 3's account.

Other remittances involving third parties

See paragraphs 281 and 327 above.

On 9 October 2020, Customer 3 transferred \$1,233,600 from his Star Sydney account to Customer 1's overseas bank account. The funds represented a return of leftover junket funds following the junket cessation date. However, the bank rejected the funds as it did not accept funds from casinos.

On 28 October 2020, Customer 3 requested that the funds be transferred from his Star Sydney SKA to Customer 1's SKA, where it would be transferred to Customer 1's account at another Australian casino. Star Sydney noted that this transaction was not unusual except that the other Australian casino remained closed due to the COVID-19 pandemic with no opening date known. The transaction was processed on 2 November 2020: SMR dated 2 November 2020.

However, the transfer was again rejected and the funds were returned to Customer 1's SKA on 7 December 2020. As at 27 May 2022, Star continued to hold the \$1,233,600 in Customer 1's SKA.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 18 September 2018 and 27 October 2020, Star Sydney received 24 telegraphic transfers totalling \$23,280,436, each of which was made available to Customer 3's account. At least \$5,000,000 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances out of the casino environment

See paragraphs 281 and 327 above.

Between 15 August 2018 and 1 January 2020, Star Sydney sent 11 telegraphic transfers from Customer 3's account totalling \$9,939,705, including transfers of:

- a. at least \$800,000 to a third party's Australian bank account; and
- b. at least \$778,045 to Customer 61's Australian bank account, who was a junket player on Customer 3's junket.

Between 20 May 2022 and 3 June 2022, Star Sydney sent two telegraphic transfers totalling \$536,340.34 from Customer 3's account to an overseas bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 19 February 2019, Customer 3 transferred \$150,000 to Customer 24.

On 19 February 2020, Star Sydney received seven transfers totalling \$1,498,603 from Star Qld, each of which was made available to Customer 3's account.

Between 19 September 2018 and 18 March 2020, Star Sydney sent 14 transfers totalling \$14,004,261 from Customer 3's account to Star Qld.

- j. Star Qld provided designated services (items 31 and 32, table 1, s6) to Customer 3 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 9 January 2019 and 10 March 2020, Star Qld received four telegraphic transfers totalling \$7,972,834, each of which was made available to Customer 3's FMA at Star Gold Coast. At least \$5,099,607 of these funds were transferred for the purpose of redeeming outstanding CCFs held by Customer 1.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraphs 281 and 327 above.

For example, between 6 August 2019 and 13 August 2019, Star Qld facilitated four telegraphic transfers totalling \$16,235,000 from

Customer 3's FMA at Star Gold Coast to Australian bank accounts held by Customer 45.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 19 September 2018 and 31 January 2020, Star Qld received five transfers totalling \$7,248,005 from Star Sydney, each of which was made available to Customer 3's FMA at Star Gold Coast. At least \$395,335 of these funds were transferred for the purpose of redeeming an outstanding CCF held by Customer 1.

Between 9 January 2019 and 11 October 2019, Star Qld facilitated six transfers totalling \$500,217 from Treasury Brisbane to Star Gold Coast, each of which was made available to Customer 3's FMA. At least \$229,473 of these funds were transferred for the purpose of redeeming an outstanding CCF held by Customer 1.

On 30 December 2019, Star Qld received a transfer of \$199,525 from another casino in the Star Group, which it made available to Customer 3's FMA at Star Gold Coast. These funds were transferred for the purpose of redeeming an outstanding CCF held by Customer 1.

On 19 February 2020, Star Qld facilitated seven transfers totalling \$1,498,603 from Customer 3's FMA at Star Gold Coast to Star Sydney.

- k. Star Sydney was aware that Customer 3 and persons associated with the Suncity junket operated by Customer 3:
- i. had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;
 - ii. transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes, notes bundled in rubber bands or wrapped in plastic film, notes that were sticky and cash presented in various carry bags; and
 - iii. engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including refining and quick turnover of money (without betting);

Particulars

See paragraphs 25, 611 to 618 above.

Large cash transactions reported in TTRs

Between 28 December 2017 and 5 November 2019, Star Sydney gave the AUSTRAC CEO 69 TTRs detailing incoming payments to Customer 3 totalling \$4,955,938 which comprised account deposits and cash exchanges.

Between 17 November 2017 and 22 July 2020, Star Sydney gave the AUSTRAC CEO 290 TTRs detailing outgoing payments from Customer 3 totalling \$15,280,566 which comprised:

- a. \$8,620,500 in account withdrawals;
- b. \$6,373,510 in chip exchanges; and
- c. \$286,556 in other monetary value out.

Summary of large and suspicious cash transactions reported in SMRs

Between May 2018 and November 2020, Star Sydney gave the AUSTRAC CEO SMRs which identified that Customer 3 and persons associated with him and the Suncity junket were involved in cash transactions totalling over \$14,300,000 at Star Sydney, including:

- a. over \$5,700,000 in cash deposits by junket representatives of the Suncity junket operated by Customer 3, each of which involved cash comprised significantly or entirely of \$50 notes bundled in \$10,000 or \$50,000 units with rubber bands and presented in various carry bags;
- b. \$730,000 in cash deposits by Star Sydney customers connected to the Suncity junket operated by Customer 3, each of which involved cash comprised significantly or entirely of \$50 notes bundled in \$10,000 or \$50,000 units with rubber bands and presented in various carry bags;
- c. over \$470,000 in other cash transactions by Star Sydney customers connected to the Suncity junket operated by Customer 3, \$346,300 of which involved cash comprised significantly or entirely of \$50 notes bundled in \$10,000 or \$50,000 units with rubber bands and presented in various carry bags;
- d. over \$480,000 in chip deposits by Customer 3's Suncity junket representatives;
- e. over \$1,232,000 in cash withdrawals by junket representatives of the Suncity junket operated by Customer 3; and
- f. over AUD 5,400,000 in currency conversion.

Large cash transactions commensurate with a junket player's wins

Between 12 February 2018 and 19 February 2020, on at least nine occasions, Customer 3's Suncity junket representatives withdrew cash or cashed out chips totalling at least \$1,426,400 from Customer 3's account at Star Sydney and gave the cash to junket players who had recorded winnings exceeding the amount of cash that they were given.

Large and suspicious cash transactions in similar packaging

By 6 June 2018, Star Sydney was aware of a series of deposits by third parties in which the funds were in \$50 notes packaged consistently with the cash previously supplied by Suncity. Star Sydney surveillance had identified that the funds had originated from Suncity. Star Sydney considered that it was possible that the Suncity junket operated by Customer 3 was trying to hide the fact that the funds had originated from Suncity: SMR dated 6 June 2018.

- a. On 1 May 2018 and 2 May 2018, Customer 34's junket representative, Person 11, made two large and suspicious cash deposits at Star Sydney. The first deposit totalled \$450,000 which comprised \$50 notes bundled in \$50,000 units with rubber bands and wrapped in thin plastic label bags. The cash was contained in a small duffle bag. The junket representative said that the cash had come from the Suncity junket operated by Customer 3. The second deposit was for \$437,374 which comprised \$430,000 in \$50 notes and the balance in loose notes. The cash was presented in the same manner as the first deposit and used to redeem Customer 34's outstanding CCF: SMR dated 2 May 2018.
- b. On 5 May 2018, a Star Sydney customer, Person 9, deposited \$100,000 in cash into his account. The cash comprised \$50 notes bundled in \$10,000 units with rubber bands and sealed in plastic wrap. Person 9 said that the funds had come from the Suncity junket operated by Customer 3. Star Sydney was unaware of any known links between Person 9 and Customer 3 or the Suncity junket: SMR dated 8 May 2018.
- c. On 13 May 2018, Customer 3's Suncity junket representative presented \$300,000 in cash to be deposited into Customer 3's account at Star Sydney. The cash comprised \$50 notes bundled in \$50,000 units with rubber bands and wrapped in thin plastic bags. Several hours later, Customer 3's Suncity junket representatives withdrew the \$300,000 in cash from Customer 3's account. Star Sydney noted that the cash was deposited and withdrawn for no apparent reason and was not utilised for gaming purposes at any time: SMR dated 14 May 2018. This transaction was indicative of the ML/TF typology of quick turnover of money (without betting).
- d. On 14 May 2018, Customer 34's junket representative, Person 11, deposited \$250,000 in cash into Customer 34's account at Star Sydney. Person 11 said that the cash had come from the Suncity junket operated by Customer 3. The cash comprised \$200,000 in \$100 notes and \$50,000 in \$50 notes contained in a small black Star bag. Star Sydney noted that the cash was packaged similarly to other SMRs lodged in

relation to Customer 3 and Customer 34. Star Sydney was unaware of any link between Customer 3 and Customer 34: SMR dated 15 May 2018.

- e. On 29 May 2018, in the early morning, a local Star Sydney player presented \$60,000 cash to be deposited into his account. The cash comprised \$50 notes in \$5,000 units with rubber bands and presented in a black square paper back and sealed in a thick clear bag. Customer 3's Suncity junket representative requested that the funds be transferred to the Customer 3's account. When the junket representative was asked which junket player the funds should be allocated to, he 'finally came up with' Person 9's name. Star Sydney processed the transaction and the junket representative withdrew the funds as chips. Star Sydney noted that the customer was a local player and so ineligible to play on junkets and had no known links to Suncity or Person 9. Star Sydney considered it unusual that the customer would be providing cash to the Suncity junket. Star Sydney noted that the only people present at the time were gaming staff and Suncity representatives as the transaction was completed very early in the morning. Star Sydney noted that no gaming activity had taken place. Star Sydney suspected that the funds originated from the Suncity junket operated by Customer 3: SMR dated 29 May 2018.
- f. On 3 June 2018, junket representatives of the Suncity junket operated by Customer 3, including Person 63, deposited \$300,000 in cash to Customer 3's account at Star Sydney. The cash comprised \$240,000 in \$100 notes and \$60,000 in \$50 notes bundled in \$10,000 units with rubber bands and wrapped in plastic in \$50,000 units: SMR dated 4 June 2018.
- g. On 4 June 2018, a Star Sydney junket operator presented \$2,600,000 in cash which comprised \$50 notes in a large suitcase bundled with elastic bands in clear plastic bags. The bags were similar to bags that were used by junket representatives associated with Customer 3's Suncity junkets. Star Sydney noted that the bags were consistent with those related to multiple SMRs submitted in respect of the Suncity junket operated by Customer 3. The junket operator requested that \$2,570,000 be deposited into his account and the remaining \$30,000 to be paid to him as cash. After the deposit, the junket operator requested the \$2,570,000 be transferred to Customer 3's account. A Suncity junket representative, Person 63, was present to authorise the deposit to Customer 3. Given that the cash presented had similar wrapping as other cash received from Suncity, Star Sydney suspected that the cash originated from Suncity and

that the junket operator had been asked to deposit the cash to avoid Customer 3 or Suncity being associated with any TTR submitted in respect of the transaction. Star Sydney suspected that the \$30,000 cash could be a fee for completing the cash transaction. Star Sydney was unaware of any link between the junket operator and Suncity: SMR dated 4 June 2018.

- h. On 4 June 2018, Customer 3's Suncity junket representative, Person 63, presented \$300,000 in cash to be deposited into Customer 3's account at Star Sydney. The cash comprised \$50 notes bundled with elastic bands in clear plastic bags: SMR dated 4 June 2018.
- i. On 5 June 2018, a Star Sydney customer presented \$400,000 in cash to be deposited into his account. The cash comprised \$50 notes bundled in \$10,000 units with elastic bands and in \$50,000 units wrapped in plastic bags. Star Sydney noted that the bags were similar to bags that were used by junket representatives associated with Customer 3's Suncity junkets. When questioned as to the origin of the funds, the customer gave a number of different, inconsistent explanations, all of which suggested the cash came from payouts made by Star Sydney. Star Sydney noted that any payouts would be in \$100 notes with Star straps. The customer then said that the cash was money owed to him by Customer 3 for funding a Suncity junket program. The customer requested to withdraw \$500,000 from his account and transfer the funds to his personal bank account. Star Sydney noted that the customer's story was inconsistent and appeared to be an attempt to hide the fact that the funds had originated with Suncity: SMR dated 6 June 2018.

Other large and suspicious cash transactions in 2017

On 27 December 2017, Customer 3's Suncity junket representative deposited \$110,000 in cash into Customer 3's SKA. The cash comprised \$50 notes bundled in rubber bands.

Other large and suspicious cash transactions in 2018

On 2 February 2018, Customer 3's Suncity junket representative withdrew \$200,000 from Customer 3's account at Star Sydney.

On 23 February 2018 and 3 April 2018, Customer 3's Suncity junket representatives withdrew \$200,000 and \$100,000 respectively from Customer 3's account at Star Sydney.

On 3 April 2018, Customer 3's Suncity junket representative withdrew \$150,000 from Customer 3's FMA.

On 26 May 2018, Customer 3's Suncity junket representative deposited \$240,000 into Customer 3's account at Star Sydney. The cash comprised \$50 notes bundled in rubber bands in units of \$10,000. The cash was contained in a blue cooler bag.

On 27 May 2018, a Star Sydney customer, Person 11, deposited \$100,000 in cash, which comprised \$50 notes bundled in rubber bands in units of \$10,000, and \$60,000 in cash chips into his FMA. Person 11 transferred the funds to Customer 3's SKA. Customer 3's Suncity junket representative was present during the transaction. Person 11 said that the funds were for a junket player who had not arrived yet.

On 10 June 2018, a Star Sydney customer withdrew \$150,000 from Customer 3's SKA and placed the cash into a black Star bag.

On 18 June 2018, a Star Sydney customer, Person 9, deposited \$170,000 into his account. The cash comprised \$50 notes bundled in \$10,000 units with rubber bands and contained in a paper bag. Person 9 was observed to receive the bag from a Suncity junket representative. Person 9 made enquiries about using the funds to buy-in to a Suncity junket program and mentioned that 'she' would use the money. When asked who 'she' was, Person 9 told Star Sydney staff not to worry and left the cashier. The funds remained in Person 9's account: SMR dated 19 June 2018.

On 22 June 2018, Customer 3's Suncity junket representative withdrew \$150,000 from Customer 3's SKA at Star Sydney and handed the cash to guests.

On 29 June 2018, Customer 3's Suncity junket representative withdrew \$100,000 from Customer 3's SKA at Star Sydney.

On 5 August 2018, Customer 3's Suncity junket representative deposited \$280,000 into Customer 3's SKA at Star Sydney. The cash comprised \$100 notes with Star straps.

On 11 August 2018, Customer 3's Suncity junket representative cashed out \$100,000 at Star Sydney.

On 19 August 2018, Customer 3's Suncity junket representative withdrew \$500,000 in cash from Customer 3's account. Several hours earlier, \$500,000 had been transferred from the account of a Star Sydney customer to Customer 3's account. Star Sydney was unaware of any connection between Customer 3 and the customer: SMR dated 18 August 2018.

On 21 August 2018, Customer 3's Suncity junket representative cashed out \$100,000 of chips at Star Sydney.

On 11 September 2018, Customer 3's Suncity junket representative cashed out \$167,000 of chips.

On 15 September 2018, Customer 3's Suncity junket representative cashed out \$100,000 of chips and gave the chips to a junket player who had a recorded turnover of \$13,563,545.

On 6 October 2018, Customer 3's Suncity junket representative cashed out \$120,000 of chips at Star Sydney. At the time, the junket had a recorded turnover of \$25,075,000.

On 14 October 2018, Customer 3's Suncity junket representative cashed out \$103,500 of chips.

On 20 October 2018, Customer 3's Suncity junket representative, Person 63, cashed out \$100,000 of chips and gave the chips to a junket player who had a recorded turnover of \$40,546,000.

Other large and suspicious cash transactions in 2019

On 27 January 2019, Customer 3's Suncity junket representative deposited \$200,000 in cash into Customer 3's account. The cash comprised \$50 notes and was bundled in \$50,000 units with rubber bands and presented in a light brown shopping bag. The junket representative advised that the cash had originated from a customer who was going to join the Suncity junket: SMR dated 29 January 2019.

On 27 January 2019, Customer 3's Suncity junket representative deposited \$150,000 in cash into Customer 3's account. The cash comprised \$50 notes bundled in units of \$10,000 with rubber bands and presented in a brown shopping bag. The junket representative conducted the deposit on behalf of a junket player. The junket player had a recorded turnover of \$1,438,100 with a loss of \$161,250 on the junket program: SMR dated 30 January 2019.

On 23 February 2019, Customer 3's Suncity junket representative exchanged small notes to \$100 notes totalling \$56,300. The notes were presented in a bag and were primarily \$20 notes. The cash was in good condition and bundled in rubber bands in units of \$10,000. Star Sydney considered it suspicious that mixed denominations were exchanged to \$100 notes: SMR dated 25 February 2019. This transaction was indicative of the ML/TF typology of refining.

On 9 March 2019, Customer 3's Suncity junket representative, Person 37, deposited \$100,000 into Customer 3's FMA. The cash comprised \$100 notes bundled in \$5,000 units with rubber bands and carried in a paper bag.

On 24 March 2019, a Star Sydney customer exchanged \$100,000 of chips for cash despite recording a loss of \$21,920 the previous day.

The customer delivered the cash to Customer 3's Suncity junket representative. The junket representative deposited the cash into Customer 3's FMA, which was used as a buy-in for the customer.

On 13 April 2019, Customer 3's Suncity junket representative, Person 37, exchanged \$80,000 of small denomination notes, including \$130 in \$5 notes, \$73,480 in \$20 notes and \$5,300 in \$50 notes, to \$100 notes at Star Sydney. The customer returned to the Suncity desk once the transaction was complete: SMR dated 15 April 2019. This transaction was indicative of the ML/TF typology of refining.

On 28 April 2019, Customer 3's Suncity junket representative deposited \$100,000 in cash into Customer 3's account at Star Sydney. The cash comprised \$100 notes bundled in \$10,000 units with rubber bands. The junket representative identified that the cash was the same as had been paid out on the previous day.

Between 2 May 2019 and 4 May 2019, Customer 3's Suncity junket representatives including Person 37 and Person 63 cashed out over \$520,000 of chips at Star Sydney.

On 20 May 2019, Customer 3's Suncity junket representative deposited \$100,000 into Customer 3's account. The cash comprised \$50 notes bundled in \$10,000 units with rubber bands contained in a black shopping bag. The cash was provided by a junket player for a buy-in.

On 24 May 2019, Customer 3's Suncity junket representative, Person 37, deposited \$200,000 into Customer 3's account. The cash comprised \$50 notes bundled in \$10,000 units with rubber bands and presented in a black paper bag similar to bags provided by Star Sydney: SMR dated 27 May 2019.

On 25 May 2019, Customer 3's Suncity junket representative deposited \$100,000 in cash into Customer 3's account. The cash comprised old \$50 notes bundled in \$10,000 units with rubber bands and presented in a paper bag: SMR dated 27 May 2019.

On 25 May 2019, Customer 3's Suncity junket representative, Person 37, cashed out \$115,000 in chips at Star Sydney.

On 30 May 2019, Customer 3's Suncity junket representative, Person 63, deposited \$200,000 in cash into Customer 3's account. The cash comprised a mixture of old and new \$50 notes in good condition bundled in \$10,000 units with rubber bands. Each bundle had been wrapped in plastic with foreign language writing on the side. The cash appeared to have been stored for some period of time as the notes were stuck together and difficult to process. The bags containing the cash were carried by Person 63 in a green cooler bag. Person 63 advised that the cash was from a junket player on the Suncity junket operated by Customer 3: SMR dated 31 May 2019.

On 31 May 2019, Customer 3's Suncity junket representative, Person 63, deposited \$200,000 in cash into Customer 3's account for use by a junket player. The cash comprised a mixture of old and new \$50 notes in good condition bundled in \$10,000 units with rubber bands

and presented in a black shopping bag. Some of the notes were stuck together and difficult to process. Person 63 was accompanied by a staff member of Suncity: SMR dated 3 June 2019.

On 1 July 2019, Customer 3's Suncity junket representative deposited \$100,000 in cash into Customer 3's FMA at Star Sydney. The cash comprised \$100 notes with Star straps.

On 26 August 2019, Customer 3's Suncity junket representative deposited \$480,750 of chips into Customer 3's account and withdrew the funds as cash. The cash was placed in a large bag. The transaction was conducted in favour of a junket player on the Suncity junket, Customer 57. Between 25 August 2019 and 26 August 2019, Customer 57 had recorded a turnover of \$1,200,000 with a win of \$480,750 however Star Sydney considered that the amount of cash requested was excessive. Star Sydney was unaware of what happened to the cash: SMR dated 20 September 2019.

On 1 October 2019, Customer 3's Suncity junket representative withdrew \$100,000 from Customer 3's account. The junket had settled several hours after the withdrawal with a recorded win of \$300,000.

On 16 October 2019 and 25 October 2019, Customer 3's Suncity junket representative withdrew \$104,000 and \$141,600 respectively from Customer 3's account.

On 6 November 2019, Customer 3's Suncity junket representative withdrew \$129,600 in cash from Customer 3's account. The junket representative gave the cash to a junket player who was showing a win of \$168,350. After the cash was given to the junket player, he met with another Star Sydney customer and split the cash with her. Star Sydney was unaware of any relationship between the customer and the junket player or the Suncity junket: SMR dated 8 November 2019.

On 24 November 2019, Customer 3's Suncity junket representative withdrew \$200,000 from Customer 3's account. The junket representative handed the cash to a junket player. The junket player had a recorded turnover of \$413,830 with a loss of \$14,385. Star Sydney noted that the transaction was unusual given the loss recorded for the junket player: SMR dated 25 November 2019.

On 31 December 2019, Customer 3's Suncity junket representative presented a large sum in a foreign currency to be exchanged to Australian dollars and deposited into Customer 3's account. The cash was bundled in \$10,000 and \$50,000 units with rubber bands. Some of the foreign currency was returned to the junket representative as it was in poor condition. The remaining funds were converted to AUD 5,405,103 and deposited into Customer 3's account. When asked the source of the funds, he advised that a junket player, Customer 44, had provided it in as a buy-in for a junket program at

another Australian casino. The junket representative said that the cash had been declared on arrival to Australia and Customer 44 had gone on to lose the majority of the funds. The funds were delivered to Star Sydney to redeem Customer 3's outstanding CCF. The junket representative transferred \$5,128,687 to Customer 3's account. The balance of the funds was left in the junket representative's account: SMR dated 2 January 2020.

Other large and suspicious cash transactions in 2020

On 6 February 2020, Customer 3's Suncity junket representative withdrew \$135,000 from Customer 3's account and gave the money to Customer 3 who continued to play on his own program for a further 30 minutes. The junket program had a turnover of \$3,320,000 with a win of \$1,831,050.

On 8 February 2020, a Star Sydney customer deposited \$100,000 in cash into his account. Another Star Sydney customer accompanied him and presented the cash which comprised \$50 notes bundled in \$10,000 units with rubber bands and was contained in a paper bag. When asked where the funds were from, the customer said that he had withdrawn the cash from the bank. The funds were then transferred to Customer 3's account: SMR dated 10 February 2020.

On 10 February 2020, a Star Sydney customer deposited \$190,000 in cash into his account. The cash comprised \$50 notes presented in a black canvas bag inside of a shopping bag. When asked about the source of the cash, the customer advised that it was from winnings from his last trip to Star Sydney. Star Sydney noted that its payouts were usually in \$100 notes unless specifically asked otherwise. Star Sydney noted that the customer's last large cash transaction was in February 2016, where he was paid out in \$100 notes which he returned the following day. After the deposit, the customer requested that the funds be transferred to Customer 3's account. Star Sydney noted that, while the customer had been a Suncity junket player previously, he was not at that time a junket player: SMR dated 11 February 2020.

On 17 February 2020, Customer 3's Suncity junket representative cashed out \$219,000 in chips on behalf of a junket player.

On 21 February 2020, Customer 3's Suncity junket representative deposited \$100,000 in cash, which comprised \$100 notes bundled in \$10,000 units, into his FMA. The customer then transferred the funds to Customer 3's SKA. The junket player had recorded a turnover of \$309,200 with a loss of \$125,150.

Large and suspicious remittances within the casino environment

On 19 February 2019, Customer 3 transferred \$150,000 to Customer 24. Star Sydney was not aware of any connection between Customer 3 and the customer. Between 20 February 2019 and 19 March 2019,

Customer 24 sent further funds to and from her personal bank account. The funds were not accessed or utilised for any gaming activity at any time. Star Sydney considered it suspicious that Customer 24 would receive a transfer from Customer 3 and from her own bank account but never use the funds for gaming activity: SMR dated 19 March 2019.

On 30 May 2019, a Star Sydney customer opened an FMA at Star Sydney. The customer was previously a staff member of Star Sydney.

On 8 June 2019, Customer 3's Suncity junket representative requested that \$60,000 be transferred from Customer 3's account to the customer. On 12 June 2019, Customer 3's Suncity junket representative requested that \$20,000 be transferred from Customer 3's account to the customer. On 13 June 2019, the customer requested that the funds be withdrawn from his account and sent to his personal Australian bank account. Star Sydney declined to process the transaction and returned the funds to Customer 3's account. Star Sydney noted that the customer had no recorded gaming activity. Star Sydney was not aware of any link between the customer and the Suncity junket: SMR dated 14 June 2019. In a note dated 13 February 2020, the Due Diligence Program Manager described this incident as an 'apparent money laundering attempt'.

- I. Star Qld was aware that Customer 3 and persons associated with the Suncity junket operated by Customer 3:
 - i. had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
 - ii. transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes;

Particulars

See paragraphs 611 to 618 above.

Large cash transactions reported in TTRs

On 20 August 2018, Star Qld gave the AUSTRAC CEO a TTR detailing an incoming payment to Customer 3 totalling \$250,000 which comprised an account deposit.

Between 27 December 2017 and 13 March 2020, Star Qld gave the AUSTRAC CEO 28 TTRs detailing outgoing payments from Customer 3 totalling \$2,207,784 which comprised account withdrawals and other monetary values out.

Large and suspicious cash transactions in 2018

On 21 August 2018, Customer 3's Suncity junket representative withdrew \$300,000 in cash from Customer 3's junket account. The junket had front money of \$2,000,000 and two recorded junket players. Star Qld had recorded junket winnings for the two players

totalling \$931,000. Star Qld considered the amount of cash withdrawn to be suspicious: SMR dated 22 August 2018.

On 25 August 2018, a Star Qld customer began playing on a Suncity junket program operated by Customer 3. On 28 August 2018, the customer arrived with \$800,000 in cash which he said was for his own play, not for a junket program. The cash comprised \$410,000 in \$50 notes and \$390,000 in \$100 notes. The cash had straps with dates on it and was wrapped in plastic. Star Qld considered it possible that the straps were from Star Sydney. Star Qld noted that the cash was packaged in a way that was similar to how the Suncity junket packaged cash at Star Sydney. Star Qld considered the deposit to be a significant increase in the funds supplied and prepared to be gambled by the customer. Star Qld considered it unusual that the funds contained so many \$50 notes: SMR dated 29 August 2018.

Large and suspicious cash transactions in 2019

On 20 September 2019, Customer 3's Suncity junket representative withdrew \$103,200 in cash from Customer 3's account. The cash was given to a junket player. Customer 3 had provided front money of \$1,000,000 for the junket program and the junket player had a recorded win of just over \$200,000. Star Qld considered it suspicious that the cash was reported under one person and given to another: SMR dated 20 September 2019.

- m. by June 2018, Star Sydney was aware that junket representatives of the Suncity junket operated by Customer 3 were interested in preventing accurate reporting of threshold transactions in respect of the Suncity junket;

Particulars

On 6 June 2018, two Suncity junket representatives questioned Star Sydney staff about reporting obligations.

The junket representatives requested that, when they brought cash to deposit into Customer 3's accounts, Star Sydney report the transaction in respect of the junket player's names if they presented the player's identification. Star Sydney refused.

The junket representatives then asked what reporting would be done if the deposit was processed through the junket player's account and then transferred to Customer 3's account. Star Sydney advised that the TTR would be processed under the player's names, but the player would need to attend the cashier.

Star Sydney noted that based on this line of questioning, together with recent SMRs lodged in respect of large cash deposits into junket player's accounts and then those funds being transferred to Customer 3's junket, it appeared that the Suncity junket operated by Customer 3 was attempting to avoid any reporting obligations: SMR dated 6 June 2018.

- n. in August 2019, a person who Star Sydney was aware had been excluded from the casino presented \$200,000 in cash to be deposited by Suncity staff members;

Particulars

On 9 August 2019, an unknown person twice brought \$100,000 in cash, which comprised \$50 notes, into Star Sydney and handed it to Suncity staff members who deposited it into a customer's account. The Suncity staff members were not junket representatives. The cash was deposited into Customer 3's account: SMR dated 12 August 2019.

By 14 August 2019, Star Sydney was aware that the individual who brought the cash into the casino was a person who Star Sydney had previously formed suspicions in respect of and had been excluded pursuant to s 81 of the Casino Control Act. Star Sydney alerted a law enforcement agency.

On 15 August 2019, the excluded customer returned to Star Sydney and attempted to deliver a further \$100,000 to a junket player on the Suncity junket operated by Customer 3. A law enforcement agency arrested the excluded customer.

- o. at various times, Customer 3 had significant parked or dormant funds in his SKA;

Particulars

Between 28 October 2020 and 19 May 2022, Customer 3 had \$527,696 parked in his SKA.

See paragraph 284 above.

- p. in 2018 and 2019, Customer 3 was the subject of law enforcement enquiries at Star;

Particulars

On 27 March 2019, Star Sydney received an enquiry from a law enforcement agency in respect of a transaction relating to Customer 3.

On 26 November 2019, Star Sydney received an enquiry from a law enforcement agency in respect of Customer 3.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- q. Customer 3 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 3 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Salon 65, Salon 73, Salon 76, Salon 77, Salon 78, Salon 80, Salon 82, Salon 85 and Salon 95.

- r. Customer 3 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 3 had access to private gaming rooms at Star Qld, including the Salon 89, Salon 99, Salon 98, Salon 96, Salon 95, Salon 90, Salon 88, Salon 69, Salon 66, Salon 22, Pit 10, Pit 9, Pit 8, the Sovereign Room, the Club, the Club Conrad and the Suite.

- s. Customer 3 was closely associated with the Suncity junket which posed higher ML/TF risks;

Particulars

In June 2019, Star senior management held copies of a report prepared by the HKJC report, which alleged that the Suncity Group, Customer 1 and Customer 2 were connected to overseas organised crime syndicates.

In July 2019, Star became aware of open source media articles which reported that Customer 1, being the Suncity junket funder, was implicated in operating gaming platforms and facilitating underground banking and illegal gaming in a foreign country and had met with gaming officials in a foreign country in respect of those allegations.

From August 2019, Star was aware of allegations in Australian media articles against Customer 1, the funder of Customer 3's Suncity junkets, and his Suncity junket operations at another Australian casino.

By February 2021, Star were aware that the Bergin ILGA report had raised concerns regarding another Australian casino's relationship with Customer 1, the funder of Customer 3's Suncity junkets, in circumstances where it allowed Customer 1's Suncity junket business to operate a Suncity cash administration desk in a private gaming room.

By 1 December 2021, Star Sydney and Star Qld became aware that Customer 1, the funder of Customer 3's Suncity junket, had been arrested in an overseas country.

See Customer 1's risk profile.

- t. Star Sydney and Star Qld did not have adequate reason to believe that Customer 3's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6) received by Customer 3 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

On and from 23 August 2011, Star understood Customer 3 to be a manager, supervisor and hotline operator of Suncity.

By at least 2020, Star Sydney understood Customer 3's source of wealth and source of funds to be as a deputy director of Suncity.

By 29 September 2020, Star Sydney accessed information that suggested that Customer 3 had no significant personal wealth and was at a relatively low level in the Suncity hierarchy.

Star understood Customer 3 to be a director of a company with relatively low revenue.

Between 2017 and 2020, Customer 3's cumulative turnover at Star Sydney and Star Qld exceeded \$3 billion. In the same period, junkets operated by Customer 3 recorded a cumulative turnover exceeding \$12 billion. At no time was Star's understanding of Customer 3's source of wealth or source of funds commensurate with the extremely high value financial and gambling services that he received at Star Sydney and Star Qld. Star Sydney and Star Qld failed adequately to review, update and verify Customer 3's source of funds and source of wealth.

Instead, in considering Suncity's source of funds and source of wealth, Star Sydney and Star Qld focussed on Customer 1, being the junket funder, of the Suncity junket.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 3

914. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 3 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney or Star Qld with respect to Customer 3.
- a. On and from 30 November 2016, Customer 3 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 3's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 3 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 6 April 2014, Customer 3 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 26 September 2014, Customer 3 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 17 February 2020, Customer 3 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 3's transactions

915. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 3's transactions because:

- a. where Star Sydney or Star Qld conducted any transaction monitoring of transactions involving Customer 3, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713.

- b. Star Qld did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Suncity junkets operated by Customer 3 as turnover was recorded against Customer 3 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 3 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. the Customer 9 channels;

Particulars

See paragraph 441 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 3 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- f. Star Sydney and Star Qld provided designated services to Customer 3 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- g. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 3.

Particulars

Star senior management were not specifically informed of 64 large and suspicious cash incidents totalling \$19,867,778 involving Customer 3 between 27 December 2017 and 21 February 2020: See *Customer 3's risk profile*.

The review, update and verification of Customer 3's KYC information

- 916. Star Sydney and Star Qld did not review, update and verify Customer 3's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in rule 1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 3's business with Star Sydney and Star Qld, including the nature, extent and purpose of his transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 3's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 3's source of wealth and source of funds were not legitimate: see *Customer 3's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 3's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 3.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act and rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in rule 1.2.1 of the Rules.

In October 2017, Star obtained an external due diligence report in respect of Customer 3 which did not identify any adverse information in respect of Customer 3.

Failure to apply appropriate due diligence suited to Customer 3's high ML/TF risks

917. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 3 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 3; and
 - c. reviewing and updating Customer 3's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 3 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 3*.

ECDD triggers in respect of Customer 3

918. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 3 following any ECDD triggers in respect of Customer 3.

Particulars

Section 36(1)(a) and (b) of the Act.

919. Customer 3:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 2 May 2018 and 2 November 2020, Star Sydney gave the AUSTRAC CEO 31 SMRs with respect to Customer 3.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 22 August 2018 and 22 January 2020, Star Qld gave the AUSTRAC CEO seven SMRs with respect to Customer 3.

920. Each matter pleaded in paragraph 919 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

921. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 3 following an ECDD trigger because:

- a. on each occasion prior to 6 April 2022 that Star Sydney or Star Qld conducted ECDD in respect of Customer 3 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 3 and the provision of designated services to Customer 3 by Star Sydney and Star Qld, and to whether the ML/TF risks posed by Customer 3 were within Star Sydney's or Star Qld's ML/TF risk appetite;

Particulars

Rule 15.10 of the Rules.

See paragraph 810 above.

Between May 2018 and February 2019, Star Sydney's and Star Qld's due diligence records did not contain details of any ECDD in respect of Customer 3 despite that:

- a. in the same period, Suncity junkets operated by Customer 3 recorded a cumulative turnover of over \$5.1 billion; and
- b. from May 2018, Star Sydney allowed the Suncity junket operated by Customer 3 to operate a service desk in Salon 95, and was aware that Suncity staff were attempting to conceal large and suspicious cash transactions from Star Sydney: see paragraph 683.d above.

On various dates between 15 February 2019 and 25 March 2021, Star Sydney and Star Qld conducted ECDD in respect of Customer 3.

In September 2020, Star obtained an external due diligence report which found that:

- a. Customer 3 had no significant personal wealth and operated within Suncity at a 'low level';
- b. Customer 3 was the director of an Australian company together with an individual described in a previous enquiry as a director of Suncity operations in Australia; and
- c. there was no adverse information in respect of Customer 3.

After incidents that the Due Diligence Program Manager described as apparent money laundering activity at the Salon 95 Service Desk in 2018 (see paragraph 683.d above), no additional ECDD was conducted in respect of Customer 3 or any of his junket representatives. Other than giving SMRs to the AUSTRAC CEO, the AML/CTF team at Star took no other risk mitigation measures.

On 8 May 2020, the Due Diligence Program Manager finalised an ECDD review in respect of Suncity entities and associated VIP junket participants, including Customer 3. The report found that:

- a. Customer 3 was ultimately responsible for overseeing the internal probity of Suncity's Australian junkets;
- b. Customer 3 appeared to take little, if any, action to prevent suspicious AML/CTF related activity occurring at Salon 95 during 2018 and 2019; and
- c. that very little was known about Customer 3's antecedents.

In November 2020 and 7 January 2021, Star produced an updated ECDD profile in respect of Customer 3.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 3's higher ML/TF risks: see *Customer 3's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 3's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 3's source of wealth and source of funds were not legitimate: see *Customer 3's risk profile*.

However, it was not until 6 April 2022 that Star Sydney and Star Qld issued a WOL in respect of Customer 3.

- b. Customer 3 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- c. on any occasion prior to 6 April 2022 that Customer 3 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 3 and the provision of designated services to Customer 3 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810.

Between December 2019 and February 2020, the Suncity junket operated by Customer 3 was discussed at JRAMM and PAMMs.

The minutes of the meetings noted that:

- a. a customer had presented a large volume of foreign currency to deposit into Customer 3's account: see *Customer 3's risk profile* above;
- b. 'extensive' actions and due diligence had been completed, including by collecting a deed from the customer identifying where the funds originated;
- c. it was only after the source of funds was determined that they were accepted by Star; and
- d. Customer 3's risk rating would be raised to high.

On 7 August 2021, the Due Diligence Program Manager escalated Customer 3 to the AML/CTF Compliance Officer. The Due Diligence Program Manager conducted a holistic ECDD screening process of high-risk customers who were referenced during a recent inquiry and a July 2019 media broadcast. Despite the Bergin ILGA report findings, the Due Diligence Program Manager recommended that, with appropriate risk mitigation procedures, a business relationship with Customer 3 could be continued, noting that:

- a. Star had been engaged in a business relationship with Customer 3 since 2011 when he became Suncity's designated junket operator;
- b. in January 2013, Suncity's CEO, Customer 1, advised Star that Customer 3 was authorised to operate Customer 1's approved CCF;
- c. in May 2018, Star approved Suncity's VIP room at Star Sydney, Salon 95, which included the Suncity Service Desk. Strict risk mitigation and control measures were agreed

between Star and Suncity in respect of the operation of the service desk: see paragraph 689 above;

- d. shortly after the service desk commenced operation, an internal investigation was instigated when it became evident that Suncity staff were committing a 'myriad of transgressions' in contravention of the agreed Salon 95 service desk protocol;
- e. Customer 3 received two warning letters in May 2018 and June 2018 and was instructed to ensure that all junket representatives were aware of and complied with their obligations under the Salon 95 service desk protocol;
- f. Customer 3's management of Salon 95 was 'weak and somewhat ineffective', possibly due to his reliance on Sydney based junket representatives to oversee operations while he was in a foreign country;
- g. in July 2018, a money laundering investigation was conducted after it was suspected that Suncity staff in Salon 95 had engaged in money laundering related activities. No punitive action was taken against Customer 3;
- h. between 2012 and 2021, 41 SMRs were submitted in respect of Customer 3;
- i. the agreement between Customer 3 and Star expired on 30 June 2019;
- j. the Star had commissioned three external information reports in respect of Customer 3 in August 2013, October 2017 and September 2020. None of the reports identified adverse information in respect of Customer 3; and
- k. further ECDD screening process did not uncover any adverse information in respect of Customer 3.

On 11 August 2021, having considered the information provided by the Due Diligence Program Manager, the AML/CTF Compliance Officer determined to continue a business relationship with Customer 3.

In determining that a business relationship could be continued, the Due Diligence Manager and AML/CTF Compliance Officer did not have regard to:

- a. Customer 3's source of wealth (rule 15.10(2)(a) of the Rules);
and
- b. Customer 3's source of funds (rule 15.10(2)(b) of the Rules), having regard to the publicly available information suggesting that there were higher ML/TF risks as to their source of funds, being Customer 1: see *Customer 3's risk profile* above.

On 19 August 2021, Customer 3 was discussed at a JRAMM and a number of risk mitigation strategies were drafted. On 17 December 2021, the Chief Legal and Risk Officer and Group General Counsel agreed with the recommended strategies, being that:

- a. Customer 3 was required to attest to the source of funds, including evidence of the origin of funds, in respect of cash transactions;
- b. Star was to commission reliable external providers to provide updated background reports in respect of Customer 3 and his close associates;
- c. Customer 3 was required to provide an annual declaration of non-criminal or commercial status;
- d. Customer 3 was required to attend an interview with the AML/CTF Compliance Officer or delegated representative;
- e. Customer 3 was to be subject to ECDD on a more regular basis than once a year, at the discretion of the AML/CTF Compliance Officer; and
- f. an independent report was to be delivered to the AML/CTF Compliance Officer and the Chief Legal and Risk Officer for deliberation.

On 30 March 2022, the Group Manager, Due Diligence and Intelligence escalated Customer 3 to the AML/CTF Compliance Officer. The ECDD screening was substantially similar to the August 2021 screening and noted the additional strategies implemented in respect of Customer 3 as a result of the August 2021 JRAM meeting.

In addition, the screening noted that:

- a. in August 2021, Customer 1 was arrested in a foreign country;
- b. Customer 1 was suspected of operating a cross-border criminal gambling syndicate which arranged for foreign nationals to gamble at overseas casinos, facilitating cross-border capital transfer through the use of underground banks and arranging for foreign citizens to take part in cross-border online gambling activities contrary to law;
- c. Customer 1 had been issued with a WOL on 14 December 2021; and
- d. Customer 3 operated the Suncity junket at Salon 95 on behalf of Customer 1.

The Group Manager, Due Diligence and Intelligence recommended that Customer 3 be issued with a WOL.

On 6 April 2022, the AML/CTF Compliance Officer decided to cease Star's business relationship with Customer 3 and issue him with a

group-wide WOL. The AML/CTF Compliance Officer took cognisance of:

- a. the lack of adverse media available in respect of Customer 3;
- b. Customer 3's association with Customer 1;
- c. that Customer 3 posed a reputational risk to Star and the relationship had become unmanageable; and
- d. that he had been made aware on 5 April 2022 that the Executive Chair had decided immediately to cease to deal with Customer 3.

Contravention of s36 of the Act in respect of Customer 3

922. By reason of the matters pleaded from paragraphs 908 to 921 above, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 3 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rules 15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

923. By reason of the matters pleaded at paragraph 922, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 6 April 2022 with respect to Customer 3.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 4

924. Customer 4 was a customer of Star Sydney during the relevant period. Between 2016 and 2017, Star Sydney recorded turnover exceeding \$9 million for Customer 4.

Particulars

Customer 4 was a customer of Star Sydney from at least 21 January 2016.

925. Star Sydney provided Customer 4 with designated services within the meaning of tables 1 and 3, s6 of the Act during the relevant period including services as a junket player and junket operator of the Suncity junket. Between 2016 and 2017, Star Sydney recorded that junkets operated by Customer 4 had a turnover exceeding \$1.8 billion.

Particulars

On 21 January 2016, Star Sydney opened an FMA and SKA for Customer 4, both of which remain open (item 11, table 3, s6 of the Act).

See Customer 4's risk profile below.

926. Customer 4 was a customer of Star Qld during the relevant period. Between 2016 and 2017, Star Qld recorded turnover exceeding \$286 million for Customer 4.

Particulars

Customer 4 was a customer of Star Qld from at least 21 January 2016.

927. Star Qld provided Customer 4 with designated services within the meaning of tables 1 and 3, s6 of the Act during the relevant period including services as a junket player and junket operator of the Suncity junket. Between 2016 and 2017, Star Qld recorded that junkets operated by Customer 4 had a turnover exceeding \$370 million.

Particulars

By 22 January 2016, Star Qld opened an FMA and SKA for Customer 4, both of which remain open (item 11, table 3, s6 of the Act).

See Customer 4's risk profile below.

928. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 4.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 4's risk profile

929. On and from 30 November 2016, Customer 4, and the provision of designated services to Customer 4 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 4's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 4 had the following risk history:
- i. in 2016, Customer 4 was a junket operator for the Suncity junket, funded by Customer 1, who facilitated the provision of high value gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

Suncity agreements with Star Sydney

On 1 April 2016, Star Sydney entered into an agreement with Customer 1 as junket funder and Customer 4 as the junket operator. The agreement was signed by the Group CFO.

On 1 October 2016, Star Sydney entered into a further agreement with Customer 1 as junket funder and Customer 4 as the junket operator. The agreement was signed by the Group CFO.

Customer 4's junket activity at Star Sydney by 30 November 2016

In 2016, Customer 4 operated 44 junkets at Star Sydney, all of which were funded by Customer 1:

- a. the total cumulative turnover of junkets operated by Customer 4 was \$1,013,058,033 with losses of \$23,953,650;
 - b. Customer 4 operated junkets in private gaming rooms, including private gaming rooms that were exclusive to the junket;
 - c. Customer 4 had five junket representatives at Star Sydney; and
 - d. Customer 4 facilitated the provision of high value designated services to 97 junket players at Star Sydney, including foreign PEPs and players in respect of who Star Sydney had formed suspicions, such as Customer 42 and Customer 20.
- ii. in 2016, Customer 4 was a junket operator for the Suncity junket, funded by Customer 1, who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;

Particulars

In 2016, Customer 4 operated six junkets at Star Qld, all of which were funded by Customer 1:

- a. the total cumulative turnover of junkets operated by Customer 4 was \$150,728,078 with losses of \$7,800,322;
 - b. Customer 4 had two junket representatives at Star Qld; and
 - c. Customer 4 facilitated the provision of high value designated services to 5 junket players at Star Qld, including foreign PEPs and players in respect of who Star Qld had formed suspicions, such as Customer 20.
- iii. between 28 March 2016 and 17 November 2016, Customer 4 referred players to Star Sydney on 21 occasions;

Particulars

Between 28 March 2016 and 17 November 2016, Customer 4 referred players to Star Sydney on 21 occasions.

Customer 4 received a commission on amounts wagered by the referred customers, who Star Sydney dealt with directly.

- iv. between 14 February 2016 and 30 November 2016, Customer 4 referred players, including Customer 45, to Star Qld on 12 occasions; and

Particulars

Between 14 February 2016 and 30 November 2016, Customer 4 referred players, including Customer 45, to Star Qld on 12 occasions.

On each occasion, Customer 4 arranged for the referred player to attend Star Qld on a rebate program without Customer 4 or his junket representative being present.

Customer 4 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- v. Customer 4, and persons associated with his junket, transacted using large and suspicious amounts of cash at Star Sydney;

Particulars

TTRs

Between 15 February 2016 and 28 November 2016, Star Sydney gave the AUSTRAC CEO 31 TTRs totalling \$1,273,450:

- a. 26 TTRs detailing account withdrawals involving Customer 4 totalling \$1,070,450;
- b. one TTR detailing an account deposit involving Customer 4 totalling \$20,000; and
- c. four TTRs detailing chip and cash exchanges involving Customer 4 totalling \$183,000.

2016

On 7 November 2016, Customer 4's junket representative exchanged \$100,000 in chips for cash at Star Sydney. Star Sydney did not consider this to be unusual for a junket.

Customer 4's risk profile from 30 November 2016

- b. Customer 4 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. in 2016 and 2017, Customer 4 operated 109 Suncity junkets at Star Sydney, all of which were funded by Customer 1;

Particulars

Suncity agreements with Star Sydney

On 1 December 2016, Star Sydney entered into a further rebate and exclusive access agreement with Customer 1 as junket funder and Customer 4 as the junket operator, which gave Suncity special rebates for junket programs, exclusive access to Salon 96 and allowances for expenses. The agreement was signed by the Group CFO and was conditional on the Suncity junket achieving a minimum monthly turnover of \$50,000,000.

Junket activity

In the 2016 calendar year, Customer 4 operated the highest number of junket programs at Star Sydney.

In the 2017 calendar year, Customer 4 operated the highest number of junket programs at Star Sydney.

- ii. between 2016 and 2017, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 4 was \$1,855,852,054 with losses of \$35,516,047;

Particulars

Between 1 December 2016 and 31 December 2016, junkets operated by Customer 4 had turnover of \$45,389,864 with wins of \$847,600.

In 2017, junkets operated by Customer 4 had turnover of \$1,810,462,190 with losses of \$35,190,747.

In the 2017 calendar year, the turnover of junkets operated by Customer 4 was the fourth highest of all junkets operated at Star Sydney.

- iii. between 2016 and 2017, Star Sydney recorded a cumulative turnover of \$124,276,728 for Customer 4 as a junket player on their own Suncity junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2016 and 2017, total benefits of \$29,197,716 were payable to Customer 4 by Star Sydney in his capacity as a junket operator for the Suncity junket for rebates earned, percentages of earnings from revenue share programs and complimentary services;

Particulars

Customer 4 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2016, total benefits of \$10,731,223 were payable to Customer 4; and
- b. in 2017, total benefits of \$18,466,492 were payable to Customer 4.

- v. Customer 4 operated Suncity junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 4 operated junkets in non-exclusive private gaming rooms, including Pit 80, the Jade room and the Sovereign room.

Customer 4 operated junkets in exclusive private gaming rooms, including Salons 67, 73, 75, 77 83, 85, 86, 88, 89, 92, 95, 96, 97, 98 and 99.

- vi. Customer 4 had seven junket representatives at Star Sydney; and
- vii. Customer 4 and his junket representatives facilitated the provision of high value designated services to 141 junket players at Star Sydney including foreign PEPs and players in respect of whom Star Sydney had formed suspicions such as Customer 1, Customer 2, Customer 9, Customer 20, Customer 45, Customer 57;

Particulars

See paragraphs 643 to 649 above.

Between 2 January 2017 and 3 January 2017, Customer 57 attended one Suncity junket program operated by Customer 4 at Star Sydney.

Between 11 March 2017 and 26 March 2017, Customer 45 attended 11 Suncity junket programs operated by Customer 4 at Star Sydney.

Between 30 March 2017 and 4 April 2017, Customer 2 was recorded as a junket player on Suncity junket programs operated by Customer 4 at Star Sydney.

Between 26 January 2017 and 19 October 2017, Customer 20 attended four Suncity junket programs operated by Customer 4 at Star Sydney.

Between 6 September 2017 and 7 September 2017, Customer 1 and Customer 9 received designated services (table 3, s6) at Star Sydney as participants on Customer 4's Suncity junket program.

During this period, Star Sydney also provided Customer 1 with Star hotel accommodation, personal use of the Star Sydney yacht, dinners at restaurants in Sydney, golf bookings, with the Customer 4 Suncity junket also receiving benefits that could be used for hotel expenses based on trip turnover.

See particulars to paragraph 929.k.

- c. Customer 4 was a junket operator for the Suncity junket who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 2016 and 2017, Customer 4 operated 26 Suncity junket programs at Star Qld, all of which were funded by Customer 1;

Particulars

In the 2016 calendar year, Customer 4 operated the second highest number of junket programs at Star Gold Coast and the highest number of junket programs at Treasury Brisbane.

In the 2017 calendar year, Customer 4 operated the highest number of junket programs at Star Gold Coast and Treasury Brisbane.

- ii. between 2016 and 2017, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 4 was \$373,288,768 with losses of \$9,009,650;

Particulars

2016

Between 1 December 2016 and 31 December 2016, junkets operated by Customer 4 had turnover of \$3,896,219 with wins of \$457,500.

In the 2016 calendar year, the turnover of junkets operated by Customer 4 was the fifth highest of all junkets at Star Gold Coast, and the highest at Treasury Brisbane.

2017

In 2017, junkets operated by Customer 4 had recorded turnover of \$369,392,550 with losses of \$9,467,150.

In the 2017 calendar year, the turnover of junkets operated by Customer 4 was the ninth highest of all junkets at Star Gold Coast, and the highest at Treasury Brisbane.

- iii. between 2016 and 2017, Star Qld recorded a cumulative turnover of \$13,157,102 for Customer 4 as a junket player on their own Suncity junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2016 and 2017, total benefits of \$2,886,353 were payable to Customer 4 by Star Qld in their capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs and complimentary services;

Particulars

Customer 4 was entitled to benefits from Star Qld in his capacity as a junket operator:

- a. between 1 December 2016 and 31 December 2016, total benefits of \$31,020 were payable to Customer 4 at Treasury Brisbane and \$208,587 at Star Gold Coast; and
 - b. in 2017, total benefits of \$1,273,820 were payable to Customer 4 at Treasury Brisbane and \$1,372,923 at Star Gold Coast.
- v. Customer 4 had seven junket representatives at Star Qld; and
- vi. Customer 4 and his junket representatives facilitated the provision of high value designated services to 22 junket players at Star Qld including foreign PEPs and players in respect of whom Star Qld had formed suspicions;

Particulars

See paragraphs 643 to 649 above.

For example, in October 2017, Star Qld reviewed the play of a junket player on Customer 4 junket. Star Qld noted that the player had recorded losses of \$6,673,675 in October 2017 but had recorded no play in the previous two months. Star Qld considered the large losses and the unknown of source of funds to be suspicious: SMR dated 17 November 2017.

See particulars to paragraph 929.i.

- d. Customer 4 was recorded to be a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 2016 and 2017, Customer 4 was recorded to be a player on 11 junkets that they also operated;
 - ii. all of the junket programs were funded by Customer 1; and
 - iii. between 2016 and 2017, Star Sydney recorded turnover totalling \$9,507,862 with wins of \$125,385 for Customer 4's gaming activity on junket programs;
- e. Customer 4 was recorded to be a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 2016 and 2017, Customer 4 was recorded to be a player on 13 junkets that they also operated;
 - ii. all of the junket programs were funded by Customer 1; and
 - iii. between 2016 and 2017, Star Qld recorded turnover totalling \$286,471,040 with losses of \$1,054,895 for Customer 4's gaming activity on junket programs;
- f. designated services provided to Customer 4 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. between 2 January 2017 and 22 October 2017, Customer 4 referred players to Star Sydney on 22 occasions;

Particulars

Customer 4 received a commission on amounts wagered by the referred customers, who Star Sydney dealt with directly.

- h. between 11 March 2017 and 26 August 2017, Customer 4 referred players to Star Qld on 9 occasions;

Particulars

Customer 4 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- i. Customer 4 received financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2018, Star Sydney recorded individual rated turnover totalling \$10,353 for Customer 4.

Particulars

See paragraph 752 above.

In 2016, Customer 4's individual rated turnover was \$202.

In 2017, Customer 4's individual rated turnover was \$10,151.

- j. Customer 4 received financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2017, Star Qld recorded individual rated turnover totalling \$1,252 for Customer 4;

Particulars

See paragraph 752 above.

- k. Customer 4, and persons associated with his junket, transacted using large amounts of cash and cash that appeared suspicious amounts at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 29 December 2016 and 10 October 2017, Star Sydney gave the AUSTRAC CEO 53 TTRs in respect of Customer 4 totalling \$2,386,164:

- a. 40 TTRs detailing account withdrawals totalling \$1,925,810;
- b. one TTR detailing an account deposit totalling \$10,000;
- c. six TTRs detailing account withdrawals totalling \$180,950; and
- d. six TTRs detailing foreign currency exchanges totalling \$269,404.

Large and suspicious cash transactions in 2016

On 27 December 2016, Customer 4's junket representative withdrew \$116,000 in cash from Customer 4's FMA, on behalf of Customer 4, at Star Sydney.

Large and suspicious cash transactions in 2017

On 1 February 2017, Customer 4's junket representative withdrew \$100,000 in cash from Customer 4's FMA, on behalf of Customer 4, at Star Sydney.

On 15 March 2017, Customer 4's junket representative withdrew \$230,000 cash from Customer 4's FMA at Star Sydney. Twenty minutes later, the junket representative returned and deposited the cash into his own account. The junket representative then requested to withdraw the cash as chips. The junket representative did not record any gaming activity following the withdrawal: SMR dated 15 March 2017.

On 9 May 2017, Customer 4's junket representative withdrew \$200,000 in cash from Customer 4's FMA, on behalf of Customer 4, at Star Sydney.

On 6 July 2017, Customer 4's junket representative withdrew \$125,000 in cash from Customer 4's FMA at Star Sydney, placed the cash in a bag, then delivered it to a player on Customer 4's Suncity junket.

- I. Customer 4, and persons associated with his junket, transacted using large amounts of cash and cash that appeared suspicious at Star Qld;

Particulars

TTRs

Between 3 January 2017 and 16 October 2017, Star Qld gave the AUSTRAC CEO 11 TTRs detailing account withdrawals made by Customer 4 totalling \$841,850.

Large and suspicious cash transactions in 2017

On 2 January 2017, Customer 4's junket representative arrived at Star Qld with a junket group. There were five players on the junket group. However, Star Qld records showed that only two recorded any gambling activity. In a period of one hour, the junket representative made two cash withdrawals of \$208,700 and \$368,500 from Customer 4's account. Star Qld was not aware of the destination of the cash: SMR dated 4 January 2017.

On 5 January 2017, a player on Customer 4's junket requested that Star Qld exchange \$600,000 cash from \$100 notes to \$50 notes. The funds were sourced from chip cash outs made in the course of the program. Customer 4 told Star Qld the reason for the request was Australia's apparent phasing out of \$100 notes. Star Qld made enquires about this and passed this information on to Customer 4. But, the customer was adamant he wanted \$50 notes: SMR dated 6 January 2017.

On 6 January 2017, a player on Customer 4's junket arrived at the casino with \$500,000 cash in \$100 notes, which Star Qld exchanged to \$50 notes at the request of the customer. The customer recorded winnings of \$447,950: SMR dated 6 January 2017.

- m. the Suncity junket operated by Customer 4 had access to Salon 95 and other private gaming rooms at Star Sydney;

Particulars

See paragraph 929.b.v above.

See paragraph 679 above.

- n. on and from July 2019, Star was aware of the media reports alleging that Customer 1 and the Suncity junket posed higher ML/TF risks; and

Particulars

In July 2019, Star became aware of open source media articles which reported that Customer 1, being the junket funder of the Suncity junkets operated by Customer 4, was implicated in operating gaming platforms and facilitating underground banking and illegal gaming in a foreign country and had met with gaming officials in a foreign country in respect of those allegations.

From August 2019, Star was aware of allegations in Australian media articles against Customer 1, the funder of Customer 4's Suncity junkets, and his Suncity junket operations at another Australian casino: see *Customer 1's risk profile*.

By February 2021, Star were aware that the Bergin ILGA report had raised concerns regarding another Australian casino's relationship with Customer 1, the funder of Customer 4's Suncity junkets, in circumstances where it allowed Customer 1's Suncity junket business to operate a Suncity cash administration desk in a private gaming room: see *Customer 1's risk profile*.

By 1 December 2021, Star Sydney and Star Qld became aware that Customer 1, the funder of Customer 4's Suncity junkets, had been arrested in an overseas country: see *Customer 1's risk profile*.

- o. Star Sydney and Star Qld did not have adequate reason to believe that Customer 4's source of wealth and source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 4 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star Sydney and Star Qld recorded Customer 4's occupation as junket operator and junket representative.

At no time was Star's understanding of Customer 4's source of wealth or source of funds commensurate with the extremely high value financial and gambling services that he received at Star Sydney and Star Qld, including:

- a. Suncity junkets operated by Customer 4 had a turnover exceeding \$1.8 billion at Star Sydney between 2016 and 2017; and
- b. Suncity junkets operated by Customer 4 had a turnover exceeding \$370 million at Star Qld between 2016 and 2017.

During this period, front money for Suncity junket programs operated by Customer 4 at Star Sydney and Star Qld were drawn down from CCFs under Customer 1's name. From 2017, publicly accessible articles alleged that Customer 1 was connected to overseas

organised criminal syndicates and underground banking, and that his companies engaged in illegal proxy and online betting.

At no time did Star Sydney or Star Qld make appropriate enquiries with respect to Customer 4's source of wealth and source of funds in his personal capacity.

Instead, in circumstances where it did make any source of wealth or source of funds enquiries in connection with the Suncity junkets operated by Customer 4, Star Sydney and Star Qld focused on Customer 1, the junket funder of the Suncity junket: see *Customer 1's risk profile*.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 4

930. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 4 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 4.
- a. On and from 30 November 2016, Customer 4 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 4's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 4 rated high risk for the purpose of the Act and Rules by Star Sydney or Star Qld.

Particulars

See paragraph 110 above.

On 1 February 2016, Customer 4 was rated low, not being high risk for the purpose of the Act and Rules.

On 2 February 2017, Customer 4 was rated medium, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 4's transactions

931. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 4's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 4, Star Sydney's and Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 4 through the junket channel; and

Particulars

See paragraph 783 above.

- d. Star Sydney and Star Qld provided designated services to Customer 4 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 4's KYC information

- 932. Star Sydney and Star Qld did not review, update and verify Customer 4's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 4's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 4's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 4's source of wealth and source of funds were not legitimate: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 4*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 4's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 4.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act and rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 4's high ML/TF risks

- 933. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 4 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 4; and
 - c. reviewing and updating Customer 4's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 4 at a time before the date of the ECDD triggers below: see *ECDD triggers in respect of Customer 4*.

ECDD triggers in respect of Customer 4

- 934. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 4 following an ECDD trigger.

Particulars

Section 36(1)(a) and (b) of the Act.

- 935. Customer 4:
 - a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 6 January 2017, Star Sydney gave the AUSTRAC CEO one SMR with respect to Customer 4.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 4 January 2017 and 17 November 2017, Star Qld gave the AUSTRAC CEO three SMRs with respect to Customer 4.

- 936. Each matter pleaded in paragraph 935 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

937. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 4 following an ECDD trigger because:
- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 4 in response to an ECDD trigger, they each failed to give appropriate consideration to the ML/TF risks posed by Customer 4 and the provision of designated services to Customer 4 by Star Sydney and Star Qld, and to whether the ML/TF risks posed by Customer 4 were within Star Sydney's and Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 809 above.

From 30 November 2016 to 8 May 2020, Star Sydney and Star Qld did not conduct ECDD in respect of Customer 4 following an ECDD trigger.

It was not until 8 May 2020 that Star Sydney and Star Qld conducted ECDD in respect of Customer 4 as part of the Suncity ECDD review prompted by the Bergin ILGA inquiry, which considered individuals associated with the Suncity junket, including Customer 4. The report identified that Customer 4 was a 'junket representative' and had been rated low risk, and that no adverse information had been identified following a review of Star's due diligence holdings and media searches.

Star did not conduct any further ECDD on Customer 4 as part of subsequent ECDD conducted into Customer 1, the funder of the Suncity junkets, and other Suncity associates, including the due diligence report prepared by the Group Manager Due Diligence & Intelligence in January 2021, or the Project Congo – High Risk Customer Review, which considered Customer 1 along with other customers, against Star's new ECDD methodology.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 4's higher ML/TF risks, including in circumstances where:

- a. Customer 4 was directly involved in Suncity junket operations at Star Sydney and Star Qld;
- b. between 2016 and 2017, the Suncity junkets operated by Customer 4 were funded by a third party, Customer 1, with recorded turnover exceeding \$2 billion at Star Sydney and Star Qld; and

- c. Customer 4 was connected to Customer 1, who funded the Suncity junket programs operated by Customer 4. From 2017, publicly accessible articles alleged that Customer 1 was connected to overseas organised criminal syndicates and underground banking, and that his companies engaged in illegal proxy and online betting: see *Customer 4's risk profile*.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 4's source of funds or source of wealth. At all times, Star Sydney and Star Qld recorded Customer 4's occupation as junket operator or junket representative, and was aware that the front money funds utilised by the Suncity junket programs operated by Customer 4 came from a third party, Customer 1.

By reason of the matters set out above, there were real risks that Customer 4's source of wealth and source of funds were not legitimate: see *Customer 4's risk profile*.

- b. Customer 4 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- c. on any occasion that Customer 4 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 4 were within Star Sydney or Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

From 30 November 2016 to 8 May 2020, Star's due diligence records do not indicate that senior management specifically considered the ML/TF risks posed by Customer 4.

On 8 May 2020, the Suncity ECDD report prepared by the Due Diligence Program Manager was provided to the Chief Legal and Risk Officer, and copied to General Counsel Corporate and the AML/CTF Compliance Officer.

See particulars to paragraph 937.a above.

Contravention of s36 of the Act in respect of Customer 4

- 938. By reason of the matters pleaded from paragraphs 924 to 937, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 4 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

939. By reason of the matters pleaded at paragraph 938, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 4.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 5

940. Customer 5 was a customer of Star Sydney during the relevant period. Between 2017 and 2020, Star Sydney recorded turnover exceeding \$3.5 billion for Customer 5.

Particulars

Customer 5 was a customer of Star Sydney from at least 12 November 2010.

On 14 April 2022, Star Sydney issued a WOL in respect of Customer 5.

941. Star Sydney provided Customer 5 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket funder and a junket player. Between 2017 and 2020, Star Sydney recorded that junkets funded by Customer 5 had a turnover exceeding \$11 billion.

Particulars

On 12 November 2010, Star Sydney opened an FMA and SKA for Customer 5 which remain open (item 11, table 3, s6 of the Act).

Between 31 January 2011 and 23 September 2019, Star Sydney approved CCFs for Customer 5 on nine occasions with a facility limit ranging from \$3,330,000 to \$166,670,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel and the Customer 9 channels, which it made available to Customer 5 (items 31 and 32, table 1, s6 of the Act).

See Customer 5's risk profile below.

942. Customer 5 was a customer of Star Qld during the relevant period. Between 2017 and 2020, Star Qld recorded turnover exceeding \$3 billion for Customer 5.

Particulars

Customer 5 was a customer of Star Qld from at least 15 July 2012.

On 14 April 2022, Star Qld issued a WOL in respect of Customer 5.

943. Star Qld provided Customer 5 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket funder and a junket player. Between 2017 and 2020, Star Qld recorded that junkets funded by Customer 5 had a turnover exceeding \$11.6 billion.

Particulars

On 15 July 2012, Star Qld opened an FMA for Customer 5 which remains open (item 11, table 3, s6 of the Act).

On 30 June 2018, Star Qld opened an SKA for Customer 5 which remains open (item 11, table 3, s6 of the Act).

Between 31 January 2011 and 23 September 2019, Star Qld approved CCFs for Customer 5 on nine occasions with a facility limit ranging from \$16,670,000 to \$166,670,000 (item 6, table 1, s6 of the Act).

See Customer 5's risk profile below.

944. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 5.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 5's risk profile

945. On and from 30 November 2016, Customer 5, and the provision of designated services to Customer 5 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 5's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 5 had the following risk history:
- i. Customer 5 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs. Between 7 July 2015 and 7 October 2015, Customer 5 was a player on four junkets at Star Sydney operated by three different operators, including Customer 28;

Particulars

By 30 November 2016, Customer 5's turnover on junket programs was \$1,448,655,000 with wins of \$18,005,000.

- ii. on 31 January 2011, Star Sydney provided Customer 5 with a significant amount of credit upon request, up to limits of \$16,670,000;

Particulars

See paragraphs 516 to 518 and 552 above.

- iii. on 30 September 2011, Star Qld provided Customer 5 with a significant amount of credit upon request, up to limits of \$3,330,000;

Particulars

See paragraphs 516 to 518 and 552 above.

- iv. by October 2014, Star Sydney was aware that Customer 5 was reportedly detained in a foreign country for alleged involvement in money laundering;

Particulars

On 20 October 2014, the AML/CTF Administrator sent the Due Diligence Program Manager a risk intelligence search relating to Customer 5.

The search identified that Customer 5 had reportedly been detained in a foreign country for alleged involvement in money laundering. The General Counsel Corporate understood that Customer 5 had been detained in November 2012 and released without charge in early 2013.

As a result, a Star employee determined that Customer 5's risk rating should be increased to high and that due diligence should be undertaken in respect of him. However, it was not until 1 November 2019 that Customer 5 was rated high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 5* below.

- v. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 5 by remitting large amounts of money into and out of the casino environment via his account; and

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 21 March 2011 and 22 October 2012, Star Sydney gave the AUSTRAC CEO 14 incoming IFTIs totalling \$25,577,562 where Customer 5 was named as the beneficiary. The funds were used to redeem Customer 5's CCF or were deposited into his FMA or SKA. More than \$11 million worth of the reported transactions listed third parties, including companies, as the ordering customer.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraphs 281 and 327 above.

On 3 March 2015, Customer 5 instructed Star Sydney to transfer \$750,000 to another Australian casino and \$1,684,815 to a foreign bank account from his SKA. The transfers were made on behalf of Customer 29, who was a junket player at Star Sydney and Star Gold Coast.

Between 6 July 2016 and 26 August 2016, Star Sydney sent three telegraphic transfers totalling \$8,096,257 from Customer 5's account to another Australian casino.

Each of the above transactions was conducted through the Star Patron account channel.

- vi. Customer 5 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

On 21 February 2014 and 12 October 2015, Star Sydney gave the AUSTRAC CEO two TTRs detailing incoming payments to Customer 5 totalling \$165,000.

Between 9 February 2011 and 13 October 2015, Star Sydney gave the AUSTRAC CEO 16 TTRs detailing outgoing payments from Customer 5 totalling \$1,623,800 which comprised:

- a. \$530,000 in account withdrawals; and
- b. \$1,093,800 in chip cash outs.

Customer 5's risk profile from 30 November 2016

- b. Customer 5 was a foreign PEP;

Particulars

See paragraph 115 above.

Customer 5 was a member of an international organisation.

- c. Customer 5 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
 - i. between 24 January 2017 and 9 March 2020, Customer 5 provided more than \$829 million in funding for 114 junkets at Star Sydney;

Particulars

At Star Sydney, Customer 5 funded 114 junkets totalling \$829,436,622 for Customer 6.

In 2017, 2018, 2019 and 2020, Customer 5 was one of the top ten junket funders by number of junkets funded, and amount of funding provided, at Star Sydney.

Customer 5 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

- ii. Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 5 between 2017 and 2020 was \$11,813,851,614 with losses of \$124,629,437;

Particulars

In 2017, junket programs funded by Customer 5 had a turnover of \$3,697,495,881 with losses of \$19,200,216.

In 2018, junket programs funded by Customer 5 had a turnover of \$4,362,169,223 with losses of \$107,463,777.

In 2019, junket programs funded by Customer 5 had a turnover of \$1,303,100,362 with wins of \$12,567,856.

In 2020, when COVID-19 pandemic closures commenced, the turnover of junkets funded by Customer 5 remained high.

In 2020, junket programs funded by Customer 5 had a turnover of \$2,451,086,138 with losses of \$10,851,045.

- iii. between 9 December 2016 and 23 September 2019, Star Sydney provided Customer 5 with significant amounts of credit upon request, up to limits of \$166,666,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 9 December 2016, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a single trip CCF limit of \$50,000,000 for Customer 5.

In January 2017, when considering a further CCF for Customer 5, the General Manager, Credit and Collections advised the Chief Executive Officer and the Chief Financial Officer of 'pitfalls' in respect of Customer 5. The Chief Executive Officer and the Chief Financial Officer indicated that they were willing to proceed with their 'eyes open' and proceeded to approve a further single trip CCF limit of \$50,000,000 for Customer 5.

On 4 April 2017, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanent active CCF limit of \$50,000,000 for Customer 5 which was not deactivated. Star indicated that the reason that the CCF was a permanent active CCF rather than a single trip CCF was to ensure credit worthiness.

On 22 September 2017, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer approved a single trip CCF with a facility limit of \$93,670,000 for Customer 5. This

CCF limit was increased in part to allow a major junket player, Customer 78, to gamble at Star Sydney.

On 26 September 2017, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer approved a single trip CCF with a facility limit of \$94,330,000 for Customer 5.

On 16 November 2017, Star Sydney senior management including the Chief Executive Officer approved a permanent active CCF with a facility limit of \$166,666,000 for Customer 5, which was deactivated on 18 July 2019. On 17 November 2017, the CCF proposal was circulated to the Star directors. By 18 November 2017, each of the six directors had provided their approval of the permanent active CCF limit of \$166,666,000 for Customer 5.

On 22 July 2019, Star Sydney approved a single trip CCF with a facility limit \$166,666,000 for Customer 5, which was deactivated on 20 September 2019.

On 23 September 2019, Star Sydney approved a single trip CCF with a facility limit of \$166,666,000 for Customer 5, which was deactivated on 6 June 2020.

On 17 October 2019, Customer 5 was approved by EEIS for permanent access to EEIS' CCF, including for use at Star Sydney, with a facility limit of \$166,666,667: see paragraph 945.m below.

- iv. the junkets funded by Customer 5 had six junket representatives;
- v. in 2017, Customer 5 and Customer 6 entered into junket rebate agreements with Star Sydney and Star Qld for junket programs operated by Customer 6 and funded by Customer 5; and

Particulars

On 23 January 2017, Customer 5 and Star signed a 'Program Umbrella Agreement' term sheet which provided that:

- a. during the term of the agreement, being 12 months, Customer 6 would nominate one of two rebate program alternatives, being a rebate on the gross win/loss or a rebate on non-negotiable turnover, for each program;
- b. Star would provide to Customer 5 a CCF with a maximum exposure of \$15,000,000;
- c. where Customer 6 chose to operate a program on the basis of receiving a rebate on gross win/loss, Customer 5's CCF would have a maximum drawdown value of \$50,000,000 however Star's exposure would remain at \$15,000,000;
- d. cash out to a maximum of \$300,000 per trip would be provided to Customer 6; and

- e. a single return flight from a foreign country would be provided free of charge where non-negotiable turnover from a single trip exceeds \$100,000,000.
- vi. the junkets funded by Customer 5 facilitated the provision of high value designated services to junket representatives and at least 180 junket players including foreign PEPs and players in respect of whom Star Sydney had formed suspicions such as Customer 45, Customer 29, Customer 42 and Customer 5 himself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

See *Customer 29's risk profile*, *Customer 42's risk profile* and *Customer 45's risk profile*.

See paragraph 945.e below.

- d. Customer 5 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;
 - i. between 9 October 2017 and 1 March 2020, Customer 5 provided more than \$441 million in funding for 35 junkets at Star Qld;

Particulars

At Star Qld, Customer 5 funded 35 junkets totalling \$441,595,000 for Customer 6.

In 2018, 2019 and 2020, Customer 5 was one of the top ten junket funders by number of junkets funded at Star Gold Coast.

In 2017, 2018, 2019 and 2020, Customer 5 was one of the top ten junket funders by amount of funding provided at Star Gold Coast.

In 2019, Customer 5 was one of the top ten junket funders by number of junkets funded and amount of funding provided at Treasury Brisbane.

Customer 5 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Qld.

- ii. Star Qld recorded that the total cumulative turnover of junkets funded by Customer 5 between 2017 and 2020 was \$11,696,083,334 with losses of \$18,080,718;

Particulars

In 2017, junket programs funded by Customer 5 had a turnover of \$82,130,230 with losses of \$1,111,978.

In 2018, junket programs funded by Customer 5 had a turnover of \$1,454,448,294 with losses of \$42,513,465.

In 2019, junket programs funded by Customer 5 had a turnover of \$7,211,674,210 with losses of \$17,838,225.

In 2020, when COVID-19 pandemic closures commenced, the turnover of junkets funded by Customer 5 remained high.

In 2020, junket programs funded by Customer 5 had a turnover of \$2,947,830,600 with wins of \$43,382,950.

- iii. between 22 July 2019 and 23 September 2019, Star Qld provided Customer 5 with significant amounts of credit upon request, up to limits of \$166,666,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 22 July 2019, Star Qld approved a single trip CCF limit of \$166,666,000 for Customer 5, which was deactivated on 20 September 2019.

On 23 September 2019, Star Qld approved a single trip CCF limit of \$166,666,000 for Customer 5, which was deactivated on 6 June 2020.

On 17 October 2019, Customer 5 was approved by approved by EEIS for permanent access to EEIS' CCF, including for use at Star Qld, up to a limit of \$166,666,667: see paragraph 945.m below.

- iv. the junkets funded by Customer 5 had ten junket representatives, including Customer 29;
- v. on various occasions, Customer 5 and Customer 6 entered into junket rebate agreements with Star Sydney and Star Qld for junket programs operated by Customer 6 and funded by Customer 5; and

Particulars

See paragraph 945.c.v above.

- vi. the junkets funded by Customer 5 facilitated the provision of high value designated services to junket representatives and at least 65 junket players including foreign PEPs and players in respect of whom Star Sydney had formed suspicions such as Customer 29, Customer 42 and Customer 5 himself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

For example, on 27 December 2017, Customer 5 provided \$10,000,000 in front money to a junket player, Person 28, on Customer 6's junket. Person 28 was identified by Star Qld to have served a sentence of imprisonment in a foreign country for corruption: SMR dated 29 December 2017.

See *Customer 29's risk profile* and *Customer 42's risk profile*.

See paragraph 945.f below.

- e. Customer 5 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

- i. between 13 April 2017 and 9 March 2020, Customer 5 was a player on 24 junkets at Star Sydney operated by Customer 6;
- ii. each of the junkets was funded by Customer 5; and
- iii. between 13 April 2017 and 9 March 2020, Star Sydney recorded high and escalating turnover totalling \$3,575,128,391 with wins of \$9,144,809 for Customer 5's gaming activity on junket programs;

Particulars

In 2017, Customer 5's turnover on junket programs was \$1,361,628,686 with wins of \$20,525,960.

In 2018, Customer 5's turnover on junket programs was \$961,236,355 with losses of \$19,770,151.

In 2019, Customer 5's turnover on junket programs was \$105,184,950 with wins of \$3,011,000.

In 2020, when COVID-19 pandemic closures commenced, Customer 5's junket turnover remained high.

In 2020, Customer 5's turnover on junket programs escalated to \$1,147,078,400 with wins of \$5,378,000.

- f. Customer 5 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 21 August 2018 and 5 February 2020, Customer 5 was a player on six junkets at Star Qld operated by Customer 6;

Particulars

In 2019 and 2020, Customer 5 was one of the top ten junket players by amount of turnover at Star Gold Coast.

- ii. each of the junkets was funded by Customer 5; and
- iii. between 21 August 2018 and 5 February 2020, Star Qld recorded high and escalating turnover totalling \$3,068,573,950 with wins of \$41,525,000 for Customer 5's gaming activity on junket programs;

Particulars

In 2018, Customer 5's turnover on junket programs was \$38,012,000 with losses of \$4,815,000.

In 2019, Customer 5's turnover on junket programs escalated to \$425,402,900 with losses of \$12,420,000.

In 2020, when COVID-19 pandemic closures commenced, Customer 5's junket turnover remained high.

In 2020, Customer 5's turnover on junket programs escalated to \$2,605,159,050 with wins of \$58,760,000.

- g. designated services provided to Customer 5 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- h. Customer 5 was connected to other customers at Star Sydney and Star Qld, including players who posed higher ML/TF risks and who Star Sydney and Star Qld considered had acted suspiciously such as Customer 100;

Particulars

In June 2020, Customer 100 provided a \$2,800,000 cheque drawn down from his business, Company 5, to Star for the purpose of repaying Customer 5's EEIS loan. The cheque was not cashed and in July 2020 Star received freezing orders in respect of Customer 100 and his company.

In July 2020, open sources reported proceedings in an Australian court that related to Customer 100 and his companies, which found that Customer 100 engaged in improper conduct and that the conduct of his companies had been dishonest and evasive.

- i. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 5 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

On 23 April 2019, a third party acting on behalf of Customer 5 deposited a total of \$419,515 into the EEIS Patron accounts, which Star Sydney made available to Customer 5 through the EEIS remittance channel.

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 25 April 2018 and 25 October 2018, deposits through the Customer 9 channels totalling AU\$12,036,573 and HKD13,458,536 were made available by Star Sydney to Customer 5's account.

Other remittances involving third parties

See paragraphs 278 and 327 above.

See paragraph 455.

On or about late March 2018, Customer 5 used an overseas remittance service provider, Company 11, to repay an outstanding CCF of \$3,200,000.

Customer 5 did not want Star Sydney to bank a cheque against his personal bank account as this 'would have had serious ramifications to Customer 5 with his bankers as has done to him in the past'. On or around 29 March 2018, Star Sydney received \$3,268,080 which it made available to Customer 5's SKA.

Customer 5 subsequently engaged the overseas remittance service provider, Company 11, on or around 3 April 2018 for the deposit of approximately \$4,917,387. Funds were received by Star Sydney to Customer 5 in three transfers each of \$1,600,000, and made available to Customer 5's primary SKA.

Each of the above transactions was conducted through the Star Patron account channel.

These transfers were made by a third party company from an overseas bank.

The funds were applied by Star Sydney to redeem Customer 5's CCF.

Other remittances into the casino environment

See paragraph 327 above.

Between 25 January 2017 and 24 March 2020, Star Sydney received at least 21 telegraphic transfers totalling \$42,987,514, each of which was made available to Customer 5's account.

Between 13 April 2017 and 29 March 2018, Star Sydney gave the AUSTRAC CEO two incoming IFTIs totalling \$3,936,617 where Customer 5 was named as the ordering customer and beneficiary. The funds were deposited into Customer 5's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 27 February 2018 and 13 February 2020, Star Sydney sent six telegraphic transfers totalling \$10,223,263 from Customer 5's FMA to Australian bank accounts.

Between 9 August 2017 and 14 November 2017 Star Sydney sent two telegraphic transfers totalling \$8,834,879 from Customer 5's account to overseas bank accounts.

On 19 February 2019 and 5 March 2020, Star Sydney sent two telegraphic transfers totalling \$4,714,904 from Customer 5's FMA to another Australian casino.

Between 11 February 2020 and 19 February 2020, Star Sydney gave the AUSTRAC CEO three outgoing IFTIs totalling \$13,502,363 where Customer 5 was named as the ordering customer and beneficiary. Of

these funds, \$3,500,000 was a program settlement and the remaining was withdrawn from Customer 5's Star Sydney account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 26 August 2019 and 2 March 2020, Star Sydney received four transfers totalling \$8,589,069 from Star Qld, each of which was made available to Customer 5's account.

Between 19 October 2017 and 15 July 2019, Star Sydney sent seven transfers totalling \$3,771,936 from Customer 5's account to Star Qld.

- j. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 5 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances involving third parties

See paragraphs 278 and 327 above.

On 9 November 2018, Star Qld received 14 telegraphic transfers totalling \$4,567,500 which it made available to Customer 5's account. The telegraphic transfers were facilitated by a foreign bank and sent by two third party company accounts overseas.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances into the casino environment

See paragraph 327 above.

For example, on 13 November 2018, Star Qld received a telegraphic transfer totalling \$1,000,000, which it made available to Customer 5's account at Star Gold Coast.

On 25 October 2019, Star Qld gave the AUSTRAC CEO an incoming IFTI totalling \$5,000,000 where Customer 5 was named as the ordering customer and the beneficiary. The funds were deposited into Customer 5's FMA, with Star Qld noting that it was 'yet to be advised who will be using' the funds.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

For example, on 28 February 2020, Star Qld gave the AUSTRAC CEO an outgoing IFTI totalling \$70,000,000 where Customer 5 was named as the customer.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 27 March 2018 and 16 July 2019, Star Qld received 12 transfers totalling \$29,566,234 from Star Sydney, each of which was made available to Customer 5's FMA and SKA at Star Gold Coast. At least \$2,510,264 of these funds were transferred for the purpose of redeeming outstanding CCFs.

Between 15 November 2018 and 2 March 2020, Star Qld facilitated five transfers totalling \$10,265,113, from Customer 5's FMA at Star Gold Coast to Star Sydney.

- k. Star Sydney was aware that:
- i. Customer 5 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;
 - ii. Customer 5, and persons associated with his junket activity, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above

Between 20 October 2017 and 13 February 2020, Star Sydney gave the AUSTRAC CEO 11 TTRs detailing incoming payments to Customer 5 totalling \$1,530,000 which comprised:

- a. \$550,000 in account deposits; and
- b. \$980,000 in chip exchanges.

Between 9 October 2017 and 4 March 2020, Star Sydney gave the AUSTRAC CEO 16 TTRs detailing outgoing payments from Customer 5 totalling \$2,161,851 which comprised:

- a. \$2,095,430 in account withdrawals;
- b. \$50,000 in chip cash outs; and
- c. \$16,421 in foreign currency exchanges.

On 17 October 2017, Customer 6's junket representative, Person 14, withdrew \$500,000 in cash from Customer 5's SKA at Star Sydney. On 19 October 2017, Person 14 deposited the same cash back into Customer 5's SKA.

On 22 February 2018, Customer 5 exchanged \$100,000 in cash for chips at Star Sydney. The cash comprised \$100 notes and had been withdrawn by Customer 6's junket representative, Person 14, shortly before the transaction. Person 14 had cashed out \$310,000 in total for Customer 6's junket over the previous days.

On 28 February 2018, Customer 5 purchased \$100,000 of chips at Star Sydney, which he used for gaming activities.

On 13 August 2018, Customer 6's junket representative, Person 14, withdrew \$100,000 from Customer 5's SKA for a program settlement.

Between 16 August 2018 and 19 August 2018, Customer 6's junket representative, Person 14, who had authority to transact on Customer 5's account, withdrew \$700,000 in cash from Customer 5's account.

The majority of those funds had been which had been received via telegraphic transfers from a money remitter, Company 1, into Customer 5's Star Sydney account. Person 14 withdrew a further \$200,000 from Customer 5's account on the same day: SMRs dated 20 August 2018.

In December 2019, Customer 5 played on Customer 6's junket at Star Sydney. Star Sydney recorded a turnover for Customer 5 of \$15,285,300 with a win of \$4,911,000. \$350,000 in cash was withdrawn from Customer 6's account and given to Customer 5, who was observed by Star Sydney to give the cash to another Star Sydney customer. That customer proceeded to purchase \$330,000 in chips and gave the chips to multiple other persons in order to 'settle poker debts with his friends'. Star Sydney was unaware of any link between Customer 5 and the customer or the customer and Customer 6's junket: SMR dated 30 December 2019.

In February 2020, Customer 6's junket representative, Person 14, made two cash withdrawals of \$200,000 and \$300,000 respectively from the Customer 6's account at Star Sydney and deposited the cash into Customer 5's account. On each occasion, Person 14 also withdrew \$150,000 and \$300,000 respectively in chips from Customer 6's account for Person 14's use. Star Sydney considered the large cash transactions to be suspicious: SMR dated 10 February 2020.

- I. Customer 5, and persons associated with his junket activity, transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 20 October 2017 and 13 February 2020, Star Qld gave the AUSTRAC CEO four TTRs detailing incoming payments to Customer 5 totalling \$159,800 which comprised:

- a. \$100,000 in account deposits;

- b. \$10,000 in cash exchanges; and
- c. \$49,800 in chip exchanges.

Between 25 January 2019 and 2 August 2019, Star Qld gave the AUSTRAC CEO three TTRs detailing outgoing payments from Customer 5 totalling \$225,820 which comprised:

- a. \$100,000 in account withdrawals; and
- b. \$125,820 in chip cash outs.

In August 2018, Customer 5 was the sole junket player on Customer 6's junket at Star Qld. Customer 5 had front money totalling \$5,000,000 and, by 22 August 2018, had lost \$4,800,000. Customer 6's junket representative cashed out \$100,000 in chips. Star Qld was unaware of whether the cash was paid to Customer 5 or retained by the junket representative: SMR dated 22 August 2018.

On 23 November 2018, Customer 6's junket representative, Person 14, presented at Star Sydney with a bank cheque dated 1 November 2018 for \$1,000,000. The funds were for the further credit of Customer 5 at Star Qld. The cheque was deposited at Star Sydney.

Star Qld believed that the funds would be used to redeem an outstanding cheque from a previous premium group. Star Qld was not aware of which group of players the funds related to: SMR dated 13 November 2018.

- m. Star Sydney and Star Qld made large amounts of money available to Customer 5 through EEIS loans (items 31 and 32, table 1, s6 of the Act);

Particulars

See paragraph 485 and 491.

Approval of the EEIS loan

On 8 October 2019, Customer 5 became a customer of EEIS.

On 17 October 2019, final approval was received for EEIS to offer the loan of \$166,666,667 to Customer 5. The loan was approved on a permanent active basis across all properties, meaning that a single loan approval allowed for multiple drawdown notices relating to junkets. Customer 5 could use four of his accounts to draw down on the EEIS loan.

Customer 5's utilisation of the EEIS loan

Between 22 December 2019 and 7 March 2020, Customer 5 drew down from his EEIS loan at Star Sydney on 23 occasions totalling \$122,333,333. On each occasion, the drawdown was in a foreign currency which was exchanged to Australian dollars. On 5 June 2020, an outstanding debt of \$11,299,665 became payable by Customer 5 in respect of two EEIS drawdowns. However, on 30 June 2021, Star Sydney approved the write-off of that balance.

Between 9 January 2020 and 26 February 2020, Customer 5 drew down from his EEIS loan at Star Qld on eight occasions totalling \$73,000,000. On each occasion, the drawdown was in a foreign currency which was exchanged to Australian dollars.

EEIS understood that Customer 5 and Customer 6 had a business relationship over many years. On each occasion, the drawdowns were used to fund Customer 6's junket:

- a. between 22 December 2019 and 7 March 2020, Customer 5 used drawdowns from his EEIS loan, which Star Sydney made available to his accounts, to fund 16 junkets at Star Sydney operated by Customer 6; and
- b. between 25 June 2019 and 26 February 2020, Customer 5 used drawdowns from his EEIS loan, which Star Qld made available to his accounts, to fund eight junkets at Star Gold Coast operated by Customer 6.

Customer 5's repayment of the EEIS loan

As at 13 April 2022, Customer 5 owed \$12,023,340 to EEIS.

Between February 2020 and July 2020, Customer 5 made repayments to EEIS totalling \$36,476,575:

- a. on 6 February 2020 for \$485,500;
 - b. on 13 February 2020 for \$1,287,210;
 - c. on 2 March 2020 for \$4,724,140;
 - d. on 9 June 2020 for \$1,771,373;
 - e. on 25 June 2020 for \$432,959; and
 - f. on 31 July 2020 for \$27,775,392.
- n. Customer 5 requested that Star Sydney prepare letters purportedly confirming his winnings;

Particulars

See paragraphs 337 and 338 above.

On 3 January 2020 and 10 February 2020, Star Sydney issued letters of comfort purportedly confirming Customer 5's winnings of \$4,911,000 and \$11,600,000 respectively.

- o. in 2018, 2019 and 2020, Customer 5 was the subject of law enforcement enquiries at Star;

Particulars

On July 2018, Star Qld received a request from a law enforcement agency.

On 2 August 2018, Star Qld received a request from a second law enforcement agency for assistance, which Star Qld provided.

On 25 January 2020, the Group Investigations Manager advised Star Sydney that he had been contacted by a law enforcement agency in respect of Customer 5.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- p. Customer 5 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 5 had access to private gaming rooms at Star Sydney, including Harbours Salons, Rivers Salons, Lakes Salons and Springs Salons.

- q. Customer 5 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 5 had access to private gaming rooms at Star Qld, including the Sovereign Room, Salon 99, Salon 96, Salon 90, Salon 89, Salon 88, Salon 66 and Pit 8.

- r. by at least February 2020, Star Sydney and Star Qld received information that Customer 5 and Customer 21, both funders of the Customer 6 junket, used junkets operated by Customer 6 to engage in money laundering at casinos;

Particulars

In February 2020, Star updated Customer 6's profile and noted that there was uncorroborated information suggesting that Customer 6's principal financiers, including Customer 5 and Customer 21, potentially utilised Customer 6's association with a well-known international junket group, Company 2, to launder money through casinos.

- s. in 2022, an independent auditor investigated information holdings of Star in respect of Customer 5 and found that:

- i. although adverse media linking Customer 5 to alleged money laundering operations was publicly available from 2012, Star nevertheless continued to do business with Customer 5, and to increase his CCF limit, years after this information became available;
- ii. Star was aware that Customer 5 used another patron to launder money through casinos; and

- iii. notwithstanding this information, as at May 2022 Customer 5 appeared able to gamble at Star; and

Particulars

The independent auditor identified that:

- a. Customer 5 had formerly been a major customer of another Australian casino before shifting his business to Star under Customer 6's junket;
- b. Customer 5's personal and junket funded programs had increased from a cash turnover of \$4,600,000,000 in FY2018 to \$5,300,000,000 in FY2019;
- c. Customer 5's occupation and source of wealth was from his directorship of a foreign company, Company 10;
- d. by 2012, Customer 5 was mentioned in open source media articles which alleged that he and others had been detained by overseas authorities in connection with money laundering operations;
- e. in December 2017, the Star board agreed to increase Customer 5's next CCF exposure to \$50,000,000;
- f. in September 2019, Customer 5 was named in a public report in connection with being detained in a foreign country;
- g. in October 2019, Customer 5 was approved for a loan of \$50,000,000;
- h. in November 2019, Star conducted ECDD in respect of Customer 5 which noted that he had been arrested in 2012 on allegations of money laundering and facilitating capital flight from a foreign jurisdiction and that he may use other junket licenses and associations to launder money through casinos;
and
- i. in November 2020, a public inquiry identified that Customer 5 had been approved by Star Sydney as recently as March 2020 despite having been detained in relation to underground banking in 2012.

The independent auditor found that:

- a. adverse media was publicly available linking Customer 5 to alleged money laundering operations in 2012;
- b. Star continued to do business with Customer 5, and to increase his CCF limit, years after this information was available;
- c. in 2019 and 2020, further information became available linking Customer 5 to underground banking operations;

- d. Star conducted ECDD in respect of Customer 5 and identified that he used another patron to launder money through casinos; and
 - e. Customer 5 appeared to remain able to gamble at Star.
- t. Star Sydney and Star Qld did not have adequate reason to believe that Customer 5's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 5 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By September 2019, Star understood that Customer 5 and his son had business interests in large overseas companies. However, financial information in support of Customer 5's business interests was not subject to review as a matter of course.

From 2012, publicly accessible media articles linked Customer 5 to alleged money laundering operation. From 2018, Customer 5 was the subject of multiple law enforcement enquiries at Star. In September 2019, Customer 5 was named in connection with being detained in a foreign country. In November 2019, Star suspected that that Customer 5 was using other junket licences and associations to launder money through casinos. In February 2020, Star understood that Customer 5 potentially utilised Customer 6's association with a well-known international junket group, Company 2, to launder money through casinos.

There were real risks that Customer 5's source of wealth and source of funds were not legitimate.

Despite this, Customer 5 received designated services through international remittance channels, which were high risk channels. Customer 5 provided hundreds of millions of dollars in funding to junket programs at Star Sydney and Star Qld. Those junkets had a cumulative turnover exceeding \$20 billion. Star provided to Customer 5 a CCF with limits of up to \$166 million.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 5

946. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 5 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 5.
- a. On and from 30 November 2016, Customer 5 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 5's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 1 February 2022 that Customer 5 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 1 November 2019, Customer 5 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 1 February 2022, Customer 5 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 5's transactions

- 947. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 5's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 5, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 5 through:
 - i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the EEIS remittance channel and the Customer 9 channels;

Particulars

See paragraphs 441 and 493 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 5 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- e. Star Sydney and Star Qld provided designated services to Customer 5 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents relating to Customer 5.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents on 22 February 2018, 18 August 2018, 25 December 2019 or 7 February 2020: see *Customer 5's risk profile*.

The review, update and verification of Customer 5's KYC information

- 948. Star Sydney and Star Qld did not review, update and verify Customer 5's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 5's business with each of Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 5's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 5's source of wealth and source of funds were not legitimate: see *Customer 5's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 5's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 5.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act and rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 5's high ML/TF risks

949. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 5 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 5; and
 - c. reviewing and updating Customer 5's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 5 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 5*.

ECDD triggers in respect of Customer 5

950. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 5 following any ECDD triggers in respect of Customer 5. In particular, because Customer 5 was a foreign PEP, Star Sydney and Star Qld were required to:
- a. undertake detailed analysis of Customer 5's KYC information including taking reasonable measures to identify the source of Customer 5's wealth and the source of Customer 5's funds; and
 - b. seek senior management approval for continuing a business relationship with Customer 5 and whether Star Sydney and Star Qld should continue to provide a designated service to Customer 5.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3), 15.10 and 15.11 of the Rules.

951. Customer 5:

- a. at all times from 30 November 2016 was a foreign PEP;

Particulars

See Customer 5's risk profile above.

- b. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

Between 20 August 2018 and 10 February 2020, Star Sydney gave the AUSTRAC CEO four SMRs with respect to Customer 5.

- c. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 29 December 2017 and 13 November 2018, Star Qld gave the AUSTRAC CEO three SMRs with respect to Customer 5

- d. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 1 February 2022, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 5 was very high risk, being high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 5* above.

952. Each matter pleaded in paragraph 951 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

953. It was not until 1 November 2019 that Star Sydney and Star Qld identified that Customer 5 was a foreign PEP, despite having received a positive risk intelligence search result on 20 June 2018.

954. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 5 following the ECDD triggers:

- a. on each occasion prior to 14 April 2022 that Star Sydney or Star Qld conducted ECDD in respect of Customer 5 in response to an ECDD trigger, they failed to give appropriate consideration to whether the ML/TF risks posed by Customer 5 and the provision of designated services to Customer 5 by Star Sydney and Star Qld, and to whether those

risks were within Star Sydney's or Star Qld's ML/TF risk appetite. In particular, Star Sydney and Star Qld failed to monitor Customer 5 as a foreign PEP because:

- i. Star Sydney's and Star Qld's analysis of Customer 5's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 5;
- ii. Star Sydney's and Star Qld's analysis of Customer 5's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 5; and

Particulars

Rule 15.10, 15.10(2), 15.10(5), 15.10(6) and 15.10(7) of the Rules.

See paragraphs 150, 797, 800, 807 and 810 above.

ECDD conducted in respect of Customer 5

On 25 October 2019, November 2019, 20 December 2019, 25 December 2019, 12 January 2021, 25 January 2021, February 2021 and 1 February 2022, Star conducted ECDD in respect of Customer 5.

In February 2021, the ECDD screening in respect of Customer 5 identified that:

- a. Customer 5 was a junket funder;
- b. Customer 5's occupation was as a director/shareholder;
- c. external due diligence reports obtained in respect of Customer 5 identified his reported arrest in connection with suspicion of money laundering, underground banking and facilitating capital flight;
- d. Customer 5 had been referred to in a public inquiry;
- e. between August 2018 and February 2021, eight SMRs or IFTIs had been given to the AUSTRAC CEO in respect of Customer 5;
- f. in February 2020, a law enforcement agency advised Star that Customer 5 was a person of interest; and
- g. recent ECDD included open source, media, litigation and bankruptcy searches.

On 1 February 2022, the ECDD screening in respect of Customer 5 identified, in addition to the information contained in the February 2021 screening, that:

- a. two external due diligence reports had been received in respect of Customer 5 (see below);
- b. those reports contained adverse information, including that Customer 5 had been detained in a foreign country; and

- c. Customer 5 had been the subject of SMRs and law enforcement enquiries.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 5's higher ML/TF risks: see *Customer 5's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 5's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 5's source of wealth and source of funds were not legitimate: see *Customer 5's risk profile*.

External due diligence reports

In July 2019, a third party intelligence provider engaged by EEIS finalised a due diligence report in respect of Customer 5 which included that he was:

- a. described as a 'super' high roller who gambled in various countries;
- b. reported to have been arrested in 2012 in a foreign country. Customer 5 was released with no further charges after a period of time;
- c. reported to be the partner of a foreign junket, Company 2, together with two other individuals who were arrested for illegal underground banking activity. There was speculation that the charges related to money laundering on behalf of a foreign politician. The foreign junket was consistently linked with a group, Company 2, ultimately controlled by an overseas organised crime figure;
- d. alleged to have brought high-rollers to casinos and to have collected gambling debts in return for a commission; and
- e. related to a person who was once listed as one of the richest people in a foreign country but was sentenced in 2004 and 2008 for his involvement in share manipulation and misappropriation of public funds. That person had transferred assets to Customer 5 or his associates/family.

In July 2019, a second third party intelligence provider provided an interim due diligence report in respect of Customer 5 which included that he:

- a. had business interests in foreign companies;
- b. was not known to be a member of an organised crime network;

- c. was a regular known VIP customer of the Suncity Group and maintained a credit account with a substantial limit;
- d. was not a registered casino junket or sub-junket operator in a foreign jurisdiction;
- e. was an online gaming banker; and
- f. had formerly used an alias and had no criminal record in a foreign country.

In January 2020, a third party intelligence provider finalised a due diligence report in respect of Customer 5, which included that he:

- a. sourced his wealth from illegal money lending by casino chip stacking and loan-sharking, operating illegal online gambling and bookmaking websites, and maintaining a rolling account with the Suncity Group to fund his gambling activities;
- b. continued to be a 'hidden' investor and partner in a foreign group, Company 2, ultimately controlled by an organised crime figure;
- c. was a close friend and associate to an organised crime figure;
- d. used Customer 6's and other junket operators' licences to launder money through casinos in foreign jurisdictions;
- e. had changed his name after he allegedly cheated many wealthy foreign individuals in order to evade prosecution; and
- f. was not known to be a member of any organised crime networks but could not avoid being associated with members of organised crime through his illegal gambling activities.

By reason of the matters set out above, there were real risks that Customer 5's source of wealth and source of funds were not legitimate: see *Customer 5's risk profile*.

On 14 April 2022, Star issued a WOL in respect of Customer 5.

- iii. Customer 5 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's risk appetite;

Particulars

See paragraph 817.

- iv. any senior management approval regarding Customer 5 failed to give appropriate consideration to the ML/TF risks posed by Customer 5 and the provision of designated services to Customer 5 by Star Sydney and Star Qld, and whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 817.

On 1 February 2022, following an ECDD screening, the Group Manager, Due Diligence and Intelligence determined to escalate Customer 5 to the Chief Financial Crime Officer and recommended that his risk rating be raised to very high on the basis of, among other things:

- a. previous ECDD screenings;
- b. Customer 5's junket activity at Star Sydney and Star Qld in 2019 and 2020; and
- c. 11 suspect matters that had been raised in respect of Customer 5 between 13 November 2018 and February 2022, four of which had resulted in SMRs being given to the AUSTRAC CEO, due to suspicious transactions of amounts ranging between \$100,000 and \$1,000,000. These transactions were commonly cash to chips purchases and large cash withdrawals funded by remittance transfers by company accounts.

On 15 February 2022, the Chief Financial Crime Officer reviewed the Group Manager, Due Diligence and Intelligence comments and the 1 February 2022 ECDD screening and approved a continuing business relationship with Customer 5. The AML/CTF Compliance Officer noted that source of wealth information existed in respect of Customer 5.

In determining that a business relationship could be continued, the AML/CTF Compliance Officer did not have regard to:

- a. Customer 5's source of wealth (r 15.10(2)(a) of the Rules), having regard to the very high value designated services provided to him; and
- b. Customer 5's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting high ML/TF risks as to their source of funds: see *Customer 5's risk profile* above.

On 14 April 2022, Star issued a WOL in respect of Customer 5.

On 2 June 2022, a file note was added to Customer 5's customer management profile stating that:

- a. the AML/CTF Compliance Officer did not re-review the external report or read the documents escalated by the Group Manager, Due Diligence and Intelligence to them;
- b. the decision to retain the business relationship with Customer 5 was based on Customer 5 owing Star approximately \$60,000,000; Customer 5 not being able to attend Star due to his outstanding debt; the low risk that Customer 5 return to

Star; and active considerations in respect of recovering funds from another customer in circumstances where those funds may potentially be proceeds of crime; and

- c. the AML/CTF Compliance Officer had decided that Customer 5 was not an appropriate person to return to the Star and he should be excluded should he return to Star.

Contravention of s36 of the Act in respect of Customer 5

955. By reason of the matters pleaded from paragraphs 940 to 954 above, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 5 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

956. By reason of the matters pleaded at paragraph 955, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 14 April 2022 with respect to Customer 5.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 6

957. Customer 6 was a customer of Star Sydney during the relevant period. Between 2017 and 2020, Star Sydney recorded turnover exceeding \$78,000 for Customer 6.

Particulars

Customer 6 was a customer of Star Sydney from at least 5 October 2012.

958. Star Sydney provided Customer 6 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2020, Star Sydney recorded that junkets operated by Customer 6 had a turnover exceeding \$11 billion.

Particulars

On 5 October 2012, Star Sydney opened an FMA and SKA for Customer 6 which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 6 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 6's risk profile below.

959. Customer 6 was a customer of Star Qld during the relevant period. Between 2017 and 2020, Star Qld recorded turnover exceeding \$550,000 for Customer 6.

Particulars

Customer 6 was a customer of Star Qld from at least 24 October 2012.

960. Star Qld provided Customer 6 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2020, Star Qld recorded that junkets operated by Customer 6 had a turnover exceeding \$11 billion.

Particulars

On 24 October 2012, Star Qld opened an FMA for Customer 6 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 6 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 6's risk profile below.

961. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 6.

Particulars.

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 6's risk profile

962. On and from 30 November 2016, Customer 6, and the provision of designated services to Customer 6 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 6's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 6 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 6;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on eight occasions between 9 October 2012 and 19 February 2014.

The SMRs reported that between October 2012 and February 2014, Customer 6 and persons associated with him or his junket were involved in suspicious transactions at Star Sydney involving a large amount of cash: see particulars to paragraph 962.a.ii below.

- ii. by 30 November 2016, Star Sydney was aware that Customer 6 and persons associated with him or his junket had engaged in large and unusual transactions

and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

Large and suspicious transactions in 2012

On 5 October 2012, Customer 6 exchanged \$400,000 in chips for cash at Star Sydney, then immediately exchanged a further \$18,800 in chips for cash. Star Sydney considered the large amount of cash involved to be suspicious: SMR dated 9 October 2012.

On 9 October 2012, Customer 6 exchanged \$200,000 in chips for cash at Star Sydney. Star Sydney considered the large amount of cash involved to be suspicious: SMR dated 10 October 2012.

On 27 October 2012, Customer 6 arrived at Star Sydney with a third party. Customer 6 handed an unknown number of chips to the person, who was in the company of another Star Sydney customer. Customer 6 advised the third party that he could gamble with chips or cash them in. The third party attended the cashier with the other Star Sydney customer to exchange \$75,500 of the chips for cash. When identification was requested, the other Star Sydney customer provided identification to the cashier to exchange the chips. Later that evening, the other Star Sydney customer and the third party returned to cash out a further \$32,500 in chips. Star Sydney considered these transactions to be suspicious because they were performed by a third party: SMR dated 1 November 2012.

On 28 October 2012, Customer 6 withdrew \$168,250 in cash from his Star Sydney FMA. Star Sydney considered the large cash withdrawal to be suspicious: SMR dated 30 October 2012.

On 5 November 2012, at the settlement of his junket program at Star Sydney, Customer 6 took \$100,000 in cash. Star Sydney considered the large amount of cash involved to be suspicious: SMR dated 6 November 2012.

Large and suspicious transactions in 2013

On 23 August 2013, Customer 6's junket representative, Person 14, withdrew \$200,000 in cash from Customer 6's FOD account at Star Sydney. Star Sydney considered this large cash withdrawal to be suspicious: SMR dated 27 August 2013.

On 9 September 2013, Customer 6's junket representative, Person 14, cashed out several large amounts of chips on behalf of the Customer 6 junket at Star Sydney. Star Sydney considered these large cash outs to be suspicious: SMR dated 10 September 2013.

Large and suspicious transactions in 2014

On 18 February 2014, Customer 6's junket representative, Person 14, withdrew \$300,000 on behalf of the Customer 6 junket at Star

Sydney. Star Sydney considered this large cash withdrawal to be suspicious: SMR dated 19 February 2014.

Customer 6's risk profile from 30 November 2016

- b. Customer 6 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2017 and 2020, Customer 6 operated 114 junkets at Star Sydney, including junket programs in foreign currencies, all of which were funded by Customer 5;

Particulars

Between 2017 and 2020, Customer 6 was in the top ten junket operators by numbers of junket programs operated at Star Sydney.

Customer 5 provided a total of \$829,436,622 in funding for Customer 6's junkets.

- ii. between 2017 and 2020, Star Sydney and Star Qld recorded the total cumulative turnover of junkets operated by Customer 6 was \$11,833,631,114 with losses of \$124,220,727;

Particulars

Gaming activity on Customer 6's junket programs

In 2017, junkets operated by Customer 6 had recorded turnover of \$2,811,704,214 with wins of \$628,846.

In 2018, junkets operated by Customer 6 had recorded turnover of \$5,267,740,400 with losses of \$126,566,384.

In 2019, Star Sydney recorded that junkets operated by Customer 6 had recorded turnover of \$1,303,873,862 with wins of \$12,567,856.

Between January and March 2020, before the COVID-19 pandemic related closures, junkets operated by Customer 6 had turnover of \$2,451,086,138 with losses of \$10,851,045.

Between 2017 and 2020, Customer 6 was a top three junket operator by turnover at Star Sydney:

- a. In 2017, Customer 6 was the third largest junket operator by turnover at Star Sydney;
- b. In 2018, Customer 6 was second largest junket operator by turnover at Star Sydney;
- c. In 2019, Customer 6 was the third largest junket operator by turnover at Star Sydney; and
- d. In 2020, Customer 6 was the largest junket operator by turnover at Star Sydney.

Between 2017 and 2020, Customer 6 was the junket operator for several top ten junket players by turnover at Star Sydney:

- a. In 2017, Customer 6 was the junket operator for two of the top ten junket players by turnover at Star Sydney, Customer 45 and Customer 5;
 - b. In 2018, Customer 6 was the junket operator for three of the top ten junket players by turnover at Star Sydney;
 - c. In 2019, Customer 6 was the junket operator for one of the top ten junket players by turnover at Star Sydney, being Customer 21; and
 - d. In 2020, Customer 6 was the junket operator two of the top ten junket players by turnover at Star Sydney, including Customer 5.
- iii. between 2017 and 2020, Star Sydney recorded a cumulative turnover of \$514,568,002 for Customer 6 as a junket player on his own junkets despite not being a junket player at any time;

Particulars

See paragraph 670 above.

- iv. between 2017 and 2020, total benefits of \$116,961,838 were payable to Customer 6 by Star Sydney in his capacity as a junket operator for rebates earned and complimentary services;

Particulars

Customer 6 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2017, total benefits of \$37,219,008 were payable to Customer 6;
 - b. in 2018, total benefits of \$57,399,025 were payable to Customer 6;
 - c. in 2019, total benefits of \$5,831,977 were payable to Customer 6; and
 - d. in 2020, total benefits of \$16,511,829 were payable to Customer 6.
- v. between 2017 and 2020, Star Sydney provided Customer 6's junket with significant amounts of credit upon request, up to facility limits of \$166,670,000, through a CCF held by Customer 5;

Particulars

On 22 September 2017, Star senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a CCF held by Customer 5 with a facility limit of \$93,670,000 for the Customer 6 junket. The Customer 6 junket previously had a CCF with a facility limit of \$15,000,000.

On 26 September 2017, Star senior management, including the Chief Executive Officer and the Chief Financial Officer, approved an increase to the facility limit of the CCF held by Customer 5 to \$94,330,000, due to the exchange rate with a foreign currency.

On 18 November 2017, the SEG Board of directors approved an increase to the facility limit of the CCF held by Customer 5 to \$166,666,000 for the Customer 6 junket, on a permanently active basis.

On 17 October 2019, Customer 5 was approved by EEIS for permanent access to loans from EEIS' CCF across all properties with a facility limit of \$166,666,667 for use on Customer 6's junket programs.

See Customer 5's risk profile.

- vi. Customer 6 operated junkets in private gaming rooms, including private gaming rooms that were exclusive to the junket;

Particulars

Customer 6 operated junkets in non-exclusive private gaming rooms, including Pit 80 and the Sovereign room.

Customer 6 operated junkets in exclusive private gaming rooms, including Salon 67, Salon 69, Salon 73, Salon 75, Salon 76, Salon 77, Salon 78, Salon 82, Salon 85, Salon 86, Salon 88, Salon 89, Salon 90, Salon 91, Salon 92, Salon 93, Salon 96, Salon 97, Salon 98 and Salon 99.

- vii. Customer 6 had five junket representatives at Star Sydney; and
- viii. Customer 6 and his junket representatives facilitated the provision of high value designated services to approximately 150 junket players at Star Sydney including foreign PEPs and players who posed higher ML/TF risks such as Customer 5, Customer 29, Customer 42 and Customer 45; and

Particulars

See paragraphs 643 to 649 above.

See Customer 5's risk profile, Customer 29's risk profile, Customer 42's risk profile and Customer 45's risk profile.

In May 2019, Star Sydney identified that a junket player on the Customer 6 junket had lost \$3,288,500. Customer 6 had supplied the funds. The junket player's occupation was recorded as a director of marketing. Star Sydney noted that the loss appeared substantial:
SMR dated 26 June 2019.

On 25 December 2019, \$350,000 in cash was withdrawn from Customer 6's account at Star Sydney and given to Customer 5, a player on the junket. At this time, Star Sydney recorded that Customer 5 had a turnover of \$15,285,300 and a win of \$4,911,000.

Customer 5 was observed handing the cash to another Star Sydney customer who was not playing on the junket. The other Star Sydney customer proceeded to purchase \$330,000 worth of chips with the cash and then hand the chips to multiple people to 'settle poker debts with his friends'. Star Sydney noted that there were no known links between the customer and Customer 5 or the Customer 6 junket:
SMR dated 30 December 2019.

- ix. Star Sydney had formed suspicions about Customer 6's principal junket funder, Customer 5;

Particulars

See Customer 5's risk profile.

- c. Customer 6 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;
- i. between 2017 and 2020, Customer 6 operated 36 junkets at Star Qld, 33 of which were funded by Customer 5 and one of which was funded by Customer 21;

Particulars

Between 2017 and 2020, Customer 6 was a top ten junket operator by number of junket programs operated per year at Star Gold Coast.

In 2019, Customer 6 was a top six junket operator by number of junket programs operated per year at Treasury Brisbane.

Customer 5 provided a total of \$429,595,000 at Star Gold Coast and \$12,000,000 at Treasury Brisbane in funding for Customer 6's junkets.

- ii. between 2017 and 2020, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 6 was \$11,696,083,334 with losses of \$18,080,718;

Particulars

Gaming activity on Customer 6's junket programs

In 2017, junkets operated by Customer 6 had a turnover of \$82,130,230 with losses of \$1,111,978.

In 2018, junkets operated by Customer 6 had a turnover of \$1,454,448,294 with losses of \$42,513,465.

In 2019, junkets operated by Customer 6 had a turnover of \$7,211,674,210 with losses of \$17,838,225.

Between January and March 2020, prior to the COVID-19 pandemic related closures, junkets operated by Customer 6 had a turnover of \$2,947,830,600 with wins of \$43,382,950.

Between 2017 and 2020, Customer 6 was a top four junket operator by turnover at Star Gold Coast:

- a. in 2017, Customer 6 was the fourth largest junket operator by turnover at Star Gold Coast;
- b. in 2018, Customer 6 was second largest junket operator by turnover at Star Gold Coast; and
- c. in 2019 and 2020, Customer 6 was the largest junket operator by turnover at Star Gold Coast.

Between 2017 and 2020, Customer 6 was the junket operator for several top ten junket players by turnover at Star Gold Coast:

- a. in 2017, Customer 6 was the junket operator for two of the top seven junket players by turnover at Star Gold Coast, including Person 28;
 - b. in 2018, Customer 6 was the junket operator for three of the top eight junket players by turnover at Star Gold Coast, including Customer 21;
 - c. in 2019, Customer 6 was the junket operator for five of the top ten junket players by turnover at Star Gold Coast, including Customer 5, Customer 21, Person 58 and Person 59; and
 - d. in 2020, Customer 6 was the junket operator three of the top ten junket players by turnover at Star Gold Coast, including Customer 5 and Person 59.
- iii. between 2017 and 2020, Star Qld recorded a cumulative turnover of \$422,980,243 for Customer 6 as a junket player on his own junkets despite not being a junket player at any time;

Particulars

See paragraph 670 above.

- iv. between 2017 and 2020, total benefits of \$88,476,513 were payable to Customer 6 by Star Qld in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers;

Particulars

Customer 6 was entitled to benefits from Star Qld in his capacity as a junket operator:

- a. in 2017, total benefits of \$75,217 were payable to Customer 6;
- b. in 2018, total benefits of \$17,650,240 were payable to Customer 6;
- c. in 2019, total benefits of \$40,481,385 were payable to Customer 6; and
- d. in 2020, total benefits of \$30,269,671 were payable to Customer 6.

- v. between 2017 and 2020, Star Qld provided Customer 6's junket with significant amounts of credit upon request, up to facility limits of \$166,670,000, through a CCF held by Customer 5;

Particulars

See paragraph 962.b.v above.

See *Customer 5's risk profile*.

- vi. Customer 6 operated junkets in private gaming rooms, including private gaming rooms that were exclusive to the junket;

Particulars

Customer 6 operated junkets in non-exclusive private gaming rooms, including Pit 11 and Pit 12.

Customer 6 operated junkets in exclusive private gaming rooms, including Salon 21, 22, 66, 69, 88, 89, 90, 98, and 99.

- vii. Customer 6 had nine junket representatives at Star Qld including Customer 29 and Person 14; and
- viii. Customer 6 and his junket representatives facilitated the provision of high value designated services to approximately 60 junket players at Star Qld including foreign PEPs and players in respect of whom Star Qld had formed suspicions such as Customer 5, Customer 42, Customer 21 and Customer 29;

Particulars

See paragraphs 643 to 649 above.

Between February 2018 and February 2020, on at least six occasions Star Qld reported large and suspicious losses for junket players on the Customer 6 junket.

2018

In February 2018, Star Qld identified that a junket player had lost \$3,047,600 in February whilst participating in the Customer 6 junket. No play had been recorded for the junket player during the previous two months. The junket player's source of income was recorded as being related to clothing: SMR dated 28 March 2018.

On 22 August 2018, Customer 6's junket representative cashed out \$100,000 in chips at Star Qld. The junket program only had one recorded junket player, Customer 5, and had front money of \$5,000,000. By 22 August 2018, Customer 5's recorded loss was \$4,800,000. Star Qld did not know whether the \$100,000 in cash was paid to Customer 5 or kept by the junket representative. Star Qld noted that the withdrawal was a large cash transaction, and considered it to be unusual due to Customer 5's losses: SMR dated 22 August 2018.

In October 2018, Star Qld identified that a junket player had lost \$9,401,750 that month. The junket player had participated on a Customer 6 junket between 1 October 2018 and 8 October 2018, during which he lost \$5,140,750. The junket player then played under another junket operator, Customer 18, from 9 to 10 October 2018, and lost \$4,261,000. Star Qld noted that it did not know how the junket player was going to repay Customer 6, and considered it to be a very large overall loss for one person: SMR dated 6 November 2018.

2019

In September 2019, Star Qld identified that a junket player, Person 59, had lost \$689,600 in June 2019 and \$646,900 in August 2019 while playing on Customer 6's junket. Star Qld recorded no play for Person 59 during July 2019, and no play on machines for the June to August period. Star Qld noted that it had no record of any recent significant win by Person 59 to account for the losses, and that Person 59's source of funds was not recorded on Star Qld's system. Star Qld did not know how the losses were going to be repaid: SMR dated 27 September 2019.

2020

In February 2020, Star Qld identified that Customer 21, a junket player on the Customer 6 junket had lost \$27,930,000 in February and \$3,785,000 in January. The junket player indicated to Star Qld that their occupation was in accounting. Star Qld noted that it did not know the player's arrangement with Customer 6 to repay the loss: SMR dated 13 March 2020.

During February 2020, Star Qld also identified that another junket player on the Customer 6 junket had lost \$4,885,000. The junket player had not provided information regarding his occupation or source of funds to Star Qld, and Star Qld noted that it did not know the player's arrangement with Customer 6 to repay the loss: SMR dated 13 March 2020.

- ix. Star Qld had formed suspicions about Customer 6's principal junket funder, Customer 5;

Particulars

See Customer 5's risk profile.

- d. designated services provided to Customer 6 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- e. on 19 July 2019, Customer 6 referred a player to Star Qld;

Particulars

See paragraph 625 above.

On 19 July 2019, Customer 6 referred a player to Star Qld. Customer 6 arranged for the referred player to attend Star Qld on a rebate program without Customer 6 or his junket representative being present.

Customer 6 received a commission on amounts wagered by the referred customer, who Star Qld dealt with directly.

- f. Customer 6 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2020, Star Sydney recorded individual rated turnover totalling \$78,307 for Customer 6;

Particulars

In 2017, Customer 6's individual rated turnover was \$70,339.

In 2018, Customer 6's individual rated turnover was \$7,218.

In 2020, Customer 6's individual rated gaming turnover was \$750.

- g. Customer 6 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2020, Star Gold Coast recorded individual rated turnover totalling \$46,104 for Customer 6;

Particulars

In 2017, Customer 6's individual rated turnover was \$10,756.

In 2018, Customer 6's individual rated turnover was \$755.

In 2019, Customer 6's individual rated turnover was \$33,898.

In 2020, Customer 6's individual rated turnover was \$675.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 6 by remitting large amounts of money within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 5 January 2018 and 25 January 2018, Star Sydney received two telegraphic transfers totalling \$4,343,263, both of which were made available to Customer 6's account.

On 14 October 2017 and 22 August 2018, Star Sydney received two telegraphic transfers totalling HKD58,468,276 from overseas bank accounts, both of which were made available to Customer 6's FMA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 14 October 2017 and 22 August 2018, Star Sydney sent two telegraphic transfers totalling HKD47,828,323 from Customer 6's account to overseas bank accounts.

On 14 October 2017, Star Sydney sent a telegraphic transfer of \$212,000 from Customer 6's FMA to an overseas bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, on 11 October 2017, Customer 6 transferred \$5,000,000 into the account of a Star Sydney customer.

Between 3 January 2018 and 6 August 2019, Star Sydney sent five transfers totalling \$22,701,845 from Customer 6's account to Star Qld. At least \$16,877,288 of the funds were transferred for the purpose of redeeming outstanding CCFs.

On 5 August 2019, Star Sydney received a transfer of \$10,430,107 from Star Qld, which it made available to Customer 6's FMA.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 6 by remitting large amounts of money into, out of and within the casino environment via his accounts;

Particulars

Remittances out of the casino environment

See paragraphs 281 and 327 above.

For example, on 14 August 2019, Star Qld, at its Star Gold Coast property, sent \$11,015,761 via telegraphic transfer from Customer 6's FMA to Customer 21's overseas bank account.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 27 December 2017 and 28 December 2017, Star Qld facilitated two telegraphic transfers totalling \$462,600 from Customer 6's FMA to the FMA of a junket player, Person 28. Person 28 withdrew the funds in cash: SMR dated 29 December 2017.

Between 2 January 2018 and 6 August 2019, Star Qld received three transfers totalling \$2,331,056 from Star Sydney, each of which was made available to Customer 6's FMA at Star Gold Coast.

On 5 August 2019, Star Qld facilitated a telegraphic transfer of \$10,430,107 from Star Gold Coast, which was made available to Customer 6's FMA at Star Sydney. The funds were subsequently transferred to Customer 19's FMA at Star Sydney.

On 18 December 2019, Star Qld facilitated a telegraphic transfer of \$379,596 from Customer 6's FMA at Star Gold Coast, which it made available to another customer's FMA at Star Gold Coast, Person 59.

On 10 January 2020, Star Qld facilitated a telegraphic transfer of \$800,000 from Person 59's FMA at Star Gold Coast, which was made available to Customer 6's FMA at Star Sydney.

- j. Customer 6, and persons associated with their junket including Person 14, transacted using large amounts of cash at Star Sydney;

Particulars

TTRs

Between 31 January 2017 and 9 March 2020, Star Sydney gave the AUSTRAC CEO 122 TTRs in respect of Customer 6 totalling \$10,375,893, including:

- a. 52 TTRs detailing chip and cash exchanges totalling \$3,399,665;
- b. six TTRs detailing account deposits totalling \$485,000;
- c. 50 TTRs detailing account withdrawals totalling \$5,327,284;
- d. two TTRs detailing other monetary value out totalling \$122,084; and
- e. 12 TTRs detailing sale of foreign currency totalling \$1,042,860.

Large transactions in 2017

Between 8 November 2017 and 9 November 2017, Customer 6's junket representative, Person 14, withdrew \$840,000 in cash through chip cash outs and account withdrawals from Customer 6's account at Star Sydney. Star Sydney considered these large cash withdrawals over a short period of time to be suspicious: SMR dated 9 November 2017.

Large transactions in 2018

On 9 February 2018, Customer 6's junket representative, Person 14, withdrew \$326,333 in cash from Customer 6's account at Star Sydney. After the withdrawal, the junket representative was observed delivering the cash to a junket player on the Customer 6 junket program: SMR dated 12 February 2018.

Between 16 August 2018 and 19 August 2018, Customer 6's junket representative, Person 14, withdrew a total of \$700,000 in cash from Customer 5's account for the Customer 6 junket at Star Sydney. Star

Sydney noted that Customer 5 was the funder of the Customer 6 junket and Person 14 had authority to transact on both Customer 6 and Customer 5's accounts. The majority of the funds in Customer 5's account had been originally transferred to Star via a remitter, Company 1, in favour of Customer 5: SMR dated 20 August 2018.

Later on 19 August 2018, Person 14 made an additional cash withdrawal of \$200,000 from Customer 5's account: SMR dated 20 August 2018.

Large transactions in 2019

On 9 July 2019, Customer 6's junket representative, Person 14, conducted two FMA withdrawals on Customer 6's behalf at Star Sydney. Person 14 initially withdrew \$100,000 from Customer 6's FMA, and then returned approximately six hours later to withdraw a further \$133,500, which was given to a junket player.

On 29 September 2019, Customer 6's junket representative, Person 14, presented \$100,000 worth of chips to exchange into cash on behalf of Customer 6 at Star Sydney. Customer 6 had an active junket program open since 28 September, with one player who recorded a turnover of \$6,000,000 and a win of \$2,004,700 supporting the transaction.

On 2 October 2019, Customer 6's junket representative, Person 14, exchanged \$300,000 in chips for cash from Customer 6's account at Star Sydney. As at 3 October 2019, the Customer 6 junket was winning \$2,454,600. Star Sydney considered the large amount of cash involved to be suspicious: SMR dated 3 October 2019.

Large transactions in 2020

On 7 February 2020, Customer 6's junket representative, Person 14, withdrew \$200,000 in cash from Customer 6's account at Star Sydney. Person 14 deposited the funds into Customer 5's account. Person 14 then withdrew \$150,000 in chips for him to use on the poker tables. An hour later, Person 14 withdrew another \$300,000 in cash on behalf of the Customer 6 junket and deposited the money into Customer 5's account. Person 14 then withdrew \$300,000 in chips for him to use on the poker tables. Whilst a transaction of this nature was not unusual for a junket, Star Sydney considered the moving of a large amount of cash to be suspicious: SMR dated 10 February 2020.

On 13 February 2020, Customer 6's junket representative, Person 14, presented \$110,000 in premium chips to be exchanged for cash at Star Sydney. Person 14 placed the cash into a black Sovereign Room bag and handed it to Customer 6. Star Sydney noted that Customer 6 had a recorded turnover of \$41,700,000 with wins of \$1,650,000. Star Sydney did not consider the cash out to be suspicious at that stage, but noted that it would monitor future cash outs.

On 7 March 2020, Customer 6's junket representative, Person 14, cashed out \$100,000 in program chips, despite the program recording a loss of \$1,899,600.

- k. Customer 6 transacted using large amounts of cash at Star Qld;

Particulars

TTRs

Between 11 October 2017 and 3 February 2020, Star Qld gave the AUSTRAC CEO 44 TTRs totalling \$1,968,030, including:

- a. 22 TTRs detailing chip and cash exchanges made by Customer 6 totalling \$1,005,300;
 - b. two TTRs detailing account deposits made by Customer 6 totalling \$172,000; and
 - c. 20 TTRs detailing account withdrawals made by Customer 6 totalling \$740,730.
- l. Customer 6, and persons associated with Customer 6, engaged in large and unusual transactions, which had no apparent economic or visible lawful purpose at Star Sydney;

Particulars

For example, on 11 October 2017, Customer 6 transferred \$5,000,000 into the account of a Star Sydney customer. The customer was not a junket player in the Customer 6 junket. On 3 July 2018, the customer withdrew \$5,000,000 from their account as a casino cheque. On 31 July 2018, the customer withdrew a further \$201,674 in cash from their account. Star Sydney had recorded no gaming activity for the customer since 24 March 2016: SMR dated 1 August 2018.

- m. Customer 6, and persons associated with Customer 6, engaged in large and unusual transactions, which had no apparent economic or visible lawful purpose at Star Qld;

Particulars

In December 2017, Customer 6 operated a junket program at Star Qld with \$10,000,000 in front money. The funds were supplied by another junket operator, Customer 5. On 27 December 2017, a junket player, Person 28, on the Customer 6 junket opened an FMA. On the same day, the player received \$100,000 from Customer 6 into his account, which he then withdrew in cash. On 28 December 2017, the junket player received another \$362,600 into his account from Customer 6, which he also withdrew in cash. Star Qld considered this to be a large amount of cash to need. Star Qld conducted checks in respect of the junket player, which indicated that the player had served jail time overseas for corruption: SMR dated 29 December 2017.

On 10 January 2020, a Star Qld customer, Person 59, requested that \$800,000 be transferred from his Star Gold Coast FMA to Customer 6's FMA at Star Sydney. A review of Person 59's transactions at Star Gold Coast showed that he played at the casino from 16 December 2019 to 17 December 2019, funded by Customer 6, and won \$420,000. The front money for the commission program was \$1,000,000, but only \$500,000 of the funds were used. At the end of play, funds for commission and chips were deposited into Customer 6's account at Star Gold Coast. On 18 December 2019, Customer 6 transferred part of those funds, \$379,596, from his Star Gold Coast account into Person 59's account. On the same day, Person 59 deposited a bank cheque for \$500,000 into his Star Gold Coast account. The funds remained untouched until the transfer of funds to Customer 6 on 10 January 2020. Star Qld considered it unusual that Person 59 would deposit a bank cheque after play had finished and he had won: SMR dated 17 January 2020.

- n. Customer 6 received funds to facilitate his junket programs at Star Sydney and Star Qld that originated as a drawdown on an EEIS loan held by Customer 5;

Particulars

Between 22 December 2019 and 7 March 2020, Customer 5 drew down from his EEIS loan at Star Sydney on 23 occasions totalling \$122,333,333. On each occasion, the drawdown was in a foreign currency which was exchanged to Australian dollars. On 5 June 2020, an outstanding debt of \$11,299,665 became payable by Customer 5 in respect of two EEIS drawdowns. However, on 30 June 2021, Star Sydney approved the write-off of that balance.

Between 9 January 2020 and 26 February 2020, Customer 5 drew down from his EEIS loan at Star Qld on eight occasions totalling \$73,000,000. On each occasion, the drawdown was in a foreign currency which was exchanged to Australian dollars.

EEIS understood that Customer 5 and Customer 6 had a business relationship over many years. On each occasion, the drawdowns were used to fund Customer 6's junket:

- a. between 22 December 2019 and 7 March 2020, Customer 5 used drawdowns from his EEIS loan, which Star Qld made available to his accounts to fund 16 junkets at Star Sydney operated by Customer 6; and
- b. between 25 June 2019 and 26 February 2020, Customer 5 used drawdowns from his EEIS loan, which Star Qld made available to his accounts to fund eight junkets at Star Gold Coast operated by Customer 6.

See Customer 5's risk profile.

- o. Star Sydney provided non-winnings cheques to Customer 6's associates, involving funds originating from Customer 6, on at least one occasion;

Particulars

On 11 October 2017, Customer 6 transferred \$5,000,000 into the account of a Star Sydney customer. The customer withdrew the funds as a non-winning cheque from Star Sydney on 31 July 2018.

- p. Customer 6 and persons associated with his junket engaged in other transactions at Star Sydney indicative of ML/TF typologies and vulnerabilities, including cashing-in large value chips with no evidence of play;

Particulars

See paragraph 25 above.

For example, between 6 and 7 November 2019, Customer 6's junket representative, Person 14, conducted multiple large cash transactions on behalf of Customer 6 over a period of five hours at Star Sydney, including:

- a. a \$300,000 withdrawal in cash;
- b. an exchange of \$300,000 in chips for cash; and
- c. a \$300,000 deposit of the same cash back into the account.

Star Sydney considered that these were large cash movements for no apparent reason and were quite suspicious: SMR dated 8 November 2017.

- q. persons associated with Customer 6's junket engaged in transactions at Star Qld indicative of ML/TF typologies and vulnerabilities, including avoiding reporting obligations;

Particulars

See paragraph 25 above.

On 2 November 2018, a Star Qld customer, Person 55, was playing under Customer 6's junket. The junket had front money of \$5,000,000 and three recorded players. Cashier services staff were called to the junket's private gaming room, where Person 55 and the junket representative were both present. Star Qld staff observed Person 55 giving the junket representative a \$100,000 chip. The chip was deposited into Customer 6's account and subsequently withdrawn as cash. The cash was then handed to Person 55, who then gave the cash to another junket player, Person 59, on Customer 6's junket. Star Qld did not know the relationship between any of the customers, or why the transaction occurred. However, Star Qld considered that the junket representative and Person 55 may have been structuring transactions to avoid reporting. Star Qld also noted that Person 55 was a foreign PEP, being a member of a foreign political body: SMR dated 6 November 2018.

- r. in 2019, Customer 6 was the subject of law enforcement enquiries on one occasion at Star;

Particulars

On 10 July 2019, Star Sydney provided information to a law enforcement agency in respect of Customer 6.

On 27 July 2019, Star Qld provided information to a law enforcement agency in respect of Customer 6.

Interactions and information shared between Star Sydney and Star Qld, and law enforcement agencies, were stored on Star's investigations database. Star Sydney and Star Qld had access to the investigations database: see paragraph 49 above.

- s. Customer 6 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 6 had access to private gaming rooms at Star Sydney, including the Springs Salons, Lakes Salons, Rivers Salons, Harbours Salons, Sovereign and Oasis.

- t. Customer 6 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 6 had access to private gaming rooms at Star Gold Coast, including the Club Conrad, Pit 8, Salon 21, Salon 22, Salon 66, Salon 69, Salon 88, Salon 89, Salon 90, Salon 96, Salon 98, Salon 99, Sovereign Room – Table Games and the Sovereign room.

- u. by at least February 2020, Star Sydney and Star Qld received information that Customer 5 and Customer 21, both funders of the Customer 6 junket, used junkets operated by Customer 6 to engage in money laundering at casinos; and

Particulars

On 7 February 2020, the Group Investigations Manager was informed by a law enforcement agency that the three individuals, including Customer 5 and Customer 21, were of interest due to their international associations.

In February 2020, Star updated Customer 6's profile and noted that there was uncorroborated information suggesting that Customer 6's principal financiers, including Customer 5 and Customer 21, potentially utilised Customer 6's association with a well-known international junket group, Company 2, to launder money through casinos.

- v. Star Sydney and Star Qld did not have adequate reason to believe that Customer 6's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 6 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By at least 1 August 2018, Star Sydney understood Customer 6's occupation to be a trader.

On 30 December 2019 and 10 February 2020, Star Sydney listed Customer 6's occupation in an SMR as a junket operator.

By at least 7 February 2022, SEG recorded Customer 6's occupation to be a 'trades worker and technician'.

Star Sydney and Star Qld did not take appropriate steps to verify Customer 6's source of wealth or source of funds in circumstances where:

- a. Customer 6 operated over 150 junket programs, most of which were funded by a third party, Customer 5, and had recorded turnover of over \$22 billion between 2017 and 2020;
- b. Customer 6 and his associates, including Person 14, engaged in numerous large and suspicious cash transactions at Star Sydney;
- c. according to a risk intelligence search and additional sources, in December 2012, Customer 5 was reportedly detained in a foreign country for alleged involvement in money laundering; and
- d. Star was aware of information suggesting that Customer 6's principal financiers, including Customer 5, Customer 21 and Person 58, potentially utilised Customer 6's association with that group, Company 2, to launder money through casinos.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 6

963. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 6 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 6.
- a. On and from 30 November 2016, Customer 6 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 6's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 6 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 6 April 2014, Customer 6 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 12 January 2016, Customer 6 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 27 January 2021, Customer 6 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 6's transactions

964. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 6's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 6, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 6's junket as turnover was recorded against Customer 6 as the junket operator rather than the junket players;

Particulars

See paragraph 670.

- d. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 6 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- e. Star Sydney and Star Qld provided designated services to Customer 6 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 6's KYC information

- 965. Star Sydney and Star Qld did not review, update and verify Customer 6's KYC information having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney or Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney or Star Qld did not appropriately review the nature of Customer 6's business with Star Sydney or Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney or Star Qld did not appropriately review, update and verify Customer 6's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 6's source of wealth and source of funds were not legitimate: see *Customer 6's risk profile*.

- d. to the extent that Star Sydney or Star Qld reviewed Customer 6's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney or Star Qld to Customer 6.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act and rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

On 10 July 2019 and 30 September 2019, Star Sydney conducted ongoing customer due diligence in respect of Customer 6, but did not have appropriate regard to his higher ML/TF risks: see *Customer 6's risk profile*.

Failure to apply appropriate due diligence suited to Customer 6's high ML/TF risks

966. Had Star Sydney or Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 6 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 6; and
- c. reviewing and updating Customer 6's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney or Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 6 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 6*.

ECDD triggers in respect of Customer 6

967. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 6 following any ECDD triggers in respect of Customer 6.

Particulars

Section 36(1)(a) and (b) of the Act.

968. Customer 6:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 8 November 2017 and 10 February 2020, Star Sydney gave the AUSTRAC CEO nine SMRs with respect to Customer 6.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 29 December 2017 and 13 March 2020, Star Qld gave the AUSTRAC CEO ten SMRs with respect to Customer 6.

969. Each matter pleaded in paragraph 968 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

970. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 6 following an ECDD trigger because:
- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 6 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 6 and the provision of designated services to Customer 6 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

In November 2017, 2 and 15 October 2019, 25 December 2019, 30 December 2019, 10 February 2020 and 23 March 2021, Star Sydney conducted ECDD in respect of Customer 6.

On 15 October 2019, the ECDD screening in respect of Customer 6 identified that:

- a. since 2012, there had been 32 suspicious matters raised in relation to Customer 6. Out of that total, 13 SMRs were submitted with respect to Customer 6 and associated parties;
- b. the amounts of these reported transactions ranged from \$100,000 to \$840,000, and the most common type of transactions were chip cash-outs, chip purchases and account withdrawals; and
- c. common individuals involved in these suspicious matters and SMRs with Customer 6 were one of Customer 6's junket representatives, Person 14, and Customer 5, the funder of Customer 6's junkets. According to risk intelligence and additional sources, in December 2012, Customer 5 was reportedly detained in a foreign country for alleged involvement in money laundering. These individuals were associated with a group that was a partner of a casino junket operator in a foreign country, Company 2.

In December 2019, the ECDD screening in respect of Customer 6 identified that external information suggested Customer 6 and another person, believed to be the son of Customer 5, were fellow shareholders in two companies based overseas.

In February 2020, the ECDD screening in respect of Customer 6 identified that:

- a. Customer 6 was previously known by another name;
- b. external information suggested that Customer 6 was a relatively insignificant figure in an overseas casino and

gambling circle, and that he operated a 'sub-junket' for a group, Company 2; and

- c. there was uncorroborated information suggesting that Customer 6's principal financiers, including Customer 5 and Customer 21 and Person 58, potentially utilised Customer 6's association with that group, Company 2, to launder money through casinos.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 6's higher ML/TF risks: see *Customer 6's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 6's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 6's source of wealth and source of funds were not legitimate: see *Customer 6's risk profile*.

- b. Customer 6 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite.

Particulars

See paragraph 817 above.

Rules 15.10(6) and (7) of the Rules.

Contravention of s36 of the Act in respect of Customer 6

971. By reason of the matters pleaded from paragraphs 957 to 970, on and from 30 November 2016, Star Sydney and Star Qld:
 - a. did not monitor Customer 6 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

972. By reason of the matters pleaded at paragraph 971, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 6.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 7

973. Customer 7 was a customer of Star Sydney during the relevant period. In 2018, Star Sydney recorded turnover exceeding \$570,000 for Customer 7.

Particulars

Customer 7 was a customer of Star Sydney from at least 12 October 2006.

974. Star Sydney provided Customer 7 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket funder. Between 2016 and 2020, Star Sydney recorded that junkets operated by Customer 7 had a turnover exceeding \$1.6 billion.

Particulars

On 4 March 2009, Star Sydney opened an FMA and SKA for Customer 7 which remain open (item 11, table 3, s6 of the Act).

Between 6 December 2010 and 8 June 2018, Star Sydney approved CCFs for Customer 7 on four occasions ranging from \$1,250,000 to \$25,000,000 with an additional trip only limit of \$12,500,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel, which it made available to Customer 7 (items 31 and 32, table 1, s6 of the Act).

See Customer 7's risk profile below.

975. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 7.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 7's risk profile

976. On and from 30 November 2016, Customer 7, and the provision of designated services to Customer 7 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 7's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 7 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 7;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 44 occasions between 28 May 2013 and 29 November 2016.

The SMRs reported that between May 2013 and July 2016, Customer 7 and persons associated with him or his junket were involved in large and suspicious cash, CVI and telegraphic transactions totalling at least \$8,002,744.

- ii. between 2015 and 2016, Customer 7 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

In 2015, Customer 7 was one of the top ten junket operators by number of junkets operated at Star Sydney.

In 2015 and 2016, Customer 7 operated 18 junkets at Star Sydney.

Two of the junkets were funded by a person other than Customer 7.

Customer 7's junkets had two junket representatives, including Customer 56.

In 2015 and 2016, junkets operated by Customer 7 had turnover of \$316,625,055 with losses of \$8,719,608.

In 2015 and 2016, Star Sydney recorded a cumulative turnover of \$32,817,903 for Customer 7 as a junket player on his own junkets, despite not being a junket player on those particular junkets: see paragraph 670 above.

In 2015, total benefits of \$2,196,563 were payable to Customer 7 Star Sydney in his capacity as a junket operator which included rebates earned, revenue sharing agreements and other complimentary services.

- iii. Customer 7 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;

Particulars

In 2015, Customer 7 was one of the top ten junket funders by number of junkets funded at Star Sydney.

Between 16 August 2015 and 23 August 2015, Customer 7, together with Customer 13, provided \$500,000 in funding to a junket operated by Customer 14 at Star Sydney.

Between 1 April 2016 and 1 November 2016, Customer 7 provided \$7,000,000 in funding for seven junkets operated by Customer 8 at Star Sydney.

- iv. Customer 7 was recorded to be a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

In 2016, Customer 7 was recorded to be a junket player on three of his own junkets.

In 2016, Customer 7's turnover on junket programs was recorded to be \$36,309,195, with wins of \$3,354,485.

- v. between 6 December 2010 and 27 January 2014, Star Sydney provided Customer 7 with significant amounts of credit upon request, up to limits of \$12,500,000 with additional trip only limits of \$5,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 6 December 2010, Star Sydney approved a single trip CCF limit of \$1,250,000 for Customer 7.

On 27 January 2014, senior management, including Chief Financial Officer, approved a permanent active CCF limit of \$12,500,000 for Customer 7 with an additional trip only limit of \$5,000,000 which was not deactivated.

- vi. Customer 7, and persons associated with his junket, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands at Star Sydney;

Particulars

Between 1 April 2010 and 11 October 2016, Star Sydney gave the AUSTRAC CEO 123 TTRs detailing incoming payments to Customer 7 totalling \$7,501,237 which comprised:

- a. \$6,395,637 in account deposits;
- b. \$420,000 in cash exchanges;
- c. \$390,600 in chip exchanges; and
- d. \$295,000 in other monetary values in.

Between 6 December 2010 and 29 November 2016, Star Sydney gave the AUSTRAC CEO 375 TTRs detailing outgoing payments from Customer 7 totalling \$21,743,172 which comprised:

- a. \$17,534,332 in account withdrawals;
- b. \$4,031,930 in chip cash outs; and
- c. \$176,910 in foreign currency exchanges.

On several occasions, the cash deposited comprised largely \$50 notes and was bundled in \$5,000 or \$10,000 units with rubber bands. On several occasions, cash withdrawals were given to other persons, some of whom were unknown to Star Sydney.

On 26 October 2016, one of Customer 7's junket representatives, Customer 49, withdrew:

- a. \$100,000 in cash from Customer 7's junket account at Star Sydney. Customer 49 was observed to place the cash in a bag and hand it to another Star Sydney customer who was not a player on Customer 7's junket and was a local customer: SMR dated 27 October 2016; and
 - b. \$150,000 in cash from Customer 7's junket account together with \$150,000 in cash from the junket account of another junket operator, Customer 8: SMR dated 29 November 2016.
- vii. Customer 7 and persons associated with his junket engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including the quick turnover of money (without betting) and refining; and

Particulars

See paragraph 25 above.

On 13 July 2016, Customer 7's junket representative Customer 94, withdrew \$500,000 in cash from Customer 7's account. Over the course of the next seven hours, Customer 94 incrementally deposited the same cash back into Customer 7's junket account: SMR dated 14 July 2016. This transaction was indicative of the ML/TF typology of quick turnover of money without betting.

On 19 February 2016, Customer 7's junket representative, Customer 49, withdrew \$420,000 comprised of \$50 notes from Customer 7's safe deposit box and requested that the funds be exchanged for \$100 notes: SMR dated 19 February 2016. This transaction was indicative of the ML/TF typology of refining.

- viii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 7 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 30 July 2015 and 30 November 2016, Star Sydney received 26 telegraphic transfers totalling \$13,977,684, each of which was made available to Customer 7's account.

On 2 May 2016, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$150,000 where Customer 7 was named as the beneficiary and the ordering customer.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraphs 281 and 327 above.

Between 10 February 2013 and 23 May 2013, Star Sydney gave the AUSTRAC CEO three outgoing IFTIs totalling \$702,229 where Customer 7 was the ordering customer, and the beneficiaries were third parties overseas.

Between 15 October 2015 and 9 November 2016, Star Sydney sent six telegraphic transfers totalling \$3,800,000 from Customer 7's account to another Australian casino.

Between 6 February 2016 and 8 November 2016, Star Sydney sent eight telegraphic transfers totalling \$5,311,448 from Customer 7's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Customer 7's risk profile from 30 November 2016

- b. Customer 7 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 30 November 2016 and 2020, Customer 7 operated at least 39 junkets at Star Sydney, 17 of which were funded by Customer 8 or Customer 95;

Particulars

In 2016, Customer 7 was one of the top ten junket operators by number of junkets operated at Star Sydney.

In 2019 and 2020, Customer 7 was one of the top ten junket operators by turnover at Star Sydney.

Funding for Customer 7's junkets comprised:

- a. \$89,063,610 funded by Customer 7;
 - b. \$50,578,800 funded by Customer 8; and
 - c. \$204,500 funded by Customer 95.
- ii. between 30 November 2016 and 2020, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 7 was \$1,637,941,655 with losses of \$36,447,930;

Particulars

Between 1 December 2016 and 31 December 2016, junkets operated by Customer 7 had turnover of \$14,283,230 with wins of \$228,500.

In 2017, junkets operated by Customer 7 had turnover of \$440,753,118 with losses of \$9,091,050.

In 2018, junkets operated by Customer 7 had turnover of \$350,295,100 with losses of \$14,460,555.

In 2019, junkets operated by Customer 7 had turnover of \$559,505,037 with losses of \$8,963,585.

Between January 2020 and March 2020, junkets operated by Customer 7 had turnover of \$273,105,170 with losses of \$4,161,240.

- iii. between 30 November 2016 and 2020, Star Sydney recorded a cumulative turnover of \$96,026,423 for Customer 7 as a junket player on his own junkets, despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2016 and 2020, total benefits of \$23,030,718 were payable to Customer 7 by Star Sydney in his capacity as a junket operator for rebates earned, revenue sharing agreements and other complimentary services;

Particulars

Customer 7 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2016, total benefits of \$2,196,563 were payable to Customer 7;
 - b. in 2017, total benefits of \$4,273,694 were payable to Customer 7;
 - c. in 2018, total benefits of \$4,927,131 were payable to Customer 7;
 - d. in 2019, total benefits of \$8,897,135 were payable to Customer 7; and
 - e. In 2020, total benefits of \$4,932,757 were payable to Customer 7.
- v. between 7 February 2018 and 8 June 2018, Star Sydney provided Customer 7 and his junket programs with significant amounts of credit upon request, up to limits of \$25,000,000 with an additional trip only limit of \$12,500,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 7 February 2018, Star Sydney approved a permanent active CCF limit of \$25,000,000 for Customer 7 which was not deactivated.

On 8 June 2018, Star Sydney approved a permanent active CCF limit of \$25,000,000 for Customer 7 with an additional trip only limit of \$12,500,000 which was deactivated on 2 July 2020.

- vi. Customer 7 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 7 operated junkets in non-exclusive private gaming rooms, including the Sovereign Room, Pit 80 and Oasis.

Customer 7 operated junkets in exclusive private gaming rooms, including Salon 73, Salon 75, Salon 77, Salon 78, Salon 82, Salon 83, Salon 86, Salon 88, Salon 89, Salon 90, Salon 91 and Salon 92.

- vii. Customer 7 had six junket representatives at Star Sydney including Customer 49, Customer 8 and Customer 94; and
- viii. Customer 7 and his junket representatives facilitated the provision of high value designated services to 106 junket players at Star Sydney including players in respect of whom Star Sydney had formed suspicions and who Star Sydney considered had acted suspiciously, such as Customer 28 and Customer 46;

Particulars

See paragraphs 643 to 649 above.

See Customer 28's risk profile and Customer 46's risk profile.

- c. Customer 7 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
 - i. between 2016 and 2018, Customer 7 funded 25 of Customer 8's junkets and one of Customer 3's junkets at Star Sydney;

Particulars

In 2016, 2017 and 2018, Customer 7 was one of the top ten junket funders by number of junkets funded at Star Sydney.

In 2018, Customer 7 was one of the top ten junket funders by amount of funding provided at Star Sydney.

Customer 7 provided \$70,630,000 in funding to Customer 8's junkets.

Customer 7 provided \$500,000 in funding to Customer 3's junket.

Customer 7 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

- ii. between 7 February 2018 and 8 June 2018, Star Sydney provided Customer 7 and his junket programs with significant amounts of credit upon request, up to limits of \$25,000,000 with an additional trip only limit of \$12,500,000;

Particulars

See paragraphs 516 to 518 and 552 above.

See paragraph 976.b.v above.

- iii. the junkets funded by Customer 7 at Star Sydney had nine junket representatives including Customer 49 and Customer 94; and

- iv. the junkets funded by Customer 7 facilitated the provision of high value designated services to junket operators, junket representatives and at least 115 junket players including foreign PEPs and players in respect of whom Star Sydney had formed suspicions Customer 8, Customer 3, Customer 61, Customer 28 and Customer 49;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

See Customer 3's risk profile, Customer 8's risk profile, Customer 28's risk profile, Customer 49's risk profile and Customer 61's risk profile.

- d. Customer 7 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. in 2018, Customer 7 was a player on two junkets at Star Sydney operated by Customer 8; and
 - ii. in 2018, Star Sydney recorded cumulative turnover of \$579,241 with wins of \$129,330 for Customer 7's gaming activity on junket programs;
- e. designated services provided to Customer 7 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- f. Customer 7 received financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs;

Particulars

See paragraph 752 above.

In 2018, Star Sydney recorded individual rated turnover totalling \$5,042 for Customer 7.

- g. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 7 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 12 June 2018 and 29 June 2018, Customer 8 acting on behalf of Customer 7 deposited a total of \$6,500,000 into the EEIS Patron accounts, which Star Sydney made available to Customer 7 through the EEIS remittance channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 11 August 2017 and 7 December 2018, Star Sydney received 16 telegraphic transfers totalling \$12,379,618, each of which was made available to Customer 7's SKA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 23 December 2016 and 6 March 2018, Star Sydney sent six telegraphic transfers totalling \$7,100,000 from Customer 7's account to Australian bank accounts.

Between 17 December 2016 and 7 March 2018, Star Sydney sent three telegraphic transfers totalling \$1,500,000 from Customer 7's SKA to another Australian casino.

On 16 October 2018, Star Sydney sent a telegraphic transfer of \$300,000 from Customer 7's SKA to an overseas casino.

On 9 April 2019 and 25 June 2019, Star Sydney sent two telegraphic transfers totalling \$382,410 from Customer 7's FMA to overseas bank accounts.

Between 23 February 2017 and 29 August 2017, Star Sydney gave the AUSTRAC CEO seven outgoing IFTIs totalling \$3,292,262 where Customer 7 was named as the beneficiary and the ordering customer.

On 23 June 2021, Star Sydney gave the AUSTRAC CEO an outgoing IFTI totalling \$1,909,497 where Customer 7 was named as the beneficiary and the ordering customer.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 22 August 2017 and 1 September 2018, Star Sydney sent two transfers totalling \$65,730 from Customer 7's account to Star Qld. At least \$26,352 of the funds were intended for another customer.

See paragraph 976.h below.

- h. Star Sydney was aware that Customer 7 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 10 October 2018, a Star Sydney customer, accompanied by a junket representative, Person 35, of a junket operator, Person 18, and requested to exchange his chips for plaques. The chips were

deposited into the customer's account and three \$100,000 plaques were issued. The customer then gave the plaques to Person 35, who returned soon afterwards to deposit the plaques into the Customer 7's account. Star Sydney had no record of the customer being a junket player under Customer 7's junket or Person 18: SMR dated 10 October 2018.

On 23 June 2019, Customer 8 transferred \$256,000 from his account to another Star Sydney customer who was a junket player on Customer 8's junket with a recorded turnover of \$753,330 and a loss of \$214,735. The customer then requested that \$206,000 be transferred to a second Star Sydney customer. The second Star Sydney customer requested that the funds be withdrawn as a Star cheque. The second Star Sydney customer returned the cheque the following day and requested that it be deposited into her account. The second Star Sydney customer requested that the funds be transferred to the Customer 7's account as a subsequent buy-in allocated to the first Star Sydney customer. Star Sydney was unaware of any links between any of the customers. Star Sydney considered the movement of funds to be unusual: SMR dated 25 June 2019.

On 14 October 2019, Customer 8 and Customer 7 each transferred \$100,000 from their junket account to a junket player, Person 60. Several days later, Person 60 withdrew the funds as cash. Person 60 had recorded a turnover of \$1,109,930 with a loss of \$158,925 under Customer 8's junket program and a turnover of \$417,800 with a loss of \$55,780 under Customer 7's junket program. Star Sydney considered the transaction suspicious given the loss recorded for Person 60 under the junket programs: SMR dated 16 October 2019.

On 4 March 2020, a Star Sydney customer sent by telegraphic transfer \$1,052,853 to Star Sydney's bank account. The customer withdrew \$1,000,000 in cash chips while accompanied by another of Customer 7's junket representatives, Customer 49. Customer 49 returned a short time later to complete a sub buy-in for Customer 7 with the \$1,000,000 withdrawn by the customer. However, the customer was not a player on Customer 7's junket. The customer was the personal assistant of a player on Customer 7's junket with a rated loss of \$2,591,450.

- i. Customer 7, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

See paragraph 976.h.

Between 16 February 2017 and 20 November 2019, Star Sydney gave the AUSTRAC CEO seven TTRs detailing incoming payments to Customer 7 totalling \$314,000 which comprised:

- a. \$279,000 in account deposits; and
- b. \$35,000 in chip exchanges.

Between 19 December 2016 and 6 March 2020, Star Sydney gave the AUSTRAC CEO 100 TTRs detailing outgoing payments from Customer 7 totalling \$3,921,730 which comprised:

- a. \$1,915,250 in account withdrawals; and
- b. \$2,006,480 in chip cash outs.

Large and suspicious transactions in 2017

On 25 January 2017, Customer 7's junket representative, Customer 49, exchanged \$300,000 in plaques for cash on behalf of Customer 7 at Star Sydney: SMR dated 30 January 2017.

On 1 August 2017, Customer 7 cashed out \$102,680 in chips. Star Sydney considered this to be an unusually large transaction.

Large and suspicious transactions in 2018

On 15 January 2018 Customer 7's junket representative, Customer 49, conducted a chip cash out for \$201,500 and gave the cash to a junket player who had a recorded turnover of \$1,061,250 with a win of \$304,250 on Customer 7's junket.

On 20 March 2018, Customer 8's and Customer 7's junket representative, Person 10, withdrew \$50,000 in cash from each junket operator. Shortly afterwards, a junket player on Customer 7's junket deposited the cash into his Star Sydney account.

Large and suspicious transactions in 2019

On 10 February 2019, Customer 7's junket representative, Customer 49, deposited \$100,000 in non-negotiable chips into Customer 7's account. Customer 49 then withdrew the funds as cash and gave the funds to a junket player on Customer 7's junket with a recorded turnover of \$1,181,200 and a win of \$177,025.

On 30 March 2019, Customer 7's junket representative, Customer 49, withdrew \$120,510 from Customer 7's junket account. Customer 49 gave the cash to a Star Sydney customer who had no known association with Customer 7's junket. The customer was a player under a different junket operator which Customer 49 was also the junket representative for. Star Sydney considered it unusual that Customer 49 would withdraw funds from Customer 7's junket account and give the cash to a customer with no known association with Customer 7's junket: SMR dated 1 April 2019.

On 5 August 2019, Customer 7's junket representative, Customer 49, exchanged \$103,000 in chips to cash on behalf of Customer 7. At the time, Customer 7's junket program had a recorded turnover of

\$16,908,000 and one of its players, Person 60, had a recorded win of \$108,750.

On 15 September 2019, Customer 7's junket representative, Customer 49, deposited \$100,000 in cash. The cash comprised \$50 notes bundled in \$10,000 units with rubber bands and carried in a black backpack. The funds were for a junket player on Customer 7's junket with a recorded turnover of \$470,250 and a loss of \$200,000.

Large and suspicious transactions in 2020

On 22 February 2020, Customer 7's junket representative, Customer 49, withdrew \$200,000 from Customer 7's account to give to another Star Sydney customer.

- j. Customer 7 and persons associated with his junket engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including quick turnover of money (without betting) at Star Sydney;

Particulars

See paragraph 25 above.

On 20 November 2017, Customer 7's junket representative, Customer 49, deposited \$90,000 in chips into Customer 7's account at Star Sydney. Customer 49 then immediately withdrew the funds as cash.

Customer 49 requested that the cash be deposited into Customer 59's account but was advised that she would require an authority from Customer 59. Customer 49 returned later that day with Customer 59 and deposited a further \$310,000 in chips into Customer 7's account. Customer 49 then immediately withdrew the funds as cash and transferred it to Customer 59's account.

Customer 49 then presented the \$90,000 from earlier in the day and deposited it into Customer 59's account. Customer 59 requested that \$300,000 be sent to her personal bank account. Customer 59 was a junket player on the Customer 7 junket with a recorded turnover of \$1,663,900 and a win of \$494,275. However, settlement was not to take place until 29 November 2017: SMR dated 21 November 2017.

These transactions were indicative of the ML/TF typology of quick turnover of money (without betting).

- k. Customer 7 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 7 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Lakes Salons, Oasis, Harbours Salons, Rivers Salons and Springs Salons.

- I. in 2018, Customer 7 was the subject of a law enforcement enquiry at Star Sydney; and

Particulars

In March 2018, Star Sydney received a request from a law enforcement agency for details of Customer 7's profile and gaming activity.

- m. Star Sydney did not have adequate reason to believe that Customer 7's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 7 at Star Sydney.

Particulars

See paragraph 808 above.

By at least March 2018, Star Sydney understood Customer 7 to operate a property development company. By 30 November 2016, Customer 7, and persons associated with his junket, had transacted using large amounts of cash, cash that appeared suspicious and in circumstances indicative of the ML/TF typologies of the quick turnover of money (without betting) and refining. Star Sydney had given the AUSTRAC CEO 44 SMRs in respect of Customer 7, whose junkets had recorded a turnover exceeding \$310 million.

Between 2016 and 2020, junkets operated by Customer 7 recorded a turnover exceeding \$1.6 billion. Customer 7 and persons associated with his junket continued to transact using large amounts of cash including in circumstances indicative of the ML/TF typology of the quick turnover of money (without betting). Moreover, Customer 7 received designated services through high risk channels including the EEIS remittance channel.

At no time did Star Sydney have information regarding Customer 7's source of wealth or source of funds that was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 7 at Star Sydney.

Star Sydney's determination of the ML/TF risks posed by Customer 7

977. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 7 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 7.
- a. On and from 30 November 2016, Customer 7 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 7's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 7 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 6 April 2014, Customer 7 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 5 March 2021, Customer 7 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 7's transactions

978. At no time did Star Sydney apply appropriate transaction monitoring to Customer 7's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 7, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket funders, operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 7's junket as turnover was recorded against Customer 7 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 7 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the EEIS remittance channel;

Particulars

See paragraph 493 above.

- e. Star Sydney provided designated services to Customer 7 through multiple accounts and was not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 7.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incident involving Customer 7 on 1 August 2017, 20 March 2018 and 14 October 2019: see *Customer 7's risk profile*.

The review, update and verification of Customer 7's KYC information

- 979. Star Sydney did not review, update and verify Customer 7's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 7's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 7's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 7's source of wealth or source of funds: see *Customer 7's risk profile*.

Despite this, Star Sydney did not adequately review, update and verify Customer 7's source of wealth or source of funds to satisfy itself that it was sufficient to explain the high value financial and

gaming services (tables 1 and 3, s6 of the Act) received by Customer 7 at Star Sydney.

- d. to the extent that Star Sydney reviewed Customer 7's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 7.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 7's high ML/TF risks

980. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 7 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 7; and
 - c. reviewing and updating Customer 7's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 7 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 7*.

ECDD triggers in respect of Customer 7

981. Star Sydney was required to apply the ECDD Programs to Customer 7 following any ECDD triggers in respect of Customer 7.

Particulars

Section 36(1)(a) and (b) of the Act.

982. Customer 7 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 30 January 2017 and 16 October 2019, Star Sydney gave the AUSTRAC CEO six SMRs with respect to Customer 7.

983. The matter pleaded in paragraph 982 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

984. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 7 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 7 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 7 and the provision of designated services to Customer 7 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rule 15.10 of the Rules.

See paragraphs 797 and 807 above.

On 12 February 2019, 30 March 2019, 6 August 2019, 16 September 2019, 14 October 2019, 24 March 2021 and 1 July 2021, Star Sydney conducted ECDD in respect of Customer 7.

The 1 July 2021 screening identified no adverse material in respect of Customer 7.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 7's higher ML/TF risks: see *Customer 7's risk profile*.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 7's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 7's source of wealth or source of funds: see *Customer 7's risk profile*.

Rules 15.10(2) and (5) of the Rules.

- b. Customer 7 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- c. on any occasion that Customer 7 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 7 and the provision of designated services to Customer 7 by Star Sydney, and whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 1 July 2021, following an ECDD screening, the Due Diligence Program Manager determined to maintain a business relationship with Customer 7.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 7's source of wealth (r 15.10(2)(a) of the Rules);
- b. Customer 7's source of funds (r15.10(2)(b) of the Rules), having regard to the information suggesting that there were higher ML/TF risks as to their source of funds: see *Customer 7's risk profile* above.

Contravention of s36 of the Act in respect of Customer 7

985. By reason of the matters pleaded from paragraphs 973 to 984 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 7 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

986. By reason of the matters pleaded at paragraph 985, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 7.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 8

987. Customer 8 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$65 million for Customer 8.

Particulars

Customer 8 became a customer of Star Sydney on 31 January 2014.

988. Star Sydney provided Customer 8 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period, including services as a junket operator. Between 2016 and 2020, Star Sydney recorded that junkets operated by Customer 8 had a turnover exceeding \$1.4 billion.

Particulars

On 28 March 2016, Star Sydney opened an FMA and SKA for Customer 8 which remain open (item 11, table 3, s6 of the Act).

Between 23 August 2017 and 27 June 2019, Star Sydney approved CCFs for Customer 8 on four occasions ranging from \$1,000,000 to \$10,000,000 (item 6, table 1, s6 of the Act).

Between 27 June 2019 and 20 July 2020, Star Sydney approved a permanently active CCF of \$10,000,000 for Customer 8 (item 6, table 1, s6 of the Act).

See Customer 8's risk profile below.

989. Customer 8 was a customer of Star Qld during the relevant period. Between 2017 and 2019, Star Qld recorded turnover exceeding \$13 million for Customer 8.

Particulars

Customer 8 became a customer of Star Qld on 31 January 2014.

990. Star Qld provided Customer 8 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period, including services as a junket operator. Between 2018 and 2019, Star Qld recorded that junkets operated by Customer 8 had a turnover exceeding \$180 million.

Particulars

On 22 June 2017, Star Qld opened an FMA for Customer 8 which remains open (item 11, table 3, s6 of the Act).

On 30 November 2018, Star Qld opened an SKA for Customer 8 which remains open (item 11, table 3, s6 of the Act).

Between 26 November 2018 and 27 June 2019, Star Qld approved a permanently active CCF of \$10,000,000 for Customer 8 on two occasions, which was not deactivated until 20 July 2020 (item 6, table 1, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 8 (items 31 and 32, table 1, s6 of the Act).

See Customer 8's risk profile below.

991. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 8.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 8's risk profile

992. On and from 30 November 2016, Customer 8, and the provision of designated services to Customer 8 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 8's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 8 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 8;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on four occasions between 23 November 2016 and 29 November 2016.

The SMRs reported that Customer 8's junket representatives Customer 49 and Customer 94 had engaged in large cash transactions from Customer 8's SKA and exchanges of chips for cash.

- ii. Customer 8 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) to least 52 key players on their junket programs;

Particulars

In 2016:

- a. Customer 8 operated seven junket programs at Star Sydney, all of which were funded by another junket operator, Customer 7;
 - b. Star Sydney recorded that the junkets had cumulative turnover of \$223,682,940 with losses of \$5,660,950; and
 - c. the junket representatives for each of these programs were Customer 49 and Customer 94.
- iii. Customer 8, and persons associated with their junket, transacted using large amounts of cash at Star Sydney; and

Particulars

Between 3 February 2014 and 29 November 2016, Star Sydney gave the AUSTRAC CEO 71 TTRs in respect of Customer 8 totalling \$3,792,645:

- a. 40 TTRs detailed exchanges of cash for chips and chips for cash totalling \$1,471,370;
- b. 23 TTRs detailed account withdrawals totalling \$1,766,275; and
- c. eight TTRs detailed account deposits totalling \$555,000.

Large and suspicious cash transactions in 2016

Between 21 and 28 November 2016, Customer 8's junket representatives, including Customer 94 and Customer 49 transacted with cash totalling \$715,000 as follows:

- a. on 21 November 2016, Customer 94 withdrew \$300,000 in cash from Customer 8's SKA: SMR dated 23 November 2016;
- b. on 23 November 2016, Customer 49 exchanged \$115,000 in chips for cash, comprising a \$100,000 chip from another Star Sydney customer and \$15,000 in program chips from

Customer 8's junket. Star Sydney surveillance observed Customer 49 give \$100,000 of the cash to an unknown person: SMR dated 24 November 2016; and

- c. on 28 November 2016, Customer 49 requested to withdraw \$150,000 in cash from Customer 7's FMA at Star Sydney and a further \$150,000 from Customer 8's FMA: SMR dated 29 November 2016.

- iv. Star Sydney had referred transactions involving Customer 8 to law enforcement agencies on two occasions;

Particulars

In 2016, Star Sydney notified a law enforcement agency regarding large cash deposits to Customer 8's account on two occasions.

Customer 8's risk profile from 30 November 2016

- b. Customer 8 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2016 and 2020, Customer 8 operated 40 junkets at Star Sydney, 25 of which were funded by Customer 7;

Particulars

Funding for Customer 8's junkets comprised:

- a. \$42,315,800 funded by Customer 8; and
 - b. \$70,630,000 funded by Customer 7.
- ii. between 2016 and 2020, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 8 was \$1,381,053,845 with losses of \$32,221,732;

Particulars

In December 2016, junkets operated by Customer 8 had turnover of \$15,298,062 with losses of \$254,670.

In 2017, junkets operated by Customer 8 had turnover of \$518,798,682 with losses of \$12,199,346.

In 2018, junkets operated by Customer 8 had turnover of \$547,407,630 with losses of \$15,801,651.

In 2019, junkets operated by Customer 8 had turnover of \$198,973,144 with losses of \$4,071,130.

Between January and March 2020, junkets operated by Customer 8 had turnover of \$100,576,327 with wins of \$105,065.

- iii. between 2017 and 2020, Star Sydney recorded a cumulative turnover of \$65,005,835 for Customer 8 as a junket player on their own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2016 and 2020, total benefits of \$11,900,803 were payable to Customer 8 by Star Sydney in their capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs and complimentary services;

Particulars

Customer 8 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2016, total benefits of \$1,851,401 were payable to Customer 8;
 - b. in 2017, total benefits of \$3,993,339 were payable to Customer 8;
 - c. in 2018, total benefits of \$3,712,339 were payable to Customer 8;
 - d. in 2019, total benefits of \$1,930,280 were payable to Customer 8; and
 - e. between January and March 2020, total benefits of \$413,444 were payable to Customer 8.
- v. between 23 August 2017 and 2 July 2020, Star Sydney provided Customer 8 and their junket programs with significant amounts of credit upon request, up to limits of \$10,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 23 August 2017, Star senior management including the Chief Executive Officer, approved a single trip CCF limit of \$1,000,000 subject to a letter of guarantee from Customer 7.

Between 3 January 2018 and 27 June 2019, Star Sydney provided Customer 8 with a CCF with a limit of \$10,000,000, which was provided on a permanently active basis from 26 November 2018 until deactivated on 2 July 2020.

- vi. Customer 8 operated junkets in private gaming rooms, including private gaming rooms that were exclusive to the junket;

Particulars

Customer 8 operated junkets in non-exclusive private gaming rooms, including the Sovereign room, Oasis room and Pit 80.

Customer 8 operated junkets in exclusive private gaming rooms, including Salon 88, Salon 75, Salon 69, Salon 76, Salon 92, and Salon 91.

- vii. Customer 8 had at least two junket representatives at Star Sydney including Customer 94 and Customer 49; and
- viii. Customer 8 and their junket representatives facilitated the provision of high value designated services to at least 147 junket players at Star Sydney including players who Star Sydney considered had acted suspiciously, such as Customer 49, Customer 7 and Customer 65;

Particulars

See paragraphs 643 to 649 above.

2018

On 23 March 2018, a Star Sydney customer presented \$100,000 in cash comprising \$100 notes with straps issued by the Star and dated 10 March 2018 to purchase casino chips while playing under a Customer 8 junket. Star Sydney suspected the cash came from the Customer 8 junket, where they had a turnover of \$1,410,650 with a win of \$13,355. The customer had no gaming or threshold transactions recorded with the Star prior to 20 March 2018: SMR dated 26 March 2018.

2019

On 14 October 2019, junket operators Customer 8 and Customer 7 separately transferred \$100,000 each from their respective accounts to another Star Sydney customer, Person 60. Several days later, Person 60 withdrew the \$200,000 as cash. Person 60 was a junket player under both junket operators.

- a. Under the Customer 8 junket program, the customer had recorded a turnover of \$1,109,930 and a loss of \$158,925.
- b. Under the Customer 7 junket program, the customer had recorded a turnover of \$417,800 and a loss of \$55,780.

Given these losses, Star Sydney considered it unusual that both operators would transfer such large amounts to the customer: SMR dated 16 October 2019.

- c. Customer 8 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 2018 and 2019, Customer 8 operated 24 junkets at Star Qld, at least six of which were funded by Customer 7;

Particulars

Funding for Customer 8's junkets comprised:

- a. \$36,044,550 funded by Customer 8; and
- b. \$8,998,015 funded by Customer 7.

- ii. between 2018 and 2019, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 8 in the relevant period was \$181,065,223 with losses of \$6,140,785;

Particulars

In 2018, junkets operated by Customer 8 had turnover of \$160,149,860 with losses of \$4,880,315.

In 2019, junkets operated by Customer 8 had turnover of \$20,915,363 with losses of \$1,260,470.

- iii. between 2018 and 2019, Star Qld recorded a cumulative turnover of \$13,602,981 for Customer 8 as a junket player on their own junkets despite not being a junket player at any time;

Particulars

See paragraph 670 above.

- iv. between 2018 and 2019, total benefits of \$2,086,506 were payable to Customer 8 by Star Qld in their capacity as a junket operator;

Particulars

Customer 8 was entitled to benefits from Star Qld in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers:

- a. in 2018, total benefits of \$1,765,038 were payable to Customer 8 by Star Qld, including \$1,760,658 at Star Gold Coast and \$4,380 at Treasury Brisbane; and
- b. in 2019, total benefits of \$321,468 were payable to Customer 8 by Star Qld.
- v. between 26 November 2018 and 2 July 2020, Star Qld provided Customer 8 and their junket programs with significant amounts of credit upon request, up to limits of \$10,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

From 26 November 2018, Star Qld provided Customer 8 with a permanently active CCF limit of \$10,000,000, which was deactivated on 2 July 2020.

- vi. Customer 8 operated junkets in private gaming rooms, including private gaming rooms that Star Qld made available exclusively to the junket;

Particulars

Customer 8 operated junkets in non-exclusive private gaming rooms, including Pit 11.

Customer 8 operated junkets in exclusive private gaming rooms, including Salon 21, 22, 69, 89, 90, 96 and 98.

- vii. Customer 8 had at least five junket representatives at Star Qld including Customer 49; and
- viii. Customer 8 and their junket representatives facilitated the provision of high value designated services to at least 59 junket players at Star Qld including foreign PEPs and players Star Qld considered had acted suspiciously such as Customer 49;

Particulars

See paragraphs 643 to 649 above.

For example, on 28 March 2018, Star Qld reviewed table play in respect of a player under a Customer 8 junket program, who was a foreign PEP. Star Qld records identified that the customer lost \$973,000 in February 2018 with no play being recorded in the previous two months: SMR dated 28 March 2018.

- d. designated services provided to Customer 8 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- e. Customer 8 was connected to other customers at Star Sydney and Star Qld, including junket operators and junket representatives who Star Sydney and Star Qld considered had acted suspiciously (such as Customer 7, Customer 49 and Customer 94);

Particulars

Customer 7 had funded 25 junket programs operated by Customer 8 at Star Sydney and at least 6 junket programs operated by Customer 8 at Star Qld.

On 23 August 2017, Customer 7 had acted as a guarantor of Customer 8's CCF at Star.

- f. between 23 January 2020 and 8 March 2020, Customer 8 referred three players on four occasions to Star Qld;

Particulars

See paragraph 625 above.

Between 23 January 2020 and 8 March 2020, Customer 8 referred three players on four occasions to Star Qld. On each occasion, Customer 8 arranged for the referred players to attend Star Qld on a rebate program without Customer 8 or his junket representative being present.

Customer 8 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- g. Customer 8 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2019, Star Qld recorded individual rated turnover totalling \$150,495 for Customer 8;

Particulars

See paragraph 752 above.

In 2017, Customer 8's individual rated turnover was \$7,245.

In 2018, Customer 8's individual rated turnover was \$8,250.

In 2019, Customer 8's individual rated turnover was \$135,000.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6) to Customer 8 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 13 December 2016 and 6 December 2018, Star Sydney received 14 telegraphic transfers totalling \$15,592,594, each of which was made available to Customer 8's SKA.

In 2017, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$1,023,681 where Customer 8 was named as the beneficiary and the ordering customer. The funds were deposited into Customer 8's Star Sydney account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

Between 7 February 2017 and 11 May 2019, Star Sydney sent seven telegraphic transfers totalling \$4,100,000 from Customer 8's account to Australian bank accounts.

Between 5 July 2017 and 7 January 2020, Star Sydney sent four telegraphic transfers totalling \$3,500,000 from Customer 8's account to other Australian casinos.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, see particulars to paragraph 992.j.

Between 21 February 2018 and 17 March 2020, Star Sydney sent 15 telegraphic transfers totalling \$9,939,223 from Customer 8's account to Star Qld.

Between 9 July 2018 and 18 December 2019, Star Sydney received nine telegraphic transfers totalling \$6,307,451 from Star Qld, each of which was made available to Customer 8's SKA.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 8 by remitting large amounts of money into, out of and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

On 7 October 2018, Customer 8 transacted \$20,000 through the Hotel Card channel at Star Qld.

On 23 August 2019, Customer 8 transacted \$100,000 through the Hotel Card channel at Star Qld.

Other remittances involving third parties

See paragraphs 278 and 327 above.

On 7 October 2018, Customer 8 received \$20,000 into their Star Qld account from a third party account: SMR dated 9 October 2018.

The above transaction was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

On 31 May 2019, Star Qld received a telegraphic transfer of \$8,060, which it made available to Customer 8's FMA at Star Gold Coast.

The above transaction was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraphs 281 and 327 above.

On 22 October 2018, Star Qld facilitated a telegraphic transfer of \$330,000 from Customer 8's FMA at Star Gold Coast to the Australian bank account of another Star customer.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 21 February 2018 and 2 March 2020, Star Qld received 16 transfers totalling \$16,797,226 from Star Sydney, each of which was made available to Customer 8's FMA at Star Gold Coast. The transfers included:

- a. \$3,000,000 from Customer 7's account at Star Sydney on 13 October 2018; and
- b. \$1,000,000 from Customer 7's account at Star Sydney on 30 November 2018.

On 17 March 2020, Star Qld received a transfer of \$35,460 from Star Sydney, which it made available to Customer 8's account at Treasury Brisbane.

Between 3 March 2018 and 18 December 2019, Star Qld facilitated 13 transfers totalling \$12,568,099 from Customer 8's accounts at Star Gold Coast to Star Sydney. Some of the funds were transferred for the purpose of redeeming outstanding CCFs.

On 28 May 2018, Star Qld facilitated a transfer of \$3,014,950 from Customer 8's FMA at Treasury Brisbane to Star Sydney.

- j. Star Sydney was aware that Customer 8 and persons associated with Customer 8 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

2016

Between 1 December 2016 and 1 February 2017, Customer 8 and their representatives engaged in the following transactions with a Star Sydney customer:

- a. Customer 8 transferred \$2,000,000 from their account to the Star Sydney customer's account on two occasions;
- b. Customer 8's junket representative, Customer 49, informed Star Sydney that additional telegraphic transfers, totalling \$2,378,079, would be deposited with Star Sydney that were to be credited to the customer's account; and
- c. by 1 February 2017, the customer's account balance was \$6,378,079, but there had been no withdrawals or gaming activity in connection with the account: SMR dated 1 February 2017.

2017

Between April 2017 and November 2017, Customer 71, a junket player on Customer 8's junket, transacted \$844,000 through the Hotel Card channel at Star Sydney over five transactions and was given a temporary CCF for use on Customer 8's junket program while waiting for the funds to clear.

2019

On 23 June 2019, Customer 8 transferred \$256,000 from their Star Sydney account to the Star Sydney account of a player on their junket program, who had a recorded turnover of \$753,330 and a loss of \$214,735. Following the transfer:

- a. the customer requested \$206,000 of the funds to be transferred to a second Star Sydney customer;
 - b. the second customer requested the funds to be withdrawn in the form of a Star cheque;
 - c. the following day, the second customer returned the Star cheque, requested that it be deposited into their account, and then requested that the funds be transferred to Customer 7's junket account as a buy-in allocated to the first customer; and
 - d. Star Sydney was unaware of any link between the customers or junket operators and considered the movement of funds to be unusual: SMR dated 25 June 2019.
- k. Customer 8, and persons associated with their junket, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and cash transported in plastic bags, gym bags and backpacks at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 19 December 2016 and 16 March 2020, Star Sydney gave the AUSTRAC CEO 497 TTRs totalling \$23,074,126, including:

- a. 100 TTRs detailing account deposits in cash involving Customer 8 totalling \$7,755,730;
- b. 252 TTRs detailing account withdrawals in cash involving Customer 8 totalling \$11,394,286; and
- c. 141 TTRs detailing chip and cash exchanges involving Customer 8 totalling \$3,834,110.

Large and suspicious transactions in 2017

In 2017, Customer 8 and their junket representatives, including Customer 94 and Customer 49, engaged in large and suspicious cash transactions totalling at least \$3,671,950:

- a. On 5 January 2017, Customer 8's junket representative Customer 49 withdrew \$200,000 in cash from Customer 8's SKA at Star Sydney;
- b. On 4 February 2017, Customer 8's junket representative Customer 94 asked Star Sydney to transfer \$193,000 by

telegraphic transfer to a junket player on Customer 8's junket, however Star Sydney declined to process the transaction as the beneficiary was identified as the junket player's daughter.

Customer 94 then withdrew \$193,000 in cash, and Star Sydney staff observed him handing the cash to the junket player's daughter in a black carry bag: SMR dated 6 February 2017;

- c. On 8 February 2017, Customer 8's junket representative Customer 94 withdrew \$300,000 in cash from Customer 8's Star Sydney account, which was given to a junket player. Later that evening, Customer 94 withdrew a further \$131,000 in cash in circumstances where Star Sydney was unaware who the funds were for: SMR dated 9 February 2017;
- d. On 24 February 2017, Customer 8's junket representative Customer 49 presented \$10,000 in chips and withdrew \$490,000 in cash from Customer 8's Star Sydney account. Star Sydney staff observed Customer 49 giving the cash to an unknown person: SMR dated 27 February 2017;
- e. On 22 March 2017, Customer 8's junket representative Customer 49 withdrew \$300,000 in cash from Customer 8's Star Sydney account, then left the premises: SMR dated 23 March 2017;
- f. On 13 April 2017, Customer 8's junket representative Customer 49 withdrew \$400,000 in cash from Customer 8's Star Sydney account: SMR dated 18 April 2017;
- g. On 19 April 2017, Customer 8 withdrew \$100,000 in cash at Star Sydney, then left the premises;
- h. On 13 July 2017, Customer 8's junket representative Customer 94 withdrew \$300,000 in cash from Customer 8's SKA, then handed the cash to a third party;
- i. On 29 July 2017, Customer 8 exchanged \$105,000 in cash for chips at Star Sydney;
- j. On 10 August 2017, Customer 8's junket representative Customer 49 deposited \$120,000 in cash in rubber bands for deposit into Customer 8's FMA;
- k. On 23 August 2017, Customer 8's junket representative Customer 49 deposited \$100,000 in cash in rubber bands for deposit into Customer 8's FMA;
- l. On 31 August 2017, Customer 8's junket representative exchanged \$100,950 in chips for cash at Star Sydney, then provided the cash to Customer 8, who then left the casino with the cash;

- m. On 2 November 2017, Customer 8's junket representative Customer 49 deposited \$220,000 in cash to Customer 8's Star Sydney account. The cash was in a brown shopping bag and comprised \$60,000 in \$100 notes and \$160,000 in \$50 notes bundled in rubber bands and straps showing cartoon characters: SMR dated 6 November 2017;
- n. On 14 November 2017, Customer 8's junket representative Customer 94 withdrew \$152,000 in cash from Customer 8's Star Sydney account. Star Sydney staff observed Customer 94 give the cash to Customer 70, who was not a player on the Customer 8 junket program, in circumstances where Star Sydney was unaware of any connection between Customer 70 and Customer 8: SMR dated 14 November 2017;
- o. On 11 December 2017, Customer 8's junket representative Customer 49 withdrew \$220,000 in cash from Customer 8's Star Sydney account. Star Sydney staff saw Customer 49 give the cash to an unknown person waiting in a taxi: SMR dated 12 December 2017;
- p. On 14 December 2017, Customer 8's junket representative Customer 49 deposited \$140,000 in cash in \$100 notes, some of which were in bank straps, with the remainder in rubber bands; and
- q. On 22 December 2017, Customer 8's junket representative Customer 49 deposited \$100,000 in cash into Customer 8's FMA.

Large and suspicious transactions in 2018

In 2018, Customer 8's junket representatives, including Customer 94 and Customer 49, engaged in large and suspicious cash transactions totalling at least \$3,980,330:

- a. on 25 January 2018, Customer 8's junket representative Customer 49 requested a chip and cash exchange totalling \$102,000;
- b. on 5 February 2018, Customer 8's junket representatives, including Customer 49 and Person 10, presented \$430,000 in cash comprising \$410,000 in \$50 notes and \$20,000 in \$100 notes bundled in rubber bands in a blue gym bag to be deposited into Customer 8's Star Sydney account. The representatives claimed that the funds had come from a Customer 8 junket player who had withdrawn it from a bank: SMR dated 6 February 2018;
- c. on 7 February 2018, Customer 8's junket representatives, including Customer 49 and Person 10, presented \$250,000 in cash comprising \$10,000 in \$100 notes and \$240,000 in \$50

notes in a black and red backpack to be deposited into Customer 8's Star Sydney account: SMR dated 8 February 2018;

- d. on 8 February 2018, Customer 8's junket representative Customer 49 presented \$250,000 in cash comprising \$20,000 in \$100 notes and \$230,000 in \$50 notes bundled in rubber bands in a large black Sovereign Room bag, to be deposited into Customer 8's Star Sydney account: SMR dated 9 February 2018;
- e. on 15 February 2017, Customer 8's junket representative Customer 49 deposited \$100,000 in cash into Customer 8's FMA at Star Sydney;
- f. on 23 February 2018, Customer 8's junket representative Customer 49 withdrew \$155,000 in cash from Customer 8's Star Sydney account, then gave the cash to a Star Sydney customer who was not a player on Customer 8's junket: SMR dated 27 February 2018;
- g. on 27 February 2018, Customer 8's junket representative, Person 10, deposited a total of \$999,480 in cash into Customer 8's Star Sydney account across three transactions, comprising \$300,000, \$299,850 and \$399,630 in small denominations including \$50 notes and \$20 notes: SMR dated 28 February 2018;
- h. on 1 March 2018, Customer 8's junket representative, Person 10, deposited \$299,950 in cash comprising \$50 notes in rubber bands in a blue backpack into Customer 8's Star Sydney account: SMR dated 2 March 2018;
- i. on 11 March 2018, Star Sydney staff observed a Star Sydney customer purchase \$100,000 in chips with cash, then give the chips to Customer 8's junket representative, Customer 49: SMR dated 12 March 2018. Three days later, on 14 March 2018, another of Customer 8's junket representatives, Person 10, withdrew \$100,000 in cash from Customer 8's Star Sydney account, then gave it to the same Star Sydney customer: SMR dated 16 March 2018;
- j. on 15 March 2018, Customer 8's junket representative, Person 10, engaged in a chip and cash exchange totalling \$120,000; the cash was placed in a bag and provided to a third party;
- k. on 20 March 2018, Customer 8's junket representative, Person 10, withdrew \$50,000 in cash from Customer 8's FMA at Star Sydney;

- l. on 21 March 2018, Customer 8's junket representative, Person 10, withdrew \$120,000 in cash from Customer 8's FMA, then provided the money to a third party who distributed the money to others;
- m. on 24 March 2018, Customer 8's junket representative, Customer 49, deposited \$250,000 in cash, which was wrapped in casino straps, into Customer 8's FMA at Star Sydney;
- n. on 28 March 2018, Customer 8's junket representative Customer 49 deposited \$150,000 in cash at Star Sydney into Customer 8's FMA to be used to buy-in;
- o. on 6 May 2018, Customer 8's junket representative Customer 49 withdrew \$200,600 in cash from Customer 8's FMA, then provided the cash to a third party who took it to the Star's hotel;
- p. on 10 May 2018, Customer 8's junket representative Customer 49 withdrew \$108,100 in cash from Customer 8's Star Sydney account, then gave part of the cash to another Star Sydney customer, in circumstances where Star Sydney was unaware of any connection with Customer 8: SMR dated 11 May 2018;
- q. on 4 August 2018, Customer 8's junket representative Customer 49 presented \$95,000 in cash in a paper bag to be stored in a safekeeping box on behalf of Customer 8 at Star Sydney;
- r. on 28 October 2018, Customer 8's junket representative Customer 49 withdrew \$100,000 in cash from Customer 8's FMA, then provided the cash to a third party who then departed Star Sydney; and
- s. on 23 November 2018, Customer 8's junket representative Customer 49 deposited \$100,000 in cash, partly wrapped in rubber bands and partly in straps, which was deposited into Customer 8's SKA at Star Sydney.

Large and suspicious transactions in 2018

In 2019, Customer 8's junket representatives, including Customer 49 transacted with cash totalling \$308,800 as follows:

- a. on 28 January 2019, Customer 8's junket representative Customer 49 deposited \$100,000 in cash, partly strapped, partly wrapped in rubber bands, into Customer 8's FMA at Star Sydney;
- b. on 10 May 2019, Customer 8's junket representative Customer 49 withdrew \$108,800 in cash from Customer 8's

FMA at Star Sydney, which was then provided to a junket player under Customer 8's junket; and

- c. on 21 September 2019, Customer 8's junket representative, Person 10, withdrew \$100,000 in cash from Customer 8's FMA at Star Sydney.

- I. Customer 8 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 26 February 2018 and 27 December 2019, Star Qld gave the AUSTRAC CEO 30 TTRs totalling \$1,760,930, including:

- a. ten TTRs detailing account deposits in cash made by Customer 8 totalling \$764,120; and
 - b. 17 TTRs detailing account withdrawals in cash made by Customer 8 totalling \$945,210.
- m. Customer 8 and their junket representatives transacted using bank cheques drawn in large amounts at Star Sydney;

Particulars

For example, on 28 February 2018, Customer 8's junket representative, Person 10, deposited \$2,950,000 in bank cheques into Customer 8's Star Sydney account: SMR dated 2 March 2018.

- n. at various times, Customer 8 had significant parked or dormant funds in his SKA at Star Sydney;

Particulars

Between 7 September 2020 and 4 May 2021, Customer 8 had \$1,929,497 parked in his SKA.

On 4 May 2021, \$20,000 was paid from Customer 8's SKA to Star Sydney to settle hotel expenses.

It was not until 16 June 2021 that the balance of \$1,909,497 was transferred out of Customer 8's SKA.

See paragraph 284 above.

- o. Customer 8 and persons associated with their junket engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including:
 - i. cashing-in large value chips with no evidence of play or evidence of only a small amount of play;

Particulars

See paragraph 25 above.

On the following occasions, Customer 8's junket representatives were involved in transactions indicative of the ML/TF typology of cashing-in large value chips with no or limited evidence of play:

- a. on 25 June 2018, a Star Sydney customer purchased \$50,000 of chips with cash twice within an hour. After minimal gaming activity, the customer exchanged the \$100,000 in chips for cash, then handed the cash to Customer 8's junket representative Customer 49, who deposited it into Customer 8's account: SMR dated 26 June 2018;
 - b. on 22 August 2019, a Star Sydney customer gave a second Star Sydney customer, Person 33, \$75,000 worth of plaques. Person 33 then attended the cage, accompanied by Customer 8's junket representative Customer 49, who requested the plaques be deposited into Customer 8's account, then transferred to Person 33's account: SMR dated 23 August 2019;
 - c. on 30 December 2019, Customer 8's junket representative Customer 49 requested to transfer \$236,953 to Person 33, in circumstances where Person 33 had not been a player on a Customer 8 junket program since August 2019. Person 33 had been linked to other large chip exchanges totalling \$200,000 in the previous two days, including providing \$100,000 in cash to another Star Sydney customer: SMR dated 30 December 2019; and
 - d. on 18 February 2020, Person 33 sent \$621,504 and \$414,507 via telegraphic transfer, which was deposited into her account. Person 33 then withdrew \$400,000 in chips, which Person 33 deposited into Customer 8's account, and a further \$600,000 in chips which Star Sydney was unable to account for: SMR dated 19 February 2020.
- ii. quick turnover of money (without betting);

Particulars

See paragraph 25 above.

For example, on 22 and 23 March 2018, Customer 8's junket representative, Person 10, withdrew \$600,000 from Customer 8's Star Sydney account. Several hours later, the representative returned to deposit the same \$600,000 in cash back into Customer 8's Star Sydney account: SMR dated 23 March 2018.

- p. Star Sydney had referred transactions involving Customer 8's account to law enforcement agencies on a number of occasions;

Particulars

Between December 2016 and February 2020, Star Sydney notified a law enforcement agency regarding large cash deposits to and from Customer 8's account, including transactions involving Customer 49, on a number of occasions.

- q. Customer 8 was the subject of law enforcement enquiries on seven occasions at Star;

Particulars

Between 5 March 2018 and 20 February 2020, Star Sydney received requests from a law enforcement agency regarding Customer 8, their junket, their associates including Customer 49 and transactions involving Customer 8.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- r. Customer 8 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 8 had access to private gaming rooms at Star Qld, including Pit 8, Salons 21, 22, 69, 89, 90, 96, 98, The Suite, the Sovereign Room and Chairman's Room.

- s. Customer 8 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 8 had access to private gaming rooms at Star Sydney, including the Sovereign room, the Jade room, Harbours Salons, Oasis and the Lakes Salon.

- t. Star Sydney and Star Qld did not have adequate reason to believe that Customer 8's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6) received by Customer 8 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

On 17 December 2018, Star Qld recorded Customer 8's occupation as a shareholder in the finance industry.

During the relevant period, Star Sydney and Star Qld recorded Customer 8's occupation as junket operator and project manager – construction.

At no time did Star Sydney or Star Qld take steps to verify Customer 8's occupation, source of wealth or source of funds in circumstances where:

- a. Star Sydney and Star Qld reported hundreds of TTRs worth over \$23 million involving Customer 8 and his associates;
- b. Customer 8 and his associates transacted using large amounts of cash and cash that appeared suspicious; and
- c. Star Sydney and Star Qld recorded turnover on junkets operated by Customer 8 exceeding \$1.3 billion between 2016 and 2020: see *Customer 8's risk profile* above.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 8

993. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 8 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 8.
- a. On and from 30 November 2016, Customer 8 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 8's risk profile* above.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 8 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

From 30 November 2016 until 15 October 2019, Customer 8 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 16 October 2019, Customer 8 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 7 January 2020, Customer 8 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 8's transactions

994. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 8's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 8, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 8 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel.

Particulars

See paragraph 783 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 8 through:
 - i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. the Hotel Card channel.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 790 above.

- e. Star Sydney provided designated services to Customer 8 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 8's KYC information

995. Star Sydney and Star Qld did not review, update and verify Customer 8's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 8's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 8's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 8's source of wealth and source of funds were not legitimate: see *Customer 8's risk profile*.

- d. to the extent that Star Sydney or Star Qld reviewed Customer 8's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 8.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 8's high ML/TF risks

996. Had Star Sydney or Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 8 appropriately;

- b. applying appropriate risk-based transaction monitoring to Customer 8; and
- c. reviewing and updating Customer 8's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 8 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 8*.

ECDD triggers in respect of Customer 8

997. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 8 following any ECDD triggers in respect of Customer 8.

Particulars

Section 36(1)(a) and (b) of the Act.

998. Customer 8:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 1 February 2017 and 19 February 2020, Star Sydney gave the AUSTRAC CEO 26 SMRs with respect to Customer 8.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 28 March 2018 and 9 October 2018, Star Qld gave the AUSTRAC CEO two SMRs with respect to Customer 8.

999. Each matter pleaded in paragraph 998 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

1000. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 8 following an ECDD trigger because:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 8 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 8 and the provision of designated services to Customer 8 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney or Star Qld's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 801, 808 and 809 above.

ECDD screenings

On 13 May 2019, 29 September 2019 and January 2021, Star Sydney conducted ECDD in respect of Customer 8.

In January 2021, the ECDD screening in respect of Customer 8 identified that an individual with the same name as Customer 8 had allegedly given bribes to a public official for help in a bidding process for a property development.

Nevertheless, at no time did Star Sydney or Star Qld take steps to verify Customer 8's occupation, source of wealth or source of funds in circumstances where:

- a. Star Sydney and Star Qld reported hundreds of TTRs worth over \$23 million involving Customer 8 and his associates;
- b. Customer 8 and his associates transacted using large amounts of cash and cash that appeared suspicious; and
- c. Star Sydney and Star Qld recorded turnover on junkets operated by Customer 8 exceeding \$1.3 billion between 2016 and 2020: see *Customer 8's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 8's higher ML/TF risks: see *Customer 8's risk profile*.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 8's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 8's source of wealth and source of funds were not legitimate: see *Customer 8's risk profile*.

- b. Customer 8 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 8

1001. By reason of the matters pleaded from paragraphs 987 to 1000 above, on and from 30 November 2016, Star Sydney and Star Qld:
 - a. did not monitor Customer 8 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1002. By reason of the matters pleaded at paragraph 1001, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 8.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 9

1003. Customer 9 was a customer of Star Sydney during the relevant period. Between 2017 and 2020, Star Sydney recorded turnover exceeding \$280 million for Customer 9.

Particulars

Customer 9 was a customer of Star Sydney from at least 12 February 2015.

On 8 February 2016, Star Sydney issued a WOL in respect of Customer 9 after he acted violently towards another patron. The WOL was revoked on 1 December 2016.

1004. Star Sydney provided Customer 9 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and a junket player. Between 2017 and 2020, Star Sydney recorded that junkets operated by Customer 9 had a turnover exceeding \$350 million.

Particulars

On 12 February 2015, Star Sydney opened an FMA and SKA for Customer 9 which remain open (item 11, table 3, s6 of the Act).

Between 2 October 2013 and 20 January 2020, Star Sydney approved CCFs for Customer 9 on 15 occasions ranging from \$100,000 to \$30,000,000 (item 6, table 1, s6 of the Act).

Customer 9 operated a high risk international remittance channel.

See Customer 9's risk profile below.

1005. Customer 9 was a customer of Star Qld during the relevant period. Between 2017 and 2020, Star Qld recorded turnover exceeding \$610 million for Customer 9.

Particulars

Customer 9 was a customer of Star Qld from at least 19 June 2015.

1006. Star Qld provided Customer 9 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and a

junket player. Between 2017 and 2020, Star Qld recorded that junkets operated by Customer 9 had a turnover exceeding \$940 million.

Particulars

On 19 June 2015, Star Qld opened an FMA for Customer 9 which remains open (item 11, table 3, s6 of the Act).

On 16 February 2020, Star Qld opened an SKA for Customer 9 which remains open (item 11, table 3, s6 of the Act).

Between 17 June 2015 and 20 January 2020, Star Qld approved CCFs for Customer 9 on 15 occasions ranging from \$3,000,000 to \$30,000,000 (item 6, table 1, s6 of the Act).

Customer 9 operated a high risk remittance channel.

See Customer 9's risk profile below.

1007. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 9.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 9's risk profile

1008. On and from 30 November 2016, Customer 9, and the provision of designated services to Customer 9 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 9's risk history as at 30 November 2016

a. by 30 November 2016 Customer 9 had the following risk history:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 9;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 23 June 2015.

The SMR reported that Customer 9 had made a large cash deposit:
see paragraph 1008.aviii below.

- ii. Customer 9 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

On 16 June 2015, Customer 9 was approved to be a junket operator at Star Sydney.

Between 22 September 2015 and 1 January 2016, Customer 9 operated two junkets at Star Sydney on which he was also a junket player.

By 30 November 2016, junkets operated by Customer 9 had a turnover of \$85,572,879 with wins of \$1,318,310.

- iii. Customer 9 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;

Particulars

Between 29 May 2016 and 11 June 2016, Customer 9 operated a junket at Star Qld.

By 30 November 2016, junkets operated by Customer 9 had a turnover of \$109,472,129 with losses of \$1,479,416.

- iv. Customer 9 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 22 September 2015 and 1 January 2016, Customer 9 was a junket player on two junkets operated by himself.

By 30 November 2016, Customer 9's turnover on junket programs was \$46,936,643 with wins of \$36,010.

- v. Customer 9 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;

Particulars

Between 29 May 2016 and 12 October 2016, Customer 9 was a junket player on three junkets operated by himself and another junket operator.

Customer 9 was the guarantor of the CCF approved by Star Qld for the junket operator.

By 30 November 2016, Customer 9's turnover on junket programs was \$46,936,643 with wins of \$36,010.

- vi. between 2 October 2013 and 23 December 2015, Star Sydney provided Customer 9 with significant amounts of credit upon request, up to limits of \$10,000,000 with an additional trip only limit of \$5,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 2 October 2013, Star Sydney approved a single trip CCF limit of \$5,000,000 with an additional trip only limit of \$2,500,000 for Customer 9.

On 14 September 2015, Star Sydney senior management, including the Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$8,000,000 for Customer 9.

On 12 November 2015, Star Sydney senior management, including the General Manager (Credits and Collections) approved a single trip CCF limit of \$100,000 for Customer 9.

On 23 December 2015, Star Sydney senior management, including the Group Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$10,000,000 with an additional trip only limit of \$5,000,000 for Customer 9. The CCF was to fund Customer 9's 'biggest customer'.

- vii. between 17 June 2015 and 30 May 2016, Star Qld provided Customer 9 with significant amounts of credit upon request, up to limits of \$10,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 17 June 2015, Star Gold Coast approved a single trip CCF limit of \$8,000,000 with an additional trip only limit of \$2,000,000 for Customer 9 in respect of both of his accounts.

On 13 May 2016, Star Gold Coast senior management, including the Group Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$7,000,000 for Customer 9 in respect of one of his accounts. Customer 9 also guaranteed another CCF of \$8,000,000.

On 30 May 2016, Star Gold Coast senior management, including the Group Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$10,000,000 for Customer 9 in respect of one of his accounts.

- viii. Customer 9 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 22 June 2015 and 2 January 2016, Star Sydney gave the AUSTRAC CEO nine TTRs detailing account withdrawals, account deposits, chip exchanges, EGM payouts and other monetary values out totalling \$517,023.

On 22 June 2015, Customer 9 deposited \$120,000 in cash into his Star Sydney account. The cash was all in \$100 notes. Customer 9 advised Star Sydney that the cash was from Star Gold Coast: SMR dated 23 June 2015.

- ix. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 9 by remitting large amounts of money into and out of the casino environment via his accounts; and

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 17 March 2015 and 9 September 2016, Star Sydney received four telegraphic transfers totalling \$4,180,566, which it made available to Customer 9's account.

On 20 July 2015, Star Sydney received a telegraphic transfer of \$745,000, which it made available to Customer 9's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 8 January 2016 and 2 July 2016, Star Sydney sent two telegraphic transfers totalling \$2,364,878 from Customer 9's account to Australian and overseas bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

- x. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 9 by remitting large amounts of money into the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 7 October 2016, Star Qld received a telegraphic transfer of \$62,599 from another Australian casino, which it made available to Customer 9's FMA at Star Gold Coast.

On 1 July 2016, Star Qld received a telegraphic transfer of \$559,766, which it made available to Customer 9's account at Star Gold Coast and were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Customer 9's risk profile from 30 November 2016

- b. Customer 9 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 27 May 2017 and 16 March 2020, Customer 9 operated 13 junkets at Star Sydney;
 - ii. between 27 May 2017 and 16 March 2020, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 9 was \$357,859,996 with wins of \$1,927,740;

Particulars

In 2017, junkets operated by Customer 9 had a turnover of \$107,825,900 with losses of \$504,325.

In 2018, junkets operated by Customer 9 had a turnover of \$26,298,779 with wins of \$44,165.

In 2019, junkets operated by Customer 9 had a turnover of \$203,712,717 with wins of \$1,543,300.

In 2020, when closures due to the COVID-19 pandemic commenced, the turnover recorded in respect of junket programs operated by Customer 9 dropped but remained high.

In 2020, junkets operated by Customer 9 had a turnover of \$20,022,600 with wins of \$844,600.

- iii. between 19 July 2017 and 16 March 2020, Star Sydney recorded a cumulative turnover of \$8,262,748 for Customer 9 as a junket player on his own junkets despite him not being a junket player in respect of those junkets;

Particulars

See paragraph 670 above.

- iv. between 2017 and 2020, Star Sydney recorded that total benefits exceeding \$3,000,000 were payable to Customer 9 in his capacity as a junket operator;
- v. between 8 December 2016 and 20 January 2020, Star Sydney provided Customer 9 with significant amounts of credit upon request, up to limits of \$30,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 8 December 2016, Star Sydney senior management, including the Group Chief Financial Officer and the Chief Executive Officer approved a single trip CCF limit of \$20,000,000 for Customer 9.

On 2 May 2017, Star Sydney senior management, including the Group Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$25,000,000 for Customer 9.

On 11 July 2017, Star Sydney senior management, including the Group Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$5,000,000 for Customer 9.

On 31 July 2017, Star Sydney senior management, including the Group Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$20,000,000 for Customer 9.

On 30 August 2017, Star Sydney approved a permanent CCF limit of \$20,000,000 for Customer 9 which was not deactivated.

On 28 June 2019, Star Sydney approved a permanent CCF limit of \$10,000,000 for Customer 9 which was deactivated on 29 July 2019.

On 6 August 2019 and 3 September 2019, Star Sydney approved a single trip CCF limit of \$10,000,000 for Customer 9.

On 16 September 2019, Star Sydney approved a single trip CCF limit of \$20,000,000 for Customer 9.

On 9 December 2019, Star Sydney approved a single trip CCF limit of \$10,000,000 for Customer 9.

On 20 January 2020, Star Sydney approved a single trip CCF limit of \$30,000,000 for Customer 9.

- vi. Customer 9 had four junket representatives at Star Sydney; and
- vii. Customer 9 and his junket representatives facilitated the provision of high value designated services to over 40 junket players at Star Sydney including players who posed higher ML/TF risks and players who Star Sydney considered had acted suspiciously such as Customer 9 himself;

Particulars

See paragraphs 643 to 649 above.

See paragraphs 1008.b.i to 1008.b.vi.

- c. Customer 9 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;

- i. between 26 January 2017 and 16 March 2020, Customer 9 operated 18 junkets at Star Qld;

Particulars

In 2017 and 2020, Customer 9 was one of the top ten junket operators who operated the highest number of junket programs per year at Star Gold Coast.

In 2016, 2017 and 2020, Customer 9 was one of the top ten junket operators whose junket operations in total involved the highest total turnover per year.

- ii. between 26 January 2017 and 16 March 2020, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 9 was \$944,062,606 with wins of \$5,550,445;

Particulars

In 2017, junkets operated by Customer 9 had a turnover of \$276,372,986 with losses of \$4,319,735.

In 2018, junkets operated by Customer 9 had a turnover of \$15,035,072 with losses of \$352,805.

In 2019, junkets operated by Customer 9 had a turnover of \$23,315,500 with wins of \$1,702,000.

In 2020, when closures due to the COVID-19 pandemic commenced, the turnover recorded in respect of junket programs operated by Customer 9 nonetheless escalated dramatically.

In 2020, junkets operated by Customer 9 had a turnover of \$629,339,048 with wins of \$8,520,985.

Between 2017 and 2020, Customer 9 provided \$158,820,000 in funding for his junket programs at Star Qld.

- iii. between 23 March 2017 and 2 March 2020, Star Qld recorded a cumulative turnover of \$211,785,184 for Customer 9 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2016 and 2020, total benefits of \$8,136,639 were payable to Customer 9 by Star Qld in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers;

Particulars

Customer 9 was entitled to benefits from Star Qld in his capacity as a junket operator:

- a. in 2016, total benefits of \$796,938 were payable to Customer 9;
 - b. in 2017, total benefits of \$2,031,804 were payable to Customer 9;
 - c. in 2018, total benefits of \$110,723 were payable to Customer 9.
 - d. in 2019, total benefits of \$160,670 were payable to Customer 9; and
 - e. in 2020, total benefits of \$5,036,503 were payable to Customer 9.
- v. between 5 October 2016 and 20 January 2020, Star Qld provided Customer 9 with significant amounts of credit upon request, up to limits of \$30,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 5 October 2016, Star Gold Coast senior management, including the Group Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$18,000,000 for Customer 9 in respect of one of his accounts.

On 13 January 2017, Star Gold Coast senior management, including the Group Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$20,000,000 for Customer 9 in respect of one of his accounts.

On 17 March 2017, Star Gold Coast senior management, including the Managing Director and the Chief Executive Officer, approved a single trip CCF limit of \$3,000,000 for Customer 9 in respect of one of his accounts.

On 27 March 2017, Star Gold Coast senior management, including the Managing Director and the Chief Executive Officer, approved a single trip CCF limit of \$5,000,000 for Customer 9 in respect of one of his accounts.

On 15 May 2017, Star Gold Coast senior management, including the Group Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$25,000,000 for Customer 9 in respect of one of his accounts.

On 30 August 2017, Star Gold Coast and Star Brisbane senior management, including the Group Chief Financial Officer and the Chief Executive Officer, approved a permanent active CCF limit of \$20,000,000 for Customer 9 in respect of one of his accounts which was not deactivated. In the approval process, the General Manager (VIP Credit and Collections) indicated that the permanent active CCF would be the subject of monthly checks to ensure junket credit worthiness. There is no indication that those checks considered Customer 9's high ML/TF risk.

On 28 June 2019, Star Gold Coast and Star Brisbane approved a permanent CCF limit of \$10,000,000 for Customer 9 which was deactivated on 29 July 2019.

On 6 August 2019 and 3 September 2019, Star Gold Coast and Star Brisbane approved a single trip CCF limit of \$10,000,000 for Customer 9 in respect of one of his accounts.

On 16 September 2019, Star Gold Coast and Star Brisbane approved a single trip CCF limit of \$20,000,000 for Customer 9.

On 9 December 2019, Star Gold Coast and Star Brisbane approved a single trip CCF limit of \$10,000,000 for Customer 9.

On 20 January 2020, Star Gold Coast and Star Brisbane approved a single trip CCF limit of \$30,000,000 for Customer 9.

- vi. Customer 9 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 9 operated junkets in non-exclusive private gaming rooms, including Pit 6, Pit 11 and Pit 12.

Customer 9 operated junkets in exclusive private gaming rooms, including Pit 8, Pit 9, Salon 21, Salon 22, Salon 69 and Salon 90.

- vii. Customer 9 had three junket representatives at Star Qld; and
- viii. Customer 9 and his junket representatives facilitated the provision of high value designated services to over 50 junket players at Star Qld including players who posed higher ML/TF risks and players who Star Qld considered had acted suspiciously such as Customer 9 himself;

Particulars

See paragraphs 643 to 649 above.

On 31 January 2020, a Star Qld customer who had been playing as a junket player under Customer 9's junket since 26 January 2020 presented to the cashier with a staff member from a private gaming room and handed over what he said was \$120,000 in cash. Most of the cash had Star straps but some of the cash had straps from another casino. When counted, the cash totalled \$119,000. The funds were paid into the customer's FMA. A review of TTRs relating to the customer over the previous 30 days found four incoming transactions totalling \$53,350 with a further \$60,000 coming from a source that Star Qld could not identify. The customer had recorded a loss of \$660,000 under Customer 9's junket program: SMR dated 4 February 2020.

On 5 February 2020, Customer 9 cashed out \$100,000 in chips and handed them to a junket player on Customer 9's junket. The junket player's activity supported the transaction but a TTR was reported in respect of Customer 9: SMR dated 7 February 2020.

On 26 February 2020, a junket player on Customer 9's junket was escorted from his room with \$330,000 in cash by three members of Star Qld staff. The junket player did not want to carry the funds with him and arrived at the cashier with the funds in a cardboard bag. When asked where the cash came from, the junket player advised that it was from chip cash outs under the Customer 9's junket. Star Qld noted that any chip cash outs of \$10,000 or more would have been reported under Customer 9's profile or under one of his junket representatives. The cash was counted and authenticated while the junket player returned to his room. The funds were deposited into the junket player's SKA. The junket player asked a Cage supervisor if the funds could be telegraphically transferred to a bank in a foreign country. The Cage supervisor indicated that this would require senior management approval. The funds remained in the junket player's account. As the funds had been cashed out by Customer 9's junket representative, Star Qld was unaware of where the funds would be sent or who's gaming activity the funds originated from: SMR dated 27 February 2020.

On 13 March 2020, Star Qld identified that:

- a. one junket player on Customer 9's junket had a recorded junket loss of \$486,700 in January 2020 and a loss of \$4,025,320 in February 2020. The patron's occupation was recorded as being in government, however Star Qld was unaware of any further details;
- b. a second junket player on Customer 9's junket had a recorded junket loss of \$583,000 in January 2020 and a loss of \$578,410 in February 2020. Star Qld was unaware of the patron's source of funds and occupation;
- c. a third junket player on Customer 9's junket had a recorded junket loss of \$113,400 in January 2020 and a loss of \$567,140 in February 2020. The patron's occupation was recorded as being a financial controller; and
- d. a fourth junket player on Customer 9's junket had a recorded junket win of \$58,500 in January 2020 and a loss of \$293,625 in February 2020. The junket player refused to provide Star Qld with her source of funds and occupation.

Star Qld was unaware of any arrangement for repayment to Customer 9 by any of the four junket players: SMRs dated 13 March 2020.

On 12 March 2020, a Star Qld customer presented \$170,100 to the cashiers. The cash comprised \$100 notes in Star straps with the month 'February' stamped on it. The customer advised that the cash had come from payouts of winnings from Customer 9's junket that commenced on 26 January 2020. Since that date, the customer had recorded winnings of \$8,700,000. After depositing the funds into his FMA, the customer transferred the entire amount into his SKA which already had a balance of \$330,000 from a cash deposit made on 26 February 2020. Star Qld noted that the \$170,100 in cash would have been the result of chip cash outs made by Customer 9's junket representative, some of which would have been over the reporting threshold. However, the TTRs were not recorded against the customer: SMR dated 18 March 2020.

- d. Customer 9 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 23 May 2017 and 16 March 2020, Customer 9 was a player on ten junkets at Star Sydney operated by two junket operators, being Customer 4 and himself
 - ii. the junket operated by Customer 4 was funded by a person other than the junket operator, being Customer 1; and

- iii. between 23 May 2017 and 16 March 2020, Star Sydney recorded high and escalating turnover totalling \$276,637,413 with wins of \$846,525 for Customer 9's gaming activity on junket programs;

Particulars

In 2017, Customer 9's turnover on junket programs was \$77,292,982 with wins of \$689,340.

In 2018, Customer 9's turnover on junket programs was \$14,637,714 with wins of \$107,445.

In 2020, Customer 9's turnover on junket programs significantly escalated to \$184,706,717 with wins of \$49,740.

- e. Customer 9 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 26 January 2017 and 16 March 2020, Customer 9 was a player on ten junkets at Star Qld operated by himself; and
 - ii. between 26 January 2017 and 16 March 2020, Star Qld recorded high and escalating turnover totalling \$401,813,360 with wins of \$1,679,075 for Customer 9's gaming activity on junket programs;

Particulars

In 2017, Customer 9's turnover on junket programs was \$55,416,634 with wins of \$700,290.

In 2018, Customer 9's turnover on junket programs was \$15,021,812 with wins of \$81,915.

In 2020, Customer 9's turnover on junket programs significantly escalated to \$331,374,914 with wins of \$896,870.

- f. designated services provided to Customer 9 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. on 26 February 2018, Customer 9 referred a player to Star Qld;

Particulars

See paragraph 625 above.

Customer 9 received a commission on amounts wagered by the referred customer, who Star Qld dealt with directly.

- h. on 24 May 2017 and 15 February 2018, Customer 9 was referred by a player referrer to Star Qld;

Particulars

See paragraph 625 above.

The referrer received a commission on amounts wagered by Customer 9, who Star Qld dealt with directly.

- i. Customer 9 was connected to other customers at Star Qld and Star Sydney, including junket funders and junket operators of the Suncity and other international junkets;

Particulars

Customer 9 was the provider of payment channels to repay CCFs, including in respect of:

- a. Customer 28, the junket operator of an international junket;
- b. Customer 25, the junket operator, funder and employee of a second international junket; and
- c. Customer 1, the funder of the Suncity junket.

Customer 9 was connected to customers through their use of the high risk Customer 9 channel, including Customer 1, Customer 2, Customer 5, Customer 19, Customer 20, Customer 21, Customer 22, Customer 24, Customer 25, Customer 28, Customer 34, Customer 35, Customer 37, Customer 40, and Customer 45.

- j. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 9 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 16 August 2017 and 24 October 2019, Star Sydney received 13 telegraphic transfers totalling \$12,304,586, each of which was made available to Customer 9's account.

Between 10 February 2018 and 13 September 2019, Star Sydney received 21 telegraphic transfers totalling HKD43,670,266 into its foreign currency accounts, each of which was made available to Customer 9's account.

Remittances out of the casino environment

See paragraph 327 above.

Between 8 September 2017 and 7 February 2020, Star Sydney sent four telegraphic transfers totalling \$2,114,643 from Customer 9's account to Australian bank accounts.

Between 9 September 2017 and 29 June 2019, Star Sydney sent three telegraphic transfers totalling \$1,062,950 from Customer 9's account to overseas bank accounts.

On 13 January 2020, Star Sydney sent a telegraphic transfer of \$273,118 from Customer 9's Star Sydney account to his personal bank account overseas.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 3 September 2018, a Star Sydney junket operator deposited \$450,000 in cash into his Star Sydney account: SMR dated 4 September 2018.

Between 26 February 2018 and 25 February 2020, Star Sydney sent three transfers totalling \$737,996 from Customer 9's account to Star Qld.

Between 20 August 2019 and 25 January 2021, Star Sydney received five transfers totalling \$3,252,002 from Star Qld, each of which was made available to Customer 9's account.

- k. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 9 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 3 March 2017 and 19 April 2017, Star Qld received transfers of \$2,302,413 and \$906,556 which it made available to Customer 9 to redeem an outstanding CCF.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 19 February 2020, Star Qld facilitated a telegraphic transfer of \$2,466,539 from Customer 9's FMA at Star Gold Coast to another Australian casino.

On 18 March 2020, Star Qld facilitated a telegraphic transfer of \$210,000 from Customer 9's FMA at Star Gold Coast to an Australian bank account for the benefit of a third party.

On 19 March 2020, Star Sydney facilitated a telegraphic transfer of \$7,014,050 from Customer 9's Star Qld account to his personal bank account overseas. The funds were said to be derived from gaming activities.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 18 April 2017 and 25 February 2020, Star Qld received six transfers totalling \$2,530,857 from Star Sydney, each of which was made available to Customer 9's FMA at Star Gold Coast. At least \$325,851 of these funds were transferred for the purpose of redeeming an outstanding CCF held by Customer 9.

Between 5 August 2018 and 6 June 2020, Star Qld facilitated three transfers totalling \$2,134,241 from Customer 9's FMA at Star Gold Coast to Star Sydney.

- I. Customer 9 operated a high risk overseas channel which facilitated the provision of high value designated services to customers by Star Sydney and Star Qld;

Particulars

See paragraphs 398, 421, 439, 440 and 441 above.

At least AUD 96 million and HKD 254 million was remitted to Star Sydney and Star Qld customers through the Customer 9 channels between 10 January 2018 and 2 September 2019 where the source of funds could not be known.

- m. Customer 9, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

For example, between 30 May 2017 and 27 January 2020, Star Sydney gave the AUSTRAC CEO TTRs detailing account deposits made by Customer 9 totalling \$129,050, account withdrawals totalling \$21,540, other monetary values out totalling \$12,005 and chip exchanges totalling \$622,550.

On 3 September 2018, a Star Sydney junket operator deposited \$450,000 in cash into his Star Sydney account. The cash was all in \$100 notes with straps issued by Star. The junket operator had recorded cash outs in the previous few weeks which justified the return of these funds. However, a few hours later, the junket operator requested that the \$450,000 deposited as well as an additional \$716,695 be transferred to Customer 9. Star Sydney was unaware of any link between Customer 9 and the other Star Sydney junket operator: SMR dated 4 September 2018.

- n. Customer 9, and persons associated with his junket, transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

See paragraph 1008.c.viii above.

For example, between 2 February 2017 and 16 March 2020, Star Qld gave the AUSTRAC CEO TTRs detailing account deposits made by Customer 9 totalling \$301,690, account withdrawals totalling \$60,000 and chip exchanges totalling \$702,495.

- o. at various times, Customer 9 had significant parked or dormant funds in his SKA at Star Sydney;

Particulars

See paragraph 284 above.

Between 16 March 2020 and 25 January 2021, Customer 9 had \$57,237 parked in his SKA.

- p. at various times, Customer 9 had significant parked or dormant funds in his FMA at Star Qld;

Particulars

See paragraph 284 above.

Between 22 July 2020 and 15 January 2021, Customer 9 had \$1,838,610 parked in his FMA.

- q. Customer 9 requested that Star Sydney prepare letters purportedly confirming his winnings;

Particulars

See paragraphs 337 and 338 above.

On 6 May 2019 and 18 January 2020, Star Sydney issued a letter of comfort purportedly confirming Customer 9's winnings and rebate under a junket program.

- r. Customer 9 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 9 had access to private gaming rooms, including the Sovereign Room, Lakes Salons, Rivers Salons, Harbourside Salons and Oasis, at Star Sydney.

- s. Customer 9 had access to private gaming rooms at Star Gold Coast; and

Particulars

See paragraph 616 above.

Customer 9 had access to private gaming rooms, including Pit 8, Pit 10, Salon 21, Salon 22, Salon 69, Salon 90 and the Sovereign Room, at Star Gold Coast.

- t. Star Sydney and Star Qld did not have adequate reason to believe that Customer 9's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 9 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 9 was a business consultant and very wealthy.

Despite that Customer 9 operated the high risk Customer 9 channels, which facilitated the provision of high value designated services to customers by Star Sydney and Star Qld, Star Sydney and Star Qld did not appropriately review, update and verify Customer 9's source of wealth or source of funds.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 9

1009. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 9 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 9.
- a. On and from 30 November 2016, Customer 9 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 9's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 9 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

Until 18 June 2019, Customer 9 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 18 June 2019, Customer 9 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 27 January 2021, Customer 9 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 9's transactions

1010. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 9's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 9, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 9's junket as turnover was recorded against Customer 9 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 9 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. the high risk Customer 9 channels that he operated;

Particulars

See paragraph 441 above.

- e. Star Sydney and Star Qld provided designated services to Customer 9 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 9.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 9 on 3 September 2019 and 5 February 2020: See *Customer 9's risk profile*.

The review, update and verification of Customer 9's KYC information

1011. Star Sydney and Star Qld did not review, update and verify Customer 9's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 9's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 9's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 9's source of wealth or source of funds: see *Customer 9's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 9's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 9.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

On 16 November 2017, Star Sydney prepared a summary of information pertaining to Customer 9. The summary included that:

- a. Customer 9 was not a foreign PEP and was not affiliated with any criminality;
- b. Customer 9 had shareholdings in a foreign company; and
- c. no other adverse information was available in relation to Customer 9.

Despite that Customer 9 operated the high risk Customer 9 channels which facilitated the provision of high value designated services to customers by Star Sydney and Star Qld, Star Sydney and Star Qld did not appropriately review, update and verify Customer 9's source of wealth or source of funds.

Failure to apply appropriate due diligence suited to Customer 9's high ML/TF risks

1012. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 9 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 9; and
- c. reviewing and updating Customer 9's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 9 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 9*.

ECDD triggers in respect of Customer 9

1013. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 9 following any ECDD triggers in respect of Customer 9.

Particulars

Section 36(1)(a) and (b) of the Act.

1014. Customer 9:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 4 September 2018, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 9.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 4 February 2020 and 18 March 2020, Star Qld gave the AUSTRAC CEO eight SMRs with respect to Customer 9.

1015. Each matter pleaded in paragraph 1014 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

1016. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 9 following an ECDD trigger because:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 9 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 9 and the provision of designated services to Customer 9 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 18 June 2019 and 23 February 2021, Star Sydney and Star Qld conducted ECDD in respect of Customer 9. The ECDD screenings did not identify any adverse information in respect of Customer 9.

At least AUD 96 million and HKD 254 million was remitted to Star Sydney and Star Qld customers through the Customer 9 channels between 10 January 2018 and 2 September 2019 where the source of funds could not be known.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 9's higher ML/TF risks, including that Customer 9 operated the high risk Customer 9 channels which facilitated the provision of high value designated services to customers by Star Sydney and Star Qld: see *Customer 9's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 9's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 9's source of wealth or source of funds: see *Customer 9's risk profile*.

- b. Customer 9 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's or Star Qld's ML/TF risk appetite.

Particulars

Rule 15.10(6) and (7) of the Rules.

See paragraph 817 above.

Contravention of s36 of the Act in respect of Customer 9

1017. By reason of the matters pleaded from paragraphs 1003 to 1016 above, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 9 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1018. By reason of the matters pleaded at paragraph 1017, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 9.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 10

1019. Customer 10 was a customer of Star Sydney during the relevant period.

Particulars

Customer 10 was a customer of Star Sydney from at least 19 June 2010.

On 13 September 2019, Star Sydney issued a WOL in respect of Customer 10.

1020. Star Sydney provided Customer 10 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket funder. Between 2017 and 2018, Star Sydney recorded that junkets funded by Customer 10 had a turnover exceeding \$650 million.

Particulars

On 22 June 2010, Star Sydney opened an FMA and SKA for Customer 10 under one of his aliases which were closed on 24 September 2019 (item 11, table 3, s6 of the Act).

On 26 March 2012, Star Sydney opened an FMA and SKA for Customer 10 under a different alias which were closed on 11 December 2018 (item 11, table 3, s6 of the Act).

Between 27 November 2013 and 6 October 2018, Star Sydney approved CCFs for Customer 10 on multiple occasions ranging from \$2,000,000 to \$20,000,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel, which it made available to Customer 10 (items 31 and 32, table 1, s6 of the Act).

See *Customer 10's risk profile* below.

1021. Customer 10 was a customer of Star Qld during the relevant period. Between 2017 and 2018, Star Qld recorded turnover exceeding \$4.4 billion for Customer 10.

Particulars

Customer 10 was a customer of Star Qld from at least 17 November 2016.

On 13 September 2019, Star Qld issued a WOL in respect of Customer 10.

1022. Star Qld provided Customer 10 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket funder and a junket player. Between 2017 and 2018, Star Qld recorded that junkets funded by Customer 10 had a turnover exceeding \$4.4 billion.

Particulars

On 17 November 2016, Star Qld opened an FMA for Customer 10 under one of his aliases which was closed on 6 September 2021 (item 11, table 3, s6 of the Act).

On 27 April 2018, Star Qld opened an SKA for Customer 10 under a different alias which was closed on 9 September 2021 (item 11, table 3, s6 of the Act).

Between 23 May 2017 and 6 October 2018, Star Qld approved CCFs for Customer 10 on multiple occasions ranging from \$10,000 to \$20,000,000 (item 6, table 1, s6 of the Act).

See *Customer 10's risk profile* below.

1023. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 10.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 10's risk profile

1024. On and from 30 November 2016, Customer 10, and the provision of designated services to Customer 10 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 10's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 10 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 10;

Particulars

On 29 June 2010 and 28 November 2013, Star Sydney gave the AUSTRAC CEO an SMR.

The SMRs reported that Customer 10 transacted in large amounts of cash which Star Sydney considered to be suspicious and that Customer 10 had two different passports with two different aliases: see paragraphs 1024.a.v and 1024.a.viii below.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 10;

Particulars

On 18 November 2016, Star Qld gave the AUSTRAC CEO an SMR.

The SMRs reported that Customer 10 transacted in large amounts of cash at Star Qld, that Customer 10 had two different passports with two different aliases and received a third party deposit: see paragraphs 1024.a.viii and 1024.a.xi below.

- iii. Customer 10 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;

Particulars

In 2015, Customer 10 was one of the top ten junket funders by number of junkets funded and by funding provided at Star Sydney.

Between 30 June 2015 and 8 November 2016, Customer 10 funded 15 of Customer 11's junkets totalling \$125,787,750.

Customer 10 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 10 between 3 April 2015 and 8 November 2016 was \$2,813,921,184 with losses of \$40,457,470. Customer 10 accounted for nearly 90% of that turnover as a junket player on Customer 11's junket.

The Customer 11 junkets funded by Customer 10 were each represented by Customer 16.

The junkets funded by Customer 10 facilitated the provision of high value designated services to junket representatives and at least eight

junket players including foreign PEPs and players in respect of whom Star Sydney had formed suspicions such as Customer 53 and Customer 10 himself.

- iv. Customer 10 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 30 June 2015 and 10 October 2016, Customer 10 was a player on 14 junkets at Star Sydney operated by Customer 11.

Each of the junkets were funded by Customer 10.

Between 30 June 2015 and 8 November 2016, Star Sydney recorded high turnover totalling \$2,529,111,845 with losses of \$38,150,550 for Customer 10's gaming activity on junket programs.

- v. Customer 10 transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

Between 23 June 2010 and 2 April 2013, Star Sydney gave the AUSTRAC CEO 14 TTRs detailing incoming payments to Customer 10 totalling \$320,841 which comprised:

- a. \$122,841 in account deposits; and
- b. \$198,000 in chip exchanges.

Between 21 June 2010 and 5 July 2016, Star Sydney gave the AUSTRAC CEO 125 TTRs detailing outgoing payments from Customer 10 totalling \$3,937,987 which comprised:

- a. \$1,970,796 in account withdrawals;
- b. \$1,595,525 in chip exchanges;
- c. \$10,234 in cash exchanges; and
- d. \$361,432 in other monetary values.

On 28 June 2010, Customer 10 cashed out \$139,195 at Star Sydney. Star Sydney considered this to be suspicious due to the large sum of cash involved: SMR dated 29 June 2010.

- vi. Customer 10 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. On 17 November 2016, Star Qld recorded high turnover on individual rebate programs totalling \$27,788,540 for Customer 10 with losses of \$2,900,000;
- vii. Customer 10 transacted using large amounts of cash and cash that appeared suspicious at Star Qld;

Particulars

On 17 November 2016, Customer 10 withdrew \$100,000 in cash from his FMA: SMR dated 18 November 2016.

- viii. by November 2013, Star Sydney was aware that Customer 10 had access to two different passports which had different names and dates of birth;

Particulars

On 11 October 2012, Customer 10 changed his name from the name known to Star Sydney to an alias. Star Sydney accepted as identification a copy of Customer 10's passport with the alias.

In November 2013, Customer 10 produced a passport with the original name known to Star Sydney and requested that Star Sydney change his name to the alias in its records. Both passports were current, but showed different birth years: SMR dated 28 November 2013.

- ix. by November 2016, Star Qld was aware that Customer 10 had access to two different passports which had different names and dates of birth;

Particulars

In November 2016, following a review of Customer 10's account, Star Qld became aware that Customer 10 used multiple aliases and passports which contained different dates of birth: SMR dated 18 November 2016.

- x. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 10 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 9 April 2013, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$1,000,724 where Customer 10 was named as the ordering customer and beneficiary.

On 5 July 2016 and 8 July 2016, Star Sydney received two telegraphic transfers totalling \$2,032,943, both of which were made available to Customer 10's SKA. Some of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 8 July 2015 and 28 January 2016, Star Sydney sent five telegraphic transfers, totalling \$25,668,843 from Customer 10's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

- xi. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 10 by remitting large amounts of money into and out of the casino environment via his accounts; and

Particulars

Remittances into the casino environment

See paragraphs 278 and 327 above.

In November 2016, Star Qld received \$3,000,074 from two third party company accounts overseas and one unknown third party account overseas, which it made available to Customer 10's account.

Customer 10 had recorded a loss of \$2,393,000 at the time and withdrew \$100,000 of the funds in cash: SMR dated 18 November 2016.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 20 November 2016, Star Qld facilitated a transfer of \$222,660 from Customer 10's FMA at Star Gold Coast to an Australian bank account.

- xii. between 27 November 2013 and 11 April 2016, Star Sydney provided Customer 10 with significant amounts of credit upon request, up to limits of \$13,700,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 27 November 2013, Star Sydney approved a single trip CCF limit of \$2,000,000 for Customer 10.

On 20 May 2015, Star Sydney senior management, including the Chief Executive Officer and the Group Chief Financial Officer, approved a permanent active CCF limit of \$5,000,000 with an additional trip only limit of \$2,000,000 for Customer 10. Star Sydney senior management approved this CCF for the purpose of funding Customer 11's junket program and with the knowledge that the junket representative, Customer 16, intended to withdraw \$2,000,000 from the junket and transfer the same to Customer 60.

On 27 June 2015, Star Sydney senior management, including the General Manager (Credit & Collections) and the Group General

Counsel (Counsel & Company Secretary) approved a single trip CCF limit of \$13,700,000 for Customer 10.

On 11 January 2016, 4 February 2016 and 11 April 2016, Star Sydney senior management, including the Chief Executive Officer and the Group Chief Financial Officer approved a single trip CCF limit of \$10,000,000 for Customer 10.

On 26 May 2016, the Chief Executive Officer and the Group Chief Financial Officer approved a permanent active CCF limit of \$10,000,000 for Customer 10 which was deactivated on 21 November 2016.

Customer 10's risk profile from 30 November 2016

- b. Customer 10 was a foreign PEP;

Particulars

See paragraph 115 above.

Customer 10 was a foreign businessman with links to a foreign political party.

- c. Customer 10 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
- i. between 12 January 2017 and 30 October 2018, Customer 10 funded seven junkets at Star Sydney;

Particulars

In 2016, Customer 10 was one of the top ten junket funders by funding provided at Star Sydney.

At Star Sydney, Customer 10 funded:

- a. three junkets totalling \$30,000,000 for Customer 11's junket;
and
- b. four junkets for Customer 15's junket.

Customer 10 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

- ii. Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 10 between 12 January 2017 and 30 October 2018 was \$655,238,591 with losses of \$41,606,085;

Particulars

In 2017, junket programs funded by Customer 10 had a turnover of \$489,800,753 with losses of \$31,704,620.

In 2018, junket programs funded by Customer 10 had a turnover of \$165,437,838 with losses of \$9,901,465.

- iii. between 12 January 2017 and 6 October 2018, Star Sydney provided Customer 10 with significant amounts of credit upon request, up to limits of \$20,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 12 January 2017 and 2 May 2017, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer approved a single trip CCF limit of \$10,000,000 for Customer 10.

On 16 August 2017, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer approved a permanent active CCF limit of \$10,000,000 for Customer 10 which was deactivated on 6 February 2019 after media reports that Customer 10's passport and permanent residency had been cancelled by Australian officials.

On 6 October 2018, Star Sydney approved a single trip CCF limit of \$20,000,000 for Customer 10.

- iv. the junkets funded by Customer 10 were each represented by Customer 16; and
- v. the junkets funded by Customer 10 facilitated the provision of high value designated services to junket operators, junket representatives and junket players including foreign PEPs and players in respect of whom Star Sydney had formed suspicions such as Customer 53;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

See Customer 53's risk profile.

- d. Customer 10 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;
 - i. between 26 May 2017 and 4 December 2018, Customer 10 funded 14 junkets at Star Qld;

Particulars

In 2017 and 2018, Customer 10 was one of the top ten junket funders by number of junkets funded and by funding provided at Star Gold Coast.

At Star Qld, Customer 10 funded:

- a. 14 junkets totalling \$203,100,000 for Customer 15's junket;
and
- b. one junket totalling \$10,000,000 for Customer 16's junket.

Customer 10 was a junket player on each junket that he funded at Star Gold Coast.

Customer 10 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Qld.

- ii. Star Qld recorded that the total cumulative turnover of junkets funded by Customer 10 between 11 November 2017 and 4 December 2018 was \$4,457,187,670 with losses of \$76,905,500;

Particulars

In 2017, junket programs funded by Customer 10 had a turnover of \$306,279,480 with losses of \$1,233,500.

In 2018, junket programs funded by Customer 10 had a turnover of \$4,150,908,190 with losses of \$75,672,000.

- iii. between 23 May 2017 and 6 October 2018, Star Qld provided Customer 10 with significant amounts of credit upon request, up to limits of \$20,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 23 May 2017, Star Qld senior management, including the Managing Director and CEO, and Group Chief Financial Officer approved a single trip CCF limit of \$10,000,000 for Customer 10.

On 16 August 2017, Star Gold Coast approved a permanent active CCF limit of \$10,000,000 for Customer 10 which was deactivated on 6 February 2019 after media reports that Customer 10's passport and permanent residency had been cancelled by Australian officials.

On 13 November 2017, Star Qld senior management, including the Managing Director and CEO, and Group Chief Financial Officer approved a single trip CCF limit of \$10,000,000 with an additional trip only limit of \$2,000,000 for Customer 10.

On 25 January 2018 and 19 March 2018, Star Gold Coast approved a single trip CCF limit of \$10,000,000 with an additional trip only limit of \$5,000,000 for Customer 10.

On 15 August 2018 and 6 October 2018, Star Gold Coast approved a single trip CCF limit of \$20,000,000 for Customer 10.

- iv. the junkets funded by Customer 10 were each represented by Customer 16; and
- v. the junkets funded by Customer 10 facilitated the provision of high value designated services to at least four junket players including foreign PEPs and players in respect of whom Star Qld had formed suspicions such as Customer 16, Customer 53 and Customer 10 himself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

See *Customer 16's risk profile* and *Customer 53's risk profile*.

See paragraphs 1024.e, 1024.j and 1024.l.

- e. Customer 10 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 26 May 2017 and 4 December 2018, Customer 10 was a player on 15 junkets at Star Qld operated by Customer 15 and Customer 16 and funded by Customer 10; and
 - ii. between 26 May 2017 and 4 December 2018, Star Qld recorded high and escalating turnover totalling \$4,424,240,990 with losses of \$74,092,250 for Customer 10's gaming activity on junket programs;

Particulars

In 2017, Customer 10's turnover on junket programs was \$493,291,890 and a win of \$3,546,750.

In 2018, Customer 10's turnover on junket programs significantly escalated to \$3,930,949,100 and a loss of \$77,639,000.

Customer 10 was the only junket player on several Customer 15 junket programs at Star Qld: SMRs dated 20 March 2018; 4 April 2018.

- f. Customer 10 used his significant credit at Star Sydney and Star Qld to draw down funds and provide them to a junket operator as front money for his use during junket programs on which he was the sole or primary junket player;

Particulars

See paragraphs 1024.c and 1024.d above.

- g. designated services provided to Customer 10 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 10 by remitting large amounts of money into and within the casino environment via his accounts, including through an international remittance channel which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 8 August 2018 and 14 November 2018, Customer 10 deposited a total of \$11,738,687 into the EEIS Patron accounts, which Star Sydney made available to Customer 10 through the EEIS remittance channel.

Between 14 September 2018 and 14 November 2018, third party companies acting on behalf of Customer 10 deposited a total of \$18,821,884 into the EEIS Patron accounts, which Star Sydney made available to Customer 10 through the EEIS remittance channel.

Remittances into the casino environment

See paragraph 327 above.

Between 19 December 2016 and 30 December 2017, Star Sydney received four telegraphic transfers totalling \$4,408,181, each of which was made available to Customer 10's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, on 28 February 2018, Star Sydney sent a transfer of \$30,000 from Customer 10's account to Star Qld.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 10 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 2 February 2018 and 20 September 2018, Star Qld received nine telegraphic transfers totalling \$39,041,139, each of which was either made available to Customer 10's SKA at Star Gold Coast or transferred for the purpose of redeeming outstanding CCFs.

On 31 May 2018, Star Qld received seven telegraphic transfers totalling \$13,849,287, which it made available to Customer 10's account. The transfers appeared to come from multiple domestic and foreign sources. Customer 10 used the funds to redeem a cheque used to fund his previous trip in May 2018.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

In December 2017, Customer 10 requested that Star Qld transfer \$4,506,185 in junket winnings to his personal account: SMR dated 12 December 2017.

On 29 May 2017 and 3 March 2018, Star Qld facilitated two telegraphic transfers totalling \$15,495,813 from Customer 10's FMA at Star Gold Coast to Australian bank accounts.

On 4 June 2018, Customer 10 had recorded winnings at Star Qld of \$20,033,360. Customer 10 requested that Star Qld send his winnings by telegraphic transfer to his personal account: SMR dated 7 June 2018.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

On 28 February 2018, Star Qld received a transfer of \$30,000 from Star Sydney, which it made available to Customer 10's account at Star Gold Coast.

- j. Star Qld was aware that Customer 10 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

Large and unusual transactions in 2017

On 10 December 2017, Customer 10 provided \$10,000,000 in front money for Customer 15's junket program at Star Qld on which he was a player. At settlement, Customer 15 took \$385,000 in cash, the front money was repurchased and Star Qld sent by telegraphic transfer the remaining \$4,506,185 to Customer 10's nominated personal account: SMR dated 12 December 2017.

Large and unusual transactions in 2018

On 24 January 2018, Customer 10 provided \$10,000,000 in front money by drawing down on his CCF for Customer 15's junket program at Star Qld on which he was a player. Customer 53 was also a player on Customer 15's junket. On 2 February 2018, Star Qld received a telegraphic transfer of \$10,000,000 for the credit of Customer 10 which was used to redeem his CCF. The cheque was immediately redrawn to \$10,000,000 and another \$5,000,000 was subsequently drawn down, raising the total front money of the junket program to \$25,000,000. By 7 February 2018, Customer 10 was experiencing a loss at Star Qld of \$18,800,000 on the junket program and Customer 53 had recorded winnings of \$348,000: SMR dated 7 February 2018.

On 4 June 2018, Customer 10 had recorded winnings at Star Qld of \$20,033,360. Customer 10 requested that the funds be transferred to an account under his other alias as he did not want funds going to an account in the name he preferred to use in his dealings with Star Qld. Star Qld also noted that Customer 10's date of birth different between the two accounts. Star Qld considered this request to be unusual: SMR dated 7 June 2018

- k. Customer 10 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

On 3 February 2019, Star Sydney gave the AUSTRAC CEO a TTR detailing an outgoing payment from Customer 10 totalling \$100,000.

- l. Customer 10, and persons associated with his junket activity, transacted using large amounts of cash and cash that appeared suspicious at Star Qld;

Particulars

See paragraphs 611 to 618 above.

In April 2018, Customer 10 was the only junket player on Customer 15's junket program. Customer 16 was the junket representative. Customer 16 withdrew \$100,000 in cash from Customer 15's FMA and handed the cash to Customer 10. Star Qld suspected that Customer 15, Customer 16 and Customer 10 had been conducting transactions of this nature and value during recent trips: SMR dated 4 April 2018.

On 5 February 2018 and 2 October 2018, Star Qld gave the AUSTRAC CEO a TTR detailing outgoing payments from Customer 10 totalling \$43,210 which comprised chip exchanges.

- m. in 2019, despite the high ML/TF risks posed by the provision of designated services to Customer 10, Star Sydney actively sought to develop its business relationship with him;

Particulars

On 3 February 2019, Star Sydney made available to Customer 10 and his guests a private jet in a foreign country. After difficulties associated with his flight, Customer 10 asked that Star Sydney provide \$100,000 in cash to each guest as lucky money on arrival at Sydney airport. The funds were drawn from Customer 10's account despite Customer 10 not being in the Australia at the time. This transaction was approved by the President of International VIP Sales and the Chief Casino Officer and packaged for delivery by Star Sydney staff members at the airport.

This exchange took place immediately before Customer 10 was prevented from returning to Australia by Australian officials.

- n. in 2017, 2018 and 2019, Customer 10 was the subject of law enforcement enquiries at Star;

Particulars

In June 2017, Star Qld assisted a law enforcement agency in an investigation in respect of Customer 10. The details of the investigation were not shared with Star Qld.

In February 2018, Star Sydney received a request from a law enforcement agency. Star Sydney provided details associated with Customer 10.

Interactions and information shared between Star Sydney and Star Qld, and law enforcement agencies, were stored on Star's investigations database. Star Sydney and Star Qld had access to the investigations database: see paragraph 49 above.

On 12 September 2019, Star Sydney received a request from a law enforcement agency to make available to that agency any funds held on behalf of Customer 10. Customer 10 was issued with a WOL on the following day.

- o. Customer 10 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 10 had access to private gaming rooms at Star Sydney, including the Sovereign Room.

- p. Customer 10 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 10 had access to private gaming rooms at Star Qld, including the Sovereign Room, Salon 21, Salon 22, Salon 69, Salon 88, Salon 99, Pit 8 and the Club Conrad.

- q. by 2019, a decision of an Australian court named Customer 10 as a person with foreign business interests and involved in significant cross-border movement of funds;

Particulars

The Australian court found that:

- a. AUSTRAC records showed tens of millions of dollars were transferred by Customer 10 into and out of Australia between January 2016 and August 2019. Between December 2018 and August 2019, the amount transferred out of Australia exceeded the amount transferred in by over \$45,000,000; and
- b. Customer 10 had significant business interests in foreign countries and the structures and operations of his foreign companies allow Customer 10 easily to move assets between jurisdictions.

- r. in 2022, the ILGA Bell inquiry heard evidence in respect of Customer 10 concerning the business relationship between Star and Customer 10 prior to him being issued with a WOL; and

Particulars

In 2022, the ILGA Bell inquiry took evidence from the General Manager (Financial Crime and Investigations), including that, prior to being issued with a WOL, Customer 10:

- a. between 2010 and 2018 had a table games buy-in at Star Casino properties of \$1,781,000,000;
 - b. may have allowed other customers to use his buy-in for their own gambling purposes;
 - c. was Star's third top debtor in March 2017;
 - d. had presented different passports with different names and birthdays; and
 - e. had not been considered for exclusion in December 2017 or February 2019 because he had not been charged or convicted of a relevant crime and his gambling activity was consistent with a high-value customer.
- s. Star Sydney and Star Qld did not have adequate reason to believe that Customer 10's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 10 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 10 had significant business interests in Australia and overseas.

By 30 November 2016, Star Sydney and Star Qld were aware that Customer 10 was a foreign PEP who had access to multiple passports with different names and dates of birth.

In 2017, Customer 10's turnover escalated significantly at Star Sydney. In 2018, Customer 10's turnover escalated very significantly at Star Qld.

By 2018, each of Star Sydney and Star Qld had received law enforcement enquiries in respect of Customer 10.

However, it was not until Customer 10 was no longer able to enter Australia and following a further law enforcement enquiry that Star Sydney and Star Qld issued a WOL in respect of him.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 10

1025. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 10 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 10.

- a. On and from 30 November 2016, Customer 10 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 10's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 26 June 2017 that Customer 10 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 30 April 2015, Customer 10 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 26 June 2017, Customer 10 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 10 was rated very high, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 10's transactions

1026. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 10's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 10, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 10 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. the EEIS remittance channel;

Particulars

See paragraphs 493 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 10 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- e. Star Sydney and Star Qld provided designated services to Customer 10 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 10.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incident involving Customer 10 on 10 December 2017: see *Customer 10's risk profile*.

The review, update and verification of Customer 10's KYC information

- 1027. Star Sydney and Star Qld did not review, update and verify Customer 10's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 10's business with each of Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 10's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 10's source of wealth and source of funds were not legitimate: see *Customer 10 risk profile* above.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 10's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 10.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 10's high ML/TF risks

1028. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 10 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 10; and
- c. reviewing and updating Customer 10's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 10 at a time before the date of the ECDD triggers below: see *ECDD triggers in respect of Customer 10*.

ECDD triggers in respect of Customer 10

1029. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 10 following any ECDD triggers in respect of Customer 10. In particular, because Customer 10 was a foreign PEP, Star Sydney and Star Qld were required to:

- a. undertake detailed analysis of Customer 10's KYC information including taking reasonable measures to identify the source of Customer 10's wealth and the source of Customer 10's funds; and
- b. seek senior management approval for continuing a business relationship with Customer 10 and whether Star Sydney and Star Qld should continue to provide a designated service to Customer 10.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3), 15.10 and 15.11 of the Rules.

1030. Customer 10:

- a. at all times from 30 November 2016 was a foreign PEP.

Particulars

See Customer 10's risk profile above.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 12 December 2017 and 7 June 2018, Star Qld gave the AUSTRAC CEO six SMRs with respect to Customer 10.

- c. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 26 June 2017, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 10 was high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 10* above.

1031. Each matter pleaded in paragraph 1030 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1032. On and from 26 June 2017, Star Sydney and Star Qld were aware that that Customer 10 was a foreign PEP.

1033. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 10 following the ECDD triggers:

- a. on each occasion prior to 13 September 2019 that Star Sydney and Star Qld conducted ECDD in respect of Customer 10 in response to an ECDD trigger, they failed to give appropriate consideration to whether the ML/TF risks posed by Customer 10 and the provision of designated services to Customer 10 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite. In

particular, Star Sydney and Star Qld failed to monitor Customer 10 as a foreign PEP because:

- i. Star Sydney's and Star Qld's analysis of Customer 10's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 10;
- ii. Star Sydney's and Star Qld's analysis of Customer 10's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 10;

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 817 above.

On 5 February 2019 and 4 September 2019, Star Sydney and Star Qld conducted ECDD in respect of Customer 10.

By 30 November 2016, Star Sydney and Star Qld were aware that Customer 10 was a foreign PEP who had access to multiple passports with different names and dates of birth.

In 2017, Customer 10's turnover escalated significantly at Star Sydney. In 2018, Customer 10's turnover escalated very significantly at Star Qld.

By 2018, each of Star Sydney and Star Qld had received law enforcement enquiries in respect of Customer 10.

However, it was not until Customer 10 was no longer able to enter Australia and following a further law enforcement enquiry that Star Sydney and Star Qld issued a WOL in respect of him.

The ECDD conducted by Star Sydney did not have appropriate regard to their higher ML/TF risks: see *Customer 10's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 10's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 10's source of wealth and source of funds were not legitimate: see *Customer 10's risk profile*.

- iii. Customer 10 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 817.

- iv. any senior management approval regarding Customer 10 failed to give appropriate consideration to the ML/TF risks posed by Customer 10 and the provision of

designated services to Customer 10 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's Star Qld's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797, 807 and 810 above.

Senior management meeting concerning Customer 10

In March 2018, Star senior management had a meeting regarding Customer 10 which addressed a number of concerns regarding Customer 10, namely his:

- a. access to several, apparently current, passports. Star was aware that Customer 10 had three passports with two different names and two different dates of birth. Star accepted that this may have come about due to foreign translation of Customer 10's name, Customer 10 not being aware of his date of birth and Customer 10's high net worth. Star did not consider that this posed any additional risk;
- b. high level of media coverage. Star considered that the media coverage related to Customer 10's political activities and did not relate to its business relationship with him as Customer 10 did not have undue influence over Star or vice versa. Star did not consider that this posed any additional risk;
- c. being a foreign PEP. Star considered that Customer 10 was treated in the same manner as any other patron of high net worth and that he was not extended any additional privileges or benefits above what was provided by his tier status;
- d. potentially being engaged in illegal activity or money laundering. Star considered that Customer 10 was known to be a high net worth individual with significant assets in Australian and overseas. Star considered that Customer 10's source of wealth was transparent and there were no concerns about his ability to fund his gaming activity. Star noted that there was no open source information linking Customer 10 to criminal activity; and
- e. status as a New South Wales resident and his eligibility to play on rebate programs. Star noted that Customer 10 was deemed to be ineligible to play on rebate programs at Star Sydney but was eligible at Star Qld.

Star Sydney senior management considered that Customer 10's critical risk rating, together with appropriate monitoring, meant that Star could continue to deal with Customer 10. This was despite the fact that, by March 2018, both Star Sydney and

Star Qld had received requests from law enforcement agencies in respect of Customer 10.

In determining that a business relationship could be continued, Star senior management did not have regard to:

- a. Customer 10's source of wealth (r 15.10(2)(a)), having regard to his high and escalating turnover; and
- b. Customer 10's source of funds (r15.10(2)(b)), having regard to his status as a foreign PEP: see *Customer 10's risk profile*.

JRAMM and PAMMs

Between May 2017 and March 2019, Customer 10 was discussed at JRAMM and PAMMs.

The minutes of the meetings noted that:

- a. Customer 10 had multiple account numbers, aliases and passports. A Star staff member was to advise which of Customer 10's two accounts were to be closed (PAMM). However, no outcome was recorded in respect of that item;
- b. Customer 10 lived in a foreign country;
- c. Customer 10 worked in real estate and property development;
- d. there was external and media interest in Customer 10; and
- e. Customer 10 was a junket funder and junket player;

However, it was not until 13 September 2019, following a further law enforcement enquiry in respect of Customer 10, that Star Sydney and Star Qld issued a WOL in respect of Customer 10.

Contravention of s36 of the Act in respect of Customer 10

1034. By reason of the matters pleaded from paragraphs 1019 to 1033 above, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 10 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1035. By reason of the matters pleaded at paragraph 1034, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 13 September 2019 with respect to Customer 10.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 11

1036. Customer 11 was a customer of Star Sydney during the relevant period.

Particulars

Customer 11 was a customer of Star Sydney from at least 3 May 2015.

1037. Star Sydney provided Customer 11 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 12 January 2017 and 17 June 2017, Star Sydney recorded that junkets operated by Customer 11 had a turnover exceeding \$460 million.

Particulars

On 3 May 2015, Star Sydney opened an FMA and SKA for Customer 11 which were closed on 5 August 2021.

While a customer of Star Sydney, Customer 11 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 11's risk profile below.

1038. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 11.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 11's risk profile

1039. On and from 30 November 2016, Customer 11, and the provision of designated services to Customer 11 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 11's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 11 had the following risk history:
 - i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 11;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on nine occasions between August 2015 and 27 May 2016. The SMRs reported that Customer 11 and persons associated with his junket were involved in cash transactions at Star Sydney totalling at least \$1,000,000.

- a. On 9 August 2015, Customer 11 exchanged a large amount of casino chips for cash at Star Sydney: SMR dated 11 August 2015.
 - b. On 30 December 2015, Customer 11 withdrew \$100,000 cash from his account at Star Sydney: SMR dated 4 January 2016.
 - c. On 4 January 2016, Customer 11 withdrew \$100,000 cash from his account at Star Sydney. Customer 11 requested that the cash be paid to his junket representative, Customer 16: SMR dated 5 January 2016.
 - d. On 6, 9 and 11 February 2016, Customer 11's junket representative, Customer 16, withdrew a total of \$400,000 cash from Customer 11's junket account: SMR dated 8, 10 and 12 February 2016.
 - e. On 18 February 2016, Customer 11 withdrew \$100,000 cash from his account with Star Sydney. Customer 11 placed the cash in a Star branded bag and then played at the gaming tables at Star Sydney: SMR dated 19 February 2016.
 - f. On 22 February 2016, Customer 11's junket representative, Customer 16, withdrew \$200,000 cash from Customer 11's junket account. Star Sydney observed Customer 16 handing over the cash to another junket representative. The junket representative then deposited the cash into another junket operator's account: SMR dated 23 February 2016.
 - g. On 27 May 2016, Customer 11's junket representative, Customer 16, withdrew \$100,000 cash from Customer 11's account. Star Sydney observed Customer 16 handing over \$80,000 in cash to another Star Sydney customer who deposited the funds into his account: SMR dated 30 May 2016.
- ii. Customer 11 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

Between 30 June 2015 and November 2016, Customer 11 operated 14 junkets at Star Sydney.

In 2015 and 2016, Customer 11 was one of the top ten junket operators whose junket operations in total involved the highest total turnover at Star Sydney.

Between 30 June 2015 and 8 November 2016, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 11 was \$2,813,921,184 with losses of \$40,457,470.

Customer 11's junkets received \$125,787,750 in funding from Customer 10.

Between 30 June 2015 and 8 November 2016, Star Sydney recorded a cumulative turnover of \$175,741,419 for Customer 11 as a junket player on his own junkets despite not being a junket player at any time.

In 2015, total benefits of \$5,751,307 were payable to Customer 11 by Star Sydney in his capacity as junket operator for rebates earned and percentages of earnings from revenue share programs.

Customer 11 operated junkets in private gaming rooms, such as Sovereign and Pit 80, and in private gaming rooms that were exclusive to the junket, such as Salon 77, Salon 90, Salon 91, Salon 92, Salon 93.

Customer 11 had one junket representative at Star Sydney, which was Customer 16.

Customer 11 and his junket representative facilitated the provision of high value designated services to eight junket players at Star Sydney including players who posed higher ML/TF risks such as Customer 10.

- iii. Customer 11 was connected to other customers at Star Sydney, including junket funders, junket operators, junket representatives and junket players, players who posed higher ML/TF risks such as Customer 10, Customer 16, Customer 53, and players who Star Sydney considered had acted suspiciously;

Particulars

Between 30 June 2015 and 8 November 2016, Customer 10 was a junket funder for 13 junkets operated by Customer 11 at Star Sydney.

One other junket was jointly funded by Customer 10 and Customer 16. During the same period, Customer 16 was a junket representative for all 14 junkets partly or fully funded by Customer 10.

Between 30 June 2015 and 10 October 2016, Customer 10 attended 14 junket programs operated by Customer 11 at Star Sydney.

Between 9 August 2015 and 18 August 2016, Customer 53 attended seven junkets operated by Customer 11 at Star Sydney.

See particulars to paragraphs 1039.a.i and 1039.a.ii.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 11 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 16 July 2015 and 22 September 2016, Star Sydney received 18 telegraphic transfers totalling \$34,153,835, each of which was made available to Customer 11's account.

In May 2016, Star Sydney gave the AUSTRAC CEO 13 incoming IFTIs totalling \$6,914,954 where Customer 11 was named as the beneficiary, including:

- a. three incoming IFTIs totalling \$1,425,551 where the ordering customer was a third party overseas; and
- b. ten incoming IFTIs totalling \$548,940 where Customer 11 was the ordering customer.

The funds made available to Customer 11's Star Sydney account.

Remittances out of the casino environment

See paragraphs 281 and 327 above.

Between 10 July 2015 and 12 February 2016, Star Sydney sent six telegraphic transfers totalling \$9,142,976 from Customer 11's account to Australian bank accounts, including \$2,608,915 to an account held by Customer 10.

On 17 May 2016, Star Sydney sent a telegraphic transfer of \$40,000 from Customer 11's SKA to an overseas bank account.

On 21 October 2016, Star Sydney sent a telegraphic transfer of \$278,000 from Customer 11's SKA to another Australian casino.

- v. Customer 11, and persons associated with his junket, transacted using large amounts of cash at Star Sydney; and

Particulars

Between 8 July 2015 and 1 October 2016, Star Sydney gave the AUSTRAC CEO 47 TTRs detailing chip and cash exchanges, account deposits and account withdrawals totalling \$2,872,620.

See particulars to paragraph 1039.a.i.

- vi. On 20 May 2015, Star Sydney provided a junket funder, Customer 10, with a significant amount of credit upon request, for the purpose of funding a junket operated by Customer 11;

Particulars

On 20 May 2015, the Managing Director and CEO, and the Group Chief Financial Officer approved a permanent active CCF limit of \$5,000,000 with an additional trip only limit of \$2,000,000 for Customer 10. Star Sydney senior management approved this CCF for the purpose of funding a Customer 11 junket program and with knowledge that the junket representative, Customer 16, intended to transfer \$2,000,000 from the junket to Customer 60, who was not a player on the junket.

Customer 11's risk profile from 30 November 2016

- b. Customer 11 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
- i. between 12 January 2017 and 17 June 2017, Customer 11 operated three junkets at Star Sydney, all of which were funded by Customer 10;

Particulars

Funding for Customer 11's junkets included \$30,000,000 funded by Customer 10.

- ii. between 12 January 2017 and 17 June 2017, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 11 was \$466,907,363 with losses of \$30,266,570;

Particulars

In 2017, junkets operated by Customer 11 had a turnover of \$466,907,363 with losses of \$30,266,570.

- iii. between 12 January 2017 and 17 June 2017, Star Sydney recorded a cumulative turnover of \$67,164,110 for Customer 11 as a junket player on his own junkets despite not being a junket player at any time;

Particulars

See paragraph 670 above

- iv. between 2016 and 2017, total benefits of \$17,003,773 were payable to Customer 11 by Star Sydney in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs and other benefits;

Particulars

Customer 11 was entitled to benefits from Star Sydney in his capacity as junket operator:

In 2016, total benefits of \$13,560,108 were payable to Customer 11.

In 2017, total benefits of \$3,443,665 were payable to Customer 11.

- v. in January 2017, Customer 11 operated a junket that was partially funded by credit provided by Star Sydney to Customer 10, a junket funder;

Particulars

See paragraphs 516 to 518 and 552 above.

On 12 January 2017, the Managing Director and CEO, and the Group Chief Financial Officer approved a single trip CCF limit of \$10,000,000 for Customer 10. This included an approval for \$1,000,000 in funding for two players playing under the Customer 11 junket.

- vi. Customer 11 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 11 operated junkets in non-exclusive private gaming rooms, including Sovereign and Pit 80.

Customer 11 operated junkets in exclusive private gaming rooms, including Salon 90, Salon 91 and Salon 93.

- vii. Customer 11 had one junket representative at Star Sydney, which was Customer 16; and
- viii. Customer 11 and his junket representative facilitated the provision of high value designated services to four junket players at Star Sydney including players who posed higher ML/TF risks such as Customer 53 and players who Star Sydney considered had acted suspiciously;

Particulars

See paragraphs 643 to 649 above.

See paragraph 1039.a.ii.

- c. designated services provided to Customer 11 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 11 was connected to other customers at Star Sydney, including junket funders, junket operators, junket representatives and junket players including foreign PEPs, players who posed higher ML/TF risks such as Customer 10, Customer 16 and Customer 53 and players who Star Sydney considered had acted suspiciously;

Particulars

For example, on 12 January 2017, Customer 53 attended a junket program operated by Customer 11 at Star Sydney.

See paragraphs 1039.b and 1039.f.

- e. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 11 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraphs 278 and 327 above.

Between 21 December 2016 and 22 July 2017, Star Sydney received 18 telegraphic transfers totalling \$22,691,456, each of which was made available to Customer 11's SKA.

On 1 May 2017, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$908,000 where Customer 11 was named as the

ordering customer and beneficiary. The funds were deposited into Customer 11's Star Sydney account.

In April and July 2020, Customer 11 transferred \$543,000 from bank accounts, including a company account, Company 4, to Star Sydney. The funds were for the benefit of Customer 16.

Remittances out of the casino environment

See paragraph 327 above.

On 19 January 2017 and 7 March 2017, Star Sydney sent two telegraphic transfers totalling \$85,000 from Customer 11's SKA to an Australian bank account.

On 29 July 2017, Star Sydney sent a telegraphic transfer totalling \$102,172 from Customer 11's SKA to an overseas bank account.

- f. Customer 11, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 12 January 2017 and 21 June 2017, Star Sydney gave the AUSTRAC CEO 12 TTRs in respect of Customer 11 detailing chip cash outs and account withdrawals totalling \$926,950.

On 22 January 2017, Customer 11's junket representative, Customer 16, withdrew \$400,000 cash from the Customer 11 junket FMA at Star Sydney: SMR dated 23 January 2017.

- g. in 2018, Customer 11 was the subject of law enforcement enquiries at Star Sydney;

Particulars

In February 2018, Star Sydney received a request from a law enforcement agency. The request related to customers linked to Customer 10, including Customer 11. The request was referred to the Star's Regulatory Affairs department and investigators supplied Customer 10's guest links in response.

- h. Customer 11 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 11 had access to private gaming rooms at Star Sydney including Sovereign, Lakes Salons, Harbours Salons, Rivers and Harbours Salons Cage, Lakes Salons Cage and the Springs Salon Cage, at Star Sydney.

- i. Star Sydney did not have adequate reason to believe that Customer 11's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 11 at Star Sydney.

Particulars

See paragraph 808 above.

By 7 February 2022, Star Sydney had recorded Customer 11's occupation as a junket representative but did not record any other information regarding Customer 11's source of wealth or source of funds.

This was despite the fact that in 2015 and 2016, Customer 11 was one of the top ten junket operators whose junket operations in total involved the highest total turnover at Star Sydney.

See paragraphs 1039.a, 1039.b and 1039.f.

Star Sydney's determination of the ML/TF risks posed by Customer 11

1040. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 11 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 11.
- a. On and from 30 November 2016, Customer 11 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 11's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 11 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 4 January 2016, Customer 11 was rated medium, being medium for the purpose of the Act and Rules.

Monitoring of Customer 11's transactions

1041. At no time did Star Sydney apply appropriate transaction monitoring to Customer 11's transactions because:
- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 11, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of the designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 11's junket as turnover was recorded against Customer 11 as the junket operator rather than the junket players; and

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 11 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 11's KYC information

1042. Star Sydney did not review, update and verify Customer 11's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 11's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 11's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 11's source of wealth and source of funds were not legitimate: see *Customer 11's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 11's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 11.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 11's high ML/TF risks

1043. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 11 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 11; and
- c. reviewing and updating Customer 11's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have likely been required by the Act and Rules to apply the ECDD Programs to Customer 11 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 11*.

ECDD triggers in respect of Customer 11

1044. Star Sydney was required to apply the ECDD Programs to Customer 11 following any ECDD triggers in respect of Customer 11.

Particulars

Section 36(1)(a) and (b) of the Act.

1045. Customer 11 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

On 23 January 2017, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 11.

1046. The matter pleaded in paragraph 1045 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

1047. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 11 following an ECDD trigger because:

- a. at no time did Star Sydney apply the ECDD program to Customer 11; and

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

- b. Customer 11 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 817 above.

Contravention of s36 of the Act in respect of Customer 11

1048. By reason of the matters pleaded from paragraphs 1036 to 1047 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 11 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1049. By reason of the matters pleaded at paragraph 1048, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 11.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 12

1050. Customer 12 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$2 billion for Customer 12.

Particulars

Customer 12 was a customer of Star Sydney from at least 11 March 2005.

1051. Star Sydney provided Customer 12 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket player. Between 2016 and 2019, Star Sydney recorded that junkets operated by Customer 12 had a turnover exceeding \$2.1 billion.

Particulars

On 18 April 2009, Star Sydney opened an FMA and SKA for Customer 12 which remain open (item 11, table 3, s6 of the Act).

Between 5 July 2014 and 13 December 2019, Star Sydney approved CCFs for Customer 12 on six occasions ranging from \$200,000 to \$25,000,000 (item 6, table 1, s6 of the Act).

See *Customer 12's risk profile* below.

1052. Customer 12 was a customer of Star Qld during the relevant period. Between 2017 and 2018, Star Qld recorded turnover exceeding \$110 million for Customer 12.

Particulars

Customer 12 was a customer of Star Qld from at least August 2012.

1053. Star Qld provided Customer 12 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket player. Between 2017 and 2018, Star Qld recorded that junkets operated by Customer 12 had a turnover exceeding \$110 million.

Particulars

On 22 August 2016, Star Qld opened an FMA for Customer 12 which remains open (item 11, table 3, s6 of the Act).

On 31 July 2018, Star Qld opened an SKA for Customer 12 which remains open (item 11, table 3, s6 of the Act).

Between 21 January 2008 and 3 September 2019, Star Qld approved CCFs for Customer 12 on six occasions ranging from \$15,000,000 to \$25,000,000 (item 6, table 1, s6 of the Act).

See *Customer 12's risk profile* below.

1054. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 12.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 12's risk profile

1055. On and from 30 November 2016, Customer 12, and the provision of designated services to Customer 12 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 12's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 12 had the following risk history:
 - i. Star Sydney had formed suspicions for the purpose of s41 of the Act with respect to Customer 12;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 29 occasions between 22 January 2010 and 25 November 2016.

The SMRs reported that Customer 12, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious at Star Sydney: see paragraph 1055.a.viii.

- ii. Customer 12 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) to 75 junket players at Star Sydney;

Particulars

On 10 January 2014, Customer 12 was approved to be a junket operator at Star Sydney.

Between 1 May 2015 and 19 September 2016, Customer 12 operated nine junkets at Star Sydney. On two occasions, Customer 63 was a junket player on Customer 12's junkets.

By 30 November 2016, junkets operated by Customer 12 had a buy-in of at least \$63,350,000, turnover of \$657,761,217 with losses of \$8,159,080.

- iii. Customer 12 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) to 15 junket players at Star Qld;

Particulars

On 15 September 2016, Customer 12 was approved to be a junket promoter at Star Qld.

Between 22 August 2016 and 7 September 2016, Customer 12 operated a junket at Star Qld.

The junket had a buy-in of at least \$15,000,000, turnover of \$103,429,326 with losses of \$288,546.

By 30 November 2016, total benefits of \$753,759 were payable to Customer 12 by Star Qld in his capacity as a junket operator which included rebates earned, complimentary services and additional program agreement benefits.

- iv. Customer 12 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 1 October 2015 and 1 August 2016, Customer 12 was a junket player on five junkets. He operated each junket himself.

Between 1 October 2015 and 1 August 2016, Star Sydney recorded high turnover totalling \$571,405,666 with losses of \$102,615 for Customer 12's gaming activity on his own junket programs.

- v. Customer 12 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;

Particulars

Between 22 August 2016 and 7 September 2016, Customer 12 was a junket player at Star Qld. He operated the junket himself.

Star Qld recorded high turnover totalling \$102,556,155 with losses of \$542,720 for Customer 12's gaming activity on his own junket program.

- vi. between 1 March 2005 and 5 July 2014, Star Sydney provided Customer 12 and his junket programs with significant amounts of credit upon request, up to limits of \$15,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 1 March 2005, Star Sydney approved a single trip CCF limit of \$200,000 for Customer 12.

On 5 July 2014, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officers approved a permanent active CCF limit of \$15,000,000 for Customer 12 which was not deactivated.

- vii. between 21 January 2008 and 12 August 2016, Star Qld provided Customer 12 and his junket programs with significant amounts of credit upon request, up to limits of \$15,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 21 January 2008, Star Qld approved a single trip CCF limit of \$200,000 for Customer 12.

On 12 August 2016, Star Qld senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanent active CCF limit of \$15,000,000 for Customer 12 which was not deactivated.

- viii. Customer 12, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious at Star Sydney; and

Particulars

See paragraphs 611 to 618 above.

Between 3 July 2012 and 25 November 2016, Star Sydney gave the AUSTRAC CEO 18 TTRs detailing incoming payments to Customer 12 totalling \$5,407,431 which comprised:

- a. \$5,272,163 in account deposits; and

- b. \$135,268 in other monetary values in.

Between 3 July 2012 and 28 November 2016, Star Sydney gave the AUSTRAC CEO 93 TTRs detailing outgoing payments from Customer 12 totalling \$18,592,099 which comprised:

- a. \$10,729,771 in account withdrawals;
- b. \$3,673,300 in chip exchanges;
- c. \$1,050,761 in other monetary values out; and
- d. \$3,138,266 in foreign currency exchanges.

On 21 January 2010, Customer 12 deposited \$150,000 cash into another Star Sydney customer's FMA: SMR dated 22 January 2010.

On 27 August 2014, another Star Sydney customer deposited a total of \$800,000 in cash into their FMA at Star Sydney. The cash comprised \$100 notes in units of \$50,000 which contained bundles of \$10,000 secured by elastic bands. Following the deposit, the other Star Sydney customer instructed the funds be transferred to Customer 12's FMA. The funds were used to redeem Customer 12's CCF: SMR dated 28 August 2014.

Between 3 October 2013 and 7 May 2015, Customer 12 deposited a total of \$549,400 in cash across four transactions into his FMA at Star Sydney, which included cash wrapped in Star straps: SMRs dated 3 October 2013, 10 January 2014, 11 March 2014, 7 May 2015.

Between 6 May 2014 and 23 October 2014, Customer 12 exchanged a total of \$400,000 in chips for cash at Star Sydney: SMRs dated 6 May 2014 and 24 October 2014.

Between 13 January 2014 and 5 May 2015, Customer 12 withdrew a total of \$7,590,000 in cash from his FMA. Star Sydney recorded in respect of the withdrawals that Customer 12:

- a. on 13 January 2014, handed \$120,000 to another Star Sydney customer: SMR dated 14 January 2014;
- b. on 4 June 2014 and 9 June 2014, deposited \$1,000,000 and \$500,000, respectively, into a safe deposit box: SMRs dated 5 June 2014 and 9 June 2014; and
- c. on 5 May 2015, withdrew \$2,600,000 from his FMA at Star Sydney and posed for photos with the cash. Prior to the withdrawal, Customer 12 requested to withdraw \$5,000,000 which was declined. He was offered a telegraphic transfer of the funds, which he did not accept. Customer 12 transported the cash to a limousine van and left the premises: SMR dated 5 May 2015.

On 10 June 2016, Customer 12 arrived with an entourage in two hire cars at Star Sydney. He deposited a large sum in a foreign currency

worth AUD3,520,273 into his FMA and then used the funds to redeem his outstanding CCF. He did not engage in any play after the transaction: SMR dated 10 June 2016.

On 23 November 2016, Customer 12 deposited \$600,000 in cash into his SKA at Star Sydney. The cash comprised \$100 notes, bundled in units of \$50,000 and tightly wrapped in a foreign newspaper and tape. The cash was carried by a third party in a white canvas bag: SMR dated 25 November 2016.

- ix. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 12 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 24 June 2008 and 21 August 2014, Star Sydney gave the AUSTRAC CEO 17 incoming IFTIs totalling \$4,906,525 where Customer 12 was named as the customer which comprised:

- a. 11 transactions totalling \$4,339,487 in which Customer 12 was the payer; and
- b. six transactions totalling \$567,038 in which company accounts or foreign remitters were the payer.

Remittances out of the casino environment

See paragraph 327 above.

Between 24 January 2014 and 15 May 2014, Star Sydney gave the AUSTRAC CEO three outgoing IFTIs totalling \$2,594,226 where Customer 12 was named as the customer which comprised:

- a. a transaction totalling \$1,273,947 in which Customer 12 was the beneficiary; and
- b. two transactions totalling \$1,320,278 in which third parties were the beneficiaries.

Customer 12's risk profile from 30 November 2016

- b. Customer 12 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 30 November 2016 and 24 December 2019, Customer 12 operated 15 junkets at Star Sydney;

Particulars

In 2018, Customer 12 was one of the top ten junket operators whose junket operations in total involved the highest total turnover at Star Sydney.

- ii. between 30 November 2016 and 24 December 2019, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 12 in the relevant period was \$2,109,855,496 with losses of \$12,882,810;

Particulars

In 2016, junkets operated by Customer 12 had a buy-in of at least \$152,786,527, turnover of \$69,739,175 with losses of \$294,375.

In 2017, junkets operated by Customer 12 had a buy-in of at least \$560,330,693, turnover of \$253,543,300 with losses of \$4,311,005.

In 2018, junkets operated by Customer 12 had a turnover of \$972,739,677 with losses of \$9,260,460. Star Sydney did not record a buy-in for the 2018 junkets.

In 2019, junkets operated by Customer 12 had a turnover of \$422,661,550 with wins of \$983,030.

- iii. between 30 November 2016 and 24 December 2019, total benefits of \$19,948,724 were payable to Customer 12 by Star Sydney in his capacity as a junket operator which included rebates earned and complimentary services;

Particulars

In 2016, total benefits of \$5,361,518 were payable to Customer 12 by Star Sydney in his capacity as a junket operator.

In 2017, total benefits of \$4,174,677 were payable to Customer 12 by Star Sydney in his capacity as a junket operator.

In 2018, total benefits of \$6,863,803 were payable to Customer 12 by Star Sydney in his capacity as a junket operator.

In 2019, total benefits of \$3,548,726 were payable to Customer 12 by Star Sydney in his capacity as a junket operator.

- iv. between 11 October 2017 and 13 December 2019, Star Sydney provided Customer 12 and his junket programs with significant amounts of credit upon request, up to limits of \$25,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 11 October 2017, Star Sydney senior management including the Chief Executive Officer and the Group General Counsel and Company Secretary approved a single trip CCF limit of \$15,000,000 with an additional trip only limit of \$5,000,000 for Customer 12.

In 2018, Customer 12 was in debt to Star Sydney in the sum of \$5,000,000.

On 9 July 2019, Star Sydney approved a permanent active CCF limit of \$10,000,000 for Customer 12 which was deactivated on 26 August 2019.

On 27 August 2019, Star Sydney approved a single trip CCF limit of \$15,000,000 for Customer 12.

On 3 September 2019, Star Sydney approved a single trip CCF limit of \$25,000,000 for Customer 12.

On 13 December 2019, Star Sydney approved a single trip CCF limit of \$16,210,390 for Customer 12.

- v. Customer 12 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 12 operated junkets in non-exclusive private gaming rooms, including the Sovereign Room and Oasis.

Customer 12 operated junkets in exclusive private gaming rooms, including Salon 67, Salon 73, Salon 75, Salon 76, Salon 77, Salon 80, Salon 82, Salon 85 and Salon 89.

- vi. Customer 12 had three junket representatives at Star Sydney; and
- vii. Customer 12 and his junket representatives facilitated the provision of high value designated services to 117 junket players at Star Sydney including foreign PEPs, players who posed higher ML/TF risks such as Customer 63 and players who Star Sydney considered had acted suspiciously;

Particulars

See paragraphs 643 to 649 above.

For example, on 18 December 2019, Customer 12's junket representative presented \$190,000 in cash as a buy-in for a junket player. The junket player had won the cash from a baccarat tournament.

See Customer 63's risk profile.

See paragraph 1055.n.

- c. Customer 12 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 20 February 2017 and 31 July 2018, Customer 12 operated three junkets at Star Qld;

Particulars

In 2016, Customer 12 was one of the top ten junket operators whose junket operations in total involved the highest total turnover at Star Gold Coast.

In 2017, Customer 12 was one of the top ten junket operators who operated the highest number of junket programs at Star Gold Coast.

- ii. between 20 February 2017 and 31 July 2018, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 12 in the relevant period was \$111,748,429 with losses of \$745,165;

Particulars

In 2017, junkets operated by Customer 12 had a buy-in of at least \$23,000,000, turnover of \$79,946,529 with losses of \$329,455.

In 2018, junkets operated by Customer 12 had a buy-in of at least \$15,000,000, turnover of \$31,801,900 with losses of \$415,710.

- iii. between 20 February 2017 and 31 July 2018, total benefits of \$816,615 were payable to Customer 12 by Star Qld in his capacity as a junket operator which included rebates earned, complimentary services and additional program agreement benefits;

Particulars

In 2017, total benefits of \$598,115 were payable to Customer 12 by Star Qld in his capacity as a junket operator.

In 2018, total benefits of \$218,500 were payable to Customer 12 by Star Qld in his capacity as a junket operator.

- iv. between 9 July 2019 and 13 December 2019, Star Qld provided Customer 12 and his junket programs with significant amounts of credit upon request, up to limits of \$25,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 9 July 2019, Star Qld senior management approved a permanently active CCF limit of \$10,000,000 for Customer 12 which was deactivated on 29 July 2019.

On 27 August 2019, Star Qld senior management approved a single trip CCF limit of \$10,000,000 with an additional trip only limit of \$5,000,000 for Customer 12.

On 3 September 2019, Star Qld senior management approved a single trip CCF limit of \$25,000,000 for Customer 12.

On 13 December 2019, Star Qld senior management approved a single trip CCF limit of \$16,210,390 for Customer 12.

- v. Customer 12 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 12 operated junkets in non-exclusive private gaming rooms, including Pit 6 and Pit 7.

Customer 12 operated junkets in exclusive private gaming rooms, including Salon 21, Salon 22, Pit 21 and Pit 22.

- vi. Customer 12 had one junket representative at Star Qld; and
- vii. Customer 12 and his junket representative facilitated the provision of high value designated services to 38 junket players at Star Qld including foreign PEPs, players who posed higher ML/TF risks such as Customer 36 and players who Star Qld considered had acted suspiciously;

Particulars

See paragraphs 643 to 649 above.

For example, on 4 September 2019, a Star Qld customer arrived to play under Customer 12's junket. Customer 12 provided the customer with \$10,000,000 in front money which was used to play until 7 September 2019. The customer recorded a loss of \$11,008,200 and was a foreign PEP. Star Qld did not know if the customer intended to repay the funds to Customer 12: SMR dated 2 October 2019.

By September 2019, publicly accessible media articles identified that a close relative of the customer operated an illicit international gambling ring with an estimated turnover of \$1,750,000,000 and that the customer had strong ties to the governing party in a foreign country.

See Customer 36's risk profile.

- d. Customer 12 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 30 November 2016 and 24 December 2019, Customer 12 was a player on 15 junkets at Star Sydney, which he operated himself; and
 - ii. between 17 December 2019 and 31 December 2019, Star Sydney recorded high turnover totalling \$2,046,177,054 with losses of \$505,785 for Customer 12's gaming activity on the junket programs;
- e. Customer 12 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 20 February 2017 and 31 July 2018, Customer 12 was a player on three junkets at Star Qld, which he operated himself; and
 - ii. between 20 February 2017 and 31 July 2018, Star Sydney recorded high turnover totalling \$107,403,569 with losses of \$76,235 for Customer 12's gaming activity on the junket programs;
- f. designated services provided to Customer 12 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 12 referred players to Star Sydney;

Particulars

See paragraph 625 above.

Customer 12 received a commission on amounts wagered by referred players, who Star Sydney dealt with directly.

- h. between 21 November 2017 and 4 September 2019, Customer 12 referred six players to Star Qld on seven occasions;

Particulars

See paragraph 625 above.

Between 21 November 2017 and 4 September 2019, Customer 12 referred six players to Star Qld on seven occasions. On each occasion, Customer 12 arranged for the referred player to attend Star Qld on a rebate program without Customer 12 or his junket representative being present.

Customer 12 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- i. between 20 February 2017 and 27 July 2018, Customer 12 was referred by another Star Qld customer to Star Qld on three occasions;

Particulars

See paragraph 625 above.

Between 20 February 2017 and 27 July 2018, Customer 12 was referred by another Star Qld customer to Star Qld on three occasions.

The other Star Qld customer received a commission on amounts wagered by Customer 12, who Star Qld dealt with directly.

- j. Customer 12 received high value financial and gambling services (tables 1 and 3, s6) at Star Sydney other than through junket programs. Between 2016 and 2019, Star Sydney recorded high and escalating individual rated turnover totalling \$547,890 for Customer 12;

Particulars

In 2016, Customer 12's individual rated turnover was \$45,652.

In 2017, Customer 12's individual rated turnover escalated to \$419,008.

In 2018, Customer 12's individual rated turnover was \$9,092.

In 2019, individual rated turnover was \$54,133.

- k. Customer 12 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2017, Star Qld recorded high and escalating individual rated turnover totalling \$211,965 for Customer 12;

Particulars

In 2016, Customer 12's individual rated gaming activity was a turnover of \$9,350.

In 2017, Customer 12's individual rated gaming activity escalated to a turnover of \$202,616.

- I. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 12 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 12 September 2017 and 30 December 2019, Star Sydney gave the AUSTRAC CEO seven incoming IFTIs totalling \$2,294,365 where Customer 12 was named as the ordering customer and the beneficiary.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

See paragraph 1055.n.

Remittances within the casino environment

See paragraphs 347 to 349 above.

See paragraph 1055.n.

- m. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 12 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraphs 278 and 327 above.

Between 5 October 2019 and 12 December 2019, Star Qld received 38 telegraphic transfers totalling \$3,843,361, each of which was made available to Customer 12's SKA at Star Gold Coast. At least six of the transfers totalling \$300,000 originated from third parties.

By 26 November 2019, the above transfers comprised:

- a. at least \$600,000 across 12 transactions from a third party company;
- b. at least \$150,000 across three transactions from an Australian bank;

- c. at least \$150,000 across three transactions where no payer information was provided;
- d. at least \$93,361 across two transactions from another third party company; and
- e. at least \$2,000,000 in one transaction from another Australian casino.

Star Qld was unaware of the link between each of the transfers and Customer 12. Customer 12 advised that some of the transactions were limited to \$50,000 per day due to banking regulations in a foreign country. Part of above funds were used by Customer 12 to redeem part of his outstanding CCF: SMR dated 26 November 2019.

On 6 December 2019, Star Qld received a telegraphic transfer equivalent to \$114,569 in a foreign currency from a foreign casino, which it made available to Customer 12's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 16 October 2019 and 2 January 2020, Star Qld received nine transfers totalling \$2,541,390 from Star Sydney. Some funds were made available to Customer 12's SKA at Star Gold Coast, whereas others were transferred for the purpose of redeeming outstanding CCFs.

On 7 November 2019, Star Qld facilitated a transfer of \$354,539 from Customer 12's FMA at Star Gold Coast to Star Sydney.

- n. Star Sydney was aware that Customer 12 and persons associated with his junket:
 - i. transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands; and
 - ii. engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

See paragraphs 611 to 618 above.

Between 5 April 2017 and 17 December 2019, Star Sydney gave the AUSTRAC CEO 24 TTRs detailing incoming payments to Customer 12 totalling \$6,412,800 which comprised account deposits.

Between 29 December 2016 and 30 December 2019, Star Sydney gave the AUSTRAC CEO 77 TTRs detailing outgoing payments from Customer 12 totalling \$7,927,786 which comprised:

- a. \$2,695,831.9 in account withdrawals;

- b. \$3,221,000 in chip exchanges; and
- c. \$2,010,955 in other monetary values out.

On 4 December 2016, Customer 12 settled a junket program and deposited \$1,117,090 into his FMA at Star Sydney. On 10 December 2016, Customer 12 requested these funds be transferred to another Star Sydney customer's FMA, despite that customer not being a player on the junket that settled on 4 December 2016. The last time the customer had played under Customer 12's junket was in May 2016. The customer did not use the funds for gaming. On 20 December 2016, the customer transferred the funds to his personal bank account: SMR dated 20 December 2016.

On 22 June 2017, Customer 12's junket representative, Person 45, deposited \$200,000 in cash into his FMA at Star Sydney. The cash comprised \$100 notes bundled in elastic bands and contained in a large bank envelope within a foreign shopping bag. On 23 June 2017, the funds were transferred to Customer 12's account and were withdrawn to redeem his outstanding CCF. Star Sydney considered this activity suspicious as the transaction was larger than any previous cash transaction recorded for Person 45: SMR dated 26 June 2017.

On 7 October 2017, Customer 12 deposited \$700,000 in cash into his FMA at Star Sydney. The cash comprised \$100 notes, bundled with elastic bands and contained in envelopes: SMR dated 7 October 2017.

On 9 November 2017, Customer 12's junket representative deposited \$800,000 in cash into Customer 12's account at Star Sydney. The cash comprised \$700,000 in \$100 notes and \$100,000 in \$50 notes bundled in elastic bands: SMR dated 10 November 2017.

On 21 April 2017,¹ two third parties opened FMAs at Star Sydney. Between 22 April 2017 and 4 June 2018, the two third parties, who each said that they were employed by the same third party company, made cash deposits totalling \$1,360,000. The cash comprised \$100, \$50 and \$20 notes bundled in \$10,000 units with elastic bands and contained in zip lock bags. Following each deposit, the third parties requested that the funds be transferred to Customer 12's FMA: SMRs dated 26 April 2017, 3 May 2017, 4 May 2017, 5 May 2017, 8 June 2018, 9 June 2017, 13 June 2017, 5 June 2018.

On 23 April 2018, a third party opened an FMA at Star Sydney and deposited \$800,000 in cash into it. The cash comprised \$270,000 in \$50 notes and \$530,000 in \$100 bundled with elastic bands and contained in a suitcase. The third party requested that the funds be transferred to Customer 12 who used the funds to redeem an outstanding CCF. Star Sydney was unaware of any link between the third party and Customer 12. The third party closed his FMA within

the day. Star Sydney destroyed the account opening forms in error. Star Sydney believed that the third party was an employee of another Australian casino: SMR dated 24 April 2018.

On 11 March 2018, Customer 12 deposited \$850,000 in cash into his FMA at Star Sydney. The cash comprised \$650,000 in \$100 notes and \$200,000 in \$50 notes, bundled with elastic bags and presented in a navy backpack and two black overnight bags. On 12 March 2018,

Customer 12 transferred \$500,000 of the funds to his FMA at an overseas casino. On 13 March 2018, he sent a further transaction of \$500,000 to the overseas casino. Customer 12 did not use the funds for gaming and advised Star Sydney that he received the cash from a money exchange service: SMR dated 13 March 2018.

On 6 May 2018, in his capacity as junket operator, Customer 12 won a prize of \$1,000,000 in a Baccarat tournament. Customer 12's son and junket representative requested that \$500,000 be deposited into Customer 12's FMA and the remaining \$500,000 be paid out in cash: SMR dated 7 May 2019.

On 17 May 2019, Customer 12's junket, Person 45, took \$1,000,000 in cash at settlement and withdrew an additional \$10,955 from Customer 12's FMA. Between 2 May and 17 May 2019, the junket had recorded a turnover of \$14,014,205 with a loss of \$252,970. Star Sydney considered this activity suspicious due to the excess amount of cash requested: SMR dated 17 May 2019.

- o. between 18 October 2019 and 12 December 2019, third parties associated with Customer 12 transported a total of \$2,960,000 in cash from a foreign country to Australia and deposited the cash at Star Sydney;

Particulars

On 18 October 2019, Customer 12 and another Star Sydney customer arrived at Sydney Airport with \$1,300,000 in cash. Customer 12 and the other customer advised Star Sydney that the funds had been declared. The other customer deposited the funds, which comprised \$1,000,000 in \$100 notes and \$300,000 in \$50 notes bundled with either elastic bands or Star Sydney straps, into Customer 12's account. Customer 12 advised Star Sydney that he intended to request a transfer of the funds to Star Gold Coast to redeem an outstanding cheque: SMR dated 18 October 2019.

On 25 November 2019, Customer 12's assistant deposited \$1,300,000 in cash into Customer 12's account at Star Sydney. The cash comprised \$1,150,000 in \$100 notes and \$150,000 in \$50 notes and was contained in a plastic suitcase. \$1,150,000 had been withdrawn and exchanged overseas and the remaining \$150,000 had been withdrawn by Customer 12 from Star Sydney on a previous occasion. Customer 12 advised Star Sydney that he intended to use the cash to redeem his outstanding CCF. Customer 12 provided the

receipts for the relevant money exchanges to Star Sydney: SMR dated 25 November 2019.

On 10 December 2019, Customer 12's junket representative, Person 45, deposited \$510,000 in cash into his FMA at Star Sydney. The cash comprised \$310,000 in \$50 notes and \$200,000 in \$100 notes bundled with elastic bands and contained in a black duffle bag. The funds had been withdrawn and exchanged overseas. Person 45 transferred the funds to Customer 12's Star Sydney account. The funds were used at the Star Gold Coast to redeem Customer 12's CCF: SMR dated 12 December 2019.

- p. Customer 12, and persons associated with his junket, transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 1 March 2017 and 2 August 2018, Star Qld gave the AUSTRAC CEO three TTRs detailing incoming payments to Customer 12 totalling \$163,100 which comprised account deposits.

On 27 February 2017 and 2 August 2018, Star Qld gave the AUSTRAC CEO a TTR detailing outgoing payments from Customer 12 totalling \$85,000 which comprised a chip exchange and an account withdrawal.

- q. in 2017 and 2019, Star Sydney and Star Qld provided information in respect of Customer 12 to law enforcement agencies at their own initiative;

Particulars

Between 26 April 2017 and 9 October 2017, Star Sydney provided information to a law enforcement agency at its own initiative on several occasions regarding suspicious cash transactions involving Customer 12.

On 23 June 2017, Star Qld provided information law enforcement agency in relation to a number of international customers funded by Customer 12.

On 26 November 2019 and 11 December 2019, Star Sydney provided information a law enforcement agency at its own initiative in relation to suspicious cash transactions involving Customer 12.

Interactions and information shared between Star Sydney, Star Qld and law enforcement agencies were stored on Star's investigations database. Star Sydney and Star Qld had access to the investigations database: see paragraph 49 above.

- r. in 2017 and 2019, Customer 12 was the subject of law enforcement enquiries at Star;

Particulars

On 31 October 2017 and 12 December 2019, a law enforcement agency requested Customer 12's player profile from Star Sydney.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- s. Customer 12 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 12 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Springs Salons, Lakes Salons and Oasis.

- t. Customer 12 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 12 had access to private gaming rooms at Star Qld, including Pit 22, the Sovereign Room, Salon 22, Salon 21, The Oasis, Pit 8 and Club Conrad.

- u. Star Sydney and Star Qld did not have adequate reason to believe that Customer 12's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 12 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 12 was the owner of a number of foreign companies.

In October 2019, the Group Manager (AML/CTF & Financial Crime) requested further proof of Customer 12's source of wealth and stated that Star required proof of the source of any cash deposits.

There is no evidence in Star's due diligence records that it appropriately reviewed, updated and verified this information.

However, between 18 October 2019 and 12 December 2019, third parties associated with Customer 12 transported a total of \$2,960,000 in cash from a foreign country to Australia and deposited the cash at Star Sydney.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 12

1056. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 12 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 12.
- a. On and from 30 November 2016, Customer 12 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 12's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 12 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 24 July 2014, Star Sydney and Star Qld determined that Customer 12's ML/TF risk was medium, not being high risk for the purpose of the Act and Rules, in respect of some of his account numbers.

However, it was not until 10 July 2018 that Star Sydney and Star Qld determined that Customer 12's ML/TF risk was medium in respect of another of his account numbers.

On 18 January 2021, Star Sydney and Star Qld determined that Customer 12's ML/TF risk was high, not being high risk for the purpose of the Act and Rules, in respect of some of his account numbers.

However, it was not until 24 August 2021 that Star Sydney and Star Qld determined that Customer 12's ML/TF risk was high, not being high risk for the purpose of the Act and Rules, in respect of another of his account numbers.

Monitoring of Customer 12's transactions

1057. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 12's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 12, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to players on junket programs;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 12 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel.

Particulars

See paragraph 783 above.

- d. Star Sydney and Star Qld provided designated services to Customer 12 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- e. Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 12.

Particulars

Star senior management were not specifically informed of 35 large and suspicious cash incidents totalling \$12,124,955 between 21 April 2017 and 16 December 2019: see *Customer 12's risk profile* above.

The review, update and verification of Customer 12's KYC information

- 1058. Star Sydney and Star Qld did not review, update and verify Customer 12's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 12's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 12's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 12's source of wealth and source of funds were not legitimate: see *Customer 12's risk profile*.

In October 2019, the Group Manager (AML/CTF & Financial Crime) requested further proof of Customer 12's source of wealth and stated that Star required proof of the source of any cash deposits.

There is no evidence in Star's due diligence records that it appropriately reviewed, updated and verified this information. Between 18 October 2019 and 12 December 2019, third parties associated with Customer 12 transported a total of \$2,960,000 in cash from a foreign country to Australia and deposited the cash at Star Sydney.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 12's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney or Star Qld to Customer 12.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 12's high ML/TF risks

1059. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 12 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 12; and
 - c. reviewing and updating Customer 12's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 12 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 12*.

ECDD triggers in respect of Customer 12

1060. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 12 following any ECDD triggers in respect of Customer 12.

Particulars

Section 36(1)(a) and (b) of the Act.

1061. Customer 12:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 20 December 2016 and 12 December 2019, Star Sydney gave the AUSTRAC CEO 20 SMRs with respect to Customer 12.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 2 October 2019 and 26 November 2019, Star Qld gave the AUSTRAC CEO two SMRs with respect to Customer 12.

1062. Each matter pleaded in paragraph 1061 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

1063. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 12 following an ECDD trigger because:

- a. on each occasion that Star Sydney or Star Qld conducted ECDD in respect of Customer 12 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 12 and the provision of designated services to Customer 12 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite;

Particulars

See paragraphs 797 and 807 above.

Rules 15.10(2) and (5) of the Rules.

On 21 February 2019, 17 May 2019, 18 October 2019, 25 November 2019, 26 November 2019, 10 December 2019 and 18 January 2021, Star conducted ECDD in respect of Customer 12.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 12's higher ML/TF risks: see *Customer 12's risk profile*.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 12's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 12's source of wealth and source of funds were not legitimate: see *Customer 12's risk profile*.

- b. Customer 12 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- c. on any occasion that Customer 12 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 12 and the provision of designated services to Customer 12 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 18 October 2019, the Group Manager (AML/CTF & Financial Crime) requested further proof of Customer 12's source of wealth and stated that Star required proof of the source of the cash that was being brought from a foreign country to repay his CCF.

Contravention of s36 of the Act in respect of Customer 12

- 1064. By reason of the matters pleaded from paragraphs 1050 to 1063 above, on and from 30 November 2016, Star Sydney and Star Qld:
 - a. did not monitor Customer 12 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

- 1065. By reason of the matters pleaded at paragraph 1064, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 12.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 13

1066. Customer 13 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$40 million for Customer 13.

Particulars

Customer 13 was a customer of Star Sydney from at least 4 October 2008.

On 22 August 2019, Star Sydney issued a WOL in respect of Customer 13.

1067. Star Sydney provided Customer 13 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket funder, junket player and junket representative. Between 2016 and 2020, Star Sydney recorded that junkets funded by Customer 13 had a turnover exceeding \$1 billion.

Particulars

Prior to 2008, Star Sydney opened an FMA and SKA for Customer 13 which were closed on 29 July 2019 (item 11, table 3, s6 of the Act).

Between 12 August 2015 and 12 July 2019, Star Sydney approved CCFs for Customer 13 on 16 occasions ranging from \$500,000 to \$2,200,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 13 (items 31 and 32, table 1, s6 of the Act).

See Customer 13's risk profile below.

1068. Customer 13 was a customer of Star Qld during the relevant period. Between 2016 and 2019, Star Qld recorded turnover exceeding \$5.9 million for Customer 13.

Particulars

Customer 13 was a customer of Star Qld from at least 2012.

On 22 August 2019, Star Qld issued a WOL in respect of Customer 13.

1069. Star Qld provided Customer 13 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 13 November 2018, Star Qld opened an FMA for Customer 13 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 13 remitted funds to and from his FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 13's risk profile* below.

1070. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 13.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 13's risk profile

1071. On and from 30 November 2016, Customer 13, and the provision of designated services to Customer 13 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 13's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 13 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 13;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on two occasions between 5 October 2008 and 24 August 2015.

The SMRs reported a large and suspicious cash transaction and attempts by Customer 13 to prevent casino funds being traced back to his name: see paragraph 1071.a.ix below.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 13;

Particulars

Star Qld gave the AUSTRAC CEO an SMR 31 July 2012.

The SMR reported a large cash withdrawal by Customer 13 of \$268,938 from his Star Qld FMA.

- iii. Customer 13 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high individual rated turnover totalling \$105,641 for Customer 13;
- iv. Customer 13 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld. In 2015, Star Qld recorded high individual rated and rebate turnover totalling \$71,300 for Customer 13;
- v. Customer 13 was a junket funder and junket representative who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;

Particulars

Between 16 August 2015 and 19 October 2016, Customer 13 provided \$17,000,000 in funding to 11 junkets operated by Customer 14 at Star Sydney.

Between 16 August 2015 and 19 October 2016, Customer 13 was a junket representative for eight junkets operated by Customer 14 and funded by Customer 13 at Star Sydney.

In FY2016, Star Sydney recorded that international rebate program junkets operated by Customer 14 and funded or represented by Customer 13 had a rolling turnover of \$51,800,000, a cash turnover of \$114,500,000 and an actual loss of \$500,000. Commissions of \$800,000 were payable to those junkets.

- vi. Customer 13 was a junket representative who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;

Particulars

Customer 13 was an authorised junket representative at Star Qld.

- vii. Customer 13 was a domestic junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

In FY2015, Star Sydney recorded that domestic rebate programs operated by Customer 13 together with Customer 14 had a cash turnover of \$2,900,000.

In FY2016, Star Sydney recorded that domestic rebate programs operated by Customer 13 together with Customer 14 had a cash turnover of \$31,300,000 with an actual win of \$200,000.

- viii. between 12 August 2015 and 9 October 2016, Star Sydney provided Customer 13 with significant amounts of credit upon request, up to limits of \$2,200,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 12 August 2015, Star Sydney senior management, including the Chief Executive Officer approved a single trip CCF limit of \$500,000 for Customer 13.

On 15 September 2015 and 14 November 2015, Star Sydney senior management, including Star Managing Director and the Chief Financial Officer approved a single trip CCF limit of \$1,000,000 for Customer 13.

On 16 November 2015, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer approved a

single trip CCF limit of \$1,000,000 with an additional trip only limit of \$500,000 for Customer 13.

On 26 December 2015, Star Sydney senior management, including Star Managing Director and the Chief Executive Officer approved a single trip CCF limit of \$2,000,000 for Customer 13.

On 9 July 2016, Star Sydney senior management, including Star Managing Director and the Chief Executive Officer approved a single trip CCF limit of \$2,010,000 for Customer 13. \$10,000 of those funds was provided on a 'temporary' basis while funds obtained through the Hotel Card channel were cleared.

On 15 July 2016, Star Sydney senior management, including Star Managing Director and the Chief Executive Officer approved a single trip CCF limit of \$2,000,000 for Customer 13.

On 4 September 2016, Star Sydney senior management, including Star Managing Director and the Chief Executive Officer approved a single trip CCF limit of \$2,075,000 for Customer 13. \$75,000 of those funds was provided on a 'temporary' basis while funds obtained through the Hotel Card channel were cleared.

On 5 September 2016, Star Sydney senior management, including Star Managing Director and the Chief Executive Officer approved a permanent active CCF limit of \$2,000,000 for Customer 13 which was not deactivated.

On 9 October 2016, Star Sydney senior management, including Star Managing Director and the Chief Executive Officer approved a single trip CCF limit of \$2,200,000 for Customer 13. \$200,000 of those funds was provided on a 'temporary' basis while funds obtained through the Hotel Card channel were cleared.

- ix. Customer 13 transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 15 February 2016 and 8 September 2016, Star Sydney gave the AUSTRAC CEO three TTRs detailing incoming payments to Customer 13 totalling \$72,000 in chip exchanges and account deposits.

Between 21 February 2013 and 13 October 2016, Star Sydney gave the AUSTRAC CEO 27 TTRs detailing outgoing payments from Customer 13 totalling \$706,421 which comprised:

- a. \$311,715 in account withdrawals;
- b. \$309,225 in chip exchanges; and
- c. \$85,481 in other monetary values out.

On 4 October 2008, Customer 13 bought in at a gaming table for \$9,500. Star Sydney considered this transaction to be suspicious: SMR dated 5 October 2008.

On 5 September 2016, while acting as a junket representative for Customer 14's junket, Customer 13 withdrew \$170,900 in cash from Customer 14's Star Sydney account.

- x. Customer 13 transacted using large amounts of cash and cash that appeared suspicious at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 17 June 2009 and 25 February 2013, Star Qld gave the AUSTRAC CEO five TTRs detailing incoming payments to Customer 13 totalling \$90,000 in chip exchanges and account deposits.

Between 30 October 2009 and 24 September 2015, Star Qld gave the AUSTRAC CEO four TTRs detailing outgoing payments from Customer 13 totalling \$70,200 in chip exchanges.

See paragraph 1071.a.ii above.

- xi. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 13 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks; and

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

On 9 July 2016, Customer 13 transacted \$10,000 through the Hotel Card channel and was given a temporary CCF in the same amount.

On 18 July 2016, Customer 13 transacted \$200,000 through the Hotel Card channel.

On 4 September 2016 and 9 October 2016, Customer 13 transacted \$75,000 and \$200,000 respectively through the Hotel Card channel and was given a temporary CCF while waiting for the funds to clear.

See paragraph 1071.a.viii above.

Other remittances into the casino environment

See paragraph 327 above.

On 20 November 2015 and 16 December 2015, Star Sydney received two telegraphic transfers totalling \$495,873, both of which were made available to Customer 13's account.

Each of the above transactions was conducted through the Star Patron account channel.

- xii. by August 2015, Star Sydney was aware that Customer 13 had attempted to prevent casino funds being traced back to his name;

Particulars

On 23 August 2015, while acting as a junket representative for Customer 14's junket, Customer 13 requested that Star Sydney provide a casino cheque for \$500,000 made out to another Australian casino. Star Sydney refused this request.

Customer 13 identified that he did not want his name on the cheque for tax reasons. Customer 13 identified that he was a local resident in Melbourne and was concerned that the other Australian casino would not allow him to withdraw the funds if he put it into his account.

Customer 13 then requested the funds to be taken in cash but mentioned that if he did so the other Australian casino would report the large cash deposit to the police and so decided against it.

Instead, Star Sydney opened an account for another customer who was with Customer 13 and Customer 13 transferred the funds to her.

Star Sydney then issued a cheque for the funds in the other customer's name: SMR dated 23 August 2015.

Customer 13's risk profile from 30 November 2016

- b. Customer 13 was a junket funder and junket representative who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
- i. between 30 November 2016 and 29 July 2019, Customer 13 was the junket representative for at least 26 junkets operated by Customer 14 at Star Sydney;
- ii. between 30 November 2016 and 29 July 2019, Customer 13 funded 38 junkets operated by Customer 14 totalling \$34,740,370 at Star Sydney;

Particulars

In 2018, Customer 13 was one of the top ten junket funders by number of programs funded at Star Sydney, each of which related to junkets operated by Customer 14.

Customer 13 provided \$2,000,000 in funding to Customer 14's junket in December 2016.

In 2017, Customer 13 provided \$10,434,370 in funding to Customer 14's junkets.

In 2018, Customer 13 provided \$12,256,000 in funding to Customer 14's junkets.

In 2019, Customer 13 provided \$8,050,000 in funding to Customer 14's junkets.

- iii. between FY2017 and FY2020, Star Sydney recorded that international junket programs operated by Customer 14 and funded or represented by Customer 13

had a cumulative rolling turnover of \$438,300,000, a total cumulative cash turnover of \$968,600,000 and a total actual losses of \$22,000,000;

Particulars

In FY2017, international junkets operated by Customer 14 and funded or represented by Customer 13 had a rolling turnover of \$23,500,000, a cash turnover of \$52,000,000 and an actual loss of \$2,600,000. Commissions of \$400,000 were payable to the junket.

In FY2018, international junkets operated by Customer 14 and funded or represented by Customer 13 had a rolling turnover of \$80,100,000, a cash turnover of \$177,000,000 and an actual loss of \$4,900,000. Commissions of \$1,200,000 were payable to the junket.

In FY2019, international junkets operated by Customer 14 and funded or represented by Customer 13 had a rolling turnover of \$307,500,000, a cash turnover of \$679,500,000 and an actual loss of \$14,100,000. Commissions of \$4,300,000 were payable to the junket.

In FY2020, international junkets operated by Customer 14 and funded or represented by Customer 13 had a rolling turnover of \$27,200,000, a cash turnover of \$60,100,000 and an actual loss of \$400,000. Commissions of \$400,000 were payable to the junket.

- iv. between FY2017 and FY2020, Star Sydney recorded that domestic junkets operated by Customer 14 and funded or represented by Customer 13 at Star Sydney had a cumulative turnover of \$124,400,000 with losses of \$2,100,000;

Particulars

In FY2017, Star Sydney recorded that domestic rebate programs operated by Customer 14 and funded or represented by Customer 13 had a cash turnover of \$18,700,000 with an actual win of \$100,000.

In FY2018, Star Sydney recorded that domestic rebate programs operated by Customer 14 and funded or represented by Customer 13 had a cash turnover of \$99,600,000 with an actual loss of \$2,000,000.

In FY2019, Star Sydney recorded that domestic rebate programs operated by Customer 14 and funded or represented by Customer 13 had a cash turnover of \$6,100,000 with an actual loss of \$200,000.

- v. between 11 April 2017 and 12 July 2019, Star Sydney provided Customer 13 with significant amounts of credit upon request, up to limits of \$2,200,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 11 April 2017, Star Sydney senior management including the Chief Executive Officer approved a single trip CCF limit of \$500,000 for Customer 13.

On 12 June 2017, Star Sydney senior management including the Chief Financial Officer approved a single trip CCF limit of \$1,000,000 for Customer 13.

On 13 August 2017, Star Sydney senior management including Star Managing Director and the Chief Executive Officer approved a single trip CCF limit of \$1,000,000 with an additional trip only limit of \$500,000 for Customer 13.

On 6 September 2017, Star Sydney senior management including Star Managing Director and the Chief Executive Officer approved a permanent active CCF limit of \$1,000,000 with an additional trip only limit of \$500,000 for Customer 13 which was not deactivated.

On 6 October 2017, Star Sydney senior management including the Group General Counsel and Company Secretary and the Chief Executive Officer approved a permanent active CCF limit of \$1,500,000 for Customer 13 which was not deactivated.

On 12 July 2019, Star Sydney approved a permanent active CCF limit of \$1,500,000 for Customer 13 which was deactivated on 22 August 2019.

- vi. Customer 14's junkets funded by Customer 13 had four junket representatives at Star Sydney in addition to Customer 13, including Customer 94 and Customer 80; and
- vii. the junkets funded or represented by Customer 13 facilitated the provision of high value designated services to players in respect of whom Star Sydney had formed suspicions, such as Customer 62 and Customer 56;

Particulars

See paragraphs 643 to 649 above.

See Customer 56's risk profile and Customer 62's risk profile.

See paragraph 1071.i below.

- c. Customer 13 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through domestic junket programs;
 - i. between 13 August 2017 and 28 March 2019, Customer 13 was a player on ten domestic junkets at Star Sydney operated by Customer 14;
 - ii. each junket was funded by Customer 13; and
 - iii. between 13 August 2017 and 28 March 2019, Star Sydney recorded high turnover totalling \$33,097,192 with losses of \$997,135 for Customer 13's gaming activity on junket programs;

Particulars

In 2017, Customer 13's turnover on domestic junket programs was \$19,818,617 with losses of \$560,750.

In 2018, Customer 13's turnover on domestic junket programs was \$12,611,155 with losses of \$155,815.

In 2019, Customer 13's turnover on domestic junket programs was \$667,420 with losses of \$280,570.

- d. Customer 13 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through a Suncity junket program;
 - i. between 27 July 2018 and 30 July 2018, Customer 13 was a player on a Suncity junket at Star Gold Coast operated by Customer 3;
 - ii. this was despite that Customer 13 was domestic customer. Each form of identification that Star Qld had on file in respect of Customer 13 was either an Australian passport or an Australian driver's licence;
 - iii. the junket was funded by a person other than the junket operator, being Customer 1; and
 - iv. Star Qld recorded high turnover totalling \$5,947,276 with losses of \$319,890 for Customer 13's gaming activity on the Suncity junket program;
- e. designated services provided to Customer 13 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- f. Customer 13 was connected to other customers at Star Sydney and Star Qld, including foreign PEPs and players who posed higher ML/TF risks;

Particulars

In August 2016, JRAM meeting minutes identified that Customer 13 was associated with foreign PEPs known to Star as posing higher ML/TF risks, including Person 40 and Person 51.

- g. Customer 13 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2019, Star Sydney recorded high and escalating individual rated turnover of \$7,141,813 for Customer 13;

Particulars

In 2016, Customer 13's individual rated turnover escalated to \$6,480,341.

In 2017, Customer 13's individual rated turnover was \$585,839.

In 2018, Customer 13's individual rated turnover was \$72,737.

In 2019, Customer 13's individual rated turnover was \$2,896.

- h. Customer 13 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2016 and 2019, Star Qld recorded high and escalating individual rated turnover of \$342,660 for Customer 13;

Particulars

In 2016, Customer 13's individual rated turnover was \$41,537.

In 2019, Customer 13's individual rated turnover escalated to \$301,123.

- i. Customer 13 transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

On 6 March 2018 and 7 May 2018, Star Sydney gave the AUSTRAC CEO two TTRs detailing incoming payments to Customer 13 totalling \$500,000 which comprised chip exchanges and account deposits.

Between 10 December 2016 and 18 June 2018, Star Sydney gave the AUSTRAC CEO 19 TTRs detailing outgoing payments made by Customer 13 totalling \$760,833 which comprised:

- a. \$450,000 in account withdrawals;
- b. \$203,435 in chip exchanges; and
- c. \$107,398 in other monetary values out.

On 8 December 2016, while acting as a junket representative for Customer 14's junket, Customer 13 withdrew \$155,000 in cash from Customer 14's Star Sydney account. Customer 13 then handed the cash to another Star Sydney customer: SMR dated 9 December 2016.

On 3 March 2018, while acting as a junket representative for Customer 14's junket, Customer 13 withdrew \$107,398 in cash from Customer 14's Star Sydney account at the settlement of a junket. Shortly afterwards, Customer 13 returned \$100,000 of the cash to be deposited into Customer 14's account.

- j. Customer 13 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 13 had access to private gaming rooms at Star Sydney, including the Springs Salons, Lakes Salons, Oasis, the Sovereign Room, Chairman's and Jade.

- k. Customer 13 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 13 had access to private gaming rooms at Star Qld, including the Suite, the Sovereign Room, the Club, Salon 22, Pit 8 and the Club Conrad.

- I. in 2017 and 2019, Customer 13 was the subject of law enforcement enquiries on five occasions at Star;

Particulars

On 3 March 2017, Star Sydney received a request from a law enforcement agency seeking details in respect of Customer 13. Star Sydney responded to the request. The enquiry did not identify the reason for or nature of the investigation.

On 31 October 2017, Star Qld received an enquiry from a law enforcement agency seeking details in respect of Customer 13. Star Qld provided Customer 13's profile in response to this request.

On 7 December 2017, Star Sydney received a notice from a law enforcement agency seeking details in respect of Customer 13. Star Sydney provided Customer 13's profile in response to this request.

On 7 December 2017, Star Qld received a notice from a law enforcement agency seeking details in respect of Customer 13.

On 22 January 2018, Star Sydney received a notice from a law enforcement agency seeking details in respect of Customer 13. Star Sydney provided Customer 13's updated profile in response to this request.

Interactions and information shared between Star Sydney, Star Qld, and law enforcement agencies, were stored on Star's investigations database. Star Sydney and Star Qld had access to the investigations database: see paragraph 49 above.

- m. open source media articles, court records and other material linked the brothel owned by Customer 13 to alleged serious organised crime, including human trafficking. It was not until August 2019 that Star became aware that Customer 13 owned a brothel;

Particulars

Open source information by 30 November 2016

From 2011, media reports linked the brothel owned by Customer 13 to alleged serious organised crime, including human trafficking and sex slavery.

From 2014, the brothel regulator had commenced tribunal proceedings against Customer 13, alleging that he was engaged in human trafficking.

From 2015, open court records reported that Customer 13's brothel had alleged links to organised crime and serious criminal activity, including money laundering, through the recruiting of women from a

foreign region to work in the brothel for the material benefit of managers and staff.

At no point did Star Sydney or Star Qld conduct sufficient enquiries regarding Customer 13's source of funds or source of wealth to reveal his ownership of the brothel and the publicly available information described above.

It was not until August 2019, following the publication of open source media articles which named Customer 13, that Star Sydney and Star Qld became aware that he owned a brothel.

Open source information after 30 November 2016

In July 2019, media reports connected Customer 13 to the brothel and to alleged organised crime and serious criminal activity, including money laundering and the recruitment of women from a foreign region to work in the brothel for the material benefit of Customer 13.

In October 2021, media reports alleged that Customer 13 and Star had a business relationship which involved Customer 13 sending high rollers to Star despite there being allegations that Customer 13 was a human trafficker and brothel owner.

- n. in 2022, an independent auditor investigated information holdings of Star in respect of Customer 13; and

Particulars

The independent auditor identified that:

- a. Customer 13 was a domestic junket operator and a junket representative for Customer 14's junket;
- b. Customer 13 owned a brothel that had repeatedly been raided by police and was the subject of sex trafficking investigations between 2008 and 2015;
- c. Customer 13 was a suspected senior member of an overseas organised crime syndicate and was allegedly connected to a wider international money laundering network;
- d. Customer 13 was a close associate of foreign PEPs, including Person 40 and Person 51;
- e. Customer 13 was excluded from Star following adverse media; and
- f. Star understood that Customer 13's occupation was in hospitality.

The independent auditor found that:

- a. adverse media in respect of Customer 13 and his business operations was publicly available from at least 2015; and

- b. Star did not take exclusion action in respect of Customer 13 until adverse media in 2019.
- o. Star Sydney and Star Qld did not have adequate reason to believe that Customer 13's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 13 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood Customer 13's occupation to be as a junket operator and as the director of three companies in Australia.

Customer 13 was closely associated with foreign PEPs known to Star as posing higher ML/TF risks, including Person 51. Customer 13 was allowed to participate in an international junket despite not being an international customer. From 30 November 2016, junkets funded by Customer 13 had a turnover approaching \$1 billion. Star's understanding of Customer 13's source of wealth and source of funds was not commensurate with the high value financial and gambling services received by him.

From 2011, media reports linked the brothel owned by Customer 13 to alleged serious organised crime, including human trafficking and sex slavery. However, Star took inadequate steps to review, update and verify Customer 13's KYC information and so it was not until August 2019 that Star became aware that Customer 13 owned a brothel. Moreover, Customer 13 was a suspected senior member of an overseas organised crime syndicate and was allegedly connected to a wider international money laundering network. This presented a real risk in respect of Customer 13's source of wealth and source of funds.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 13

1072. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 13 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 13.
- a. On and from 30 November 2016, Customer 13 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 13's risk profile* above.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 29 July 2019 that Customer 13 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 17 February 2016, Customer 13 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 6 March 2018, Customer 13 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 29 July 2019, Customer 13 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 13 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 13's transactions

1073. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 13's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 13, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 13 through the junket channel; and

Particulars

See paragraph 783 above.

- d. Star Sydney and Star Qld provided designated services to Customer 13 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 13's KYC information

1074. Star Sydney and Star Qld did not review, update and verify Customer 13's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 13's business with each of Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 13's source of funds, including the origin of funds, having regard to the high ML/TF risks;

Particulars

By reason of the matters set out above, there were real risks that Customer 13's source of wealth and source of funds were not legitimate: see *Customer 13's risk profile* above.

- d. until August 2019, Star Sydney and Star Qld did not consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 13; and

Particulars

See paragraph 155 above.

No ongoing customer due diligence measures were taken in respect of Customer 13 until August 2019, at which time he was issued with a WOL at Star Sydney and Star Qld.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

- e. Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 13.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incident involving Customer 13 on 8 December 2016: See *Customer 13's risk profile* above.

Failure to apply appropriate due diligence suited to Customer 13's high ML/TF risks

1075. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 13 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 13; and
- c. reviewing and updating Customer 13's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 13 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 13*.

ECDD triggers in respect of Customer 13

1076. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 13 following any ECDD triggers in respect of Customer 13.

Particulars

Section 36(1)(a) and (b) of the Act.

1077. Customer 13:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 9 December 2016, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 13.

- b. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 29 July 2019, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 13 was critical, being high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 13* above.

1078. Each matter pleaded in paragraph 1077 was an ECDD trigger.

Particulars

Rules 15.9(1), 15.9(3) and 15.10 of the Rules.

See paragraphs 792, 798, 799 and 801 above.

1079. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 13 following an ECDD trigger because:

- a. until August 2019, Star Sydney or Star Qld did not conduct ECDD in respect of Customer 13 in response to an ECDD trigger, and so failed to give appropriate consideration to the ML/TF risks posed by Customer 13 and the provision of designated

services to Customer 13 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

Despite ECDD triggers occurring as early in the relevant period as December 2016, no ECDD measures were taken in respect of Customer 13 until August 2019, at which time he was issued with a WOL at Star Sydney and Star Qld.

- b. Customer 13 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- c. at no time prior to July 2019 did senior management consider the higher ML/TF risks posed by Customer 13 in response to an ECDD trigger or consider whether the ML/TF risks posed by Customer 13 were within Star Sydney's or Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

At no time prior to July 2019 did senior management consider the ML/TF risks posed by Customer 13 and whether the ML/TF risks posed by Customer 13 were within Star Sydney's or Star Qld's ML/TF risk appetite.

Following open source media reports concerning Customer 13 in July 2019, Star senior management added Customer 13 to PAMM and JRAMMs for consideration.

On 15 August 2019, the Chief Casino Officer and the Chief Legal and Risk Officer circulated to Star senior management an update summarising allegations made in respect of another Australian casino in recent media. The update noted that Star had ceased trading with the junkets associated with Customer 13. The update identified Customer 13 as a domestic junket operator in his own right and a junket representative for Customer 14.

On 22 August 2019, Star Sydney issued a WOL in respect of Customer 13.

Contravention of s36 of the Act in respect of Customer 13

1080. By reason of the matters pleaded from paragraphs 1066 to 1079, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 13 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1081. By reason of the matters pleaded at paragraph 1080, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 22 August 2019 with respect to Customer 13.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 14

1082. Customer 14 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$60 million for Customer 14.

Particulars

Customer 14 was a customer of Star Sydney from at least 16 August 2015.

On 16 January 2020, Star Sydney issued a WOL in respect of Customer 14 following an exclusion order issued by a law enforcement agency.

1083. Star Sydney provided Customer 14 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket player. Between 2016 and 2019, Star Sydney recorded that junkets operated by Customer 14 had a turnover exceeding \$1 billion.

Particulars

On 16 August 2015, Star Sydney opened an FMA and SKA for Customer 14 which were closed on 29 July 2019 (item 11, table 3, s6 of the Act).

Between 5 January 2017 and 2 February 2017, Star Sydney approved CCFs for Customer 14 on four occasions ranging from \$100,000 to \$227,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 14 (items 31 and 32, table 1, s6 of the Act).

See Customer 14's risk profile below.

1084. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 14.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 14's risk profile

1085. On and from 30 November 2016, Customer 14, and the provision of designated services to Customer 14 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 14's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 14 had the following risk history:
 - i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 14;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on two occasions on 24 August 2015 and 17 February 2016.

The SMRs reported attempts by Customer 14's junket representative and funder, Customer 13, to avoid his name being associated with financial transactions, and a large cash transaction: see paragraph 1085.a.iii.

- ii. Customer 14 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

On 16 August 2015, Customer 14 was approved as a junket operator at Star Sydney. Between 16 August 2015 and 19 October 2016, Customer 14 operated 11 junkets at Star Sydney.

On each occasion, the junket was funded by Customer 13. On one occasion, the junket was additionally funded by Customer 7. Between 16 August 2015 and 19 October 2016, Customer 13 provided \$17,000,000 in funding to 11 junkets operated by Customer 14 at Star Sydney.

On five occasions, Customer 13 acted as a junket representative for the junket program. On three occasions, Customer 80 acted as a junket representative for the junket program.

Turnover on international junket programs

In FY2016, Star Sydney recorded that international junkets operated by Customer 14 and funded or represented by Customer 13 had a cash turnover of \$114,500,000 and an actual loss of \$500,000.

Commissions of \$800,000 were payable to those junkets.

Turnover on domestic junket programs

In FY2015, Star Sydney recorded that domestic junkets operated by Customer 14 together with Customer 13 had a cash turnover of \$2,900,000.

In FY2016, Star Sydney recorded that domestic junkets operated by Customer 14 together with Customer 13 had a cash turnover of \$31,300,000 with an actual win of \$200,000.

- iii. Customer 14 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 10 August 2016 and 6 September 2016, Star Sydney gave the AUSTRAC CEO three TTRs detailing incoming payments to Customer 14 totalling \$150,000 which comprised account deposits and chip exchanges.

Between 18 August 2015 and 13 October 2016, Star Sydney gave the AUSTRAC CEO 22 TTRs detailing outgoing payments from Customer 14 totalling \$863,755 which comprised:

- a. \$574,274 in account withdrawals;
- b. \$204,000 in chip exchanges; and
- c. \$85,481 in other monetary values out.

On 16 February 2016, Customer 14 exchanged \$114,000 in chips for cash at Star Sydney. Customer 14 was experiencing a loss of \$50,000 at the time: SMR dated 17 February 2016.

Particulars

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 14 by remitting large amounts of money into the casino environment via her accounts, including through an international remittance channel which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

On 18 August 2016, Customer 80 remitted \$200,000 and \$250,000 through the Hotel Card channel and deposited the funds into Customer 14's account for a CCF redemption.

On 14 September 2016, Customer 80 remitted \$300,000 through the Hotel Card channel and deposited the funds into Customer 14's SKA at Star Sydney.

On 26 November 2016, Customer 80 remitted \$100,000 through the Hotel Card channel while Customer 14's junket representative and used the funds for a sub-buy-in for the junket at Star Sydney.

Remittances into the casino environment

See paragraph 327 above.

On 22 December 2015, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$390,000 where Customer 14 was named as an ordering customer and beneficiary.

Between 25 December 2015 and 10 May 2016, Star Sydney received three telegraphic transfers totalling \$363,152, each of which was made available to Customer 14's FMA.

Each of the above transactions was conducted through the Star Patron account channel.

Customer 14's risk profile from 30 November 2016

- b. Customer 14 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 30 November 2016 and 29 July 2019, Customer 14 operated 41 junkets at Star Sydney, 38 of which were funded by Customer 13 and 11 of which were domestic junkets;

Particulars

In 2018, Customer 14 was one of the top ten junket operators who operated the highest number of junket programs at Star Sydney.

In 2019, Customer 14 was one of the top ten junket operators whose junket operations in total involved the highest total turnover.

Between December 2016 and 2019, Customer 13 provided over \$32 million in funding to Customer 14's junket.

- ii. between 30 November 2016 and 29 July 2019, Star Sydney recorded that the total cumulative turnover of international junkets operated by Customer 14 and funded or represented by Customer 13 was \$941,698,514 with losses of \$20,965,103;

Particulars

In 2017, international junkets operated by Customer 14 had turnover of \$88,226,460 with losses of \$3,868,450.

In 2018, international junkets operated by Customer 14 had turnover of \$321,484,446 with losses of \$3,768,408.

In 2019, international junkets operated by Customer 14 had turnover of \$532,208,609 with losses of \$13,328,245.

- iii. between 13 August 2017 and 28 March 2019, Star Sydney recorded that the total cumulative turnover of domestic junkets operated by Customer 14 and funded or represented by Customer 13 was \$86,815,541 with losses of \$2,484,000;

Particulars

In 2017, domestic junkets operated by Customer 14 had turnover of \$52,387,056 with losses of \$990,865.

In 2018, domestic junkets operated by Customer 14 had turnover of \$28,658,838 with losses of \$947,735.

In 2019, domestic junkets operated by Customer 14 had turnover of \$5,769,647 with losses of \$545,400.

- iv. between 30 November 2016 and 29 July 2019, Star Sydney recorded a cumulative turnover of \$54,322,341 for Customer 14 as a junket player on her own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- v. between 2016 and 2019, total benefits of \$6,953,480 were payable to Customer 14 by Star Sydney in her capacity as a junket operator;
- vi. Customer 14 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 14 operated junkets in non-exclusive private gaming rooms, including Jade, the Sovereign Room, Oasis, Chairman's and Pit 80.

Customer 14 operated junkets in exclusive private gaming rooms, including Salon 62, Salon 66, Salon 67, Salon 69, Salon 73, Salon 78 and Salon 85.

- vii. Customer 14 had four junket representatives at Star including Customer 13, Customer 94 and Customer 80; and
- viii. Customer 14 and her junket representatives facilitated the provision of high value designated services to 140 junket players at Star Sydney including players who posed higher ML/TF risks and players who Star Sydney considered had acted suspiciously such as Customer 62, Customer 56 and Customer 13;

Particulars

See paragraphs 643 to 649 above.

See Customer 13's risk profile, Customer 56's risk profile and Customer 62's risk profile.

See paragraph 1085.h below.

- c. Customer 14 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 5 December 2016 and 31 May 2018, Customer 14 was a player on three international junkets at Star Sydney operated by herself;
 - ii. each of the international junkets were funded by a person other than the junket operator, being Customer 13; and

- iii. between 5 December 2016 and 31 May 2018, Star Sydney recorded high and escalating turnover totalling \$6,220,045 with losses of \$665,845 for Customer 14's gaming activity on international junket programs;

Particulars

In 2016, Customer 14's turnover on junket programs was \$1,919,164 with losses of \$616,745.

In 2017, Customer 14's turnover on junket programs escalated to \$2,643,381 with losses of \$39,100.

In 2018, Customer 14's turnover on junket programs was \$1,657,500 with losses of \$10,000.

- d. designated services provided to Customer 14 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- e. Customer 14 was connected to other customers at Star Sydney, including junket funders, players who posed higher ML/TF risks and players who Star Sydney considered had acted suspiciously such as Customer 13;

Particulars

Customer 13 was the junket funder and primary junket representative for Customer 14's junket. Customer 13 was related to Customer 14.

Customer 13 was closely associated with foreign PEPs known to Star as posing higher ML/TF risks, including Person 51.

From 2011, media reports linked the brothel owned by Customer 13 to alleged serious organised crime, including human trafficking and sex slavery. However, Star took inadequate steps to review, update and verify Customer 13's KYC information and so it was not until August 2019 that Star became aware that Customer 13 owned a brothel. Moreover, Customer 13 was a suspected senior member of an overseas organised crime syndicate and was allegedly connected to a wider international money laundering network. This presented a real risk in respect of Customer 13's source of wealth and source of funds, which were used to fund Customer 14's junket.

See Customer 13.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 14 by remitting large amounts of money into and out of the casino environment via her accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

Customer 14

Between 6 January 2017 and 6 February 2017, Customer 14 transacted \$427,000 through the Hotel Card channel. On all but one occasion, Customer 14 was given a temporary CCF while waiting for the funds to clear.

Customer 14's junket representatives

Between 2 December 2016 and 8 January 2017, Customer 80 transacted a total of \$530,000 through the Hotel Card channel, which comprised:

- a. on 2 December 2016, \$160,000 and \$220,000 which he deposited into Customer 14's SKA towards an outstanding CCF at Star Sydney;
- b. on 3 January 2017, \$33,000 and three units of \$30,000 which he deposited into Customer 14's SKA to be used for an upcoming redemption at Star Sydney;
- c. on 5 January 2017, \$30,000 which he deposited into Customer 14's SKA at Star Sydney;
- d. on 7 January 2017, \$30,000 which he deposited into Customer 14's SKA at Star Sydney; and
- e. on 8 January 2017, \$57,000 which he deposited into Customer 14's SKA at Star Sydney.

Customer 14's junket players

On 6 October 2018, a Star Sydney customer drew down a total of \$500,000 through the Hotel Card channel which he transferred to Customer 14's junket account. Star Sydney suspected that the customer could be using the junket buy-in as a way to get money out of a foreign country: SMR dated 8 October 2018.

Other remittances into the casino environment

See paragraph 327 above.

Between 7 July 2017 and 20 March 2019, Star Sydney received 56 telegraphic transfers totalling \$3,659,660, each of which was made available to Customer 14's account.

Remittances out of the casino environment

See paragraphs 281 and 327 above.

On 24 April 2019, Star Sydney sent two telegraphic transfers totalling \$72,360 from Customer 14's FMA to an Australian bank account. The funds were intended for a third party.

- g. between 5 January 2017 and 2 February 2017, Star Sydney provided Customer 14 with significant amounts of credit upon request, up to limits of \$227,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 5 January 2017, Star Sydney senior management including the General Manager (Credit and Collections) approved a single trip CCF limit of \$100,000.

On 6 January 2017, Star Sydney senior management including the Chief Executive Officer approved a single trip CCF limit increase to \$180,000.

On 8 January 2017, Star Sydney senior management including the Chief Executive Officer approved a single trip CCF limit increase to \$227,000.

On 2 February 2017, Star Sydney senior management including the General Manager (Credit and Collections) approved a single trip CCF limit of \$100,000.

On each occasion, the CCF was provided on a 'temporary' basis while funds obtained through the Hotel Card channel were cleared, and was approved by senior management at Star Sydney, including the Chief Executive Officer and the General Manager (Credit and Collections).

- h. Customer 14, and persons associated with her junket including Customer 94, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes bundled in rubber bands and contained in shopping bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Large cash transactions the subject of TTRs

Between 14 December 2016 and 17 June 2019, Star Sydney gave the AUSTRAC CEO 72 TTRs detailing incoming payments to Customer 14 totalling \$5,476,500 which comprised:

- a. \$5,216,500 in account deposits;
- b. \$150,000 in chip exchanges; and
- c. \$110,000 in other monetary values in.

Between 8 December 2016 and 26 July 2019, Star Sydney gave the AUSTRAC CEO 100 TTRs detailing outgoing payments from Customer 14 totalling \$4,041,815 which comprised:

- a. \$2,620,067 in account withdrawals;
- b. \$1,314,350 in chip exchanges; and
- c. \$107,398 in other monetary values out.

Large and suspicious transactions the subject of SMRs

Between 8 December 2016 and 19 June 2019, Customer 14 and persons associated with her junket conducted large and suspicious cash transactions totalling \$4,736,000. This included:

- a. \$2,203,000 of cash deposits into Customer 14's junket account by Customer 14's junket representative, Customer 94;
- b. \$590,000 of cash deposits into Customer 14's junket account by persons other than Customer 94;
- c. \$1,030,000 of cash withdrawals from Customer 14's junket account by Customer 14's junket representative, Customer 94;
- d. \$155,000 of cash withdrawals from Customer 14's junket account by persons other than Customer 94;
- e. \$393,000 of chip exchanges by Customer 14's junket representative, Customer 94; and
- f. \$365,000 other large and suspicious cash transactions.

Between 23 January 2019 and 16 February 2019 alone, Customer 94 deposited \$1,578,000 into and withdrew \$530,000 from Customer 14's junket account.

Large and suspicious cash transactions in 2016

On 8 December 2016, Customer 14's junket representative, Customer 13, withdrew \$170,900 from Customer 14's account at Star Sydney.

On 8 December 2016, Customer 14's junket representative, Customer 13, withdrew \$155,000 from Customer 14's account at Star Sydney. Customer 13 then met another Star Sydney customer and handed the cash to him: SMR dated 9 December 2016.

Large and suspicious cash transactions in 2017

On 31 August 2017, Customer 14's junket representative deposited \$100,000 into Customer 14's account.

Large and suspicious cash transactions in 2018

On 20 February 2018, Customer 14's junket representative, Customer 94, accompanied two customers who presented \$200,000 in cash at Star Sydney for deposit into Customer 14's account. Star Sydney understood that the funds had been issued by Star Qld.

On 21 February 2018, Customer 14's junket representative, Customer 94, presented \$100,000 in cash at Star Sydney. The cash comprised \$4,700 in \$100 notes, \$94,300 in \$50 notes, \$900 in \$20 notes, \$80 in \$10 notes and \$20 in \$5 notes. The cash was bundled in rubber bands. Customer 94 requested that \$86,000 be deposited into Customer 14's account and to place the remaining \$14,000 in

Customer 95's junket safe deposit box: SMR dated 22 February 2018.

On 26 February 2018 and 27 February 2018, Customer 14's junket representative, Customer 94, deposited large amounts of cash into Customer 14's account. The cash comprised \$50 notes. The cash was bundled with rubber bands into \$10,000 units. Although Star Sydney acknowledged that large cash transactions were common for a junket operator, they considered that the cash all being in \$50 notes was unusual: SMR dated 28 February 2018.

On 27 February 2018, Customer 14's junket representative, Customer 94, withdrew \$400,000 in cash from Customer 14's account. The cash was for a junket player on Customer 14's junket who had recorded a turnover of \$1,964,215 with a loss of \$98,900. Star Sydney considered the transaction to be unusual given the loss recorded for the junket player: SMR dated 28 February 2018.

On 3 March 2018, Customer 14's junket settled for \$107,398. Shortly afterwards, Customer 14's junket representative, Customer 13, returned with \$100,000 to be deposited into Customer 14's account.

On 19 May 2018, Customer 14's junket representative, Customer 94, exchanged \$193,000 in chips for cash at Star Sydney on behalf of Customer 14. Customer 94 split the cash between two junket players on Customer 14's junket. One customer had recorded a turnover of \$828,115 with a win of \$31,015 and the other customer had recorded a turnover of \$1,276,675 with a win of \$785. Star Sydney considered the cash given to these customers to be excessive: SMR dated 21 May 2018.

On 25 May 2018, Customer 14's junket representative, Customer 94, presented \$130,000 in \$50 notes at Star Sydney in a bag and bundled in units of \$5,000 with rubber bands. \$115,000 was used as a buy-in for Customer 14's junket and the balance was deposited to another junket operator's, Customer 95's, account.

On 6 July 2018, Customer 14's junket representative, Customer 94, deposited \$100,000 into Customer 14's account at Star Sydney on behalf of a junket player. The cash comprised \$100 and \$50 notes bundled in \$10,000 units.

On 10 July 2018, Customer 14's junket representative, Customer 94, deposited a total of \$200,000 in cash into Customer 14's account at Star Sydney for a buy-in. The cash was presented in a shopping bag in multiple denominations. The cash was bundled in rubber bands. Customer 94 was given the cash by another Star Sydney customer who was not a player on Customer 14's junket program. Customer 94 deposited \$88,850 and then left Star Sydney in a vehicle. He returned later to deposit a further \$111,150: SMR dated 11 July 2018.

On 14 July 2018, Customer 14's junket representative, Customer 94, deposited \$204,000 in cash into Customer 14's account at Star Sydney. The cash had been given to Customer 94 by a third party in a cloth bag and comprised \$22,300 in \$100 notes, \$180,100 in \$50 notes, \$20 in \$1,560 notes and \$40 in \$10 notes. The third party was not a player on Customer 14's junket. The cash was used as a buy-in for a junket player: SMR dated 17 July 2018.

On 16 July 2018, Customer 14's junket representative, Customer 94, deposited \$90,000 into Customer 14's account at Star Sydney and purchased \$20,000 in chips with cash. The cash comprised \$100 and \$50 notes.

On 17 July 2018, Customer 14's junket representative, Customer 94, deposited \$120,000 into Customer 14's account at Star Sydney on behalf of a junket player. The cash comprised \$10,000 in \$100 notes and \$110,000 in \$50 notes bundled in \$10,000 units with rubber bands.

On 29 July 2018, Customer 14's and Customer 95's junket representative, Customer 94, withdrew \$150,000 in cash from Customer 95's account at Star Sydney. Customer 94 then gave the cash to a Star Sydney customer who deposited the cash into his account. The customer then withdrew the cash again and left Star Sydney in a vehicle. The customer was not a player under Customer 95's junket but was a player on Customer 14's junket. Star Sydney considered the transaction to be excessive given that the customer had recorded a turnover of \$1,708,000 with a win of \$39,325 under Customer 14's junket and was not a player in Customer 95's junket: SMR dated 31 July 2018.

On 15 August 2018, Customer 14's junket representative, Customer 94, withdrew \$630,000 in cash from a Customer 14's account. The cash was given to a player on Customer 14's junket, Person 36, who had a recorded turnover of \$8,770,100 with a win of \$845,320 and was the only key player on that junket program. Star Sydney considered the cash to be an excessive amount to take: SMR dated 17 August 2018.

On 3 October 2018, Customer 14's junket representative, Customer 94, withdrew \$109,750 from Customer 14's account at Star Sydney.

On 8 October 2018, a Star Sydney customer presented \$100,000 in cash to deposit into his account. The cash comprised \$100 notes in Star straps issued on 4 October 2018. The customer had no transactions that would support the cash originating from the Star. Later that evening, the customer requested to transfer \$60,000 to Customer 14's account, as the customer was a junket player on Customer 14's junket. Star Sydney suspected that the cash originated with Customer 14's junket program: SMR dated 9 October 2018.

On 12 October 2018, \$68,000 in cash was deposited into Customer 14's account at Star Sydney. The cash comprised \$100 notes with straps from the Star.

On 23 October 2018, Customer 14's and Customer 95's junket representative, Customer 94, withdrew \$100,000 in cash from Customer 95's account at Star Sydney. Customer 94 gave the cash to two other Star Sydney customers, including Person 41, neither of whom were junket players in Customer 95's junket. The first customer had minimal gaming activity recorded on Customer 14's junket and Person 41 had no gaming activity recorded and no history of junket activity. Star Sydney considered it suspicious that Customer 94 withdrew funds from a junket and gave the cash to customers not affiliated with that junket: SMR dated 24 October 2018.

On 10 November 2018, Customer 14's junket representative, Customer 94, cashed out \$100,200 from Customer 14's junket and gave the cash to a junket player at Star Sydney. At the time of the transaction, the customer had recorded a turnover of \$859,600 with a win of \$629,345 for the junket.

Large and suspicious cash transactions in 2019

On 3 January 2019, Customer 14's junket representative, Customer 94, deposited \$135,000 in cash into Customer 14's account at Star Sydney. The cash had been given to Customer 94 by another Star Sydney customer, Person 3, and an unknown person in a yellow paper bag with a logo on the side of it. The cash comprised \$120,000 in \$50 notes and \$15,000 in \$20 notes. The cash was bundled in elastic bands. Person 3 was a local player and not a junket player. The unknown person was not a Star customer or known to Star Sydney. Star Sydney considered it unusual that cash was being delivered from someone not associated with Customer 14's junket to be deposited into Customer 14's account: SMR dated 7 January 2019.

On 23 January 2019, Customer 14's junket representative, Customer 94, deposited \$150,000 in cash into Customer 14's account at Star Sydney. The cash was in \$50 notes. The cash was bundled into \$10,000 units with rubber bands and was noted by Star Sydney staff to be partially sticky. The funds were allocated to a junket player on Customer 14's junket program, Person 13: SMR dated 24 January 2019.

On 27 January 2019, Customer 14's junket representative, Customer 94, exchanged \$200,000 of chips to cash on behalf of a junket operator, Customer 95. Soon afterwards, a customer returned with \$150,000 of the same cash to open a Star Sydney account and deposit the funds. The customer transferred the \$150,000 to Customer 14's account to fund a junket player. The customer then deposited \$200,000 in cash comprised of \$100 notes issued by the

Star. Star Sydney was unable to determine the origin of the funds. Later that day, Customer 94 gave \$200,000 worth of chips to the customer which were deposited into the customer's account. Star Sydney was unaware of any link between the customer and any of Customer 94, Customer 14 or Customer 95. The customer lived locally and was ineligible to play on junket. The gaming activity recorded for the customer was minimal compared with the large transactions conducted: SMR dated 30 January 2019.

On 1 February 2019, Customer 14's junket representative, Customer 94, deposited \$138,000 in cash to Customer 14's account. The cash comprised \$50 and \$20 notes in a shopping bag. Star Sydney considered it unusual for such a large cash transaction to be completed using small denomination notes: SMR dated 4 February 2019.

On 7 February 2019, a Star Sydney customer together with Customer 14's junket representative, Customer 94, approached the Star Sydney cashiers and requested to deposit \$200,000 into the customer's account. The customer was a junket player on Customer 14's junket. The cash comprised \$50 notes bundled with rubber bands in units of \$10,000 in a shopping bag. The customer had recorded a turnover of \$760,590 with a win of \$65,105. Soon after the transaction, Customer 94 returned with a further \$100,000 in cash to be deposited into Customer 14's account. The cash comprised \$50 notes contained in a shopping bag: SMR dated 8 February 2019.

On 8 February 2019, a junket player on Customer 14's junket deposited \$200,000 in cash into his account with Customer 14's junket representative, Customer 94, present. The cash comprised \$50 notes bundled with rubber bands in \$10,000 units contained in white shopping bags. After the deposit, the customer transferred the funds to Customer 14's account. Star Sydney identified that this was the largest single cash transaction recorded for the customer. Star Sydney also noted that the transaction was consistent with other recent dealings with Customer 94 and the deposit of large amounts of cash comprising \$50 notes bundled and presented in the same way: SMR dated 11 February 2019.

On 9 February 2019, a junket player on Customer 14's junket deposited \$200,000 in cash into his account with Customer 14's junket representative, Customer 94, present. The cash comprised \$190,000 in \$50 notes and \$10,000 in \$100 notes bundled with rubber bands in \$10,000 units and contained in white shopping bags.

After the deposit, the customer withdrew \$20,000 in cash and transferred the remaining \$180,000 to Customer 14's account. Star Sydney identified that this was the largest single cash transaction recorded for the customer. Star Sydney also noted that the transaction was consistent with other recent dealings with Customer 94: SMR dated 11 February 2019.

On 10 February 2019, Customer 14's junket representative, Customer 94, presented \$220,000 in cash to be deposited into Customer 14's account. The cash comprised \$100 notes, some of which had Star straps but the majority of which was bundled with rubber bands in units of \$10,000. Star Sydney noted that Customer 94 had been involved in several large cash transactions in respect of Customer 14's junket in recent days. Star Sydney identified that it was out of the ordinary for such large amounts of cash to be deposited daily: SMR dated 12 February 2019.

On 13 February 2019, Customer 14's junket representative, Customer 94, deposited \$120,000 in cash into Customer 14's junket account. The cash comprised \$100,000 in \$50 notes bundled in rubber bands in units of \$5,000 and \$20,000 in \$100 notes bundled in Star straps. The cash had been withdrawn from another junket operator's, Customer 95's, safe deposit box. Customer 94 was a representative of both Customer 95's and Customer 14's junkets. Star Sydney considered it unusual that Customer 94 would be taking cash from one junket safe deposit box to another: SMR dated 13 February 2019.

On 14 February 2019, Customer 14's junket representative, Customer 94, deposited \$110,000 in cash to Customer 14's account. Shortly afterwards, Customer 94 deposited a further \$10,000 in cash into Customer 14's account. The cash comprised \$50 notes bundled with rubber bands in units of \$10,000. Star Sydney identified that Customer 94 had made similar deposits on numerous occasions: SMR dated 15 February 2019.

On 15 February 2019, Customer 14's junket representative, Customer 94, presented \$250,000 in cash to be deposited into Customer 14's junket account. The cash comprised \$249,200 in \$50 notes and \$800 in \$100 notes. Customer 94 initially provided \$200,000 and then left the room and returned with another \$40,000. Customer 94 realised that he was still 'short' and so left again to collect another \$10,000. Further surveillance revealed that Customer 94 was meeting with another junket representative who was supplying the cash: SMR dated 19 February 2019.

On 16 February 2019, Customer 14's junket representative, Customer 94, presented \$200,000 in cash bundled in rubber bands and contained in a shoe box. The cash comprised \$100 notes. Customer 94 requested that \$180,000 of the funds be deposited into Customer 14's account and the remaining \$20,000 be returned to him. Customer 94 purchased \$20,000 of chips with the cash later that evening but no play was recorded. Star Sydney identified that this was another deposit into Customer 14's account by Customer 94 involving a large amount of cash or cash received in suspicious packaging: SMR dated 19 February 2019.

On 5 April 2019, Customer 14's junket representative, Customer 94, presented \$300,000 in cash to be deposited into Customer 14's account. The cash comprised \$7,300 in \$100 notes, \$290,500 in \$50 notes and \$2,200 in \$20 notes. The cash was bundled with rubber bands and presented in a duffel bag. Customer 94 had been given the cash by another Star Sydney customer, Person 3, who had no known links to Customer 94 or Customer 14's junket: SMR dated 8 April 2019.

On 19 June 2019, a Star Sydney customer presented \$200,000 in chips from his program and exchanged them for eight \$25,000 plaques. A short time later, Customer 14's junket representative, Customer 94, deposited the same plaques into Customer 14's account. The customer was not a junket player on Customer 14's junket and Star Sydney was unaware of any link between the customer and Customer 94 or the customer and Customer 14: SMR dated 19 June 2019.

- i. designated services provided to Customer 14 involved the provision by Star Sydney of non-winnings cheques;

Particulars

On 14 December 2017, Customer 80 requested that \$150,000 be withdrawn from his account as a Star cheque in his favour. Customer 80 advised that the cash was his 'commission' from Customer 14's junket and that he was taking it to another Australian casino to use for gaming activities: SMR dated 15 December 2017.

On 6 October 2018, a Star Sydney customer used \$500,000 transacted through the Hotel Card channel as a buy-in under Customer 14's junket. Over the next few days, Star Sydney recorded that the customer had a turnover of \$3,092,000 with a loss of \$20,350. Customer 14's junket requested a cheque for \$500,000 to be issued to the customer from Customer 14's account. Star Sydney considered that the turnover and loss recorded by the customer was quite small compared with the initial transaction of \$500,000. Star Sydney suspected that the customer could be using the junket buy-in as a way to get money out of a foreign country: SMR dated 8 October 2018.

- j. at various times, Customer 14 had significant parked or dormant funds in her SKA at Star Sydney;

Particulars

See paragraph 284 above.

Between 29 July 2019 and at least 5 August 2022, Customer 14 had \$33,939 parked in her SKA.

- k. in January 2020, Customer 14 was issued an exclusion order by a law enforcement agency;

Particulars

In November 2018, on multiple occasions, a law enforcement agency requested details in respect of Customer 14 which Star Sydney provided.

On 16 January 2020, a law enforcement agency issued an exclusion order in respect of Customer 14. The exclusion order did not give details as to why Customer 14 was excluded or what the investigation related to.

- I. Customer 14 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 14 had access to private gaming rooms in the Sovereign Room, Chairman's, Jade, Springs Salon, Lakes Salon and Oasis at Star Sydney.

- m. Star Sydney did not have adequate reason to believe that Customer 14's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 14 at Star Sydney.

Particulars

See paragraph 808 above.

Star understood Customer 14's occupation to be as a junket representative and operator.

Junkets operated by Customer 14 recorded very significant turnover. Customer 14's junket representatives appeared to have access to significant volumes of cash, including cash in small notes and that was presented suspiciously. Customer 14's junket representatives included customers who posed higher ML/TF risks and players who Star Sydney considered had acted suspiciously such as Customer 13 and Customer 94. Moreover, Customer 14 and persons associated with her junket transacted through the high risk Hotel Card channel.

However, Star Sydney did not take steps to identify or verify Customer 14's source of wealth other than through her junket operations. Nor did Star Sydney take steps to verify the source of funds in respect of large and suspicious cash deposits carried out by Customer 14's junket representatives.

Star Sydney's determination of the ML/TF risks posed by Customer 14

1086. For the reasons pleaded at paragraph 110 above, Star Sydney was unable appropriately to identify or assess the ML/TF risks posed by Customer 14 because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 14.

- a. On and from 30 November 2016, Customer 14 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 14's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 15 July 2020 that Customer 14 was rated high risk for the purpose of the Act Rules by Star Sydney, after she was issued a WOL by Star Sydney.

Particulars

See paragraph 110 above.

On 17 February 2016, Customer 14 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 29 July 2019, Customer 14 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 16 January 2020, Star Sydney issued a WOL in respect of Customer 14 following an exclusion order issued by a law enforcement agency.

On 15 July 2020, Customer 14 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 14's transactions

1087. At no time did Star Sydney apply appropriate transaction monitoring to Customer 14's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 14, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket operators and junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 14's junket as turnover was recorded against Customer 14 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 14 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. the Hotel Card channel;

Particulars

See paragraphs 790 above.

- e. Star Sydney provided designated services to Customer 14 through multiple accounts and was not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 14.

Particulars

Star senior management were not specifically informed of 40 large and suspicious cash incident involving Customer 14 between 8 December 2016 and 4 April 2019: see *Customer 14's risk profile*.

The review, update and verification of Customer 14's KYC information

1088. Star Sydney did not review, update and verify Customer 14's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 14's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 14's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 14's source of wealth or source of funds: see *Customer 14's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 14's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 14.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 14's high ML/TF risks

1089. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 14 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 14; and
 - c. reviewing and updating Customer 14's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 14 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 14*.

ECDD triggers in respect of Customer 14

1090. Star Sydney was required to apply the ECDD Programs to Customer 14 following any ECDD triggers in respect of Customer 14.

Particulars

Section 36(1)(a) and (b) of the Act.

1091. Customer 14 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

Between 9 December 2016 and 19 June 2019, Star Sydney gave the AUSTRAC CEO 27 SMRs with respect to Customer 14.

1092. The matter pleaded in paragraph 1091 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

1093. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 14 following an ECDD trigger because:

- a. on each occasion prior to 16 January 2020 that Star Sydney conducted ECDD in respect of Customer 14 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 14 and the provision of designated services to Customer 14 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 29 August 2019, 4 February 2019, 5 April 2019 and 18 June 2019 Star Sydney conducted ECDD in respect of Customer 14.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 14's higher ML/TF risks: see *Customer 14's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 14's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 14's source of wealth or source of funds: see *Customer 14's risk profile*.

However, it was not until 16 January 2020 that Star Sydney issued a WOL in respect of Customer 14 at the direction of a law enforcement agency.

- b. Customer 14 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- c. on any occasion prior to 16 January 2020 that Customer 14 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 14 and the provision of designated services to Customer 14 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

From August 2019, Customer 14 was discussed at PAMMs.

The minutes of the PAMMs noted Customer 13's relationship with Customer 14. However, the discussions prior to 16 January 2020 did not consider the high ML/TF risks posed by Customer 14. Star senior management was not fully apprised of the nature of its business relationship with Customer 14. For example, in August 2019, a member of senior management was asked to confirm whether Customer 14's junket was an international junket or a domestic junket.

Between August 2019 and September 2019, Customer 14 was discussed at JRAM.

The minutes of the JRAMMs noted Customer 13's relationship with Customer 14. The meeting concerned adverse media related to Customer 14's brother, junket funder and junket representative, Customer 13.

In August 2019, the Chief Casino Officer and the Chief Legal and Risk officer prepared a summary in respect of certain customers who were the subject of allegations in media articles, including Customer 14 and her brother Customer 13. The summary noted that Customer 14 had no known links to organised crime.

However, it was not until 16 January 2020 that Star Sydney issued a WOL in respect of Customer 14 at the direction of a law enforcement agency.

In August 2021, Star conducted a review of persons of interest at, including Customer 14. The review recommended that Customer 14 remain permanently excluded.

Contravention of s36 of the Act in respect of Customer 14

1094. By reason of the matters pleaded from paragraphs 1082 to 1093, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 14 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1095. By reason of the matters pleaded at paragraph 1094, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 16 January 2020 with respect to Customer 14.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 15

1096. Customer 15 was a customer of Star Sydney during the relevant period.

Particulars

Customer 15 was a customer of Star Sydney from at least 26 July 2017.

1097. Star Sydney provided Customer 15 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2018, Star Sydney recorded that junkets operated by Customer 15 had a turnover exceeding \$180 million.

Particulars

On 26 July 2017, Star Sydney opened an FMA and SKA for Customer 15 which remain open (item 11, table 3, s6 of the Act).

See Customer 15's risk profile below.

1098. Customer 15 was a customer of Star Qld during the relevant period.

Particulars

Customer 15 was a customer of Star Qld from at least 24 July 2017.

1099. Star Qld provided Customer 15 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2018, Star Qld recorded that junkets operated by Customer 15 had a turnover exceeding \$4.4 billion.

Particulars

On 24 July 2017, Star Qld opened an FMA for Customer 15 which remains open (item 11, table 3, s6 of the Act).

See Customer 15's risk profile below.

1100. At all times from 24 July 2017 in respect of Star Qld and 26 July 2017 in respect of Star Sydney, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 15.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 15's risk profile

1101. On and from 24 July 2017 in respect of Star Qld and 26 July 2017 in respect of Star Sydney, Customer 15, and the provision of designated services to Customer 15 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

- a. Customer 15 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2017 and 2018, Customer 15 operated four junkets at Star Sydney, all of which were funded by Customer 10;
 - ii. between 2017 and 2018, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 15 in the relevant period was \$188,331,228 with losses of \$11,339,515;

Particulars

In 2017, junkets operated by Customer 15 had turnover of \$24,555,310 with losses of \$1,438,050.

In 2018, junkets operated by Customer 15 had turnover of \$163,775,918 with losses of \$9,934,465.

- iii. between 2017 and 2018, Star Sydney recorded a cumulative turnover of \$25,354,115 for Customer 15 as a junket player on their own junkets despite not being a junket player at any time;

Particulars

See paragraph 670 above.

- iv. between 2017 and 2018, total benefits of \$1,389,490 were payable to Customer 15 by Star Sydney in her capacity as a junket operator;

Particulars

Customer 15 was entitled to benefits from Star Sydney including rebates earned and complimentary services in their capacity as a junket operator:

- a. in 2017, total benefits of \$178,547 were payable to Customer 15; and
 - b. in 2018, total benefits of \$1,210,943 were payable to Customer 15.
- v. Customer 15 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 15 operated junkets in non-exclusive private gaming rooms, including the Sovereign room and Pit 80.

Customer 15 operated junkets in exclusive private gaming rooms, including Salon 73, 88, 90 and 91.

- vi. Customer 15 had one junket representative at Star Sydney including Customer 16; and
- vii. Customer 15 and her junket representatives facilitated the provision of high value designated services to at least 20 junket players at Star Sydney including foreign PEPs and players in respect of whom Star Sydney had formed suspicions, such as Customer 10;

Particulars

See paragraphs 643 to 649 above.

See Customer 10's risk profile.

- b. Customer 15 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 2017 and 2018, Customer 15 operated fourteen junkets at Star Qld, all of which were funded by Customer 10;

Particulars

Funding for Customer 15's junkets comprised \$203,100,000 funded by Customer 10.

- ii. between 2017 and 2018, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 15 in the relevant period was \$4,457,187,670 with losses of \$76,905,500;

Particulars

In 2017, junkets operated by Customer 15 had turnover of \$306,279,480 with losses of \$1,233,500.

In 2018, junkets operated by Customer 15 had turnover of \$4,150,908,190 with losses of \$75,672,000.

- iii. between 2017 and 2018, Star Qld recorded a cumulative turnover of \$170,638,520 for Customer 15 as a junket player on their own junkets despite not being a junket player at any time;
- iv. between 2017 and 2018, total benefits of \$35,537,188 were payable to Customer 15 by Star Qld in her capacity as a junket operator;

Particulars

Customer 15 was entitled to benefits from Star Sydney including rebates earned and complimentary services in their capacity as a junket operator:

- a. in 2017, total benefits of \$2,287,392 were payable to Customer 15; and
- b. in 2018, total benefits of \$33,249,796 were payable to Customer 15.
- v. Customer 15 operated junkets in private gaming rooms, including private games rooms that were exclusive to the junket;

Particulars

Customer 15 operated junkets in non-exclusive private gaming rooms, including Pit 11.

Customer 15 operated junkets in exclusive private gaming rooms, including Salon 21, 22, 69, 88 and 99.

- vi. Customer 15 had one junket representative at Star Qld including Customer 16; and
- vii. Customer 15 and her junket representatives facilitated the provision of high value designated services to three junket players at Star Qld including foreign PEPs and players in respect of whom Star Qld had formed suspicions such as Customer 10, Customer 53 and Customer 16;

Particulars

See paragraphs 643 to 649 above.

See *Customer 10's risk profile*, *Customer 16's risk profile* and *Customer 53's risk profile*.

See paragraph 1101.h below.

- c. designated services provided to Customer 15 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- d. Customer 15 referred players to Star Sydney;

Particulars

See paragraph 625 above.

Customer 15 received a commission on amounts wagered by referred players, who Star Sydney dealt with directly.

- e. on 29 September 2018 and 9 July 2019, Customer 15 referred Customer 53 to Star Qld;

Particulars

See paragraph 625 above.

On 29 September 2018 and 9 July 2019, Customer 15 referred Customer 53 to Star Qld. On each occasion, Customer 15 arranged for Customer 53 to attend Star Qld on a rebate program without Customer 15 or her junket representative being present.

Customer 15 received a commission on amounts wagered by Customer 53, who Star Qld dealt with directly.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 15 by remitting large values into the casino environment via her accounts;

Particulars

Remittances involving third parties

See paragraphs 278 and 327 above.

On 15 August 2019, Star Sydney received a telegraphic transfer totalling \$126,000 from a third party which it made available to Customer 15's account.

The above transaction was conducted through the Star Patron account channel.

Remittances into the casino environment

See paragraph 327 above.

Between 11 September 2017 and 10 March 2020, Star Sydney received 23 telegraphic transfers totalling \$15,010,830, each of which was made available to Customer 15's account. At least \$126,000 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 20 December 2017 and 22 March 2019, Star Sydney sent two telegraphic transfers totalling \$104,000 from Customer 15's account to an Australian bank account.

For example, on 5 July 2018, Star Sydney sent a telegraphic transfer of \$181,895 from Customer 15's account to an overseas bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 28 November 2017 and 22 August 2019, Star Sydney received three transfers totalling \$4,369,814 from Star Qld, each of which was made available to Customer 15's account.

On 28 February 2018, Star Sydney sent a transfer of \$17,310 from Customer 15's account to Star Qld.

- g. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 15 by remitting large values into and within the casino environment via her accounts;

Particulars

Remittances involving third parties

See paragraphs 278 and 327 above.

On 22 October 2018, Star Qld received a telegraphic transfer of \$1,240 into its bank account for credit of Customer 15. The sender was an unknown third party company. The funds were made available to Customer 15's account: SMR dated 25 October 2018.

The above transaction was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 28 March 2018 and 15 November 2018, Star Qld received five telegraphic transfers totalling \$12,811,274, each of which was made available to Customer 15's FMA and SKA at Star Gold Coast. Some of the funds were transferred for the purpose of redeeming an outstanding CCF held by Customer 10.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 19 March 2018 and 6 December 2018, Star Qld facilitated six telegraphic transfers totalling \$29,294,928 from Customer 15's FMA at Star Gold Coast to Australian banks.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 28 November 2017 and 27 September 2018, Star Qld received three transfers totalling \$4,047,311 from Star Sydney, each of which was made available to Customer 15's FMA at Star Gold Coast.

Between 9 December 2017 and 22 August 2019, Star Qld facilitated four transfers totalling \$591,723 from Customer 15's FMA at Star Gold Coast to Star Sydney.

For transfers to other customers FMAs, including Customer 16, see particulars to paragraph 1101.h below.

- h. Star Qld was aware that Customer 15 and players on her junket program including Customer 10 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

In February 2018, Customer 15 operated a junket program at Star Qld with two junket players (Customer 10 and Customer 53). Star Qld recorded the following transactions:

- a. a total of \$25,000,000 in front money was transferred to Customer 15 from Customer 10 for the junket program. Customer 10 utilised his CCF to draw down the funds. Customer 10 had received a telegraphic transfer of \$10,000,000 to redeem part of his CCF;
 - b. as at 7 February 2018, Customer 10 was recording a loss on the junket program of \$18,800,000 and Customer 53 was recording a win on the junket program of \$348,000. Customer 53 received \$175,000 of those winnings in cash; and
 - c. on 7 February 2018, Customer 15 withdrew \$150,000 in cash from the junket program's account and gave it to Customer 53. Customer 15 then transferred \$900,000 to the FMA of her junket representative, Customer 16. Customer 16 then transferred the \$900,000 to his account at Star Sydney before transferring it to Customer 53's account: SMR dated 7 February 2018.
- i. Customer 15 and persons associated with her junket, including Customer 16, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 18 August 2017 and 2 November 2018, Star Sydney gave the AUSTRAC CEO seven TTRs in respect of Customer 15 totalling \$488,005:

- a. five TTRs detailing account withdrawals totalling \$401,300; and
- b. two TTRs detailing chip / cash exchanges totalling \$86,705.

Large and suspicious cash transactions in 2017

On two occasions in August 2017, Customer 15's junket representative Customer 16 accessed Customer 15's FMA to withdraw a total of \$300,000 in cash:

- a. on 17 August 2017, Customer 16 withdrew \$100,000 from Customer 15's FMA at Star Sydney; and
- b. on 20 August 2017, Customer 16 withdrew \$200,000 from Customer 15's FMA at Star Sydney.

Large and suspicious cash transactions in 2018

On 4 October 2018, Customer 16 withdrew \$95,000 from Customer 15's FMA at Star Sydney, then exchanged \$57,985 in premium chips and \$80,000 in cash chips for cash, totalling \$232,985. Customer 16 then divided the cash between three bags and gave them to the players on Customer 15's junket. Star Sydney recorded that Customer 15's junket was winning \$835,525 at that time.

- j. Customer 15 and persons associated with her junket, transacted using large amounts of cash at Star Qld; and

Particulars

See paragraphs 611 to 618 above.

Between 11 December 2017 and 5 December 2018, Star Qld gave the AUSTRAC CEO 24 TTRs totalling \$2,393,000, including:

- a. 20 TTRs detailing account withdrawals made by Customer 15 totalling \$1,136,500;
- b. one TTRs detailing account deposits made by Customer 15 totalling \$40,000; and
- c. three TTRs detailing chip / cash exchanges made by Customer 15 totalling \$172,000.

Large and suspicious cash transactions in 2017

On 10 December 2017, Customer 15 operated a junket at Star Qld. Customer 10 had supplied to Customer 15 a \$10,000,000 cheque as front money for the junket program. At the end of play and after the commission was calculated, Customer 15 took \$385,000 in cash. The \$10,000,000 front money cheque was repurchased and the remainder of the funds, being \$4,506,185, was sent by telegraphic transfer to Customer 10's personal bank account. The ground of suspicion was the amount of cash taken by Customer 15: SMR dated 12 December 2017.

Large and suspicious cash transactions in 2018

In April 2018, Customer 15 operated a junket at Star Qld. The junket had only one key player, Customer 10, together with Customer 15's junket representative, Customer 16. On 2 April 2018, Customer 16 withdrew \$100,000 in cash payment from Customer 15's FMA. The cash was handed to Customer 16 who then handed the cash to Customer 10. Star Qld understood that Customer 15, Customer 16 and Customer 10 regularly completed similar cash transactions on recent trips: SMR dated 4 April 2018.

- k. Star Sydney and Star Qld did not have adequate reason to believe that Customer 15's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 15 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star Sydney and Star Qld recorded Customer 15's occupation as junket representative and junket operator.

Star Sydney and Star Qld did not take appropriate steps to verify their assumptions regarding Customer 15's source of wealth or source of funds in circumstances where:

- a. In 2017 and 2018, junkets operated by Customer 15 were funded by a third party, Customer 10, with recorded turnover exceeding \$2.1 billion; and
- b. Customer 15's individual rated play was low compared to the large amounts of money that were deposited and withdrawn from her FMA: see paragraphs 1101.a, 1101.b, 1101.i and 1101.j.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 15

1102. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 15 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 15.
- a. On and from August 2017, Customer 15 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 15's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 15 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 12 December 2017, Customer 15 was rated low risk, not being high risk the purpose of the Act and Rules.

On 21 August 2017, Customer 15 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 27 January 2021, Customer 15 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 15's transactions

1103. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 15's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 15, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 15 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- d. Star Sydney and Star Qld provided designated services to Customer 15 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 15's KYC information

- 1104. Star Sydney and Star Qld did not review, update and verify Customer 15's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 15's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 15's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 15's source of wealth or source of funds: see *Customer 15's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 15's KYC information on and from 24 July 2017 in respect of Star Qld and 26 July 2017 in respect of Star Sydney, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 15.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 15's high ML/TF risks

- 1105. Had Star Qld conducted ongoing customer due diligence on and from 24 July 2017 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 15 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 15; and
 - c. reviewing and updating Customer 15's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 15 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 15*.

- 1106. Had Star Sydney conducted ongoing customer due diligence on and from 26 July 2017 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 15 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 15; and
 - c. reviewing and updating Customer 15's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 15 as a high risk customer.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

- 1107. Had Star Sydney rated Customer 15 as a high risk customer, they would have been required by the Act and Rules to apply the ECDD Program to Customer 15.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 15

1108. Star Qld was required to apply the ECDD Programs to Customer 15 following any ECDD trigger in respect of Customer 15.

Particulars

Section 36(1)(a) and (b) of the Act.

1109. Customer 15 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 12 December 2017 and 25 October 2018, Star Qld gave the AUSTRAC CEO four SMRs with respect to Customer 15.

1110. The matter pleaded in paragraph 1109 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

1111. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 15 following an ECDD trigger because:

- a. on each occasion that Star Qld conducted ECDD in respect of Customer 15 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 15 and the provision of designated services to Customer 15 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite; and

Particulars

See paragraphs 797 and 807 above.

Rules 15.10(2) and (5) of the Rules.

On 18 June 2019, Star Qld conducted ECDD in respect of Customer 15.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 15's higher ML/TF risks: see *Customer 15's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 15's source of funds or source of wealth.

By reason of the matters set out above, there were higher risks associated with Customer 15's source of wealth and source of funds: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 15* above.

- b. Customer 15 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite.

Particulars

See paragraph 817 above.

Rules 15.10(6) and (7) of the Rules.

Contravention of s36 of the Act in respect of Customer 15

1112. By reason of the matters pleaded from paragraphs 1096 to 1111, on and from 26 July 2017, Star Sydney:

- a. did not monitor Customer 15 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1113. By reason of the matters pleaded at paragraph 1112, Star Sydney contravened s36(1) of the Act on and from 26 July 2017 with respect to Customer 15.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1114. By reason of the matters pleaded from paragraphs 1096 to 1111, on and from 24 July 2017, Star Qld:

- a. did not monitor Customer 15 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1115. By reason of the matters pleaded at paragraph 1114, Star Qld contravened s36(1) of the Act on and from 24 July 2017 with respect to Customer 15.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 16

1116. Customer 16 was a customer of Star Sydney during the relevant period. Between 2017 and 2020, Star Sydney recorded turnover exceeding \$290,000 for Customer 16.

Particulars

Customer 16 was a customer of Star Sydney from at least December 2012.

1117. Star Sydney provided Customer 16 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket representative.

Particulars

On 27 December 2012, Star Sydney opened an FMA and SKA for Customer 16 which remain open (item 11, table 3, s6 of the Act).

Between 1 March 2019 and 10 March 2020, Star Sydney approved CCFs for Customer 16 on eight occasions ranging from \$2,000,000 to \$3,000,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel, which it made available to Customer 16 (items 31 and 32, table 1, s6 of the Act).

See Customer 16's risk profile.

1118. Customer 16 was a customer of Star Qld during the relevant period. Between 2017 and 2018, Star Qld recorded turnover exceeding \$690,000 for Customer 16.

Particulars

Customer 16 was a customer of Star Qld from at least 30 July 2016.

1119. Star Qld provided Customer 16 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and a junket representative. In 2017, Star Qld recorded that junkets operated by Customer 16 had a turnover exceeding \$190 million.

Particulars

On 30 July 2016, Star Qld opened an FMA for Customer 16 which remains open (item 11, table 3, s6 of the Act).

On 8 July 2019, Star Qld approved a CCF for Customer 16 of \$2,000,000 with an additional trip only limit of \$1,000,000 (item 6, table 1, s6 of the Act).

See Customer 16's risk profile.

1120. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 16.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 16's risk profile

1121. On and from 30 November 2016, Customer 16, and the provision of designated services to Customer 16 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 16's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 16 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 16;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 11 occasions between 10 February 2015 and 30 May 2016.

The SMRs reported that Customer 16 was involved in large cash transactions totalling \$1,300,000: see paragraph 1121.a.iii below.

- ii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 16 by remitting large amounts of money into and out of the casino environment via her accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 6 October 2015 and 29 July 2016, Star Sydney received five telegraphic transfers totalling \$4,396,973, each of which was made available to Customer 16's account. At least \$1,216,973 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 20 July 2015 and 28 June 2016, Star Sydney sent seven telegraphic transfers totalling \$760,000 from Customer 16's account to Australian bank accounts.

Between 23 December 2015 and 8 April 2016, Star Sydney sent three telegraphic transfers totalling \$160,000 from Customer 16's account to overseas bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

- iii. Customer 16 and persons associated with her transacted using large amounts of cash at Star Sydney; and

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 29 March 2013 and 21 May 2016, Star Sydney gave the AUSTRAC CEO 10 TTRs detailing incoming account deposits or other monetary values in by Customer 16 totalling \$332,205.

Between 30 January 2013 and 15 August 2016, Star Sydney gave the AUSTRAC CEO 154 TTRs detailing outgoing account withdrawals, other monetary values out or chip exchanges by Customer 16 totalling \$4,630,522.

Large cash transactions

Between 6 February 2015 and 4 June 2016, Customer 16 was involved in large cash transactions totalling \$1,430,000:

- a. between 6 February 2015 and 29 March 2015, Customer 16 withdrew four sums of \$100,000 each from her Star Sydney FMA: SMRs dated 10 February 2015, 18 February 2015, 31 March 2015;
- c. on 3 April 2015, Customer 16 deposited \$100,000 in cash into her Star Sydney FMA. The cash comprised \$100 notes and had Star straps. Customer 16 returned several hours later and withdrew the funds as cash: SMR dated 8 April 2015;
- d. on 4 January 2016, Customer 11 withdrew \$100,000 from his Star Sydney account. Customer 11 requested that the cash be paid to his junket representative, Customer 16: SMR dated 5 January 2016;
- e. between 6 February 2016 and 11 February 2016, Customer 16 acted as a junket representative for Customer 11's junket at Star Sydney. Customer 16 withdrew a total of \$400,000 in cash from Customer 11's account: SMRs dated 8 February 2016, 10 February 2016 and 12 February 2016;
- f. on 22 February 2016, Customer 16, acting as Customer 11's junket representative, withdrew \$200,000 from Customer 11's account at Star Sydney. Customer 16 was observed to hand the cash to another junket representative who then deposited the cash into another junket operator's account: SMR dated 23 February 2016;
- g. on 27 May 2016, Customer 16, acting as Customer 11's junket representative, withdrew \$100,000 from Customer 11's junket account at Star Sydney. Customer 16 then handed

\$80,000 to another Star Sydney customer who deposited the funds into his account: SMR dated 30 May 2016; and

- h. on 4 June 2016, Customer 16, acting as Customer 11's junket representative, withdrew \$120,000 from Customer 11's FMA at Star Sydney.
- iv. by 30 November 2016, Star Sydney responded to a request for records from an independent corruption commission in respect of Customer 16;

Customer 16's risk profile from 30 November 2016

- b. Customer 16 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 26 May 2017 and 8 June 2017, Customer 16 operated a junket at Star Qld, which was funded by Customer 10;

Particulars

Customer 16 was approved as a junket operator on 18 July 2017.

However, Customer 16 operated a junket between 26 May 2017 and 8 June 2017 at Star Qld. Customer 10 provided funding of \$10,000,000 towards the junket, on which he was also a player.

In 2017, Customer 16 was one of the top ten junket operators whose junket operations in total involved the highest total turnover at Star Gold Coast.

Customer 16's approval to be a junket operator was rescinded on 13 April 2021.

- ii. between 26 May 2017 and 8 June 2017, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 16 was \$190,119,670 with wins of \$5,246,380;
- iii. in 2017, total benefits of \$1,422,385 were payable to Customer 16 by Star Qld in her capacity as a junket operator which included rebates earned, complimentary services and additional program agreement benefits;
- iv. on 8 July 2019, Star Qld provided Customer 16 with significant amounts of credit upon request, up to limits of \$2,000,000 with an additional trip only limit of \$1,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 8 July 2019, Star Qld approved a single trip CCF limit of \$2,000,000 with an additional trip only limit of \$1,000,000.

- v. Customer 16 operated the junket in a private gaming room which was exclusive to the junket; and

Particulars

Customer 16 operated the junket in an exclusive private gaming room, Salon 21.

- vi. Customer 16 facilitated the provision of high value designated services to three junket players at Star Qld including foreign PEPs players who posed higher ML/TF and players who Star Qld considered had acted suspiciously such as Customer 10 and Customer 53;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 16 was the junket representative two different junket operators at Star Sydney, Customer 11 and Customer 15;

Particulars

Customer 11's junket

Customer 16 was the sole junket representative for junket programs operated by Customer 11.

Each of Customer 11's junket programs were funded by Customer 10.

Between 30 November 2016 and July 2017, Customer 11's junket, represented by Customer 16, had a cumulative turnover of \$466,907,363.

Customer 15's junket

Customer 16 was the sole junket representative for each of Customer 15's junket programs.

Each of Customer 15's junket programs were funded by Customer 10.

In 2017 and 2018, Customer 15's junket, represented by Customer 16, had a cumulative turnover of \$188,331,228.

- d. Customer 16 was the junket representative for Customer 15's junket at Star Qld;

Particulars

Customer 16 was the sole junket representative for each of Customer 15's junket programs.

Each of Customer 15's junket programs were funded by Customer 10.

In 2017 and 2018, Customer 15's junket, represented by Customer 16, had a cumulative turnover of \$4,645,518,898.

- e. designated services provided to Customer 16 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- f. Customer 16 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2020, Star Sydney recorded high individual rated turnover totalling \$297,465 for Customer 16;

Particulars

In 2017, Customer 16's individual rated turnover was \$246,713.

In 2017, Customer 16's individual rated turnover was \$50,301.

In 2020, Customer 16's individual rated turnover was \$450.

- g. Customer 16 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2018, Star Qld recorded high and escalating individual rated turnover totalling \$699,020 for Customer 16;

Particulars

In 2017, Customer 16's individual rated turnover was \$38,441.

In 2018, Customer 16's individual rated turnover escalated to \$660,578.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 16 by remitting large amounts of money into, out of, and within the casino environment via her accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

On 20 May 2019, Customer 10 acting on behalf of Customer 16 deposited a total of \$58,560 into the EEIS Patron accounts, which Star Sydney made available to Customer 16 through the EEIS remittance channel.

Between 21 May 2019 and 9 March 2020, Customer 16 deposited a total of \$1,908,304 into the EEIS Patron accounts, which Star Sydney made available to Customer 16 through the EEIS remittance channel.

Between 23 May 2019 and 9 March 2020, third party companies acting on behalf of Customer 16 deposited a total of \$2,368,413 into the EEIS Patron accounts, which Star Sydney made available to Customer 16 through the EEIS remittance channel.

On 28 May 2019, a third party acting on behalf of Customer 16 deposited a total of \$210,388 into the EEIS Patron accounts, which Star Sydney made available to Customer 16 through the EEIS remittance channel.

Other remittances involving third parties

See paragraphs 278 and 327 above.

On 30 January 2018, Star Sydney received a transfer from a company account of \$6,660, which it made available to Customer 16's Star Sydney account.

On 18 November 2018, Star Sydney received a transfer from a second company account of \$585,215, which it made available to Customer 16's Star Sydney account.

On 9 April 2020 and 16 April 2020, Star Sydney received two transfers from Customer 11 totalling \$43,000, which it made available to Customer 16's Star Sydney account.

On 3 July 2020, Star Sydney received a transfer from a third company account, Company 4, of \$500,000 in which Customer 11's name was included in the narrative. Star Sydney made the funds available to Customer 16's Star Sydney account.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 13 May 2017 and 8 July 2020, Star Sydney received 34 telegraphic transfers totalling \$14,591,253, each of which was made available to Customer 16's account. At least \$636,215 of the funds were transferred for the purpose of redeeming outstanding CCFs.

On 4 July 2020 and 7 July 2020, Star Sydney received two telegraphic transfers totalling USD\$130,000 into its foreign currency account, both of which were made available to Customer 16's FMA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 7 March 2017 and 28 February 2018, Star Sydney sent five telegraphic transfers totalling \$200,000 from Customer 16's account to Australian bank accounts.

Between 6 June 2017 and 5 July 2018, Star Sydney sent four telegraphic transfers totalling \$425,609 from Customer 16's account to overseas bank accounts.

For example, on 18 June 2021, Star Sydney gave the AUSTRAC CEO two outgoing IFTIs totalling \$185,725, in respect of two transactions on 21 July 2020 where Customer 16 was named as the ordering customer and the beneficiary.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, between 28 November 2017 and 5 May 2018, Star Sydney received four transfers totalling \$1,500,996 from Star Qld, each of which was made available to Customer 16's FMA.

On 9 July 2020, Customer 16 transferred \$500,000 from her Star Sydney account to Customer 53. Customer 53 used the funds on junket program in which he had a recorded turnover of \$5,150,000 with a loss of \$505,000. After the transfer, Customer 53 requested to withdraw \$100,000 as cash. This appeared to Star Sydney to be unusual given the loss recorded by Customer 53 and the funds transferred to fund his gaming activity: SMR dated 10 July 2020.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 16 by remitting large amounts of money within the casino environment via her accounts;

Particulars

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 29 May 2017 and 5 May 2018, Star Qld facilitated three transfers totalling \$362,360 from Customer 16's FMA at Star Gold Coast to Star Sydney.

On 28 November 2017, Star Qld received a transfer from Star Sydney, which it made available to Customer 16's FMA at Star Gold Coast.

See paragraph 1121.j.

- j. Star Qld was aware that Customer 16 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

In February 2018, Customer 15 operated a junket program at Star Qld with two junket players (Customer 10 and Customer 53) for which Customer 16 was the junket representative. Customer 10 transferred a total of \$25,000,000 in front money to Customer 15. Customer 10 utilised his CCF to drawdown the funds and had received a telegraphic transfer of \$10,000,000 to redeem part of his CCF. On 7 February 2018, Customer 15 received a telegraphic transfer of \$150,000 which was withdrawn in cash and given to Customer 53. Customer 15 then transferred \$900,000 to Customer 16. Customer 16 transferred the \$900,000 to her account at Star Sydney before transferring it to Customer 53's account. Star Qld understood that

Customer 53 was travelling to Sydney to play. Star Qld identified that it was unusual that a sum of \$900,000 was transferred when Customer 53 had shown a win of \$348,000 and had taken \$175,000 in cash: SMR dated 7 February 2018.

On 19 March 2018, Customer 16, acting as a junket representative, completed a buy-in for a junket program with only one junket player, Customer 10. Customer 16 asked Star Qld to send \$100,000 from Customer 16's account to a third party. Star Qld declined to process this transaction as it only sent transactions to players participating in the group and because the funds were part of a previous group's trip. During these discussions, Star Qld did not ascertain who Customer 16 wanted to send the funds to. Customer 16 increased the requested transaction sum to \$150,000. Star Qld conducted a review of Customer 10, being the only junket player on the previous trip. Star Qld transferred \$150,000 back into Customer 16's account at Star Sydney. Later that day, another request was made by Customer 16 to send another \$50,000 to a bank account in Sydney in the name of a third party. The transfer was processed on 19 March 2018. Star Qld considered it suspicious that a request was made to send funds to a third party who was not involved in gaming activity at Star Qld: SMR dated 20 March 2018.

In April 2018, Customer 15 operated a junket at Star Qld. The junket had only one key player, Customer 10, together with Customer 15's junket representative, Customer 16. On 2 April 2018, Customer 16 withdrew \$100,000 in cash from Customer 15's account which was drawn from the front money for the junket program. The cash was handed to Customer 16 who then handed the cash to Customer 10. Star Qld understood that Customer 15, Customer 16 and Customer 10 regularly completed similar cash transactions on recent trips: SMR dated 4 April 2018.

- k. Customer 16 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 23 January 2017 and 26 May 2019, Star Sydney gave the AUSTRAC CEO 27 TTRs detailing outgoing account withdrawals by Customer 16 totalling \$2,216,891.

On 22 January 2017, Customer 16 withdrew \$400,000 in cash from Customer 11's account at Star Sydney: SMR dated 23 January 2017.

On 17 August 2017 and 20 August 2017, Customer 16 withdrew a total of \$300,000 from Customer 15's account at Star Sydney.

On 4 October 2018, while a junket representative for Customer 15's junket, Customer 16 withdrew \$232,985 from Customer 15's account at Star Sydney comprising \$57,985 in premium chips, \$80,000 in

cash chips \$95,000 in cash. Customer 16 divided the cash between the junket players. The junket was showing a win of \$835,635 at the time.

- I. Customer 16 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 29 May 2017 and 5 December 2018, Star Qld gave the AUSTRAC CEO eight TTRs detailing chip exchanges and account deposits by Customer 16 totalling \$241,400.

- m. between 1 March 2019 and 10 March 2020, Star Sydney provided Customer 16 with significant amounts of credit upon request, up to limits of \$3,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 1 March 2019, 15 April 2019, 16 April 2019 and 7 July 2019, Star Sydney approved a single trip CCF limit of \$2,000,000.

On 8 July 2019, Star Sydney approved a single trip CCF limit of \$2,000,000 with an additional trip only limit of \$1,000,000.

On 7 October 2019, 20 January 2020 and 10 March 2020, Star Sydney approved a single trip CCF limit of \$3,000,000.

- n. between 2017 and 2019, Customer 16 was the subject of law enforcement enquiries at Star;

Particulars

On 14 June 2017, Star Qld responded to a request for information from a law enforcement agency.

On 6 February 2018, Star Sydney received a notice to produce from a law enforcement agency, which it responded to.

On 26 November 2018, Star Sydney received a request for information from a law enforcement agency, which it responded to.

On 6 August 2019, Star Sydney received a request for information from an agency, to which it responded.

Interactions and information shared between Star Sydney, Star Qld and law enforcement agencies were stored on Star's investigations database. Star Qld and Star Sydney had access to the investigations database: see paragraph 49 above.

- o. Customer 16 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 16 had access to private gaming rooms at Star Sydney, including Rivers and Harbour Salons, Springs Salon, Lakes Salon, Oasis and the Sovereign Room.

- p. Customer 16 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 16 had access to private gaming rooms at Star Qld, including the Sovereign Room, Salon 99, Salon 21, Oasis, the Suite and Pit 8.

- q. in 2019, Star was aware of media articles which reported that Customer 16 was associated with Customer 10 and involved in significant junket activity and large cash withdrawals.

Particulars

Star Sydney was aware of publicly accessible media articles published on 31 July 2019 which alleged that:

- a. Customer 16 was formerly an employee of another Australian casino and had been hired by Customer 10 as his personal advisor; and
- b. Customer 16 had been assigned to facilitate Customer 10's gambling and traveling to the other Australian casino.

Star Sydney was aware of publicly accessible media articles published in December 2019 which alleged that:

- a. Customer 16 was a business manager at Customer 10's Australian company;
- b. Customer 16 and Customer 10 were players on a junket in April 2015 which Customer 16 may have operated;
- c. Customer 10 had provided a cheque for \$5,000,000 as the buy-in for the junket; and
- d. Customer 16 requested a cash withdrawal of \$100,000 on the first day of the junket.

- r. by October 2019, an independent corruption commission heard evidence that Customer 16 was associated with Customer 10; and

Particulars

In November 2018, an independent corruption commission issued Star with a notice to produce related to Customer 16 and Customer 10, among other people.

In October 2019, an independent corruption commission heard evidence that:

- a. Customer 16 was one of Customer 10's assistants; and
 - b. Customer 16 managed Customer 10's relationship with casinos and arranged trips or accommodation for Customer 10 and his guests.
- s. Star Sydney and Star Qld did not have adequate reason to believe that Customer 16's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 16 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood Customer 16 to be Customer 10's assistant and a business manager at Customer 10's company in Australia.

However, Star took no steps to review, update and verify Customer 16's source of wealth or source of funds. Star's understanding of Customer 16's source of wealth or source of funds were not commensurate with the high value financial and gambling services received by her at Star Sydney and Star Qld.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 16

1122. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 16 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 16.
- a. On and from 30 November 2016, Customer 16 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 16's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 16 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On and from 30 November 2016, Customer 16 was rated medium risk in respect of several of accounts, not being high risk for the purpose of the Act and Rules.

On 19 January 2021, Customer 16 was rated high risk in respect of several of accounts, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 16's transactions

1123. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 16's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 16, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators and junket representatives;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 16 through;

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. the EEIS remittance channel;

Particulars

See paragraph 493 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 16 through;

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- e. Star Sydney and Star Qld provided designated services to Customer 16 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 16's KYC information

- 1124. Star Sydney and Star Qld did not review, update and verify Customer 16's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 16's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 16's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 16's source of wealth and source of funds were not legitimate: see *Customer 16's risk profile* above.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 16's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 16.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 16's high ML/TF risks

1125. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 16 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 16; and
- c. reviewing and updating Customer 16's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 16 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 16*.

ECDD triggers in respect of Customer 16

1126. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 16 following any ECDD triggers in respect of Customer 16.

Particulars

Section 36(1)(a) and (b) of the Act.

1127. Customer 16:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 23 January 2017 and 4 April 2018, Star Qld gave the AUSTRAC CEO three SMRs with respect to Customer 16.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 7 February 2018 and 10 July 2020, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 16.

1128. Each matter pleaded in paragraph 1127 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

1129. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 16 following an ECDD trigger because:

- a. each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 16 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 16 and the provision of designated services to Customer 16 by Star Sydney and Star Qld, and to whether the ML/TF risks posed by Customer 16 were within Star Sydney's and Star Qld's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 9 July 2020, 24 February 2021 and 30 June 2021, Star conducted ECDD in respect of Customer 16.

On 24 February 2021, the ECDD screening in respect of Customer 16 identified that there were numerous adverse media articles which involved Customer 16 and her relationship with Customer 10.

On 30 June 2021, the ECDD screening noted that there had been no further adverse information identified since the February 2021 screening.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 16's higher ML/TF risks: see *Customer 16's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 16's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 16's source of wealth and source of funds were not legitimate: see *Customer 16's risk profile* above.

- b. Customer 16 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- c. on any occasion that Customer 16 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 16 and the provision of designated services to Customer 16 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 30 June 2021, following an ECDD screening, the Due Diligence Program Manger determined to maintain a customer relationship with Customer 16.

In determining that a business relationship could be continued, the Due Diligence Program Manager did not have regard to:

- a. Customer 16's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high; and
- b. Customer 16's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information and law enforcement enquiries suggesting that there were higher ML/TF risks as to their source of funds: see *Customer 16's risk profile* above.

Contravention of s36 of the Act in respect of Customer 16

1130. By reason of the matters pleaded from paragraphs 1116 to 1129 above, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 16 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1131. By reason of the matters pleaded at paragraph 1130, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 16.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 17

1132. Customer 17 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$2.5 billion for Customer 17.

Particulars

Customer 17 was a customer of Star Sydney from at least 20 April 2017.

1133. Star Sydney provided Customer 17 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket funder. Between 2017 and 2019, Star Sydney recorded that junkets operated or funded by Customer 17 had a turnover exceeding \$5.1 billion.

Particulars

On 26 June 2017, Star Sydney opened an FMA and SKA for Customer 17 which remain open (item 11, table 3, s6 of the Act).

Between 20 April 2017 and 23 June 2020, Star Sydney approved CCFs for Customer 17 on seven occasions ranging from \$25,000,000 to \$100,000,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel, which it made available to Customer 17 (items 31 and 32, table 1, s6 of the Act).

See *Customer 17's risk profile* below.

1134. Customer 17 was a customer of Star Qld during the relevant period. Between 2017 and 2018, Star Qld recorded turnover exceeding \$800 million for Customer 17.

Particulars

Customer 17 was a customer of Star Qld from at least 27 June 2017.

1135. Star Qld provided Customer 17 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2018, Star Qld recorded that junkets operated by Customer 17 had a turnover exceeding \$860 million.

Particulars

On 29 June 2017, Star Qld opened an FMA for Customer 17 which remains open (item 11, table 3, s6 of the Act).

On 24 August 2018, Star Qld opened an SKA for Customer 17 which remains open (item 11, table 3, s6 of the Act).

Between 17 July 2017 and 23 June 2020, Star Qld approved CCFs for Customer 17 on eight occasions ranging from \$25,000,000, with an additional trip only limit of \$12,500,000, to \$100,000,000 (item 6, table 1, s6 of the Act).

See *Customer 17's risk profile* below.

1136. At all times from 20 April 2017 in respect of Star Sydney and 27 June 2017 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 17.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 17's risk profile

1137. On and from 20 April 2017 in respect of Star Sydney and 27 June 2017 in respect of Star Qld, Customer 17, and the provision of designated services to Customer 17 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:
- a. Customer 17 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. in 2017, Customer 17 operated 20 junkets at Star Sydney;

Particulars

On 26 June 2017, Star Sydney approved Customer 17 to be a junket operator.

In 2017, 2018 and 2019, Customer 17 was one of the top ten junket operators whose junket operations in total involved the highest turnover at Star Sydney.

On eight occasions, Customer 17 was a junket player on his own junket.

- ii. Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 17 in the relevant period was \$2,662,637,504 with losses of \$13,393,075;

Particulars

In 2017, junkets operated by Customer 17 had a turnover of \$813,341,548 with wins of \$468,425.

In 2018, junkets operated by Customer 17 had a turnover of \$541,898,188 with losses of \$5,485,620.

In 2019, junkets operated by Customer 17 had a turnover of \$1,307,397,767 with losses of \$8,375,880.

- iii. between 2017 and 2019, Star Sydney recorded a cumulative turnover of \$543,938,902 for Customer 17 on twelve of their own junkets in circumstances where he was not recorded as a junket player in respect of those programs;

Particulars

See paragraph 670 above.

- iv. total benefits of \$20,733,876 were payable to Customer 17 by Star Sydney in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs and other benefits;

Particulars

Customer 17 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. In 2017, total benefits of \$6,207,476 were payable to Customer 17 by Star Sydney;
 - b. In 2018, total benefits of \$4,560,631 were payable to Customer 17 by Star Sydney; and
 - c. In 2019, total benefits of \$9,965,769 were payable to Customer 17 by Star Sydney.
- v. between 2017 and 2019, Star Sydney provided Customer 17 and his junket programs with significant amounts of credit upon request, up to limits of \$100,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 20 April 2017 and 21 June 2017, Star senior management including the Chief Executive Officer and the Chief Financial Officer approved a single trip CCF limit of \$25,000,000 for Customer 17.

On 17 July 2017, Star senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanent active CCF limit of \$25,000,000 with an additional trip only limit of \$12,500,000 for Customer 17 which was not deactivated.

On 12 August 2017, Star senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanent active CCF limit of \$37,500,000 with an additional trip only limit of \$12,500,000 for Customer 17 which was deactivated on 19 September 2017.

On 20 September 2017, Star senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanent active CCF limit of \$50,000,000 with an additional trip only limit of \$25,000,000 for Customer 17 which was not deactivated.

On 4 July 2019, Star Sydney approved a permanent active CCF limit of \$50,000,000 with an additional trip only limit of \$25,000,000 for Customer 17 which was deactivated on 23 June 2020.

On 19 August 2019, Star Sydney approved a single trip CCF limit of \$100,000,000 for Customer 17.

- vi. Customer 17 operated junkets in private gaming rooms at Star Sydney including private gaming rooms that were exclusive to the junket;

Particulars

Customer 17 operated junkets in non-exclusive private gaming rooms, including Oasis, the Sovereign Room and Pit 80.

Customer 17 operated junkets in exclusive private gaming rooms, including Salon 73, Salon 75, Salon 77, Salon 78, Salon 82, Salon 83 and Salon 89.

- vii. Customer 17 had three junket representatives at Star Sydney; and
- viii. Customer 17 and his junket representatives facilitated the provision of high value designated services to 74 junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

See paragraph 1137.j below.

- b. Customer 17 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;

- i. between 21 July 2017 and 28 August 2019, Customer 17 operated five junkets at Star Qld;

Particulars

On 22 August 2017, Star Qld approved Customer 17 to be a junket operator.

In 2017 and 2018, Customer 17 was one of the top ten junket operators whose junket operations in total involved the highest total turnover at Star Gold Coast.

Customer 17 provided a total of \$62,000,000 in funding for his junket programs at Star Qld.

On three occasions, Customer 17 was a junket player on his own junket.

- ii. Star Qld recorded that the total cumulative turnover of junkets operated by Customer 17 in the relevant period was \$868,963,934 with losses of \$3,073,830;

Particulars

In 2017, junkets operated by Customer 17 had a turnover of \$122,327,920 with losses of \$4,167,300.

In 2018, junkets operated by Customer 17 had a turnover of \$745,271,449 with wins of \$1,024,570.

In 2019, junkets operated by Customer 17 had a turnover of \$1,364,564 with wins of \$68,900.

- iii. between 21 July 2017 and 28 August 2019, Star Qld recorded a cumulative turnover of \$426,444,804 for Customer 17 as a junket player on his own junkets in circumstances where he was not recorded as a junket player in respect of those programs;

Particulars

See paragraph 670 above.

- iv. in the relevant period, total benefits of \$4,812,916 were payable to Customer 17 by Star Qld in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services and additional program agreement benefits;

Particulars

Customer 17 was entitled to benefits from Star Qld in his capacity as a junket operator.

- a. In 2017, total benefits of \$916,188 were payable to Customer 17 by Star Qld.
- b. In 2018, total benefits of \$3,887,466 were payable to Customer 17 by Star Qld.

- c. In 2019, total benefits of \$9,261 were payable to Customer 17 by Star Qld.
- v. between 17 July 2017 and 19 August 2019, Star Qld provided Customer 17 and his junket programs with significant amounts of credit upon request, up to limits of \$100,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 17 July 2017, Star senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanent active CCF limit of \$25,000,000 with an additional trip only limit of \$12,500,000 for Customer 17 which was not deactivated.

On 12 August 2017, Star senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanent active CCF limit of \$37,500,000 with an additional trip only limit of \$12,500,000 for Customer 17 which was deactivated on 19 September 2017.

On 20 September 2017, Star senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanent active CCF limit of \$50,000,000 with an additional trip only limit of \$25,000,000 for Customer 17 which was not deactivated.

On 23 March 2018, Star Qld approved a single trip CCF limit of \$20,000,000 for Customer 17.

On 4 July 2019, Star Qld approved a permanent active CCF limit of \$20,000,000 with an additional trip only limit of \$10,000,000 for Customer 17 at Treasury Brisbane, and a permanent active CCF limit of \$50,000,000 with an additional trip only limit of \$25,000,000 for use at Star Gold Coast, both of which were deactivated on 23 June 2020.

On 19 August 2019, Star Qld approved a single trip CCF limit of \$40,000,000 for use at Treasury Brisbane, and a single trip CCF limit of \$100,000,000 for use at Star Gold Coast, for Customer 17.

- vi. Customer 17 operated junkets in private gaming rooms at Star Qld including private gaming rooms that were exclusive to the junket;

Particulars

Customer 17 operated junkets in non-exclusive private gaming rooms, including Pit 11 and Pit 12.

Customer 17 operated junkets in exclusive private gaming rooms, including Salon 21, Salon 88, Salon 89 and Salon 90.

- vii. Customer 17 had two junket representatives at Star Qld; and
- viii. Customer 17 and his junket representatives facilitated the provision of high value designated services to 62 junket players at Star Qld including players who posed higher ML/TF risks and players who Star Qld considered had acted suspiciously;

Particulars

See paragraphs 643 to 649 above.

See particulars to paragraph 1137.k below.

On 17 August 2018, Star Qld identified that:

- a. one junket player on Customer 17's junket had attended with front money of \$3,000,000. Star Qld noted a loss of \$975,000 for the junket player in July 2018 despite having no recorded play in the previous two months. Star Qld was unaware of the junket player's source of funds and occupation. Star Qld considered the loss to be large: SMR dated 17 August 2018;
 - b. a second junket player on Customer 17's junket had attended with front money of \$3,000,000. Star Qld noted a loss of \$2,631,650 for the junket player in July 2018 despite having no recorded play in the previous two months. Star Qld understood the junket player's occupation to be in sales but was not aware of any further details. Star Qld considered the loss to be large: SMR dated 17 August 2018; and
 - c. a third junket player on Customer 17's junket had attended with front money of \$10,000,000. Star Qld noted a loss of \$833,540 for the junket player in July 2018 since he had joined earlier that month. Star Qld was unaware of the junket player's source of funds and occupation. Star Qld considered the loss to be large: SMR dated 17 August 2018.
- c. Customer 17 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
- i. in December 2017, Customer 17 funded a junket at Star Sydney;

Particulars

At Star Sydney, Customer 17, together with Customer 23, provided \$15,000,000 in funding for Customer 18's junket.

Customer 17 funded a junket operator in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

- ii. Star Sydney recorded that the total cumulative turnover of the junket funded by Customer 17 between 9 December 2017 and 13 December 2017 was \$2,488,935,150 with losses of \$31,674,440;
- iii. the junket funded by Customer 17 had one junket representative; and
- iv. the junket funded by Customer 17 facilitated the provision of high value designated services to at least six junket players;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- d. Customer 17 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. in 2017 and 2019, Customer 17 was a player on eight junkets at Star Sydney operated by himself; and
 - ii. in 2017 and 2019, Star Sydney recorded high and escalating turnover totalling \$1,975,335,902 with losses of \$1,312,200 for Customer 17's gaming activity on junket programs;

Particulars

In 2017, Customer 17's turnover on junket programs was \$327,364,758 with losses of \$772,250.

In 2018, Customer 17's turnover on junket programs escalated to \$501,647,458 with losses of \$100,700.

In 2019, Customer 17's turnover on junket programs escalated to \$1,146,323,685 with losses of \$439,250.

- e. Customer 17 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. in 2017 and 2018, Customer 17 was a player on three junkets at Star Qld operated by himself; and
 - ii. in 2017 and 2018, Star Qld recorded high and escalating turnover totalling \$379,492,139 with wins of \$2,276,775 for Customer 17's gaming activity on junket programs;

Particulars

In 2017, Customer 17's turnover on junket programs was \$122,327,920 with wins of \$2,489,425.

In 2018, Customer 17's turnover on junket programs escalated to \$257,164,219 with losses of \$212,650.

- f. designated services provided to Customer 17 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 17 referred players to Star Qld;

Particulars

See paragraph 625 above.

On 16 February 2018 and 1 April 2018, Customer 17 referred three players to Star Gold Coast.

On each occasion, Customer 17 received a commission on the amounts wagered by the referred player, who Star Qld dealt with directly.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 17 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 8 January 2020 and 4 March 2020, third parties acting on behalf of Customer 17 deposited a total of \$5,689,546 into the EEIS Patron accounts, which Star Sydney made available to Customer 17 through the EEIS remittance channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 8 August 2017 and 10 February 2020, Star Sydney received 10 telegraphic transfers totalling \$16,247,753, each of which was made available to Customer 17's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 30 October 2017 and 22 May 2019, Star Sydney sent two telegraphic transfers, totalling \$2,716,542 from Customer 17's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 31 August 2017 and 19 August 2019, Star Sydney sent six transfers totalling \$7,431,099 from Customer 17's account to Star Qld.

Between 16 September 2017 and 28 August 2019, Star Sydney received four transfers totalling \$5,562,379 from Star Qld, each of which was made available to Customer 17's account.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 17 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 14 September 2017 and 20 August 2019, Star Qld received three telegraphic transfers totalling \$2,719,988, each of which was made available to Customer 17's FMA and SKA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 23 November 2018, Star Qld facilitated a telegraphic transfer of \$4,889,500 from Customer 17's account to an overseas bank account.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 2 September 2017 and 17 December 2018, Star Qld received four transfers totalling \$3,435,185 from Star Sydney, each of which was made available to Customer 17's FMA at Star Gold Coast. At least \$1,077,569 of these funds were transferred for the purpose of redeeming an outstanding CCF.

On 14 May 2018, Star Qld facilitated two transfers totalling \$60,912 from Customer 17's FMA at Treasury Brisbane to Star Sydney.

Between 28 August 2019 and 16 September 2022, Star Qld facilitated three transfers totalling \$4,562,379 from Customer 17's FMA at Star Gold Coast to Star Sydney.

- j. Customer 17, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 20 July 2017 and 17 December 2019, Star Sydney gave the AUSTRAC CEO 16 TTRs detailing incoming payments to Customer 17 totalling \$649,400 which comprised:

- a. \$629,400 in account deposits; and
- b. \$20,000 in chip exchanges.

Between 19 July 2017 and 30 December 2019, Star Sydney gave the AUSTRAC CEO 41 TTRs detailing outgoing payments from Customer 17 totalling \$2,250,850 which comprised:

- a. \$2,032,500 in account withdrawals;
- b. \$208,350 in chip exchanges; and
- c. \$10,000 in other monetary values in.

Between 26 August 2017 and 3 May 2018, Customer 17 withdrew a total of \$460,000 from his FMA or SKA.

On 3 May 2019, Customer 17's junket representative withdrew \$300,000 from Customer 17's account. The source of the funds was from multiple tournament winnings that had accumulated. The transaction was supported by play however Star Sydney considered that the large cash withdrawal was unusual: SMR dated 6 May 2019.

On 18 August 2019, Customer 17 withdrew \$130,000 from his FMA and handed the cash in increments to multiple patrons. At the time, Customer 17 was operating a junket with a recorded turnover of \$40,594,500 and a loss of \$105,450. The junket had over 30 players and Star Sydney considered that this could explain the cash transactions.

On 17 December 2019, Customer 17's junket representative presented \$140,000 in cash to be deposited into Customer 17's account. The cash comprised \$100 notes with straps issued by the Star. The junket representative advised that the cash originated from withdrawals from Customer 17's account and that \$50,000 came from a junket player who had received a prize in a gaming tournament.

- k. Customer 17, and persons associated with his junket, transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 28 July 2017 and 20 November 2018, Star Qld gave the AUSTRAC CEO three TTRs detailing incoming payments to Customer 17 totalling \$446,300 which comprised account deposits.

Between 26 July 2017 and 20 November 2018, Star Qld gave the AUSTRAC CEO ten TTRs detailing outgoing payments from Customer 17 totalling \$1,086,055 which comprised:

- a. \$963,500 in account withdrawals; and
- b. \$122,555 in chip exchanges.

On 29 July 2018, Customer 17's junket representative made a large cash deposit of \$200,000 shortly after another Star Qld customer

been paid the same amount in winnings from a baccarat tournament:
SMR dated 30 July 2018.

- I. at various times, Customer 17 had significant parked or dormant funds in his SKA at Star Sydney;

Particulars

See paragraph 284 above.

From 22 June 2020 until at least 5 August 2022, Customer 17 had
\$107,084 parked in his SKA.

- m. Customer 17 requested that Star Sydney prepare letters purportedly confirming his winnings;

Particulars

See paragraphs 337 and 338 above.

On 1 May 2019, Star Sydney issued a letter of comfort purportedly
confirming Customer 17's winnings of \$1,000,000 under a
competition.

- n. Customer 17 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 17 had access to private gaming rooms at Star Sydney,
including the Lakes Salons, Springs Salons, Oasis and the Sovereign
Room.

- o. Customer 17 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 17 had access to private gaming rooms at Star Qld,
including the Sovereign Room, Salon 90, Salon 89, Salon 88, Salon
21, Pit 8 and the Club Conrad.

- p. Star Sydney and Star Qld did not have adequate reason to believe that Customer 17's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 17 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood Customer 17 to be an accountant.

In 2017 alone, Star Sydney and Star Qld recorded that junkets
operated by Customer 17 or funded by Customer 17 had a turnover
exceeding \$3 billion.

Between 2017 and 2019, Star Sydney and Star Qld recorded that turnover attributable to Customer 17 as a junket player exceeded \$2 billion.

Customer 17 also received numerous overseas third party deposits through the high risk EEIS remittance channel.

Despite this, Star Sydney and Star Qld did not take appropriate steps to review, update and verify Customer 17's source of wealth or source of funds in the context of the high value financial and gambling services provided to him.

At no time was Customer 17's stated source of wealth or source of funds commensurate with those high value financial and gambling services.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 17

1138. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 17 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 17.
- a. On and from April 2017, Customer 17 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 17's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 17 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 2 August 2017, Customer 17 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 26 January 2021, Customer 17 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 17's transactions

1139. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 17's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 17, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 17's junket as turnover was recorded against Customer 17 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 17 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. the EEIS remittance channel.

Particulars

See paragraph 493 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 17 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel.

Particulars

See paragraph 783 above.

- f. Star Sydney and Star Qld provided designated services to Customer 17 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- g. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 17.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 17 on 25 August 2017, 10 November 2017, 3 May 2018, 29 July 2018 and 18 August 2019: see *Customer 17's risk profile*.

The review, update and verification of Customer 17's KYC information

1140. Star Sydney and Star Qld did not review, update and verify Customer 17's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 17's business with each of Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 17's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 17's source of wealth or source of funds: see *Customer 17's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 17's KYC information on and from 20 April 2017 in respect of Star Sydney and 27 June 2017 in respect of Star Qld, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 17.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 17's high ML/TF risks

1141. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 20 April 2017 in respect of Star Sydney and 27 June 2017 in respect of Star Qld by:
- a. identifying and assessing the ML/TF risks posed by Customer 17 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 17; and
 - c. reviewing and updating Customer 17's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 17 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 17*.

ECDD triggers in respect of Customer 17

1142. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 17 following any ECDD triggers in respect of Customer 17.

Particulars

Section 36(1)(a) and (b) of the Act.

1143. Customer 17:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 6 May 2019, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 17.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 29 July 2018 and 17 August 2018, Star Qld gave the AUSTRAC CEO four SMRs with respect to Customer 17.

1144. Each matter pleaded in paragraph 1143 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

1145. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 17 following an ECDD trigger because:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 17 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 17 and the provision of designated services to Customer 17 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite; and

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 26 January 2021, Star conducted ECDD in respect of Customer 17.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 17's higher ML/TF risks: see *Customer 17's risk profile*.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 17's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 17's source of wealth or source of funds: see *Customer 17's risk profile*.

- b. Customer 17 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite.

Particulars

See paragraph 817 above.

Rules 15.10(6) and (7) of the Rules.

Contravention of s36 of the Act in respect of Customer 17

1146. By reason of the matters pleaded from paragraphs 1132 to 1145, on and from 20 April 2017, Star Sydney:

- a. did not monitor Customer 17 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1147. By reason of the matters pleaded at paragraph 1146, Star Sydney contravened s36(1) of the Act on and from 20 April 2017 with respect to Customer 17.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

1148. By reason of the matters pleaded from paragraphs 1132 to 1145, on and from 27 June 2017, Star Qld:

- a. did not monitor Customer 17 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1149. By reason of the matters pleaded at paragraph 1148, Star Qld contravened s36(1) of the Act on and from 27 June 2017 with respect to Customer 17.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 18

1150. Customer 18 was a customer of Star Sydney during the relevant period. Between 27 March 2017 and 17 December 2019, Star Sydney recorded turnover exceeding \$6.4 billion for Customer 18.

Particulars

Customer 18 was a customer of Star Sydney from at least 11 August 2008.

1151. Star Sydney provided Customer 18 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 27 March 2017 and 17 December 2019, Star Sydney recorded that junkets operated by Customer 18 had a turnover exceeding \$6.4 billion.

Particulars

By 2008, Star Sydney had opened an FMA and SKA for Customer 18, which remains open (item 11, table 3, s6 of the Act).

Between 13 April 2011 and 12 August 2019, Star Sydney approved CCFs for Customer 18 on multiple occasions up to facility limits of \$66,670,000 with an additional facility limit for that trip only of \$33,300,000 (item 6, table 1, s6 of the Act).

See *Customer 18's risk profile* below.

1152. Customer 18 was a customer of Star Qld during the relevant period. Between 10 December 2016 and 19 January 2019, Star Qld recorded turnover exceeding \$1.8 billion for Customer 18.

Particulars

Customer 18 was a customer of Star Qld from at least 19 August 2012.

1153. Star Qld provided Customer 18 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 10 December 2016 and 19 January 2019, Star Qld recorded that junkets operated by Customer 18 had a turnover exceeding \$1.8 billion.

Particulars

On 27 July 2015, Star Gold Coast opened an FMA for Customer 18 which remains open (item 11, table 3, s6 of the Act).

On 11 August 2008, Star Gold Coast opened an SKA for which remains open.

Between 23 July 2015 and August 2019, Star Qld approved CCFs for Customer 18 on four occasions up to facility limits of \$66,670,000 with an additional trip only limit of \$33,300,000, including on a permanently active basis from 23 July 2015 (item 6, table 1, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the EEIS remittance channel and the Bank 1 (Macau) cash channel, which it made available to Customer 18 (items 31 and 32, table 1, s6 of the Act).

See *Customer 18's risk profile* below.

1154. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 18.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 18's risk profile

1155. On and from 30 November 2016, Customer 18, and the provision of designated services to Customer 18 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 18's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 18 had the following risk history:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 18;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 31 occasions between 6 May 2014 and 12 October 2015.

The SMRs reported that between 3 May 2014 and 9 October 2015, Customer 18 and persons associated with his junket were involved in multiple large cash transactions at Star Sydney totalling at least \$11,777,940 many of which were carried out by junket representatives and other persons, including several deposits in mainly \$50 notes, two transactions involving large sums of foreign currency, and a deposit using cash in bank straps without bank stamps.

- ii. Customer 18 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

Between 31 July 2015 and 7 December 2016, Customer 18 operated 13 junkets at Star Sydney, five of which were funded by Customer 31, and the remainder of which were funded by Customer 18.

Between 31 July 2015 and 7 December 2016, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 18 was \$1,910,656,329, with cumulative losses of \$25,103,355.

In 2015 and 2016, Customer 31 was one of the top ten junket operators whose junket operations involved the highest total turnover at Star Sydney.

In 2015 and 2016, Customer 18 was also one of the top ten junket funders by amount of funding provided to junket programmes at Star Sydney.

Customer 18 had six junket representatives at Star Sydney.

- iii. Customer 18 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;

Particulars

Between 3 January 2015 and 16 January 2016, Customer 18 operated one junket at Star Qld, with a turnover of \$621,010 with wins of \$104,985.

Customer 18 had one junket representative at Star Qld.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 18 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraphs 278 and 327 above.

Between 24 May 2011 and 14 August 2014, Star Sydney gave the AUSTRAC CEO three incoming IFTIs totalling \$2,208,800 where Customer 18 was named as the ordering customer and the beneficiary. Of these funds, \$61,000 was used to repay a CCF, and the remainder was deposited into Customer 18's FMA.

Between 24 May 2011 and 9 July 2014, Star Sydney gave the AUSTRAC CEO 12 incoming IFTIs totalling \$3,159,573 where Customer 18 was named as the beneficiary, and the ordering customer was a third party company or individual overseas. Of these funds, \$848,525 was used to repay CCFs and the remainder was deposited into Customer 18's FMA.

Between 18 July 2015 and 22 November 2016, Star Sydney received 21 telegraphic transfers totalling \$26,688,060, each of which was made available to Customer 18's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 19 October 2011 and 4 June 2014, Star Sydney gave the AUSTRAC CEO three outgoing IFTIs totalling \$1,165,740 where Customer 18 was named as the ordering customer and beneficiary. Of these funds \$85,000 was a program settlement and the remaining funds were withdrawn from Customer 18's Star Sydney FMA.

On 23 April 2016, Star Sydney sent a telegraphic transfer of \$3,100,000 from Customer 18's SKA to an Australian bank account.

Between 5 August 2015 and 4 May 2016, Star Sydney sent six telegraphic transfers totalling \$3,833,775 from Customer 18's account to overseas bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

- v. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 18 by remitting large amounts of money out of the casino environment via his accounts;

Particulars

Remittances out of the casino environment

See paragraph 327.

On 24 January 2016, Star Qld facilitated two telegraphic transfers totalling \$80,473 from Customer 18's FMA at Star Gold Coast to two overseas bank accounts.

- vi. from 13 April 2011, Star Sydney provided Customer 18 with CCFs with limits of between \$3,300,000 to \$66,670,000, including some on a permanently active basis;

Particulars

On 13 April 2011, Star Sydney approved a CCF with a facility limit of \$3,300,000 for Customer 18.

On 10 May 2014, Star Sydney senior management, including the Chief Financial Officer, the Chief Executive Officer, and Group General Counsel and Company Secretary, approved a permanently active CCF with a facility limit of \$3,300,000.

On 23 July 2015, Star Sydney senior management, including the Chief Executive Officer, approved an increase to Customer 18's permanently active CCF facility limit to \$66,670,000.

- vii. from 23 July 2015, Star Qld provided Customer 18 with CCFs between \$33,300,000 to \$66,670,000, including on a permanently active basis;

Particulars

On 23 July 2015, Star Qld, including the Chief Executive Officer, approved a permanently active CCF with a facility limit of \$66,670,000 for Customer 18.

- viii. between 3 May 2014 and 9 October 2015, Customer 18 and persons associated with his junket engaged in frequent and large transactions involving cash at Star Sydney; and

Particulars

Transactions recorded by Star Sydney

Between 3 May 2014 and 9 October 2015, Star Sydney recorded that Customer 18 and persons associated with his junket engaged in transactions totalling \$17,491,635, including:

- a. ten deposits into Customer 18's account totalling \$3,969,610:
 - i. three of which were conducted by Customer 18's junket representatives;
 - ii. one of which was conducted by a junket player; and
 - iii. one of which was conducted by another person;
- b. ten withdrawals totalling \$2,317,900, six of which were conducted by Customer 18's junket representatives;
- c. 11 chip cash outs totalling \$2,901,850, six of which were conducted by Customer 18's junket representatives; and

- d. three foreign currency exchange transactions totalling \$7,695,437, two of which were conducted by another person on behalf of Customer 18's junket.

On four occasions, cash deposited comprised largely \$50 notes.

- ix. between 10 February 2015 and 2 April 2016, Customer 18 requested that Star Sydney prepare letters purportedly confirming his winnings on five occasions;

Particulars

Between 10 February 2015 and 2 April 2016, Star Sydney issued a letter of comfort purportedly confirming Customer 18's winnings on five occasions.

Customer 18's risk profile from 30 November 2016

- b. Customer 18 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 27 March 2017 and 17 December 2019, Customer 18 operated 40 junkets at Star Sydney, six of which were partly or fully funded by other junket funders;

Particulars

In 2017, Customer 18 was one of the top ten junket operators by volume of junket programs operated per year at Star Sydney.

Between 2016 and 2019, Customer 18 was one of the top ten junket funders at Star Sydney by amount of funding provided to junket programs. In 2017, Customer 18 was one of the top ten junket funders at Star Sydney by number of programs funded.

On 20 occasions, Customer 18 was a player on his own junkets.

Funding for six of Customer 18's junkets comprised funding from other junket funders:

- a. one junket was partly funded by Customer 17, and another junket funder,
 - b. one junket was fully funded by another junket funder; and
 - c. four junkets were partly funded by other junket funders.
- ii. between 27 March 2017 and 17 December 2019, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 18 was \$6,417,736,698 with losses of \$19,316,700;

Particulars

Between 2016 and 2018, Customer 31 was one of the top ten junket operators whose junket operations in total involved the highest total turnover at Star Sydney.

In 2017, junkets operated by Customer 31 had a turnover of \$5,663,242,996 with losses of \$29,661,210.

In 2018, junkets operated by Customer 31 had a turnover of \$334,289,573 with losses of \$1,415,625.

In 2019, junkets operated by Customer 31 had a turnover of \$420,204,129 with wins of \$11,760,135.

- iii. between 27 March 2017 and 17 December 2019 Star Sydney recorded a cumulative turnover of \$196,967,896 for Customer 18 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2016 and 2019, total benefits of \$37,302,341 were payable to Customer 18 by Star Sydney in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs and other benefits;

Particulars

Customer 18 was entitled to benefits from Star Sydney in his capacity as a junket operator.

- a. in 2016, total benefits of \$8,566,678 were payable to Customer 18;
 - b. in 2017, total benefits of \$31,051,636 were payable to Customer 18; and
 - c. in 2018, total benefits of \$3,112,613 were payable to Customer 18.
- v. between 17 May 2017 and 12 August 2019, Star Sydney provided Customer 18 with significant amounts of credit upon request, up to facility limits of \$66,670,000, with an additional trip only limit of \$33,330,000, on programs operated subject to a 70/30 Revenue Sharing JPA;

Particulars

See paragraphs 516 to 518 and 552 above.

On 17 May 2017, Star Sydney senior management, including Chief Financial Officer, approved a permanently active CCF with a facility limit of \$66,670,000, with an additional trip only limit of \$33,330,000 for Customer 18.

On 9 July 2019, Star Sydney approved a permanently active CCF of \$10,000,000 for Customer 18.

On 12 August 2019, Star Sydney approved a permanently active CCF with a facility limit of \$50,000,000 for Customer 18, which was deactivated on 2 July 2020.

- vi. Customer 18 had 11 junket representatives at Star Sydney;
- vii. Customer 18 operated junkets in private gaming rooms at Star Qld including private gaming rooms that were exclusive to the junket; and

Particulars

Customer 18 operated junkets in non-exclusive private gaming rooms, including Sovereign, Pit 80 and Oasis,

Customer 18 operated junkets in exclusive private gaming rooms, Salon 69, Salon 75, Salon 76, Salon 78, Salon 82, Salon 83, Salon 85, Salon 88, Salon 89.

- viii. Customer 18 and his junket representatives facilitated the provision of high value designated services to 196 junket players at Star Sydney including a foreign PEP, and players who posed higher ML/TF risks;

Particulars

See paragraphs 643 to 649 above.

See particulars to paragraph 1155.j below.

For example, in November 2018, a Star customer identified to be a foreign PEP was a player on Customer 18's junket.

- c. Customer 18 was a junket operator who facilitated the provision of high value financial gambling services (tables 1 and 3, s6 of the Act) at Star Qld;
- i. between 10 December 2016 and 19 January 2019, Customer 18 operated 11 junkets at Star Qld;

Particulars

Customer 18 was a top ten junket operator between 2016 and 2017 by volume of junket programs operated per year at Star Gold Coast.

In 2017, Customer 18 was one of the top ten junket funders at Star Sydney by number of programs funded.

- ii. between 10 December 2016 and 19 January 2019, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 18 was \$1,835,913,594 with losses of \$18,300,840;

Particulars

Between 2016 and 2018, Customer 18 was one of the top ten junket operators whose junket operations in total involved the highest total turnover at Star Gold Coast.

Between 10 December 2016 and 23 December 2016, junkets operated by Customer 31 had a turnover of \$201,286,800 with wins of \$1,790,250.

In 2017, junkets operated by Customer 31 had a turnover of \$1,387,473,322 with losses of \$16,306,805.

In 2018, junkets operated by Customer 31 had a turnover of \$222,560,592 with losses of \$7,001,135.

In 2019, junkets operated by Customer 31 had a turnover of \$24,592,880 with wins of \$3,216,850.

- iii. between 10 December 2016 and 19 January 2019, Star Qld recorded a cumulative turnover of \$204,844,569 for Customer 18 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2016 and 2019, total benefits of \$12,871,085 were payable to Customer 18 by Star Qld in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services;

Particulars

Customer 18 was entitled to benefits from Star Qld in his capacity as a junket operator:

- a. in 2016, total benefits of \$1,471,796 were payable to Customer 18;
 - b. in 2017, total benefits of \$8,242,536 were payable to Customer 18;
 - c. in 2018 total benefits of \$2,954,028 were payable to Customer 18; and
 - d. in 2019, total benefits of \$202,724 were payable to Customer 18.
- v. between 23 July 2015 and 12 August 2019, Star Qld provided Customer 18 with significant amounts of credit upon request, up to a facility limit of \$66,670,000, with an additional trip only limit of \$33,330,000, on programs operated subject to a 70/30 Revenue Sharing JPA;

Particulars

See paragraphs 516 to 518 and 552 above.

On 17 May 2017, Star Qld senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanently active CCF with a facility limit of \$66,670,000, with an additional trip only limit of \$33,330,000 for Customer 18.

On 9 July 2019, Star Qld senior management approved a permanently active CCF with a facility limit of \$33,330,000 for Customer 18.

On 12 August 2019, Star Qld senior management approved a permanently active CCF with a facility limit of \$50,000,000 for Customer 18.

- vi. Customer 18 operated junkets in private gaming rooms at Star Qld including private gaming rooms that were exclusive to the junket;

Particulars

Customer 18 operated junkets in non-exclusive private gaming rooms, including Pit 6 and Pit 7,

Customer 18 operated junkets in exclusive private gaming rooms, including Pit 8, Pit 9, Salon 21, Salon 22, Salon 69, Salon 88 and Salon 90.

- vii. Customer 18 had three junket representatives, including Person 7, at Star Qld; and
- viii. Customer 18 and his junket representatives facilitated the provision of high value designated services to 79 junket players at Star Qld including players who posed higher ML/TF risks and in respect of whom Star Qld had formed suspicions, such as Customer 50;

Particulars

See paragraphs 643 to 649 above.

See paragraphs 1155.k and 1155.m.

See Customer 50's risk profile.

Customer 50 was a player on a junket operated by Customer 18 at Star Gold Coast from 21 January 2019 to 22 January 2019.

- d. designated services provided to Customer 18 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- e. Customer 18 was connected to other customers at Star Sydney and Star Qld, including junket funders, junket operators, junket representatives and junket players, foreign PEPs, players who posed higher ML/TF risks such as Customer 17, Customer 50 and players who Star Sydney and Star Qld considered had acted suspiciously;

Particulars

See paragraphs 1155.b, 1155.c, 1155.j and 1155.k.

- f. Customer 18 referred players to Star Sydney;

Particulars

See paragraph 625 above.

Customer 18 received a commission on amounts wagered by referred players, who Star Sydney dealt with directly.

- g. between 9 April 2017 and 9 May 2019, Customer 18 referred four players to Star Qld;

Particulars

See paragraph 625 above.

Between 9 April 2017 and 9 May 2019, Customer 18 referred four players to Star Qld. On each occasion, Customer 18 arranged for the

referred player to attend Star Qld on a rebate program without Customer 18 or his junket representative being present.

Customer 18 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 18 by remitting large values into and out of the casino environment from via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances involving third parties

See paragraphs 278 and 327 above.

On 21 August 2018, Star Sydney received a transfer of \$270,793 from an unknown third party account overseas, which it made available to Customer 18's Star Sydney account. The funds were used to fund a junket player on a junket operated by Customer 18: SMR dated 29 October 2018.

The above transaction was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 16 June 2017 and 21 May 2019, Star Sydney received 11 telegraphic transfers totalling \$2,386,276, each of which was made available to Customer 18's account.

Between 1 August 2017 and 15 June 2018, Star Sydney gave the AUSTRAC CEO five incoming IFTIs totalling \$5,182,685 where Customer 18 was named as the ordering customer and beneficiary. The funds were deposited into Customer 18's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 22 June 2017 and 3 September 2019, Star Sydney sent five telegraphic transfers totalling \$11,195,300 from Customer 18's account to Australian bank accounts.

Between 27 March 2018 and 28 November 2019, Star Sydney sent four telegraphic transfers totalling \$1,809,771 from Customer 18's FMA to other Australian casinos.

Between 8 April 2017 and 7 March 2019, Star Sydney sent three telegraphic transfers totalling \$3,566,841 from Customer 18's account to overseas bank accounts.

On 21 July 2022, Star Sydney gave the AUSTRAC CEO an outgoing IFTI detailing a transfer of \$382,774 to Customer 18's overseas bank account. The funds were withdrawn from Customer 18's Star Sydney SKA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 23 December 2016 and 1 January 2017, Star Sydney received three transfers totalling \$1,577,180 from Star Qld, each of which was made available to Customer 18's account.

Between 31 July 2017 and 31 May 2019, Star Sydney sent six transfers totalling \$13,954,024 from Customer 18's account to Star Qld.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 18 by remitting large values into, out of and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

On 17 May 2019, a third party acting on behalf of Customer 18 deposited a total of \$44,532 into the EEIS Patron accounts, which Star Qld made available to Customer 18 through the EEIS remittance channel.

Remittances through the Bank 1 (Macau) cash channel

See paragraphs 372 and 382 to 384 above.

On 8 August 2017, unknown persons deposited \$1,680,192 in cash at Bank 1 which Star Qld made available to Customer 18 through the Bank 1 (Macau) cash channel.

Other remittances involving third parties

See paragraphs 278 and 327 above.

On 3 August 2017, Star Qld gave the AUSTRAC CEO an incoming IFTI totalling \$184,740 where Customer 18 was named as the beneficiary, and the ordering customer was an overseas third party. The funds were used to repay a CCF under Customer 31's account.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 8 August 2017 and 15 November 2018, Star Qld received three telegraphic transfers totalling \$13,429,399 which it made available to Customer 18's FMA at Star Gold Coast.

Between 3 August 2017 and 11 August 2017, Star Qld gave the AUSTRAC CEO four incoming IFTIs totalling \$3,215,111 where Customer 18 was named as the ordering customer and beneficiary. The funds were used to repay CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 23 December 2016, Star Qld facilitated a telegraphic transfer of \$1,957,200 from Customer 18's FMA at Star Gold Coast to an Australian bank account.

Between 12 October 2018 and 6 March 2019, Star Qld facilitated three telegraphic transfers totalling \$2,614,152 from Customer 18's FMA at Star Gold Coast to two overseas bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 10 December 2016, Customer 18's junket representative, Person 7, arrived at Star Qld with \$483,760 in cash, and placed the funds into an FMA. The funds were transferred to Star Sydney under Person 7's name, and then transferred to Customer 18's FMA. The ground of suspicion was the large amount of cash carried by Person 7: SMR dated 12 December 2016.

Between 15 April 2017 and 31 May 2019, Star Qld received seven transfers totalling \$4,884,500 from Star Sydney, each of which was made available to Customer 18's FMA at Star Gold Coast. At least \$1,192,096 of these funds were transferred for the purpose of redeeming an outstanding CCF.

On 24 January 2018, Star Qld facilitated a transfer of \$222,480 from Customer 18's FMA at Star Gold Coast to Star Sydney.

- j. Customer 18 and persons associated with his junket transacted using large amounts of cash and cash that appeared suspicious, including, on one occasion, cash bundled with elastic bands inside vacuum sealed plastic bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Transactions recorded by Star Sydney

Between 2 December 2016 and 18 December 2019, Star Sydney gave the AUSTRAC CEO 150 TTRs detailing chip and cash exchanges, account deposits, account withdrawals and other transactions made by Customer 18 and his agents and junket representatives totalling \$6,664,077.

Large and suspicious cash transactions in 2018

On 23 August 2018, Customer 18's junket representative deposited \$350,000 in cash into Customer 18's account. The cash presented was \$5,100 in \$100 notes, \$325,100 in \$50 notes, \$19,620 in \$20 notes, \$210 in \$10 notes and \$20 in \$5 notes. The cash was bundled with elastic bands inside vacuum sealed plastic bags. The cash and wrapping were held aside by Star Sydney for inspection by law enforcement: SMR dated 24 August 2018.

Further to the above transaction, the cash was subsequently seized by law enforcement, and there were raids on the hotel rooms of two individuals associated with the cash, which also resulted in chips being seized. One of the individuals was not listed as a player on the junket.

Star Sydney also subsequently discovered a telegraphic transfer of \$270,793 on 21 August 2018 to Customer 18 from a third party to fund a junket player on the Customer 18 junket. The funds were deposited and withdrawn as chips by a junket representative. The junket player lost \$100,000 playing on the junket: SMR dated 29 October 2018.

- k. Customer 18, and persons associated with his junket, transacted using large amounts of cash and cash that appeared suspicious at Star Qld;

Particulars

Between 1 January 2017 and 21 January 2019, Star Qld gave the AUSTRAC CEO 13 TTRs detailing chip and cash exchanges, account deposits, account withdrawals and other transactions made by Customer 18 and his agents and junket representatives totalling \$2,170,129.

Large and suspicious cash transactions in 2016

See particulars to paragraph 1155.i.

Large and suspicious cash transactions in 2017

Between 3 January 2017 and 12 December 2017, Star Qld gave the AUSTRAC CEO six TTRS detailing chip and cash exchanges, account deposits and account withdrawals made by Customer 18 totalling \$1,660,279.

See particulars to paragraph 1155.m.

Large and suspicious cash transactions in 2018

Between 26 July 2018 and 13 October 2018, Star Qld gave the AUSTRAC CEO six TTRS detailing transactions made by Customer 18 totalling \$439,850.

In July 2018, Customer 18 operated a junket programme with front money of \$15,000,000. A junket player, Person 61, on the Customer 18 junket lost \$1,119,200 that month. Person 61 recorded some minor play on gaming machines for June and July 2018. Person 61's source of funds was recorded as being an investor: SMR dated 17 August 2018.

In October 2018, a junket player, Person 61, had lost \$9,401,750 that month. Person 61 was a player on Customer 6's junket between 1 and 8 October 2018 and lost \$5,140,750. Person 61 then participated in Customer 18's junket from 9 to 10 October 2018, and lost another \$4,261,000: SMR dated 6 November 2018.

- I. at various times, Customer 18 had significant parked or dormant funds in his FMA at Star Sydney;

Particulars

Between 17 December 2019 and 16 June 2022, Customer 18 had \$382,774 parked in his FMA.

See paragraph 284 above.

- m. Customer 18's junket representatives engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including cashing-in large value chips with no evidence of play;

Particulars

See paragraph 25 above.

In May 2017, Customer 18's junket representative and junket players were involved in transactions indicative of the ML/TF typology of cashing-in large value chips with no evidence of play.

- a. During this period, Customer 18 operated a junket program at Star Qld with a front money of \$10 million, and 30 nominated players.
- b. On 25 May 2017, Customer 18's junket representative, Person 7, made two chip cash-out transactions, for \$50,000 and

\$130,000 respectively. Star Qld's review of play for the group indicated that at that time, only one junket player had any recorded play.

- c. After obtaining the \$50,000 in cash, Person 7 was observed on surveillance footage giving \$5,000 cash to a junket player in the gaming room, and placing the remaining cash into a bag on a chair.
 - d. After obtaining the \$130,000 in cash, Person 7 was observed on surveillance footage giving \$70,000 to an unidentified man in the gaming room, who left shortly after. The remaining \$60,000 in cash was placed into a bag on a chair in the gaming room. The unidentified man did not appear to be one of the recorded junket players: SMR dated 26 May 2017.
- n. persons associated with Customer 18's junket requested that Star Qld prepare letters purportedly confirming winnings;

Particulars

See paragraphs 337 and 338 above.

On 5 March 2019, Star Gold Coast prepared a letter at the request of a player on the Customer 18 junket purportedly confirming his winnings of \$3,670,000 on a junket operated by Customer 18 on 19 January 2019 to 22 January 2019 at Star Gold Coast.

- o. In 2018, junket representatives and other persons associated with Customer 18's junket were the subject of law enforcement enquiries on one occasion at Star;

Particulars

On 24 August 2018, Star Sydney received a request from a law enforcement agency in relation to the suspicious cash transaction at Star Sydney on 23 August 2018 involving Customer 18's junket representative: see particulars to paragraph 1155.j. Two people were charged with dealing with money suspected of being the proceeds of crime: SMR dated 29 October 2018.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- p. Customer 18 had access to private gaming rooms at Star Sydney and Star Qld; and

Particulars

See paragraph 616 above.

Customer 18 had access to private gaming rooms at Star Sydney, including the Sovereign, Oasis, Lakes Salons, Rivers Salons, Springs Salon.

Customer 18 had access to private gaming rooms at Star Qld, including the Club Conrad, Pit 8, Pit 9, Salon 21, Salon 22, Salon 69, Salon 88, Salon 90, Salon 95, Salon 98, Sovereign Room TG, The Club, The Sovereign, Pit 21.

- q. Star Sydney and Star Qld did not have adequate reason to believe that Customer 18's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 18 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star Sydney and Star Qld recorded Customer 18's occupation as junket promoter/operator, junket representative and junket player.

Star Sydney and Star Qld did not take appropriate steps to verify Customer 6's source of wealth or source of funds in circumstances where:

- a. Customer 18 was one of the top ten junket funders at Star Sydney by amount of funding provided to junket programs;
- b. Star Sydney recorded turnover exceeding \$6.4 billion for junkets operated by Customer 18 at Star Sydney between 2017 and 2019; and
- c. Star Qld recorded turnover exceeding \$1.8 million for junkets operated by Customer 18 between 2016 and 2019.

See paragraphs 1155.b, 1155.c, 1155.j and 1155.k.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 18

1156. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 18 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 18.

- a. On and from 30 November 2016, Customer 18 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 18's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 18 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 26 January 2021, Customer 18 was rated high, not being high for the purpose of the Act and Rules, in relation to his primary account and his second, third, fourth, fifth and sixth sub-accounts.

At no time was Customer 18 rated high risk for the purpose of the Act and Rules in relation to his first sub-account. Customer 18 was rated medium, not being high risk for the purpose of the Act and Rules, in respect of his first sub-account on 6 August 2019.

Monitoring of Customer 18's transactions

1157. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 18's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 18, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 18 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 18 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the EEIS remittance channel and the Bank 1 (Macau) cash channel;

Particulars

See paragraphs 383 and 493 above.

- e. Star Sydney and Star Qld provided designated services to Customer 18 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 18.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incident involving Customer 18 on 10 December 2016: see *Customer 18's risk profile*.

The review, update and verification of Customer 18's KYC information

- 1158. Star Sydney and Star Qld did not review, update and verify Customer 18's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 18's business with each of Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 18's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 18's source of wealth and source of funds were not legitimate: see *Customer 18's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 18's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 18.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 18's high ML/TF risks

1159. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 18 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 18; and
- c. reviewing and updating Customer 18's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 18 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 18*.

ECDD triggers in respect of Customer 18

1160. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 18 following any ECDD triggers in respect of Customer 18.

Particulars

Section 36(1)(a) and (b) of the Act.

1161. Customer 18:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 24 August 2018 and 29 October 2018, Star Sydney gave the AUSTRAC CEO two SMRs with respect to Customer 18.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 12 December 2016 and 6 November 2018, Star Qld gave the AUSTRAC CEO four SMRs with respect to Customer 18.

1162. Each matter pleaded in paragraph 1161 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

1163. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 18 following an ECDD trigger because:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 18 in response to an ECDD trigger, it failed to give appropriate consideration to ML/TF risks posed by Customer 18 and the provision of designated services to Customer 18 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 13 February 2019, Star Sydney and Star Qld conducted ECDD in respect of Customer 18.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 18's higher ML/TF risks: see *Customer 18's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 18's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 18's source of wealth and source of funds were not legitimate: see *Customer 18's risk profile*.

- b. Customer 18 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite.

Particulars

See paragraph 817 above.

Rules 15.10(6) and (7) of the Rules.

Contravention of s36 of the Act in respect of Customer 18

1164. By reason of the matters pleaded from paragraphs 1150 to 1163 above, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 18 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1165. By reason of the matters pleaded at paragraph 1164, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 18.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 19

1166. Customer 19 was a customer of Star Sydney during the relevant period. Between 2016 and 2018, Star Sydney recorded turnover exceeding \$23 million for Customer 19.

Particulars

Customer 19 was a customer of Star Sydney from at least 6 March 2015.

1167. Star Sydney provided Customer 19 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket player. Between 2017 and 2018, Star Sydney recorded that junkets operated by Customer 19 had a turnover exceeding \$1.2 billion.

Particulars

On 12 May 2015, Star Sydney opened an FMA and SKA for Customer 19 both of which remain open (item 11, table 3, s6 of the Act).

Between 26 July 2015 and 14 May 2019, Star Sydney approved CCFs for Customer 19 on 35 occasions ranging from \$40,000 to \$21,000,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Customer 9 channels and the Hotel Card channel, which it made available to Customer 19 (items 31 and 32, table 1, s6 of the Act).

See Customer 19's risk profile below.

1168. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 19.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 19's risk profile

1169. On and from 30 November 2016, Customer 19, and the provision of designated services to Customer 19 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 19's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 19 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 19;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 10 occasions between 16 March 2015 and 23 June 2016.

The SMRs reported that Customer 19 transacted using large amounts of cash and cash that appeared suspicious: see particulars to paragraph 1169.a.v below.

- ii. by 30 November 2016, Customer 19 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

Between 31 May 2015 and 7 October 2016, Customer 19 operated 14 junkets at Star Sydney, one of which was funded by Customer 45.

Between 2015 and 2016, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 19 was \$1,180,315,916 with losses of \$45,372,378.

Between 2015 and 2016, Star Sydney recorded a cumulative turnover of \$21,347,495 for Customer 19 as a junket player on their own junkets, despite not being a junket player on those particular junkets.

In 2015, Customer 19 was a top ten junket operator at Star Sydney by number of junket programs he operated that year.

In 2016, Customer 19 was a top ten junket operator by turnover at Star Sydney.

In 2016, Customer 19 was the junket operator for the top junket player by turnover for the year at Star Sydney, Customer 45.

Between 2015 and 2016, total benefits of \$8,546,887 were payable to Customer 19 in their capacity as a junket operator for rebates earned and other benefits.

Customer 19 had three junket representatives at Star Sydney, including Customer 66 and Person 12.

Customer 19 and his junket representatives facilitated the provision of high value designated services to 22 junket players at Star Sydney, including players in respect of whom Star Sydney had formed suspicions such as Customer 45, Customer 66 and Person 12.

- iii. by 30 November 2016, Customer 19 received financial and gambling services (tables 1 and 3, s6) at Star Sydney other than through junket programs. In 2015, Customer 19's individual rated turnover was \$3,573;

Particulars

See paragraph 752 above.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 19 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

Between 26 July 2015 and 19 October 2016, Customer 19 transacted \$3,725,000 through the Hotel Card channel and was given temporary CCFs while waiting for the funds to clear.

On at least 22 occasions, the CCFs were directly approved by senior management at Star, including the Chief Executive Officer, the Chief Financial Officer, the Group General Counsel and the Star Sydney Managing Director.

Other remittances into the casino environment

See paragraph 327 above.

Between 1 July 2016 and 29 November 2016, Star Sydney gave the AUSTRAC CEO nine incoming IFTIs totalling \$14,537,700 where Customer 19 was named as the ordering customer and beneficiary.

On 17 December 2021, Star Sydney gave the AUSTRAC CEO three incoming IFTIs totalling \$3,090,574 in respect of transactions between 26 August 2016 and 12 September 2016 where Customer 19 was named as the ordering customer sender and beneficiary.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 13 September 2016, Star Sydney sent a telegraphic transfer of \$192,000 from Customer 19's FMA to an Australian bank account.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 25 February 2016, Customer 19 transferred \$1,000,000 from his Star Sydney account to Customer 66's Star Sydney account. Customer 66 withdrew these funds as a non-winnings cheque: SMR dated 26 February 2016.

- v. Customer 19 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and bags; and

Particulars

TTRs

Between 9 March 2015 and 10 October 2016, Star Sydney gave the AUSTRAC CEO 57 TTRs totalling \$3,116,068, including:

- a. 18 TTRs detailing chip and cash exchanges involving Customer 19 totalling \$595,050;
- b. seven TTRs detailing account deposits involving Customer 19 totalling \$661,000;
- c. 22 TTRs detailing account withdrawals involving Customer 19 totalling \$1,389,000;
- d. one TTR detailing other monetary value in involving Customer 19 totalling \$52,669,19; and
- e. nine TTRs detailing other monetary value out involving Customer 19 totalling \$418,349.

Large and suspicious cash transactions in 2015

On 13 March 2015, Customer 19 and another customer split \$50,000 in cash between them to exchange for chips at Star Sydney. Customer 19 and the other customer both advised Star that they were exchanging the cash on Customer 45's behalf. Customer 19 returned shortly after to exchange a further \$20,000 in cash for chips. The cash was contained in a brown leather satchel which appeared to contain approximately \$400,000 in cash: SMR dated 16 March 2015.

On 13 March 2015, Customer 3's Suncity junket representative \$200,000 from Customer 3's account at Star Sydney. The junket representative handed the cash to Customer 19, who then purchased \$100,000 worth of chips with the cash and delivered these chips to Customer 45. Customer 19 subsequently purchased a further

\$80,000 worth of chips with cash and was observed giving the chips, and the remaining cash, to Customer 45: SMR dated 17 March 2015.

On 9 May 2015, Customer 19 deposited \$280,000 in cash, made up of \$280,000 in \$50 notes and \$20,000 in \$100 notes, into Customer 45's Star Sydney account. The cash was presented in rubber bands.

The SMR described Customer 19 as Customer 45's 'personal assistant': SMR dated 12 May 2015.

On 18 June 2015, Customer 19 deposited \$200,000 in cash into his Star Sydney account. The cash comprised of \$50 notes bundled in elastic bands: SMR dated 19 June 2015.

Large and suspicious cash transactions in 2016

On 18 February 2016, Customer 19 withdrew \$100,000 in cash from his Star Sydney account: SMR dated 19 February 2016.

On 24 February 2016, Customer 19 withdrew two large amounts of cash from his Star Sydney account within a 20-minute period. He returned within an hour and deposited the cash back to his account: SMR dated 25 February 2016.

On 25 February 2016, Customer 19 withdrew \$510,000 in cash from his Star Sydney account. Two hours later, he returned with Customer 66 and deposited the cash to her Star Sydney account. Customer 66 then withdrew the funds as a Star non-winning cheque. Customer 19 also transferred \$1,000,000 from his Star Sydney account to Customer 66's Star Sydney account, which she withdrew as a non-winning cheque: SMR dated 26 February 2016.

On 9 March 2016, Star Sydney issued two cheques for \$2,700,000 and \$3,000,000 from Customer 19's junket account in favour of Customer 66. Star Sydney noted that Customer 66 was listed as a player on the junket, but had not recorded any play. Star Sydney was advised that Customer 66 had a bank account in Australia but her husband, Customer 45, who played on the junket, did not have an account in Australia: SMR dated 11 March 2016.

On 22 June 2016, Customer 19 deposited \$200,000 in cash into his Star Sydney account. The cash comprised of \$100,000 in \$100 notes and \$100,000 in \$50 notes: SMR dated 23 June 2016.

Customer 19's risk profile from 30 November 2016

- b. Customer 19 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2017 and 2018, Customer 19 operated 11 junkets at Star Sydney;
 - ii. between 2017 and 2018, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 19 was \$1,229,140,120 with losses of \$40,048,425;

Particulars

In 2017, junkets operated by Customer 19 had turnover of \$1,210,308,710 with losses of \$42,637,550.

In 2018, junkets operated by Customer 19 had turnover of \$18,831,410 with wins of \$2,589,125.

In 2017, Customer 19 was a top ten junket operator by turnover at Star Sydney.

In 2017, Customer 19 was one of the junket operators for a top ten junket player by turnover for the year at Star Sydney, Customer 45.

- iii. between 2017 and 2018, Star Sydney recorded a cumulative turnover of \$87,940,983 for Customer 19 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2017 and 2018, total benefits of \$9,348,100 were payable to Customer 19 by Star Sydney in his capacity as a junket operator for rebates earned and other benefits;

Particulars

Customer 19 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2017, total benefits of \$9,211,764 were payable to Customer 19; and
- b. in 2018, total benefits of \$136,336 were payable to Customer 19.
- v. between 2017 and 2019, Star Sydney provided Customer 19 and his junket programs with significant amounts of credit upon request, up to limits of \$21,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 10 March 2017 and 14 May 2019, Star Sydney provided Customer 19 with CCFs between \$10,000,000 and \$21,000,000 on six occasions. On at least two of these occasions, the CCFs were directly approved by the Chief Executive Officer and the Chief Financial Officer.

- vi. Customer 19 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 19 operated junkets in non-exclusive private gaming rooms, including the Lakes Salons, Sovereign (Cage) and the Lakes Salon (Cage).

Customer 19 operated junkets in exclusive private gaming rooms, including Salons 67, 68, 69, 75, 80, 83 and 85.

- vii. Customer 19 had two junket representatives at Star Sydney including Person 12; and
- viii. Customer 19 and his junket representatives facilitated the provision of high value designated services to three junket players at Star Sydney including players who posed higher ML/TF risks such as Customer 45 and Person 12;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 19 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. in 2017, Customer 19 was a player on at least three junkets at Star Sydney that he also operated and funded; and
 - ii. in 2017, Star Sydney recorded high turnover totalling \$23,664,680 with wins of \$171,000 for Customer 19's gaming activity on junket programs;
- d. designated services provided to Customer 19 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- e. Customer 19 was connected to other customers at Star Sydney including junket players in respect of whom Star Sydney had formed suspicions such as Customer 45 and Customer 66;

Particulars

See paragraph 1169.b above.

Customer 19 transferred funds from his Star Sydney account to Customer 45 and Customer 66's Star Sydney accounts: see particulars to paragraph 1169.g below.

- f. Customer 19 received financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2018, Star Sydney recorded individual rated turnover totalling \$57,168 for Customer 19;

Particulars

See paragraph 752 above.

In 2016, Customer 19's individual rated turnover was \$55,672.

In 2018, Customer 19's individual rated turnover was \$1,496.

- g. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 19 by remitting large amounts of money into, out of and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

On 12 October 2017 and 13 October 2017, Customer 19 transacted \$10,000 and \$20,000 respectively through the Hotel Card channel and was given temporary CCFs while waiting for the funds to clear.

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 25 October 2018 and 8 June 2018, deposits through the Customer 9 channels totalling AU\$7,161,399 and HKD12,231,693 were made available by Star Sydney to Customer 19's account.

Other remittances into the casino environment

See paragraph 327 above.

Between 13 June 2018 and 18 March 2020, Star Sydney received 44 telegraphic transfers totalling \$106,369,394, each of which it made available to Customer 19's account.

Between 16 August 2017 and 12 September 2017, Star Sydney received 21 transfers from an unknown account overseas, which it made available to Customer 19's account, which had a balance of over \$26,000,000. Star Sydney noted that Customer 19 was due to arrive at the casino on 8 October 2017 to utilise the funds for a junket buy-in. Star Sydney considered the large amount of telegraphic transfers, and the balance of Customer 19's account, to be excessive: SMR dated 4 October 2017.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 9 March 2019, Star Sydney sent a telegraphic transfer of \$2,907,560 from Customer 19's SKA to an Australian bank account.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

2017

On 20 February 2017, Customer 19 transferred \$148,001 from his Star Sydney account to Customer 66's Star Sydney account.

Customer 66 then withdrew the funds as cash. Star Sydney noted that the funds had been sent to Customer 19 via telegraphic transfer, and were not used for gaming purposes at any time by Customer 19 or Customer 66: SMR dated 21 February 2017.

On 15 August 2017, Customer 19 transferred \$300,000 from his Star Sydney account to Customer 66's Star Sydney account. Customer 66 then withdrew the funds as cash. Star Sydney noted that the funds had been sent to Customer 19 via telegraphic transfer, and were not used for gaming purposes at any time by Customer 19 or Customer 66: SMR dated 16 August 2017.

On 10 October 2017, Customer 19 transferred \$600,000 from his Star Sydney account to Customer 66's Star Sydney account. Customer 66 then withdrew the funds as cash. Star Sydney noted that the funds had been sent to Customer 19 via telegraphic transfer, and were not used for gaming purposes at any time by Customer 19 or Customer 66: SMR dated 10 October 2017.

On 13 October 2017, Customer 19 transferred \$571,180 from his Star Sydney account to Customer 66's Star Sydney account. The source of these funds was telegraphic transfers Customer 19 had received from an unknown account. Customer 66 withdrew \$500,000 as a Star cheque in her favour, and withdrew the remaining \$71,180 as cash. Star Sydney noted that Customer 66 did not use the funds for gaming, and had not recorded any play since 2017: SMR dated 13 October 2017.

2018

On 18 February 2018, Customer 19 made 10 deposits totalling \$33,733,461 into Customer 45's Star Sydney SKA. Eight of these transfers were from Customer 19's Star Sydney SKA to Customer 45's Star Sydney SKA. Star Sydney noted that it was unclear where the funds came from as the rated gaming for the accounts did not support the volume of funds, but observed that Customer 19 had multiple accounts.

On 6 May 2018, a customer opened an account at Star Sydney. Customer 19 then transferred \$150,000 from his Star Sydney account to the other customer's Star Sydney account. The customer then withdrew the funds as cash. Star Sydney noted that the last time the customer had played on Customer 19's junket and recorded play was June 2016. Star Sydney considered the transfer for no apparent reason to be unusual: SMR dated 8 May 2018.

Between 10 May 2018 and 18 June 2018, Star Sydney sent four transfers totalling \$8,000,000 from Customer 19's FMA to Star Qld. Star Qld subsequently facilitated the transfer of at least \$2,000,000 of the funds to Customer 45.

On or around 19 August 2018, Customer 19 transferred \$150,000 from his Star Sydney account to the Star Sydney account of one of his junket representatives, Person 12. Person 12 then withdrew the funds from his own account. Star Sydney considered the transfer to be unusual, as Person 12 could have withdrawn the funds directly from Customer 19's account as an authorised junket representative: SMR dated 20 August 2019.

On 15 October 2018, Customer 19 transferred \$500,000 from his Star Sydney account to Person 12's Star Sydney account. Shortly afterwards, Person 12 withdrew \$100,000 in cash and then left the premises. Star Sydney noted that Person 12 was known to have played on Customer 19's junkets, and last played on his junket in June 2018: SMR dated 16 October 2018.

- h. Customer 19, and people associated with his junket, transacted using large amounts of cash;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 13 March 2017 and 18 June 2018, Star Sydney gave the AUSTRAC CEO eight TTRs totalling \$583,750, including:

- a. one TTR detailing chip and cash exchanges made by Customer 19 totalling \$10,750;
- b. six TTRs detailing account withdrawals made by Customer 19 totalling \$473,000; and
- c. one TTR detailing an account deposit made by Customer 19 totalling \$100,000.

Large transactions in 2017

On 16 March 2017, Customer 19's junket representative withdrew \$300,000 in cash from Customer 19's junket operator account.

Following the withdrawal, Star Sydney observed the junket representative went to a jewellery store in the Star arcade: SMR dated 17 March 2017.

On 20 March 2017, Customer 19's junket representative deposited \$100,000 in cash, in Star straps, into Customer 19's account. The funds were used to purchase chips, which were provided to Customer 45 for gaming.

- i. Customer 19 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 19 had access to private gaming rooms at Star Sydney, including the Sovereign, Springs Salons, Lakes Salons, Sovereign (Cage), Oasis (Cage), Lakes Salon (Cage) and the Springs Salon (Cage).

- j. Star Sydney did not have adequate reason to believe that Customer 19's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 19 at Star Sydney.

Particulars

See paragraph 808 above.

In Customer 19's CCF application form dated 29 June 2016, Customer 19 listed his occupation as a manager in manufacturing at an overseas company. Customer 19 stated in the application that his annual income was \$500,000. Star Sydney was aware by this time that this overseas company was owned by Customer 45.

In other due diligence records held by Star Sydney, Customer 19's occupation was variously recorded as 'trades workers and technicians' 'junket operator' and 'trader'.

Between 2017 and 2018, the financial transactions facilitated by Star Sydney for Customer 19 were of a size inconsistent with his stated source of wealth and source of funds. Transactions conducted for Customer 19 by Star Sydney included:

- a. in 2017, making available to Customer 19's accounts funds exceeding \$80 million received by way of telegraphic transfer; and
- b. in 2018, transferring of funds exceeding \$33 million from Customer 19's SKA to Customer 45's SKA.

At no time did Star Sydney taken appropriate steps to verify Customer 19's source of wealth or source of funds, including where it understood that many of the transactions were being conducted on behalf of other customers, including Customer 45.

Star Sydney's determination of the ML/TF risks posed by Customer 19

1170. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 19 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 19.
- a. On and from 30 November 2016, Customer 19 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 19's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 19 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 12 May 2015, Customer 19 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 19 June 2015, Customer 19 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 28 January 2021, Customer 19 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 19's transactions

1171. At no time did Star Sydney apply appropriate transaction monitoring to Customer 19's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 19, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket operators and junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 19's junket as turnover was recorded against Customer 19 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 19 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the Customer 9 channels and the Hotel Card channel; and

Particulars

See paragraphs 441 and 790 above.

- e. Star Sydney provided designated services to Customer 19 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 19's KYC information

- 1172. Star Sydney did not review, update and verify Customer 19's KYC information, having regard to the high ML/TF risks posed:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 19's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 19's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 19's source of wealth and source of funds were not legitimate: see *Customer 19's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 19's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 19.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 19's high ML/TF risks

1173. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 19 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 19; and
- c. reviewing and updating Customer 19's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 19 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 19*.

ECDD triggers in respect of Customer 19

1174. Star Sydney was required to apply the ECDD Programs to Customer 19 following any ECDD triggers in respect of Customer 19.

Particulars

Section 36(1)(a) and (b) of the Act.

1175. Customer 19 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 21 February 2017 and 20 August 2019, Star Sydney gave the AUSTRAC CEO nine SMRs with respect to Customer 19.

1176. The matter pleaded in paragraph 1175 was an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

See paragraphs 792 and 801 above.

1177. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 19 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 19 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 19 and the provision of designated services to Customer 19, and to whether those risks were within Star Sydney's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

On 20 August 2019, 19 February 2021 and 17 December 2021, Star Sydney conducted ECDD in respect of Customer 19.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 19's higher ML/TF risks: see *Customer 19's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 19's source of funds or source of wealth, in circumstances Customer 19 conducted a number of transactions on behalf of another customer, Customer 45, and where the size of the transactions facilitated were inconsistent with Customer 19's stated occupation at the time (being manufacturing manager) including:

- a. in 2017, Star Sydney made available to Customer 19's accounts funds exceeding \$80 million received by way of telegraphic transfer; and
- b. in 2018, Star Sydney facilitated the transfer of at least \$33 million from Customer 19's SKA to Customer 45's SKA.

By reason of the matters set out above, there were real risks that Customer 19's source of wealth and source of funds were not legitimate: see *Customer 19's risk profile*.

- b. Customer 19 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- c. on any occasion that Customer 19 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 19 and the provision of designated services to Customer 19 by Star Sydney, and whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 18 December 2021, the Group Manager, Due Diligence and Intelligence reviewed comments from an ECDD analyst identifying that 14 SMRs had been given to the AUSTRAC CEO and that no adverse findings had been made from media searches on Customer

19, and determined to maintain a customer relationship with Customer 19.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 19's source of wealth (r15.10(2)(a) of the Rules), having regard to the high and escalating turnover on junkets operated by Customer 19; and
- b. Customer 19's source of funds (r15.10(2)(b) of the Rules), having regard to information suggesting that there were higher ML/TF risks as to their source of funds: see *Customer 19's risk profile* above.

Contravention of s36 of the Act in respect of Customer 19

1178. By reason of the matters pleaded from paragraphs 1166 to 1177 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 19 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1179. By reason of the matters pleaded at paragraph 1178, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 19.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 20

1180. Customer 20 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$100 million for Customer 20.

Particulars

Customer 20 was a customer of Star Sydney from at least 11 July 2016.

On 1 March 2022 Star Sydney issued a WOL in respect of Customer 20, at the direction of the Star AML team.

1181. Star Sydney provided Customer 20 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2016 and 2020, Star Sydney recorded that junkets operated by Customer 20 had a turnover exceeding \$1.9 billion.

Particulars

On 29 August 2016 Star Sydney opened an FMA and SKA for Customer 20, which remains open (item 11, table 3, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Customer 9 channels, which it made available to Customer 20 (items 31 and 32, table 1, s6 of the Act).

While a customer of Star Sydney, Customer 20 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 20's risk profile below.

1182. Customer 20 was a customer of Star Qld during the relevant period.

Particulars

Customer 20 was a customer of Star Qld from at least 31 August 2016.

On 1 March 2022 Star Qld issued a WOL in respect of Customer 20, at the direction of the Star AML team.

1183. Star Qld provided Customer 20 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as junket operator. Between 2017 and 2020, Star Qld recorded that junkets operated by Customer 20 had a turnover exceeding \$89 million.

Particulars

On 29 August 2016 Star Qld opened an FMA for Customer 20, which was closed on 1 March 2022 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 20 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 20's risk profile below.

1184. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 20.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 20's risk profile

1185. On and from 30 November 2016, Customer 20, and the provision of designated services to Customer 20 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 20's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 20 had the following risk history:

- i. in 2016, Customer 20 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

On 27 August 2016, Customer 20 was approved as a junket operator at Star Sydney.

Between 27 August 2016 and 30 November 2016, Customer 20 operated three junket programs at Star Sydney, with cumulative turnover of \$559,651,560 with losses of \$5,882,065.

Each of the programs was funded by another junket funder, Person 66, totalling \$9,000,000.

- ii. in 2016, Customer 20 was recorded to be a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney on their own junkets;

Particulars

By 30 November 2016, Customer 20 was recorded as a player on three junkets, with turnover of \$34,733,465 with wins of \$5,003,275.

- iii. Customer 20 and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

TTRs

Between 8 July 2016 and 30 November 2016, Star Sydney gave the AUSTRAC CEO 47 TTRs totalling \$1,831,255, including:

- a. 30 TTRs detailing account withdrawals involving Customer 20 totalling \$1,414,785; and
- b. 17 TTRs detailing chip and cash exchanges involving Customer 20 totalling \$416,470.

Large transactions in 2016

On or about 8 October 2016, Customer 20's junket representative, Person 53, withdrew \$120,000 in cash from Customer 20's junket account at Star Sydney.

On or about 13 October 2016, Customer 20's junket representative, Person 53, withdrew \$100,000 in cash from Customer 20's junket account at Star Sydney.

On or about 22 November 2016, Customer 20's junket representative withdrew \$118,000 in cash from Customer 20's junket account at Star Sydney. Star Sydney noted that this was not usual for a junket.

On 23 November 2016, Customer 20 settled a junket program with Star Sydney and withdrew \$315,000 in cash at settlement. The cash

was provided to Customer 20's junket representative, Person 53:
SMR dated 1 December 2016.

- iv. Customer 20 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld; and

Particulars

On 25 September 2016, Customer 20 was approved as a junket operator at Star Qld.

By 30 November 2016, Customer 20 had operated a junket at Star Qld, with cumulative turnover of \$5,801,250 with losses of \$304,106.

The program was funded by another junket funder, Person 66, totalling \$2,900,000.

By 30 November 2016, total benefits of \$42,920 were payable by Star Qld to Customer 20 in their capacity as a junket operator.

- v. in 2016, Customer 20 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld on their own junket;

Particulars

By 30 November 2016, Customer 20 was recorded as a player on one junket, with turnover of \$2,720,510 with losses of \$100,000.

Customer 20's risk profile from 30 November 2016

- b. Customer 20 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2016 and 2020, Customer 20 operated 46 junkets at Star Sydney, 45 of which were funded by another junket funder, Person 66;

Particulars

Funding for Customer 20's junkets comprised \$178,313,000 provided by Person 66 via a CCF.

By 30 November 2016, media reports alleged that Person 66:

- a. had been convicted and imprisoned for illegal gambling activity in a foreign country in 2003; and
 - b. funds from an account held by Person 66 at another casino used to purchase a luxury car were the subject of proceeds of crime proceedings in an Australian court in 2016, which related to allegations of suspected money laundering or and tax avoidance.
- ii. between 2016 and 2020, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 20 in the relevant period was \$1,977,499,050 with losses of \$33,052,567;

Particulars

In 2019 and 2020, Customer 20 was a top ten junket operator by number of junket programs at Star Sydney.

In 2020, Customer 20 was a top ten junket operator by volume of turnover.

Gaming activity on Customer 20's junkets

Between 1 and 31 December 2016, junkets operated by Customer 20 had turnover of \$149,617,145 with losses of \$5,778,265.

In 2017, junkets operated by Customer 20 had turnover of \$708,865,511 with losses of \$10,753,705.

In 2018, junkets operated by Customer 20 had turnover of \$533,722,404 with losses of \$10,675,635.

In 2019, junkets operated by Customer 20 had turnover of \$480,720,471 with losses of \$10,757,847.

In 2020, prior to the COVID-19 pandemic related closures, junkets operated by Customer 20 had turnover of \$104,519,519 with wins of \$98,240.

- iii. between 2016 and 2020, Star Sydney recorded a cumulative turnover of \$94,632,034 for Customer 20 as a junket player on their own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2016 and 2020, total benefits of \$15,757,049 were payable to Customer 20 by Star Sydney in his capacity as a junket operator for rebates earned and other benefits;

Particulars

Customer 20 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2016, total benefits of \$5,515,415 were payable to Customer 20;
- b. in 2017, total benefits of \$5,766,582 were payable to Customer 20;
- c. in 2018, total benefits of \$3,784,279 were payable to Customer 20;
- d. in 2019, total benefits of \$3,383,487 were payable to Customer 20; and
- e. in 2020, total benefits of \$690,773 were payable to Customer 20.

- v. Customer 20 operated junkets in private gaming rooms, including private gaming rooms that were exclusive to the junket;

Particulars

Customer 20 operated junkets in non-exclusive private gaming rooms, including the Oasis room, the Sovereign room and Pit 80.

Customer 20 operated junkets in exclusive private gaming rooms, including Salons 62, 67, 73, 76, 77, 78, 82, 83, 85, 86, 88, 89, 90, 93, 99.

- vi. Customer 20 had three junket representatives at Star Sydney including Person 53; and
- vii. Customer 20 and his junket representatives facilitated the provision of high value designated services to at least 150 junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 20 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 2017 and 2020, Customer 20 operated nine junkets at Star Qld, one of which was self-funded and eight of which were funded by another junket funder, Person 66;

Particulars

Funding for Customer 20's junkets comprised \$23,043,900 provided by Person 66.

By 30 November 2016, media reports alleged that Person 66:

- a. had been convicted and imprisoned for illegal gambling activity in a foreign country in 2003; and
 - b. funds from an account held by Person 66 at another casino used to purchase a luxury car were the subject of proceeds of crime proceedings in an Australian court in 2016, which related to allegations of suspected money laundering or and tax avoidance.
- ii. funds due under outstanding CCFs held by Person 66 and utilised by Customer 20's junket were repaid through the EEIS remittance channel, which was a high risk channel, by three different third party remitters, totalling \$6,847,025;

Particulars

See paragraphs 461, 465 to 467, 491 and 492 above.

- iii. between 2017 and 2020, Star Qld recorded the total cumulative turnover of junkets operated by Customer 20 was \$89,003,717 with losses of \$1,815,980;

Particulars

In 2019, Customer 20 was one of the top ten junket operators who operated the highest number of junket programs at Star Qld.

In 2019, Customer 20 was one of the top ten junket operators whose junket operations in total involved the highest total turnover.

Gaming activity on Customer 20's junkets

In 2017, the junket operated by Customer 20 had turnover of \$178,126 with wins of \$25,250.

In 2018, junkets operated by Customer 20 had turnover of \$20,905,440 with losses of \$2,345,045.

In 2019, junkets operated by Customer 20 had turnover of \$46,109,661 with wins of \$835,815.

In 2020, prior to the COVID-19 pandemic related closures, junkets operated by Customer 20 had turnover of \$21,810,490 with losses of \$332,000.

- iv. between 2017 and 2020, Star Qld recorded a cumulative turnover of \$6,731,439 for Customer 20 as a junket player on their own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- v. between 2017 and 2020, total benefits of \$626,881 were payable to Customer 20 by Star Qld in his capacity as a junket operator for rebates earned, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers;

Particulars

Customer 20 was entitled to benefits from Star Qld in his capacity as a junket operator:

- a. in 2017, total benefits of \$1,979 were payable to Customer 20;
 - b. in 2018, total benefits of \$154,090 were payable to Customer 20;
 - c. in 2019, total benefits of \$319,051 were payable to Customer 20; and
 - d. in 2020, total benefits of \$151,749 were payable to Customer 20.
- vi. Customer 20 operated junkets in private gaming rooms, including private gaming rooms that were exclusive to the junket;

Particulars

Customer 20 operated junkets in non-exclusive private gaming rooms including Pit 11 and Pit 12.

Customer 20 operated junkets in exclusive private gaming rooms, including Salons 8, 9, 21, 96 and 98.

- vii. Customer 20 had one junket representative at Star Qld, Person 53; and
- viii. Customer 20 and his junket representative facilitated the provision of high value designated services to 18 junket players at Star Qld;

Particulars

See paragraphs 643 to 649 above.

- d. Customer 20 was recorded to be a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 2016 and 2019, Customer 20 was recorded to be a player on 15 junkets at Star Sydney, of which all were junkets that he operated.
 - ii. each of the junkets were funded by a person other than the junket operator, Person 66;
 - iii. between 2016 and 2019, Star Sydney recorded high turnover totalling \$100,289,579 for Customer 20's gaming activity on junket programs

Particulars

Between 1 and 31 December 2016, Customer 20's turnover on junket programs was \$16,310,021.

In 2017, Customer 20's turnover on junket programs was \$37,282,258.

In 2018, Customer 20's turnover on junket programs was \$15,120,820.

In 2019, Customer 20's turnover on junket programs was \$31,576,480.

- e. designated services provided to Customer 20 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- f. Customer 20 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than on junket programs. Between 2016 and 2020, Star Sydney recorded individual rated turnover totalling \$153,719 for Customer 20;

Particulars

In 2016, Customer 20's individual rated turnover was \$114,407.

In 2017, Customer 20's individual rated turnover of \$24,004.

In 2018, Customer 20's individual rated turnover of \$1,698.

In 2019, Customer 20's individual rated turnover of \$13,143.

In 2020, Customer 20's individual rated turnover of \$467.

- g. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 20 by remitting large amounts of money into, out of and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 20 March 2018 and 29 March 2019, deposits through the Customer 9 channels totalling AU\$5,396,040 and HKD11,099,746 were made available by Star Sydney to Customer 20's account.

Other remittances into the casino environment

See paragraph 327 above.

Between 30 March 2017 and 3 March 2020, Star Sydney received 174 telegraphic transfers totalling \$59,101,109, each of which was made available to Customer 20's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 12 August 2017 and 6 July 2019, Star Sydney sent two telegraphic transfers totalling \$894,254 from Customer 20's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 2 January 2020 and 5 January 2020, Star Sydney sent four transfers totalling \$3,430,932 from Customer 20's SKA to Star Qld. At least \$2,879,616 of the funds were transferred for the purpose of redeeming outstanding CCFs.

On 7 January 2018 and 25 August 2019, Star Sydney received two transfers totalling \$1,160,936 from Star Qld, both of which were made available to Customer 20's SKA.

- h. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 20 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraphs 347 to 349 above.

Between 16 June 2018 and 15 January 2019, Star Qld received three transfers totalling \$3,079,616 from Star Sydney, each of which was made available to Customer 20's FMA at Star Gold Coast. At least \$700,000 of the funds were transferred for the purpose of partially redeeming an outstanding CCF held by a third party, Person 66, who funded Customer 20's junkets.

On 15 January 2019 and 19 January 2019, Star Qld facilitated two transfers totalling \$305,076 from Customer 20's FMA at Star Gold Coast to Star Sydney.

On 2 January 2020, Star Qld received a transfer of \$340,105 from Star Sydney, which it made available to Customer 20's FMA at Treasury Brisbane.

- i. on 12 December 2021, Star Sydney received a deposit of \$2,759,723 from Customer 20's personal bank account, despite that Star had ceased junket operations in October 2020;

Particulars

On 12 December 2021, Star Sydney received \$2,759,723 from Customer 20's personal bank account from a foreign country.

- j. on 16 December 2019, Customer 20 referred a player to Star Qld;

Particulars

See paragraph 625 above.

On 16 December 2019, Customer 20 referred a player to Star Qld. Customer 20 arranged for the referred player to attend Star Qld on a rebate program without Customer 20 or his junket representative being present.

Customer 20 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- k. designated services provided to Customer 20 included EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

Between 7 June 2018 and 28 November 2019, Star Sydney gave the AUSTRAC CEO two TTRs detailing EGM payouts to Customer 20 totalling \$62,000.

- l. Customer 20 and persons associated with his junket transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in mixed denominations, including cash bundled with elastic bands and or presented in plastic bags, backpacks and paper bags, at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 1 December 2016 and 7 December 2020, Star Sydney gave the AUSTRAC CEO 466 TTRs totalling \$21,913,482, including:

- a. 57 TTRs detailing account deposits involving Customer 20 totalling \$4,805,500;
- b. 258 TTRs detailing account withdrawals involving Customer 20 totalling \$12,343,908;
- c. 140 TTRs detailing chip and cash exchanges involving Customer 20 totalling \$4,173,455;
- d. 7 TTRs detailing other monetary value in involving Customer 20 totalling \$133,000;
- e. 3 TTRs detailing other monetary value out involving Customer 20 totalling \$419,620; and
- f. 1 TTR involving a betting account and Customer 20 totalling \$38,000.

Large and suspicious cash transactions in 2016

In 2016, Customer 20 and persons associated with his junket transacted with at least \$645,000 in cash including:

- a. on 6 December 2016, Customer 20's junket representative, Person 53, withdrew \$200,000 in cash from Customer 20's account at Star Sydney. Person 53 left the private gaming areas and met with another Star Sydney customer before returning to the cashier and depositing the cash into his own account: SMR dated 7 December 2016;
- b. on or about 13 December 2016, Customer 20's junket representative, Person 53, withdrew \$200,000 in cash from Customer 20's account at Star Sydney; and
- c. on or about 29 December 2016, Customer 20's junket representative withdrew \$245,000 in cash from Customer 20's account at Star Sydney and placed the cash in Customer 20's safe deposit box.

Large and suspicious cash transactions in 2017

In 2017 Customer 20 and persons associated with his junket transacted with at least \$2,746,000 in cash including cash that appeared suspicious:

- a. on or about 26 April 2017, Customer 20's junket representative, Person 53, deposited \$120,000 in cash into Customer 20's account at Star Sydney. The cash comprised \$30,000 in \$50 notes and \$90,000 in \$100 notes and was

- strapped in smaller straps that were not Star Sydney's. The \$50 bundles were secured by elastic bands;
- b. on or about 6 May 2017, Customer 20's junket representative, Person 53, purchased \$100,000 worth of chips at Star Sydney on behalf of Customer 20. The cash used to purchase the chips was comprised of \$100 notes;
 - c. on or about 7 May 2017, Customer 20's junket representative, Person 53, withdrew \$100,000 in cash from Customer 20's SKA at Star Sydney;
 - d. on or about 12 May 2017, Customer 20's junket representative, Person 53, withdrew \$302,000 in cash from Customer 20's account at Star Sydney;
 - e. on 8 June 2017, Customer 20 deposited \$220,000 in cash into his account at Star Sydney. The cash comprised mostly \$100 notes bound together by elastic bands and presented in a paper bag. Customer 20 then departed Star Sydney without gaming. The \$220,000 was later used for a buy-in: SMR dated 9 June 2017;
 - f. on or about 13 July 2017, Customer 20's junket representative, Person 53, withdrew \$140,000 in cash from Customer 20's SKA at Star Sydney and handed the cash to another junket representative;
 - g. on or about 3 October 2017, Customer 20's junket representative, Person 53, withdrew \$100,000 in cash on behalf of Customer 20;
 - h. on 19 November 2017, Customer 20's junket representative, Person 53, deposited \$195,000 in cash into Customer 20's account at Star Sydney. The cash comprised \$50 notes bundled with elastic bands and was presented in a backpack. Star Sydney considered this to be an unusually large amount of \$50 notes: SMR dated 20 November 2017;
 - i. on or about 21 November 2017, Customer 20's junket representative, Person 53, together with another Star Sydney customer presented \$110,000 in cash to Star Sydney for a buy-in for Customer 20's junket. The cash comprised \$3,200 in \$100 notes and \$106,800 in \$50 notes which were banded in \$10,000 bundles. The cash was removed from the other customer's backpack but was presented to Star Sydney in a plastic bag;
 - j. on 23 November 2017, Customer 20's junket representative, Person 53, deposited \$200,000 in cash into Customer 20's account at Star Sydney. The cash comprised \$50 notes bundled with elastic bands and was presented in a bag: SMR dated 24 November 2017;

- k. on or about 24 November 2017, Customer 20's junket representative, Person 53, deposited \$200,000 in cash into Customer 20's account at Star Sydney. The cash comprised \$106,000 in \$50 notes and \$94,000 in \$100 notes and which were bundled together in elastic bands;
- l. on or about 29 November 2017, Customer 20's junket representative, Person 53, deposited \$100,000 in cash into Customer 20's account at Star Sydney. The cash comprised \$100 notes issued by Star;
- m. on or about 3 December 2017, Customer 20's junket representative, Person 53, withdrew \$100,000 in cash from Customer 20's SKA;
- n. on or about 17 December 2017, Customer 20's junket representative, Person 53, withdrew \$204,000 and \$100,000 in cash from Customer 20's SKA and FMA (respectively);
- o. on or about 19 December 2017, Customer 20's junket representative, Person 53, withdrew \$200,000 and \$150,000 in cash from Customer 20's FMA; and
- p. on or about 31 December 2017, Customer 20's junket representative, Person 53, withdrew \$105,000 in cash from Customer 20's FMA.

Large and suspicious cash transactions in 2018

In 2018 Customer 20 and persons associated with his junket transacted with at least \$2,422,865 in cash, including cash that appeared suspicious:

- a. on or about 1 January 2018, Customer 20's junket representative, Person 53, withdrew \$170,000 in cash from Customer 20's FMA;
- b. on 10 February 2018, Customer 20's junket representative, Person 53:
 - i. withdrew \$115,000 in cash from Customer 20's account at Star Sydney. Person 53 gave the cash to another Star Sydney customer. Star Sydney identified that the customer who received the cash had been linked to Customer 20 on junkets in the past but was not a player on a current Customer 20 junket; and
 - ii. deposited \$100,000 in cash to Customer 20's FMA at Star Sydney. The cash comprised \$80,000 in \$100 notes and \$20,000 in \$50 notes which Star Sydney record as being issued by it: SMR dated 12 February 2018;
- c. on 14 February 2018, a junket player on the Customer 20 junket, Person 25, deposited \$400,000 in cash to his account

at Star Sydney. The cash comprised \$100 notes and was bound together with straps issued by Star Sydney. Person 25 was accompanied by Customer 20's junket representative. When Person 25 was questioned as to where the cash came from he advised it was from winnings. Person 25's turnover for the junket was recorded as \$707,300 with a loss of \$268,290. There was no play recorded for Person 25 outside of the junket: SMR dated 15 February 2018;

d. on or about 2 March 2018, Customer 20's junket representative, Person 53, presented \$100,000 in cash and requested that \$90,000 be deposited into Customer 20's SKA with the remaining \$10,000 be issued as a TITO. Person 53 indicated that the \$90,000 may be used for gaming outside the junket program. The funds were later transferred to Customer 20's account and cash chips were issued;

e. on or about 20 March 2018, Customer 20's junket representative, Person 53, withdrew \$200,000 in cash from Customer 20's FMA;

f. on or about 1 May 2018, Customer 20's junket representative, Person 53, withdrew \$100,000 in cash from Customer 20's FMA and handed the cash to another a player on Customer 20's junket. Star Sydney recorded that the junket player had a turnover of \$595,720 and a win of \$82,620;

g. on or about 6 May 2018, Customer 20's junket representative, Person 53, withdrew \$200,000 in cash from Customer 20's FMA;

h. on or about 3 August 2018, Customer 20's junket representative, Person 53, deposited \$200,00 in cash into Customer 20's FMA. The cash comprised \$53,500 in \$100 notes and \$146,500 in \$50 notes. The funds were for a program sub buy-in;

i. on or about 1 September 2018, Customer 20's junket representative, Person 53, withdrew \$100,000 in cash from Customer 20's FMA;

j. on or about 6 September 2018, Customer 20's junket representative, Person 53, withdrew \$100,000 in cash from Customer 20's FMA;

k. on or about 6 September 2018, a Star Sydney customer purchased \$90,000 in chips with cash at Star Sydney. The cash comprised \$20,000 in \$100 notes and \$70,000 in \$50 notes. The cash was presented in a blue shopping bag. Star Sydney observed that the customer had not had recorded any gaming recorded since the chip purchase. The customer then withdrew \$100,000 in cash from Customer 20's account. Star Sydney considered it unusual that the customer would

purchase chips with cash then withdraw a similar amount from Customer 20's account when he did not have any gaming recorded since the chip purchase. On the following day, the customer returned to Star Sydney and exchanged \$70,000 worth of chips for cash: SMR dated 10 September 2018;

- i. on 19 September 2018, Customer 20's junket representative, Person 53, presented \$100,000 in cash to be deposited to Customer 20's account. The cash comprised \$20,000 in \$50 notes and \$80,000 in \$100 notes. The cash was presented in a paper bag which held a yellow plastic bag and a cereal box which was possibly sealed with a hot glue gun. Person 53 opened the box to retrieve the money stored inside. Person 53 had been given the bag by another Star Sydney customer who was last recorded as being on a junket for Customer 20 in 2016. Star Sydney considered that while a transaction this large was not unusual for the Customer 20 junket, the way the cash was presented was highly unusual: SMR dated 20 September 2018;
- m. on 15 October 2019, \$100,000 in cash was withdrawn from Customer 20's FM account at Star Sydney; and
- n. on 29 October 2018, Customer 20's junket representative, Person 53, withdrew \$250,000 in cash from Customer 20's account at Star Sydney. Person 53 met with another Star Sydney Customer and handed him an unknown amount of cash. The other customer had not been a player in any of Customer 20's junkets in 2018 and considered it unusual for cash to be withdrawn from the Customer 20 junket program and given to him: SMR dated 29 October 2018; and
- o. on or about 27 October 2018, Customer 20's junket representative, Person 53, withdrew \$127,000 in cash from Customer 20's FMA at Star Sydney.

Large and suspicious cash transactions in 2019

In 2019, Customer 20 and persons associated with his junket transacted with at least \$3,828,500 in cash, including cash that appeared suspicious:

- a. on or about 25 January 2019, Customer 20's junket representative, Person 53, withdrew \$200,000 in cash from Customer 20's SKA at Star Sydney. Star Sydney recorded that the junket had recorded winnings of \$347,980;
- b. on 28 January 2019, Customer 20's junket representative, Person 53, exchanged \$200,000 chips for cash. Person 53 handed the cash to Customer 20 after he left the buy-in room;
- c. on 30 January 2019, Customer 20's junket representative, Person 53, withdrew \$200,000 in cash from Customer 20's

FMA at Star Sydney. Star Sydney identified that the current junket program had winnings recorded of \$1,063,750 and that the last play was recorded on 29 January 2019. Star Sydney considered that although the recorded winnings supported the cash-outs it was unusual for these large cash-outs when there had not been any gaming recorded for the last 36 hours: SMR dated 31 January 2019;

- d. on 30 January 2019, a Star Sydney customer, Person 32, presented \$240,000 worth of chips at Star Sydney and requested that it be exchanged for cash. Star Sydney asked for identification and Person 32 produced his passport. Star Sydney asked where the chips had come from and Person 32 advised that he was cashing the chips for a friend but initially refused to provide their name. Person 32 then advised Star Sydney that he was cashing chips for Customer 20's junket representative, Person 53, and that Person 53 did not want to be seen cashing out the chips. Star Sydney identified that Customer 20's junket was issued cash chips earlier in the day, but that cash chips could not be used for junket play. Star Sydney considered it suspicious that Person 53 did not want the transaction to be recorded under the junket's name, especially given the large transactions that the junket regularly engaged in: SMR dated 30 January 2019;
- e. on 13 March 2019, Customer 20's junket representative, Person 53, conducted an account deposit on behalf of Customer 20 totalling \$320,000 at Star Sydney. The deposit comprised \$310,000 in cash and \$10,000 in chips. The cash comprised \$290,000 in \$100 notes and \$20,000 in \$50 notes. The cash was presented in a black bag. Star Sydney considered that the large cash amount and mixed denominations was unusual: SMR dated 14 March 2019;
- f. on or about 1 April 2019, Customer 20's junket representative, Person 53, deposited \$200,000 in cash to Customer 20's FMA at Star Sydney. The deposit comprised \$150,000 in \$100 notes and \$50,000 in \$50 notes and was bundled with elastic bands in \$10,000 bundles;
- g. on 2 April 2019, Customer 20's junket representative, Person 53, deposited \$160,000 in cash to Customer 20's account at Star Sydney. \$110,000 of the deposited cash comprised \$100 notes bundled in \$10,000 with elastic bands. Person 53 had been given the balance of \$50,000 cash by another Star Sydney customer: SMR dated 3 April 2019;
- h. on or about 3 April 2019, Customer 20's junket representative, Person 53, deposited \$100,000 in cash to Customer 20's FMA at Star Sydney. The deposit comprised \$100 notes which were issued by Star Sydney. Star Sydney recorded that the

junket had cash-outs supporting this deposit but that the junket was completing a lot of deposits and that not a lot of play had been recorded;

- i. on or about 23 April 2019, Customer 20's junket representative, Person 53, withdrew \$40,000 in cash from Customer 20's FMA at Star Sydney and at the same time cashed \$100,000 worth of chips on behalf of Customer 20;
- j. on or about 24 April 2019, Customer 20's junket representative, Person 53, withdrew \$100,000 in cash from Customer 20's FMA at Star Sydney;
- k. on or about 25 April 2019, Customer 20's junket representative, Person 53, withdrew \$100,000 in cash from Customer 20's FMA at Star Sydney;
- l. on or about 28 April 2019, Customer 20's junket representative, Person 53, deposited \$260,000 in cash to Customer 20's FMA at Star Sydney. The deposit comprised \$190,000 in \$100 notes and \$70,000 in \$50 notes. The \$100 notes were strapped with Star straps dated 20 April 2019 and the \$50 notes were bundled with elastic bands in \$10,000 bundles. The cash was presented in a green shopping bag;
- m. on 25 May 2019, Customer 20's junket representative, Person 53, withdrew \$896,500 from Customer 20's FMA. Star Sydney identified that the current Customer 20 junket had recorded a turnover of \$4,100,000 to date with a win of \$1,141,500 which supported the transaction. Star Sydney considered the excessive amount requested in cash to be unusual: SMR dated 27 May 2019;
- n. on 25 June 2019, Customer 20's junket representative, Person 53, deposited \$160,000 in cash into Customer 20's junket account at Star Sydney. The cash primarily comprised of \$50 notes. The cash was presented in a white plastic bag and was bundled in \$10,000 bundles with elastic bands. Star Sydney considered the transaction suspicious due to the large amount of \$50 notes involved: SMR dated 26 June 2019;
- o. on 23 August 2019, Customer 20 presented \$100,000 in cash at Star Sydney which he requested be deposited into his account. The cash comprised \$50 notes and was bundled in elastic bands. The cash was presented in a plastic bag. Star Sydney reviewed the transaction and Customer 20 was identified as receiving the cash from an unknown person earlier that day. Star Sydney considered the cash comprising smaller denominations and having Customer 20 been supplied with the cash by an unknown individual, as being suspicious: SMR dated 26 August 2019;

- p. on or about 5 September 2019, Customer 20's junket representative, Person 53, deposited \$110,000 in cash to Customer 20's SKA at Star Sydney. The deposit comprised of \$100 notes with \$50,000 bundled with elastic bands in \$10,000 bundles and \$60,000 bundled in Star straps in \$5,000 bundles;
- q. on 25 September 2019, Customer 20's junket representative, Person 53, presented \$100,000 in cash at Star Sydney, to deposit into Customer 20's account for the purposes of a buy-in into a program, which was subsequently settled. The cash comprised \$47,800 of \$100 notes and \$52,200 of \$50 notes. The cash was bundled in mixed denominations and some separated in the same denomination. The cash was presented in a shopping bag. Star Sydney considered the presentation of the cash in a mixture of small and large denominations to be suspicious: SMR dated 26 September 2019;
- r. on 5 October 2019, Customer 20's junket representative, Person 53, presented \$100,000 cash at Star Sydney to deposit into Customer 20's account. The cash was comprised of \$50 notes and was bundled in \$10,000 bundles with elastic bands. Person 53 received the cash from another Star Sydney customer and who was present at the time of the deposit. The other Star Sydney customer had never been a junket player on Customer 20's junkets. Star Sydney considered it quite unusual he would be supplying funds for a buy-in: SMR dated 9 October 2019; and
- s. on or about 7 December 2019, Customer 20's junket representative, Person 53, withdrew \$102,000 in cash at Star Sydney from Customer 20's FMA.

Large and suspicious cash transactions in 2020

In 2020, Customer 20 and persons associated with his junket transacted with at least \$300,030 in cash, including cash that appeared suspicious:

- a. on 8 January 2020, Customer 20's junket representative, Person 53, withdrew \$192,030 cash from Customer 20's account at Star Sydney. Star Sydney identified that the cash was for another Star Sydney customer, Person 13, who was a player on the junket. Person 13 had recorded a turnover of \$463,000 with a win of \$58,000. After receiving the cash, Person 13 left the premises in a vehicle. Star Sydney considered that the transaction was unusual given the small turnover and win that Person 13 had recorded for the junket that they would be receiving this large amount of cash: SMR dated 9 January 2020; and

b. on or about 25 January 2020, Customer 20's junket representative, Person 53, withdrew \$108,000 in cash at Star Sydney from Customer 20's FMA.

m. Customer 20 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 14 August 2017 and 2 January 2020, Star Qld gave the AUSTRAC CEO 14 TTRs totalling \$521,950, including:

- a. one TTR detailing an account deposit involving Customer 20 totalling \$43,900;
- b. 10 TTRs detailing account withdrawals involving Customer 20 totalling \$301,950; and
- c. three TTRs detailing chip and cash exchanges involving Customer 20 totalling \$176,100.

n. persons associated with Customer 20's junket engaged in transactions indicative of ML/TF typologies and vulnerabilities, including cashing-in large value chips with no evidence of play;

Particulars

See paragraph 25 above.

For example, on or about 30 January 2019 an associate, Person 32, of Customer 20's junket representative, Person 53, presented \$240,000 worth of chips at Star Sydney and requested it be exchanged for cash. Star Sydney was advised by Person 32 that he was cashing the chips for Person 53. Star Sydney identified that Customer 20's junket was issued cash chips earlier in the day, but that the cash chips could not be used for junket play.

o. Customer 20 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 20 had access to private gaming rooms at Star Qld including Sovereign, Sovereign (Cage), Springs Salons, Springs Salon (Cage), Lakes Salon, Lakes Salons (Cage), Rivers Salons, Habours Salons, Rivers & Harbours Salons (Cage), and Oasis (Cage).

p. Customer 20 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 20 had access to private gaming rooms at Star Qld including Sovereign, Sovereign Cage, Springs Salons, Springs Salons (Cage) Lakes Salons, Lakes Salon (Cage), Rivers Salons, Harbours Salons, Oasis (Cage), The Suite – Tables, Cage, Pits 8 and 9, Salons 21, 96 and 98, Sovereign Room TG, and The Club (Cage).

- q. between 2017 and 2019, Star Sydney provided information to law enforcement agencies in respect of Customer 20 on at least seven occasions;

Particulars

On 3 May 2017, 8 May 2017, 24 November 2017, 3 April 2019, 26 August 2019, 26 September 2019, 8 October 2019, Star Sydney provided information regarding Customer 20 to a law enforcement agency.

- r. in 2017, Customer 20 was the subject of law enforcement enquiries on at least three occasions at Star; and

Particulars

On 27 November 2017, 30 November 2017, 2 January 2018, Star Sydney received enquiries from a law enforcement agency with respect to Customer 20.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- s. Star Sydney and Star Qld did not have adequate reason to believe that Customer 20's source of wealth and source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 20 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

During the relevant period, Star Sydney recorded Customer 20's occupation as being 'Trades Workers and Technicians', 'Trader', and 'Junket Operator'.

At no time did Star Sydney or Star Qld take appropriate steps to verify Customer 20's source of wealth and source of funds in circumstances where:

- a. Customer 20 was a junket operator, whose junket programs at Star Sydney and Star Qld were funded by a third party, Person 66;
- b. designated services provided to Customer 20 lacked transparency as the services were provided through the junket channel;

- c. outstanding amounts drawn down on CCFs held by Customer 11 and utilised by Customer 20's junket were repaid through high risk channels such as EEIS;
- d. junkets operated by Customer 20 turned over at least \$1.9 billion at Star Sydney and \$89 million at Star Qld between 2016 and 2020; and
- e. Customer 20 and his associates transacted with millions of dollars in cash at Star Sydney and Star Qld, including cash that appeared suspicious: see *Customer 20's risk profile*.

On 5 January 2022, Star Sydney identified that it required Customer 20's occupation information to be updated or confirmed during its next interaction with the person.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 20

1186. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 20 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 20.
- a. On and from 30 November 2016, Customer 20 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 20's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 7 February 2022 that Customer 20 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

On 31 August 2016, Customer 20 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 14 October 2016, Customer 20 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 27 January 2021, Customer 20 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 7 February 2022, Customer 20 was rated very high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 20's transactions

1187. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 20's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 20, Star Sydney's and Star Qld's transaction monitoring programs

did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders, operators or players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 20's junket as turnover was recorded against Customer 20 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 20 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. the Customer 9 channels;

Particulars

See paragraphs 441 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 20 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- f. Star Sydney and Star Qld provided designated services to Customer 20 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 20's KYC information

1188. Star Sydney and Star Qld did not review, update and verify Customer 20's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 20's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 20's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 20's source of wealth and source of funds were not legitimate: see *Customer 20's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 20's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 20.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 20's high ML/TF risks

1189. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 20 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 20; and
- c. reviewing and updating Customer 20's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 20 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 20*.

ECDD triggers in respect of Customer 20

1190. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 20 following any ECDD triggers in respect of Customer 20.

Particulars

Section 36(1)(a) and (b) of the Act.

1191. Customer 20:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

Between 1 December 2016 and 9 January 2020, Star Sydney gave the AUSTRAC CEO 20 SMRs with respect to Customer 20.

- b. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 7 February 2022, Customer 20 was rated high risk, being high for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 20* above.

1192. Each matter pleaded in paragraph 1191 was an ECDD trigger.

Particulars

Rules 15.9(1), 15.9(3) and 15.10 of the Rules.

See paragraphs 792, 798, 799 and 801 above.

1193. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 20 following an ECDD trigger because:

- a. on each occasion prior to late 2021 that Star Sydney conducted ECDD in respect of Customer 20 in response to an ECDD trigger, it failed give appropriate consideration to the ML/TF risks posed by Customer 20 and the provision of designated services to Customer 20 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

Star Sydney conducted ECDD in respect of Customer 20 on 14 March 2019 and 6 September 2019 as well in August 2021, December 2021 and January 2022.

On 6 September 2019, the ECDD screening in respect of Customer 20 reviewed a risk intelligence screening and conducted open source searched, but no adverse material on Customer 20 was identified.

On 10 August 2021, further ECDD screening in respect of Customer 20 was conducted as part of the Project Congo review. The ECDD analyst:

- a. conducted open source and risk intelligence searches in respect of Customer 20 but concluded that no adverse matches were identified;
- b. reviewed the SMRs submitted in respect of Customer 20;
- c. noted that Star Sydney held a copy of a historical police check from a foreign jurisdiction in respect of Customer 20 from 2016, which confirmed that Customer 20 did not hold a criminal record at that time; and
- d. did not identify connections between Customer 20 and Person 66.

On 22 December 2021, following receipt of \$2,759,723 into Star's bank accounts from Customer 20, further ECDD screening in respect of Customer 20 was conducted. The ECDD analyst reviewed the matters identified in August 2021, and did not identify any new material.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 20's higher ML/TF risks, including that:

- a. Customer 20's junkets at Star Sydney were funded by a third party, Person 66;
- b. outstanding amounts drawn down on CCFs held by Customer 11 and utilised by Customer 20's junket were repaid through high risk channels such as EEIS; and
- c. junkets operated by Customer 20 turned over at least \$1.9 billion at Star Sydney between 2016 and 2020;
- d. Customer 20 and his associates transacted with millions of dollars in cash at Star Sydney, including cash that appeared suspicious: see *Customer 20's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 20's source of funds or source of wealth, particularly in circumstances where junkets operated by Customer 20 were funded by a third party, Person 66.

It was not until January 2022 that Star Sydney obtained a due diligence report prepared by an external provider, which identified that:

- a. Customer 20 and his brother allegedly colluded with corrupt government officials to illegally obtain land for property development;
- b. Customer 20's profits from his property development business were used to establish underground casino operations protected by corrupt government officials;
- c. Customer 20 operated illegal underground banks to move funds derived from their illegitimate businesses;
- d. Customer 20 assisted corrupt government officials to launder funds, including through casinos;
- e. Customer 20 invested in casinos in partnership with Customer 1;
- f. Customer 20's companies were used to launder funds;
- g. Customer 20's source of wealth is derived from his gambling-related business activities, which also include off course betting and online gaming platforms; and
- h. Customer 20 is a current person of interest in a foreign country.

By reason of the matters set out above, there were real risks that Customer 20's source of wealth and source of funds were not legitimate: see *Customer 20's risk profile*.

On 1 March 2022, Star Sydney issued a WOL in respect of Customer 20.

- b. Customer 20 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- c. on any occasion prior to late 2021 that Customer 20 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 20 and the provision of designated services to Customer 20, and whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 10 August 2021, the ECDD conducted in respect of Customer 20 for the Project Congo was escalated by the Due Diligence Program Manager to the AML/CTF Compliance Officer. The Due Diligence Program Manager concluded that:

- a. Customer 20's link to Person 66 was undetermined;
- b. no adverse material had been noted during the review; and
- c. that Star could safely maintain a customer relationship with Customer 20 subject to appropriate risk mitigation procedures.

On 17 August 2021, Customer 20 was the subject of discussion at a JRAM out-of-cycle meeting. Customer 20 was referred to the Group General Counsel and the AML/CTF Compliance Officer.

On 18 August 2021, AML/CTF Compliance Officer reviewed the recommendation by the Due Diligence Program Manager and determined to maintain the customer relationship with Customer 20.

On 5 January 2022, the ECDD conducted in respect of Customer 20 following receipt of the \$2,759,723 into Star's bank accounts from Customer 20 was escalated by the Group Manager, Due Diligence and Intelligence to the AML/CTF Compliance Officer, with the following recommendations:

- a. Star could safely maintain a relationship with Customer 20 subject to risk mitigation strategies agreed with the Chief Legal and Risk Officer and the Group General Counsel in December 2021, which had not yet been applied due to border restrictions, including:
 - i. patrons to attest to source of funds in respect of cash transactions;
 - ii. Star to obtain external providers to prepare due diligence reports on persons of interest and their associates;
 - iii. patrons to provide an annual declaration of non-criminal or commercial status;
 - iv. patrons to attend an interview with AML/CTF Compliance Officer or delegated representative;

- v. regular ECDD at the discretion of the AML/CTF Compliance Officer; and
 - vi. an independent report to be delivered to the AML/CTF Compliance Officer and Chief Legal and Risk Officer for deliberation;
- b. Star should obtain updated information about Customer 20's occupation, which was recorded as 'trades workers and technicians' and 'trader', during its next interaction with Customer 20; and
 - c. Star could obtain a third party intelligence report with respect to Customer 20 to ascertain his source of wealth.

On 18 January 2022, AML/CTF Compliance Officer requested further information be obtained regarding source of wealth and source of funds for Customer 20, and determined that:

- a. the funds received would be held until this information was obtained; and
- b. to maintain the customer relationship with Customer 20.

In determining that a business relationship could be continued, the AML/CTF Compliance Officers did not have regard to:

- a. Customer 20's source of wealth (r 15.10(2)(a) of the Rules), having regard to the high and escalating turnover under Customer 20's junkets; and
- b. Customer 20's source of funds (r15.10(2)(b) of the Rules), having regard to the information suggesting that there were higher ML/TF risks as to their source of funds: see *Customer 20's risk profile* above.

On 1 February 2022, Customer 20 was again escalated by the Group Manager, Due Diligence and Intelligence to the AML/CTF Compliance Officer following receipt of an external due diligence report which identified a number of adverse matters in respect of Customer 20, including his involvement in underground casino operations, underground banking, laundering of funds for corrupt government officials, including through casinos, and connections to other patrons posing higher ML/TF risks, including Customer 1.

In his recommendation to the AML/CTF Compliance Officer, the Due Diligence Program Manager stated that:

- a. he had raised Customer 20's risk to very high, to ensure he is subject to annual due diligence screening which he believed to be appropriate; and

- b. consideration should be given to issuing a Group Wide WOL in light of the adverse information contained in the external due diligence report.

On 28 February 2022, the AML/CTF Compliance Officer approved the recommendation of the Due Diligence Program Manager.

On 1 March 2022, Star Sydney issued a WOL in respect of Customer 20.

1194. On 1 March 2022, Star Qld issued a WOL in respect of Customer 20.

Particulars

On 28 February 2022, the AML/CTF Compliance Officer approved the recommendation of the Due Diligence Program Manager to issue a WOL in respect of Customer 20, following receipt of a report which identified adverse matters in respect of Customer 20.

On 1 March 2022, a WOL was formally issued by Star Qld in respect of Customer 20.

Contravention of s36 of the Act in respect of Customer 20

1195. By reason of the matters pleaded from paragraphs 1180 to 1193 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 20 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1196. By reason of the matters pleaded from paragraphs 1180 to 1193 above, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 20 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1197. By reason of the matters pleaded at paragraphs 1195 and 1196, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 1 March 2022 with respect to Customer 20.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 21

1198. Customer 21 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$7.7 billion for Customer 21.

Particulars

Customer 21 was a customer of Star Sydney from at least 19 May 2000.

On 21 April 2022, Star Sydney issued a WOL in respect of Customer 21.

1199. Star Sydney provided Customer 21 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player and junket funder. Between 2016 and 2018, Star Sydney recorded that junkets funded by Customer 21 had a turnover exceeding \$8.6 billion.

Particulars

On 19 May 2000, Star Sydney opened multiple FMAs and SKAs for Customer 21 under ten different sub-accounts which remain open. On 15 August 2012, Star Sydney opened an FMA and SKA for Customer 21 under his primary account number, which remain open. On 9 October 2017, Star Sydney opened an FMA and SKA under another of Customer 21's sub-accounts, which were closed on 17 February 2020. (item 11, table 3, s6 of the Act).

Between 1 October 2016 and 16 January 2020, Star Sydney approved CCFs for Customer 21 on 14 occasions ranging from \$10,000,000 to \$40,000,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel and the Customer 9 channels, which it made available to Customer 21 (items 31 and 32, table 1, s6 of the Act).

See Customer 21's risk profile below.

1200. Customer 21 was a customer of Star Qld during the relevant period. Between 2018 and 2020, Star Qld recorded turnover exceeding \$5.4 billion for Customer 21.

Particulars

Customer 21 was a customer of Star Qld from at least 27 December 1996.

On 21 April 2022, Star Qld issued a WOL in respect of Customer 21.

1201. Star Qld provided Customer 21 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player and junket funder. Between 2017 and 2019, Star Qld recorded that junkets funded by Customer 21 had a turnover exceeding \$1.8 billion.

Particulars

On 18 August 2001, Star Qld opened an FMA for Customer 21 under one of his sub-accounts which remains open. On 10 February 2015, Star Qld opened an FMA for Customer 21 under his primary account which remains open. In April 2016, Star Qld opened an SKA for Customer 21 which remains open (item 11, table 3, s6 of the Act).

Between 22 July 2019 and 16 January 2020, Star Qld approved CCFs for Customer 21 on four occasions, each time for \$30,000,000 (item 6, table 1, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the Bank 1 (Macau) cash channel, which it made available to Customer 21 (items 31 and 32, table 1, s6 of the Act).

See *Customer 21's risk profile* below.

1202. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 21.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 21's risk profile

1203. On and from 30 November 2016, Customer 21, and the provision of designated services to Customer 21 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 21's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 21 had the following risk history:
- i. Customer 21 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;

Particulars

Between 19 December 2015 and 12 October 2016, Customer 21 funded seven junkets at Star Sydney totalling \$90,100,000.

Customer 21 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

Customer 21 attended two of the junkets he funded as a player.

Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 21 between 2015 and 2016 was \$3,666,107,120 with losses of \$62,868,675.

The junkets funded by Customer 21 had one junket representative at Star Sydney.

The junkets funded by Customer 21 facilitated the provision of high value designated services to a junket operator and at least 13 junket players.

- ii. Customer 21 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 24 April 2016 and 26 May 2016 Customer 21 was a player on two junkets at Star Sydney operated by one junket operator.

Both junkets were funded by Customer 21.

Between 24 April 2016 and 26 May 2016 Star Sydney recorded high turnover totalling \$1,281,579,000 with losses of \$42,300,000 for Customer 21's gaming activity on junket programs.

- iii. from 1 October 2016, Star Sydney provided Customer 21 with significant amounts of credit upon request, up to limits of \$15,000,000;

Particulars

On 1 October 2016, Star Sydney senior management including the Chief Executive Officer approved a CCF of \$10,000,000 for Customer 21.

On 7 October 2016, Star Sydney senior management including the Chief Financial Officer approved a CCF of \$15,000,000 for Customer 21.

- iv. Customer 21 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2008 and 2015, Star Sydney recorded high and escalating turnover totalling \$84,220,435 for Customer 21;

Particulars

See paragraph 752 above.

In 2008, Customer 21's individual rated turnover was \$6,337,400.

In 2010, Customer 21's individual rated turnover was \$5,800,000.

In 2011, Customer 21's individual rated turnover was \$8,250.

In 2012, Customer 21's individual rated turnover was \$72,072,784.

In 2013, Customer 21's individual rated turnover was \$166.

In 2015, Customer 21's individual rated turnover was \$1,835.

- v. Customer 21 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded high turnover totalling \$135,470,116 for Customer 21;

Particulars

See paragraph 752 above.

In 2015, Customer 21's individual rated turnover at Star Gold Coast was \$135,470,116.

- vi. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 21 by remitting large amounts of money into and out of the casino environment via his account;

Particulars

Other remittances into the casino environment

See paragraph 327 above.

Between 2012 and 2016, Star Sydney gave the AUSTRAC CEO twelve incoming IFTIs totalling \$24,159,064 where Customer 21 was named as the beneficiary including:

- a. four incoming IFTIs totalling \$9,287,820 where overseas company accounts were named as the ordering customer. The funds were transferred for the purpose of redeeming outstanding CCFs; and
- b. eight incoming IFTIs totalling \$14,871,244 where Customer 21 was named as the ordering customer, and the funds were deposited into his Star Sydney FMA.

In addition, between 8 July 2015 and 14 November 2016, Star Sydney received at least 11 telegraphic transfers totalling at least \$23,160,140, each of which was made available to Customer 21's account.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances out of the casino environment

See paragraph 327 above.

In 2012, Star Sydney gave the AUSTRAC CEO an outgoing IFTI totalling \$7,780,300 where Customer 21 was named as the ordering customer and beneficiary.

The above transaction was conducted through the Star Patron account channel.

- vii. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 21 by remitting large amounts of money out of the casino environment via Customer 21's account;

Particulars

See paragraph 327 above.

For example, in 2013, Star Qld gave the AUSTRAC CEO an outgoing IFTI totalling \$3,570,110 where Customer 21 was named as the ordering customer and beneficiary.

This transaction was conducted through the Star Patron account channel.

- viii. Customer 21 transacted using large amounts of cash at Star Sydney; and

Particulars

Between 24 December 2010 and 12 July 2016, Star Sydney gave the AUSTRAC CEO 17 TTRs detailing chip cash outs and account withdrawals made by Customer 21 totalling \$1,208,450.

- ix. Customer 21 transacted using large amounts of cash at Star Qld;

Particulars

On 9 June 2015, Star Qld gave the AUSTRAC CEO a TTR detailing a chip cash out made by Customer 21 totalling \$50,000.

Customer 21's risk profile from 30 November 2016

- b. Customer 21 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
- i. between 30 January 2017 and 27 August 2018 Customer 21 funded 23 junkets operated by Customer 6 and another junket operator totalling \$337,351,278 at Star Sydney;

Particulars

In 2017, Customer 21 was one of the top ten junket funders by number of programs, and one of the top ten junket funders by the amount of funding, at Star Sydney.

At Star Sydney:

- a. between 30 January 2017 and 2 January 2018, Customer 21 provided \$298,956,863 in funding to 21 junkets operated by the same junket operator; and
- b. between 15 August and 27 August 2018, Customer 21 provided \$38,394,415 in funding two of Customer 6's junkets.

Customer 21 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

Customer 21 attended five of the junket programs he funded as a player, including two junkets operated by Customer 6.

- ii. Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 21 between 2016 and 2018 was \$8,694,840,708 with losses of \$139,598,468;

Particulars

In 2016, junket programs funded by Customer 21 had a turnover of \$3,666,107,120 with losses of \$62,868,675.

In 2017, junket programs funded by Customer 21 had a turnover of \$2,149,703,351 with wins of \$1,619,441.

In 2018, junket programs funded by Customer 21 had a turnover of \$2,879,030,237 with losses of \$78,349,234.

- iii. between 26 January 2017 and 16 January 2020, Star Sydney provided Customer 21 with significant amounts of credit upon request, up to limits of \$40,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 26 January 2017 and 16 January 2020, Star Sydney provided Customer 21 with CCFs between \$30,000,000 and \$40,000,000 on 12 occasions, totalling at least \$400,000,000.

On 26 January 2017, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer approved a CCF limit of \$30,000,000 for Customer 21.

On 2 March 2017, Star Sydney senior management including the Chief Financial Officer approved a CCF of \$30,000,000 for Customer 21.

On 8 May 2017, Star Sydney senior management including the Chief Executive Officer approved a CCF of \$30,000,000 for Customer 21.

On 31 July 2017, Star Sydney senior management including the Chief Executive Officer approved a CCF of \$30,000,000 for Customer 21.

On 29 September 2017, Star Sydney senior management including the Chief Executive Officer and Group General Counsel and Company Secretary approved a CCF of \$30,000,000 for Customer 21.

- iv. the junkets funded by Customer 21 had five junket representatives; and
- v. the junkets funded by Customer 21 facilitated the provision of high value designated services to junket operators, junket representatives and junket players;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- c. Customer 21 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;
 - i. between 8 February 2017 and 2 August 2019 Customer 21 funded eight junkets at Star Qld operated by Customer 6 and another junket operator, totalling \$37,000,000;

Particulars

Between 8 February and 22 February 2017, Customer 21 provided \$7,000,000 in funding to seven junkets operated by the same junket operator.

Between 24 July and 2 August 2019, Customer 21 and Customer 5 together provided \$30,000,000 in funding for one of Customer 6's junkets.

Customer 21 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Qld.

Customer 21 attended a program he funded as a player.

- ii. Star Qld recorded that the total cumulative turnover of junkets funded by Customer 21 between 2017 and 2019 was \$1,841,083,595 with wins of \$24,449,480;

Particulars

In 2017, junket programs funded by Customer 21 had a turnover of \$50,762,595 with wins of \$2,084,480.

In 2019, junket programs funded by Customer 21 had a turnover of \$1,790,321,000 with wins of \$22,365,000.

- iii. between 22 July 2019 and 16 January 2020 Star Qld provided Customer 21 with significant amounts of credit upon request, up to limits of \$30,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 22 July 2019 and 16 January 2020, Star Qld provided Customer 21 with CCFs in the amount of \$30,000,000 on four occasions, totalling \$120,000,000.

- iv. the junkets funded by Customer 21 had two junket representatives; and
- v. the junkets funded by Customer 21 facilitated the provision of high value designated services to two junket operators, two junket representatives and at least seven junket players;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- d. Customer 21 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 6 October 2017 and 27 August 2018, Customer 21 was a player on seven junkets at Star Sydney, operated by two junket operators including Customer 6;
 - ii. each of the junkets was funded by Customer 21; and
 - iii. between 6 October 2017 and 27 August 2018, Star Sydney recorded high turnover totalling \$4,570,960,041 with losses of \$122,021,703 for Customer 21's gaming activity on junket programs;
- e. Customer 21 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;

- i. between 21 August 2018 and 1 August 2019, Customer 21 was a player on two junkets at Star Qld operated by Customer 6; and
- ii. between 21 August 2018 and 1 August 2019, Star Qld recorded high and escalating turnover totalling \$2,080,715,000 with wins of \$7,455,000 for Customer 21's gaming activity on junket programs;

Particulars

In 2017 and 2018, Customer 21 was one of the top ten junket players at Treasury Brisbane by amount of turnover.

In 2018, Customer 21 was one of the top ten junket players at Star Gold Coast by amount of turnover.

In 2018, Customer 21's turnover on junket programs was \$330,174,000 with losses of \$14,910,000.

In 2019, Customer 21's turnover on junket programs escalated to \$1,750,541,000 with wins of \$22,365,000.

- f. designated services provided to Customer 21 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 21 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2020, Star Sydney recorded high and escalating turnover totalling \$3,188,126,984 for Customer 21;
 - i. between 2016 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$1,312,561,503 for Customer 21; and

Particulars

See paragraph 752 above.

In 2016, Customer 21's individual rated turnover was \$2,813.

In 2017, Customer 21's individual rated turnover was \$412,811,506.

In 2018, Customer 21's individual rated turnover was \$380,310,482.40.

In 2020, prior to the COVID-19 pandemic closures, Customer 21's individual rated turnover was \$519,436,702.

- ii. between 23 January 2020 and 7 February 2020, Star Sydney recorded high and escalating turnover on individual rebate programs totalling \$1,875,565,480 for Customer 21;

Particulars

See paragraph 623 above.

- h. Customer 21 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2018 and 2020, Star Qld recorded high turnover totalling \$3,348,750,847 for Customer 21;
- i. between 2018 and 2020, Star Qld recorded high individual rated turnover totalling \$1,721,306,847 for Customer 21;

Particulars

See paragraph 752 above.

In 2018, Customer 21's individual rated turnover was \$241,711,456.

In 2019, Customer 21's individual rated turnover was \$886,898,897.

In 2020, prior to the COVID-19 pandemic closures, Customer 21's individual rated turnover was \$592,696,492.

- ii. between 26 January 2020 and 17 February 2020, Star Qld recorded high turnover on individual rebate programs totalling \$1,627,444,000 for Customer 21;

Particulars

See paragraph 623 above.

Between 26 January 2020 and 17 February 2020, Customer 21's turnover on individual rebate programs was \$1,627,444,000.

- i. Star Sydney provided designated services (items 31 and 32, table 1, s6) to Customer 21 by remitting large amounts of money into and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 30 March 2017 and 15 January 2019, third party companies acting on behalf of Customer 21 deposited a total of AU\$5,332,412 and HKD11,037,512 into the EEIS Patron accounts, which Star Sydney made available to Customer 21 through the EEIS remittance channel.

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 30 November 2018 and 4 June 2019, deposits through the Customer 9 channels totalling \$10,490,339 were made available by Star Sydney to Customer 21's account.

Other remittances into the casino environment

See paragraph 327 above.

In 2017, Star Sydney gave the AUSTRAC CEO five incoming IFTIs totalling \$11,933,237 where Customer 21 was named as the ordering

customer and beneficiary. The funds were deposited into Customer 21's Star Sydney account.

In addition, between 30 March 2017 and 28 March 2019, Star Sydney received at least four telegraphic transfers totalling \$11,985,008, each of which was made available to Customer 21's SKA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 13 February 2020 and 17 February 2020, Star Sydney sent two transfers totalling \$19,515,529 from Customer 21's FMA to Star Qld.

On 13 February 2020, Star Sydney received two transfers totalling \$10,869,999 from Star Qld, both of which were made available to Customer 21's FMA.

- j. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 21 by remitting large amounts of money into and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Bank 1 (Macau) cash channel

See paragraphs 372 and 382 to 384 above.

On 3 March 2017, unknown persons deposited \$217,223 in cash at Bank 1 which Star Qld made available to Customer 21 through the Bank 1 (Macau) cash channel.

Other remittances into the casino environment

See paragraph 327 above.

In 2017, Star Qld gave the AUSTRAC CEO an incoming IFTI totalling \$217,223 where Customer 21 was named as the customer. The funds were used to repay a CCF.

The above transaction was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 9 August 2019, Star Qld facilitated a telegraphic transfer of \$17,818,181 from Customer 21's FMA at Star Gold Coast to an overseas bank account. The funds were originally withdrawn from Customer 6's FMA at Star Gold Coast. The transfer was approved by the Chief Financial Officer.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 7 February 2020 and 13 February 2020, Star Qld facilitated three transfers totalling \$30,000,000 from Customer 21's FMA at Star Gold Coast to Star Sydney.

On 13 February 2020 and 17 February 2020, Star Qld received two transfers totalling \$19,515,259 from Star Sydney, both of which were made available to Customer 21's FMA at Star Gold Coast.

- k. Star Sydney and Star Qld made large amounts of money available to Customer 21 through EEIS loans (items 31 and 32, table 1, s6 of the Act) ;

Particulars

See paragraph 485 and 491.

Customer 21's utilisation of the EEIS loan

On 23 January 2020, Customer 21 drew down \$30,000,000 from his EEIS loan , which was made available to Customer 21's account at Star Sydney.

On 26 January 2020, Customer 21 drew down \$30,000,000 from his EEIS loan, which was made available by Star Qld to Customer 21's account at Star Gold Coast.

On each occasion, the drawdown was in a foreign currency which was exchanged to Australian dollars.

Customer 21's repayment of the EEIS loan

In respect of the drawdown of \$30,000,000 on 23 January 2020, Customer 21 repaid \$30,000,000 on 26 January 2020.

In respect of the drawdown of \$30,000,000 on 26 January 2020, Customer 21 repaid \$2,224,607 on 21 February 2020.

- l. Customer 21 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

On 23 January 2020, Customer 21 exchanged \$183,453 in chips for cash.

Between 24 January 2020 and 11 February 2020, Star gave the AUSTRAC CEO five TTRs detailing chip cash outs and account withdrawals made by Customer 21 totalling \$431,975.

- m. Customer 21 requested that Star Qld prepare letters purportedly confirming his winnings;

Particulars

See paragraphs 337 and 338 above.

On 2 August 2019, Star Qld issued two letters purportedly confirming Customer 21's winnings under the same account and on the same program. One of the letters purported to confirm winnings of \$7,818,181, while the other purported to confirm winnings of \$4,261,818 with a recorded commission of \$16,607,050.

- n. in 2019 and 2020, Customer 21 was the subject of law enforcement enquiries on three occasions at Star;

Particulars

On 28 July 2019, Star Qld received a request from a law enforcement agency for information concerning Customer 21.

On 24 January 2020, Star Sydney was contacted by a law enforcement agency in relation to their interest in Customer 21.

On 28 January 2020, Star Sydney received a request from a law enforcement agency for information concerning Customer 21.

- o. Customer 21 had access to private gaming rooms at Star Sydney and Star Qld;

Particulars

See paragraph 616 above.

Customer 21 had access to private gaming rooms at Star Sydney including Springs Salons, Lakes Salons, Rivers Salons, Harbours Salons, Sovereign Cage, Oasis Cage, Springs Salon Cage, and Rivers & Harbour Salons Cage.

Customer 21 had access to private gaming rooms at Star Qld, including Pit 8, Salon 66, Salon 88, Salon 89, Salon 90, Salon 99 and Sovereign Cage.

- p. by July 2019, Star Sydney was aware of adverse information which suggested that Customer 21 may be involved in money laundering; and

Particulars

In July 2019, Star Sydney received a report it had commissioned from a third party which set out information suggesting that Customer 21 was involved in money laundering and other illegal activities.

See particulars to paragraph 1213.a. below.

- q. Star Sydney and Star Qld did not have adequate reason to believe that Customer 21's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 21 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above

Star understood Customer 21's occupation was 'accounting analyst' and 'junket operator'.

On 13 March 2020, Star Qld reported that Customer 21 had recorded losses of \$3,785,000 in January 2020 and \$27,930,000 in February 2020, and that it believed Customer 21's occupation was 'in accounting': SMR dated 13 March 2020.

At no time did Star take steps to verify Customer 21's occupation, source of wealth or source of funds, in circumstances where:

- a. Between 2016 and 2020, Customer 21 recorded turnover exceeding \$7.7 billion at Star Sydney and \$5.4 billion at Star Qld;
- b. In 2017, Star Sydney gave the AUSTRAC CEO incoming IFTIs exceeding \$11 million where Customer 21 was named as the customer;
- c. In 2017, Customer 21 was one of the top ten junket funders by number of programs and amount of funding at Star Sydney, and one of the top ten junket players at Treasury Brisbane by amount of turnover;
- d. In 2018, Customer 21 was one of the top ten junket players at Star Gold Coast by amount of turnover;
- e. Customer 21 was associated with customers in respect of whom Star Sydney or Star Qld had formed suspicions such as Customer 6 and Customer 5; and
- f. By July 2019, Star Sydney was aware of information suggesting that Customer 21 was involved in money laundering and possible associations with organised crime.

See *Customer 21's risk profile* above.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 21

1204. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 21 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 21.

- a. On and from 30 November 2016, Customer 21 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 21's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 21 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 19 January 2021, Customer 21 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 21's transactions

1205. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 21's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 21, Star Sydney's and Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 21 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the EEIS remittance channel and the Customer 9 channels;

Particulars

See paragraphs 441 and 493 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 21 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the Bank 1 (Macau) cash channel; and

Particulars

See paragraph 383 above.

- e. Star Sydney and Star Qld provided designated services to Customer 21 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 21's KYC information

- 1206. Star Sydney and Star Qld did not review, update and verify Customer 21's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 21's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 21's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 21's source of wealth and source of funds were not legitimate: see *Customer 21's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 21's KYC information on and from 30 November 2016, Star Sydney and Star Qld failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 21.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 21's high ML/TF risks

1207. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 21 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 21; and
- c. reviewing and updating Customer 21's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 21 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 21*.

1208. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 21 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 21; and
- c. reviewing and updating Customer 21's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 21 as a high risk customer for the purpose of the Act and Rules at a time before Customer 21 was issued with a WOL at Star Sydney.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1209. Had Star Sydney rated Customer 21 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Program to Customer 21 at a time before Customer 21 was issued with a WOL at Star Sydney.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 21

1210. Star Qld was required to apply the ECDD Programs to Customer 21 following any ECDD triggers in respect of Customer 21.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1211. Customer 21 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

On 13 March 2020, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 21.

1212. The matter pleaded in paragraph 1211 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1213. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 21 following an ECDD trigger because:

- a. on each occasion prior to 21 April 2022 that Star Qld conducted ECDD in respect of Customer 21 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 21 and the provision of designated services to Customer 21 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 810 above.

ECDD profile in respect of Customer 21 including information provided to Star by third party intelligence providers

Sometime after January 2020, the Due Diligence Program Manager prepared a report to the Group General Counsel and Company Secretary, the Compliance Manager and Group Investigations Manager, which included an ECDD profile in respect of Customer 21.

The ECDD profile noted the following:

- a. by October 2017, Star received information from a third party intelligence provider suggesting that Customer 21 was a silent partner of a foreign group, Company 2, which was ultimately controlled by an organised crime figure;
- b. by July 2020, Star received information from a third party intelligence provider suggesting that:
 - i. Customer 21 was a long term VIP customer of the Suncity Group and maintained a credit account with a substantial limit;
 - ii. members of Customer 21's family in a foreign country were engaged in money laundering and underground banking activities; and
 - iii. Customer 21 was suspected to be facilitating large scale capital flight on behalf of foreign corrupt officials, companies and criminal syndicates; and
- c. by January 2020, Star received information from a third party intelligence provider suggesting that:
 - i. Customer 21's principal sources of wealth were orchestrating illegal gambling/betting activities, illegal

money lending including casino chip-stacking and loan sharking and operating an underground bank in a foreign country;

- ii. Customer 21 previously operated an illegal bookmaking business. The owner of the business – Customer 21's former business partner – was arrested, and following this Customer 21 relocated his businesses from one foreign country to two others to avoid being arrested;
- iii. Customer 21 rented and used the Suncity Group server to operate his illegal online gambling and bookmaking activities; and
- iv. Customer 21 used Customer 6's junket license to launder money through various casinos.

On 17 May 2021, a due diligence report was also provided to Star's Compliance Officer, summarising the above information.

Other ECDD in respect of Customer 21

On 24 February 2021, Star Sydney conducted ECDD in respect of Customer 21.

The ECDD screening in respect of Customer 21 identified that:

- a. Customer 21 was named as the plaintiff/creditor in two foreign legal cases both filed in 2001 against the same defendant/debtor for recovery of funds.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 21's higher ML/TF risks: see *Customer 21's risk profile*.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 21's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 21's source of wealth and source of funds were not legitimate: see *Customer 21's risk profile* above.

Rules 15.10(2) and (5) of the Rules.

On 21 April 2022 Star Qld issued a WOL in respect of Customer 21.

- b. Customer 21 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 21 April 2022 that Customer 21 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer

21 and the provision of designated services to Customer 21 by Star Qld, and whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

See particulars to paragraph 1213.a.

On 23 July 2019, the Star Sydney Managing Director prepared an information paper to the Star Group Board in relation to an upcoming trip to Star Gold Coast for Customer 21, Customer 5 and another patron, Person 58, considered to be one of the top five players globally. In the paper, the Star Sydney Managing Director noted that Customer 21 was heavily influential in a foreign country and the wider VIP gaming industry and could 'connect the Star to high end patrons globally'. The paper noted that Star would approve a CCF of \$30 million for Customer 21.

In January 2020, a report prepared for the PAMM identified Customer 21 as the top international player by loss in January 2020, with losses of \$7,921,393.

In February 2020, a report prepared for the PAMM identified Customer 21 as the top international player by win in February 2020, with wins of \$34,767,686.

On 1 February 2022, following an ECDD screening, the Due Diligence Program Manager determined to escalate Customer 21 to the AML/CTF Compliance Officer. The Due Diligence Program Manager's report:

- a. noted Customer 21's play on junket programs, an SMR submitted in March 2020, law enforcement interest in Customer 21 and the information provided by external providers (see particulars to paragraph 1213.a above);
- b. recommended that Customer 21's risk rating be raised from high to very high; and
- c. noted that information provided to Star by a third party intelligence provider in respect of Customer 21 (see particulars to paragraph 1213.a) was 'uncorroborated' and that there had been 'no update to the findings'. On 14 February 2022, Star's AML/CTF compliance officer approved maintaining the customer relationship, noting that Star held information in relation to Customer 21's source of wealth.

On 19 April 2022, the Due Diligence Program Manager again determined to escalate Customer 21 to the AML/CTF Compliance Officer, noting that international borders would be re-opening, and recommending that consideration be given to issuing a WOL to Customer 21.

On 21 April 2022, Star Sydney and Star Qld issued a WOL in respect of Customer 21.

Contravention of s36 of the Act in respect of Customer 21

1214. By reason of the matters pleaded from paragraphs 1198 to 1213 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 21 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1215. By reason of the matters pleaded at paragraph 1214, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 21 April 2022 with respect to Customer 21.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1216. By reason of the matters pleaded from paragraphs 1198 to 1213 above, on and from 30 November 2016, Star Qld:
- a. did not monitor Customer 21 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1217. By reason of the matters pleaded at paragraph 1216, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 21 April 2022 with respect to Customer 21.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 22

1218. Customer 22 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$340 million for Customer 22.

Particulars

Customer 22 was a customer of Star Sydney from at least 9 February 2016.

On 3 August 2020, Star Sydney issued a WOL in respect of Customer 22.

1219. Star Sydney provided Customer 22 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player, junket operator and junket funder. Between 2017 and 2019, Star Sydney recorded that junkets operated or funded by Customer 22 had a turnover exceeding \$1.1 billion.

Particulars

On 9 February 2016, Star Sydney opened an FMA and SKA for Customer 22 which remain open (item 11, table 3, s6 of the Act).

Between 29 September 2017 and 3 April 2018, Star Sydney opened further FMAs and SKAs for Customer 22 which remain open (item 11, table 3, s6 of the Act).

Between 19 September 2017 and 23 May 2019, Star Sydney approved CCFs for Customer 22 on 15 occasions ranging from \$2,000,000 to \$27,500,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel, the Customer 9 channels and the Hotel Card channels, which it made available to Customer 22 (items 31 and 32, table 1, s6 of the Act).

See Customer 22's risk profile below.

1220. Customer 22 was a customer of Star Qld during the relevant period. Between 2018 and 2019, Star Qld recorded turnover exceeding \$49 million for Customer 22.

Particulars

Customer 22 was a customer of Star Qld from at least 27 July 2018.

On 5 August 2020, Star Qld issued a WOL in respect of Customer 22.

1221. Star Qld provided Customer 22 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player and junket funder. Between 2018 and 2019, Star Qld recorded that junkets funded by Customer 22 had a turnover exceeding \$910 million.

Particulars

On 27 July 2018, Star Qld opened an FMA and SKA for Customer 22 which remain open (item 11, table 3, s6 of the Act).

Between 1 December 2018 and 13 June 2019, Star Qld opened further FMAs and SKAs for Customer 22 which remain open (item 11, table 3, s6 of the Act).

Between 23 July 2018 and 23 May 2019, Star Qld approved CCFs for Customer 22 on eight occasions ranging from \$5,000,000 to \$20,000,000 (item 6, table 1, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the Customer 9 channels, which it made available to Customer 22 (items 31 and 32, table 1, s6 of the Act).

See *Customer 22's risk profile* below.

1222. At all times from 30 November 2016 in respect of Star Sydney, and 27 July 2018 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 22.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 22's risk profile

1223. On and from 30 November 2016 in respect of Star Sydney and 27 July 2018 in respect of Star Qld, Customer 22, and the provision of designated services to Customer 22 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 22's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 22 had the following risk history:
- i. Customer 22 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In February 2016, Star Sydney recorded high turnover on individual rebate programs totalling \$4,231,266 for Customer 22, with losses of \$85,320; and

Particulars

See paragraph 623 above.

- ii. Customer 22 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 11 February 2016 and 12 February 2016, Star Sydney gave the AUSTRAC CEO three TTRs in respect of Customer 22 totalling \$89,000, which comprised \$74,000 in chip or cash exchanges and \$15,000 in account deposits or withdrawals.

Customer 22's risk profile from 30 November 2016

- b. Customer 22 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
- i. between 6 February 2019 and 4 April 2019, Customer 22 operated four junkets at Star Sydney, one of which was funded by a person other than Customer 22, Person 66;

Particulars

On 5 January 2018, Customer 22 was approved to be a junket operator at Star Sydney.

- ii. between 6 February 2019 and 4 April 2019, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 22 was \$320,447,569 with losses of \$6,986,355;

- iii. between 6 February 2019 and 25 February 2019, Star Sydney recorded a cumulative turnover of \$84,046,300 for Customer 22 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. in 2019, total benefits of \$4,149,859 were payable to Customer 22 by Star Sydney in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers;
- v. between 19 September 2017 and 23 May 2019, Star Sydney provided Customer 22 and his junket programs with significant amounts of credit upon request, up to limits of \$27,500,000;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 19 September 2017 and 23 May 2019, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved CCFs for Customer 22 on 15 occasions ranging from \$2,000,000 to \$27,500,000.

- vi. Customer 22 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 22 operated junkets in non-exclusive private gaming rooms, including the Sovereign Room and Pit 80.

Customer 22 operated junkets in exclusive private gaming rooms, including Salon 88 and Salon 91.

- vii. Customer 22 had one junket representative at Star Sydney; and
- viii. Customer 22 and his junket representative facilitated the provision of high value designated services to junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 22 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
 - i. between 4 November 2017 and 16 July 2019, Customer 22 funded ten junkets at Star Sydney;

Particulars

In 2018, Customer 22 was one of the top ten junket funders by amount of funding provided, and number of programs funded, at Star Sydney.

Customer 22 provided:

- a. \$33,562,057 in funding in 2017;
- b. \$107,357,605 in funding in 2018; and
- c. \$38,981,174 in funding in 2019.

Customer 22 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

Customer 22 was a junket player on each of the junkets that he funded and the junket representative for three of the junkets that he funded.

- ii. Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 22 between 4 November 2017 and 16 July 2019 was \$787,876,105 with losses of \$8,318,875; and

Particulars

In 2017, junket programs funded by Customer 22 had a turnover of \$14,983,358 with losses of \$367,130.

In 2018, junket programs funded by Customer 22 had a turnover of \$704,811,045 with losses of \$4,074,965.

In 2019, junket programs funded by Customer 22 had a turnover of \$68,081,702 with losses of \$3,876,780.

- iii. the junkets funded by Customer 22 facilitated the provision of high value designated services to junket operators, junket representatives and junket players, including himself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- d. Customer 22 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;
 - i. between 27 July 2018 and 25 May 2019, Customer 22 funded 14 junkets at Star Qld;

Particulars

In 2018 and 2019, Customer 22 was one of the top ten junket funders by amount of funding provided, and number of programs funded, at Star Gold Coast.

Customer 22 provided:

- a. \$24,500,000 in funding in 2018; and
- b. \$29,000,000 in funding in 2019.

Customer 22 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Qld.

Customer 22 was a junket player and junket representative on six of the junkets that he funded.

- ii. Star Qld recorded that the total cumulative turnover of junkets funded by Customer 22 between 27 July 2018 and 25 May 2019 was \$910,138,609 with losses of \$21,599,750;

Particulars

In 2018, junket programs funded by Customer 22 had a turnover of \$783,532,350 with losses of \$13,788,300.

In 2019, junket programs funded by Customer 22 had a turnover of \$126,606,259 with losses of \$7,811,450.

- iii. between 23 July 2018 and 23 May 2019, Star Qld provided Customer 22 with significant amounts of credit upon request, up to limits of \$20,000,000; and

Particulars

See paragraphs 516 to 518 and 552 above.

Between 23 July 2018 and 23 May 2019, Star Qld approved CCFs for Customer 22 on eight occasions ranging from \$5,000,000 to \$20,000,000.

- iv. the junkets funded by Customer 22 facilitated the provision of high value designated services to junket operators, junket representatives and junket players, including himself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- e. Customer 22 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 4 November 2017 and 14 July 2019, Customer 22 was a player on 15 junkets at Star Sydney operated by three junket operators including himself; and
 - ii. between 4 November 2017 and 14 July 2019, Star Sydney recorded high and escalating turnover totalling \$260,673,810 with losses of \$1,815,180 for Customer 22's gaming activity on junket programs;

Particulars

In 2017, Customer 22's turnover on junket programs was \$2,123,368 with wins of \$228,485.

In 2018, Customer 22's turnover on junket programs escalated to \$172,738,131 with wins of \$1,000,195.

In 2019, Customer 22's turnover on junket programs was \$85,812,311 with losses of \$3,043,860.

- f. Customer 22 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 28 July 2018 and 23 May 2019, Customer 22 was a player on six junkets at Star Qld operated by two junket operators; and

- ii. between 28 July 2018 and 23 May 2019, Star Qld recorded high turnover totalling \$18,721,242 with wins of \$792,105 for Customer 22's gaming activity on junket programs;

Particulars

In 2018, Customer 22's turnover on junket programs was
\$14,808,437 with wins of \$321,005.

In 2019, Customer 22's turnover on junket programs was \$3,912,805
with wins of \$471,100.

- g. designated services provided to Customer 22 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- h. Customer 22 was connected to other customers at Star Sydney and Star Qld, including junket funders who posed higher ML/TF risks and persons who had been convicted and imprisoned for illegal gambling activity;

Particulars

By 30 November 2016, media reports alleged that Customer 22's
junket funder, Person 66:

- a. had been convicted and imprisoned for illegal gambling activity in a foreign country in 2003; and
 - b. funds from an account held by Person 66 at another casino used to purchase a luxury car were the subject of proceeds of crime proceedings in an Australian court in 2016, which related to allegations of suspected money laundering and/or tax avoidance.
- i. on 13 June 2019, Customer 22 was referred to Star Qld by a player referrer, who was also a junket operator;

Particulars

The player referrer arranged for Customer 22 to attend Star Qld on a rebate program without the referrer or his junket representative being present.

The player referrer received a commission on amounts wagered by Customer 22, who Star Qld dealt with directly.

- j. Customer 22 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In December 2019, Star Sydney recorded high turnover on individual rebate programs totalling \$2,018,614 for Customer 22, with losses of \$112,325;

Particulars

See paragraph 623 above.

- k. Customer 22 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2018 and 2019, Star Qld recorded high turnover totalling \$30,412,030 for Customer 22;
- i. between 2018 and 2019, Star Qld recorded high individual rated turnover totalling \$27,051,725 for Customer 22; and

Particulars

See paragraph 752 above.

In 2018, Customer 22's individual rated turnover was \$18,481,175.

In 2019, Customer 22's individual rated turnover was \$8,570,550.

- ii. in 2019, Star Qld recorded high turnover on individual rebate programs totalling \$3,360,305 for Customer 22, with losses of \$598,900;

Particulars

See paragraph 623 above.

- l. between 2019 and 2022, Customer 22 was one of the top five customer debtors to Star Qld;

Particulars

In 2019, Customer 22 owed a debt of \$4,861,695 to Star Qld.

Between 2020 and 2022, Customer 22 owed a debt of \$2,116,196 to Star Qld.

- m. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 22 by remitting large amounts of money into, out of, and within the casino environment via his account, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

Between 9 August 2019 and 11 February 2020, Customer 22 transacted \$1,720,000 through the Hotel Card channel at Star Sydney and, on three occasions, was given a temporary CCF while waiting for the funds to clear.

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 22 May 2018 and 18 October 2019, third party companies acting on behalf of Customer 22 deposited a total of \$3,136,926 into the EEIS Patron accounts, which Star Sydney made available to Customer 22 through the EEIS remittance channel.

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 25 August 2018 and 15 May 2019, deposits through the Customer 9 channels totalling AU\$13,583,628 and HKD28,382,100 were made available by Star Sydney to Customer 22's account.

Other remittances into the casino environment

See paragraph 327 above.

Between 25 October 2017 and 22 March 2018, Star Sydney gave the AUSTRAC CEO five incoming IFTIs totalling \$11,949,014 where Customer 22 was named as the ordering customer and beneficiary.

In addition, between 24 April 2018 and 18 March 2020, Star Sydney received at least 12 transfers totalling \$15,998,154, each of which was made available to Customer 22's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 15 June 2019, Star Sydney sent a telegraphic transfer of \$4,054,750 from Customer 22's account to an Australian bank account.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 6 February 2019 and 18 March 2020, Star Sydney sent five transfers totalling \$6,040,253 from Customer 22's account to Star Qld.

- n. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 22 by remitting large amounts of money into and within the casino environment via his accounts including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

On 4 February 2019, deposits through the Customer 9 channels totalling \$1,399,947 were made available by Star Qld to Customer 22's account.

Other remittances into the casino environment

See paragraph 327 above.

For example, on 28 September 2018 and 6 February 2019, Star Qld received two telegraphic transfers totalling \$2,943,358, both of which were made available to Customer 22's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances within the casino environment

See paragraphs 347 to 349 above.

Between 31 December 2018 and 18 March 2020, Star Qld received four transfers totalling \$2,966,002 from other Star casinos, including Star Sydney, each of which was made available to Customer 22's FMA at Star Gold Coast.

- o. Customer 22, and persons associated with his junket, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes contained in shopping bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 23 February 2018 and 3 July 2019, Star Sydney gave the AUSTRAC CEO 15 outgoing TTRs in respect of Customer 22 totalling \$557,640, which comprised:

- a. \$310,540 in chip or cash exchanges; and
- b. \$247,100 in account deposits or withdrawals.

Large and suspicious cash transactions in 2018

On 29 June 2018, a Star Sydney customer deposited \$120,000 in cash on behalf of Customer 22. The customer then requested that \$300,000 be sent by telegraphic transfer to another Australian casino for Customer 22's benefit.

Large and suspicious cash transactions in 2019

On 2 January 2019, a junket operator deposited \$95,000 cash into his account at Star Sydney. The junket operator was accompanied by Customer 22, who was a junket player at that time. Star Sydney noted that the deposited funds were not related to the junket and remained in the junket operator's account: SMR dated 7 January 2019.

On 11 February 2019, Customer 22 withdrew \$100,000 in cash from his account while operating a junket. At the time, the junket had only recorded a win of \$50,000.

Large and suspicious cash transactions in 2020

On 14 February 2020, a customer exchanged \$150,000 in cash for chips. The cash was comprised of \$2,300 in \$100 notes and \$147,700 in \$50 notes. The customer claimed that the money had been given to him by a friend who owed him money. However, Star Sydney reviewed surveillance footage which identified that Customer 22 had given the customer the money on the main gaming floor: SMR dated 17 February 2020.

On 22 June 2020, three customers sought to purchase chips from Star Sydney with a combined value of \$120,000. The cash comprised \$50 notes. Star Sydney reviewed the three customers' movements and identified that each customer had received the cash from Customer 22. Customer 22 had stored the money in a green shopping bag. The first customer recorded a turnover of \$101,790 and a win of \$2,110. The second customer only recorded the chip purchase with no recorded gaming. The third customer recorded a turnover of \$239,000 and a win of \$5,000. Customer 22 recorded a turnover of \$289,000 and a win of \$35,000. Star Sydney noted it was unusual for funds to be split amongst different customers to purchase chips on behalf of Customer 22: SMR dated 24 June 2020.

On 28 July 2020, a customer presented \$288,500 to Star Sydney in a grey shopping bag. The cash was comprised of \$50 notes. The customer requested that \$3,500 be returned and the remaining amount of \$285,000 be deposited to his account. When asked where the funds originated from, the customer gave three answers. First, the customer stated the funds had been given to him by a friend that owed him money. Second, the customer stated the funds had come from a different casino. Finally, the customer stated that part of the money came from his personal bank and the rest from another casino. Nonetheless, Star Sydney deposited the funds into the customer's account. Star Sydney reviewed the customer's movements and determined that the customer had actually received the funds from Customer 22. The customer then withdrew the \$285,000 as chips. The customer recorded a turnover of \$666,350 and a loss of \$100,680. Star Sydney was not aware of any connection between the customer and Customer 22: SMR dated 29 July 2020.

- p. Customer 22, and persons associated with him, transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

On 2 December 2018, a junket operator exchanged \$110,000 in chips for cash. The junket operator was then seen handing the cash to two customers who were playing at Star Sydney, including Customer 22. Star Sydney noted it seemed that the customer split the money in half: SMR dated 3 December 2018.

On 6 March 2019 and 21 May 2019, Star Qld gave the AUSTRAC CEO a TTR in respect of Customer 22 detailing chip or cash exchanges totalling \$93,800.

- q. in May 2019, Star Sydney received a request from Customer 22's lawyer to provide proof of a payment trail to Customer 22;

Particulars

In May 2019, Customer 22's lawyer contacted Star Sydney to advise that Customer 22 was seeking to apply for a visa. His lawyer requested that Star Sydney transfer \$4,054,750 to Customer 22's bank account to demonstrate a payment trail for the period of 1 January 2018 to 23 May 2019. Star Sydney informed Customer 22's lawyer that there were no outstanding payments and that all applicable rebates had been paid to Customer 22.

In June 2019, Star Sydney received three payments from an overseas remittance company, Company 9, with a total value of \$4,299,964. The funds were deposited into Customer 22's SKA at Star Sydney. Later that day, Star Sydney received instructions from Customer 22 to transfer \$4,054,750 from his Star account to his personal bank account.

Star Sydney noted that it was suspicious that Customer 22 requested the same amount as in May 2019. Star Sydney further noted that it seemed that Customer 22 had transferred the funds through Star to make it appear that they had been paid under the rebate program to support his visa application: SMR dated 30 November 2021.

- r. between 2019 and 2020, Star Sydney corresponded with law enforcement agencies in relation to Customer 22;

Particulars

Between 2 January 2019 and 29 July 2020, Star Sydney and a law enforcement agency corresponded in respect of Customer 22.

On 29 July 2020, Star Sydney received correspondence from a law enforcement agency linking Customer 22 to a money laundering investigation.

On 3 August 2020, Star Sydney issued a WOL in respect of Customer 22.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- s. Customer 22 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 22 had access to private gaming rooms at Star Sydney, including Harbours Salons, Rivers Salons, Lakes Salons, Oasis, Chairman's and the Sovereign Room.

- t. Customer 22 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 22 had access to private gaming rooms at Star Qld, including the Sovereign Room, Salon 96, Salon 88, Salon 66 and Pit 8.

- u. Star had brought an action against Customer 22 to recover a \$12 million debt and the debt was discussed at Star Credit Committee meetings; and

Particulars

In May 2022, open source media articles alleged that:

- a. in July 2019, Customer 22 had withdrawn foreign currency valued at \$13.2 million from his CCF;
- b. the cheque provided to secure his CCF was not honoured;
and
- c. Star was seeking to enforce the debt against Customer 22.

Customer 22's debt was regularly discussed at Star Credit Committee meetings.

- v. Star Sydney and Star Qld did not have adequate reason to believe that Customer 22's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 22 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood Customer 22's occupation to be as a junket operator and director.

In 2018, the amount of funding provided by Customer 22 to junket programs, together with Customer 22's turnover on junket programs, escalated significantly. In that year alone, junket programs funded by Customer 22 at Star Sydney and Star Qld had a cumulative turnover exceeding \$1.4 billion and the cumulative turnover attributable to Customer 22 as a junket player at Star Sydney and Star Qld exceeded \$185 million. Customer 22 provide over \$131 million in funding to junkets in the same year.

In and from October 2017, Customer 22 used a variety of non-transparent and high risk international remittance channels, including the EEIS remittance channel, the Customer 9 channels and the Hotel Card channel, to remit money into the casino environment.

In and from 2018, Customer 22 engaged in large and suspicious cash transactions in circumstances where Star Sydney or Star Qld did not verify the source of funds.

Despite this, Star Sydney and Star Qld did not take steps to review, update and verify Customer 22's source of funds or source of wealth to explain the very high value financial and gaming services provided to him.

On 3 August 2020, Star Sydney issued a WOL in respect of Customer 22.

On 5 August 2020, Star Qld issued a WOL in respect of Customer 22.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 22

1224. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 22 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 22.
- a. On and from December 2017, Customer 22 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 22's risk profile* above.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 22 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 9 February 2016, Customer 22 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 23 July 2019, Customer 22 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 27 January 2021, Customer 22 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 22's transactions

1225. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 22's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 22, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders, operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 22's junket as turnover was recorded against Customer 22 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 22 through:
 - i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783.

- iii. international remittance channels, specifically the EEIS remittance channel, the Customer 9 channels and the Hotel Card channel;

Particulars

See paragraphs 441, 493 and 790.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 22 through:
 - i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the Customer 9 channels;

Particulars

See paragraph 441 above.

- f. Star Sydney and Star Qld provided designated services to Customer 22 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- g. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 22.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 22 on 29 June 2018, 2 December 2018, 2 January 2019 and 11 February 2019: See *Customer 22's risk profile*.

The review, update and verification of Customer 22's KYC information

- 1226. Star Sydney and Star Qld did not review, update and verify Customer 22's KYC information, having regard to the high ML/TF risks posed, because:
 - a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 22's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 22's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 22's source of wealth or source of funds: see *Customer 22's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 22's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 22.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 22's high ML/TF risks

1227. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 22 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 22; and
 - c. reviewing and updating Customer 22's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 22 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 22*.

ECDD triggers in respect of Customer 22

1228. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 22 following any ECDD triggers in respect of Customer 22.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1229. Customer 22:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 7 January 2019 and 30 November 2021, Star Sydney gave the AUSTRAC CEO five SMRs with respect to Customer 22.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

On 3 December 2018, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 22.

1230. Each matter pleaded in paragraph 1229 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1231. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 22 following an ECDD trigger because:

- a. on each occasion prior to 3 August 2020 that Star Sydney and Star Qld conducted ECDD in respect of Customer 22 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 22 and the provision of designated services to Customer 22 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 12 February 2019, 14 February 2020, 22 June 2020 and 28 July 2020, Star Sydney and Star Qld conducted ECDD in respect of Customer 22.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 22's higher ML/TF risks: see *Customer 22's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 22's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 22's source of wealth and source of funds were not legitimate: see *Customer 22's risk profile*.

Rules 15.10(2) and (5) of the Rules.

In August 2020, Star Sydney and Star Qld issued a WOL in respect of Customer 22.

- b. Customer 22 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 3 August 2020 that Customer 22 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 22 and the provision of designated services to Customer 22 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

There is no record in Star's due diligence records of senior management consideration of Customer 22 before July 2020.

On 31 July 2020, the Investigations Manager formed the view that Customer 22, together with two other customers, ought to be excluded because of suspected money laundering incidents:

- a. the Investigations Manager spoke to a law enforcement agency about a series of cash buy-ins which occurred in February, June and July 2020 involving \$50 notes;

- b. Customer 22 and two other customers had a pattern of bringing bags of \$50 notes bundled with elastic bags into the casino, passing the cash to other people who purchased chips with it and then collecting the chips;
- c. when asked about the transactions, the group were elusive and gave different answers;
- d. the Investigations Manager formed the view that the group were close associates of each other who were co-ordinating their activity to place, integrate and layer the 'tainted' money, in excess of \$500,000, within the casino environment; and
- e. the Investigations Manager formed the view that it was reasonable to suspect that the cash originated from the proceeds of crime.

The WOLs were issued and authorised by a Star Investigations Manager in August 2020.

Contravention of s36 of the Act in respect of Customer 22

1232. By reason of the matters pleaded from paragraphs 1218 to 1231 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 22 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1233. By reason of the matters pleaded at paragraph 1232 Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 3 August 2020 with respect to Customer 22.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1234. By reason of the matters pleaded from paragraphs 1218 to 1231 above, on and from 27 July 2018, Star Qld:
- a. did not monitor Customer 22 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1235. By reason of the matters pleaded at paragraph 1234, Star Qld contravened s36(1) of the Act on and from 27 July 2018 to 5 August 2020 with respect to Customer 22.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 23

1236. Customer 23 was a customer of Star Qld during the relevant period. Between 2016 and 2020, Star Qld recorded turnover exceeding \$22 million for Customer 23.

Particulars

Customer 23 was a customer of Star Qld from at least 1996.

On 17 January 2020, Star Qld issued a WOL in respect of Customer 23.

1237. Star Qld provided Customer 23 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket funder and junket player. In 2019, Star Qld recorded that junkets funded by Customer 23 had a turnover exceeding \$160 million.

Particulars

On 9 August 2005, Star Qld opened an FMA for Customer 23 which was closed on 17 January 2020 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 23 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 23's risk profile below.

1238. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 23.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 23's risk profile

1239. On and from 30 November 2016, Customer 23, and the provision of designated services to Customer 23 by Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 23's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 23 had the following risk history:
- i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 23;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 22 occasions between 18 February 2010 and 5 July 2016.

The SMRs reported that Customer 23 and persons associated with him had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose: see paragraph 1239.a.iii below.

- ii. Customer 23 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded high individual rated turnover totalling \$2,420,885 for Customer 23;
- iii. Star Qld was aware that Customer 23 and persons associated with him had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

Large and unusual transactions in 2010

On 8 February 2010, Customer 23 received a telegraphic transfer of \$150,000 into his FMA from two third parties. On 11 February 2010, Customer 23 withdrew \$140,000 of the funds and transferred them to another customer to fund that customer's play on a premium program. Customer 23 used \$5,000 of the remaining funds for gambling activities. Later that day, Customer 23 deposited a further \$60,000 in cash into his FMA and exchanged a chip purchase voucher for chips. No play was recorded with the chips. However, the other customer was recorded to have \$60,000 in chips. After some play, the other customer cashed out \$70,000: SMR dated 18 February 2010.

On 31 October 2010, Customer 23 was observed giving funds to another customer. The other customer then exchanged \$30,000 in cash from \$50 notes to \$100 notes. This transaction was indicative of the ML/TF typology of refining. The customer was observed returning the funds to Customer 23. Customer 23 was later seen giving the customer further funds, after which the customer bought into a game with \$5,000 in cash which comprised \$50 notes: SMR dated 9 November 2010.

On 27 December 2010, another Star Qld customer exchanged \$25,000 in \$50 notes for \$100 notes. This transaction was indicative of the ML/TF typology of refining. The customer did not have the play to support the transaction. Surveillance footage revealed that Customer 23 had supplied the other customer with the funds. After the cash was exchanged, the other customer gave the funds back to Customer 23: SMR dated 11 January 2011.

Large and unusual transactions in 2011

On 20 January 2011, Star Qld received a telegraphic transfer for \$50,000 in favour of Customer 23 which he withdrew in chips. No play was recorded for Customer 23 on that day. Surveillance footage indicated that Customer 23 had given the chips to another customer by putting them in her handbag: SMR dated 21 January 2011.

On 4 April 2011, Customer 23 arrived at a private gaming room with \$9,000 in chips. When asked for identification, Customer 23 refused. Instead, Customer 23 handed over a photo reward card belonging to another customer: SMR dated 4 April 2011.

On 25 April 2011, another Star Qld customer deposited \$250,000 in cash into his FMA. Star Qld noted that there were records to suggest that some of the funds were then dispersed to other customers. Star Qld noted that it appeared \$10,000 had been transferred to Customer 23: SMR dated 27 April 2011.

On 22 July 2011, Star Qld received a telegraphic transfer of \$90,000 for Customer 23 from a third party. Star Qld noted that it was unusual that the deposit was made by a third-party: SMR dated 12 August 2011.

Large and unusual transactions in 2013

On 21 May 2013, Customer 23 deposited \$50,000 in cash into his FMA. The funds were transferred to his account at Star Treasury and used to fund another customer on a commission program. After the program settled, the funds were deposited into the other player's account and then transferred to Customer 23. Customer 23 requested that Star Qld deposit \$47,746 to an Australian bank account in a name which was a known alias for Customer 23: SMR dated 24 May 2013.

Large and unusual transactions in 2014 and 2015

Between 31 July 2014 and 19 August 2015, Customer 23 was involved in eight large and suspicious transactions involving Customer 54 totalling \$1,400,000: SMRs dated 31 July 2014, 24 April 2015, 28 April 2015, 30 April 2015, 4 May 2015, 5 May 2015, 7 May 2015 and 19 August 2015.

On 22 March 2015, Customer 23 arrived at Star Qld with another customer. That customer engaged in a series of suspicious transactions involving the passing around of chips involving two other customers. Later in the evening, the customer was observed talking to Customer 23. Star Qld noted that the customer was believed to be a Star employee: SMR dated 23 March 2015.

On 2 October 2015, Customer 23 transferred \$50,000 by telegraphic transfer to his FMA. Customer 23 withdrew \$5,000 in cash and recorded a small amount of play. The remaining \$45,000 was later withdrawn as chips. However, no play was recorded. Star Qld noted it was unusual to withdraw that amount and not play: SMR dated 6 October 2015.

Large and unusual transactions in 2016

On 28 April 2016, a junket player arrived at Star Qld. Records indicated that Customer 23 had funded the player with \$50,000. The junket player was on a commission program and won \$75,000. The

junket player had four TTRs recorded for chip cash outs which totalled \$75,000. At the end of the program, the junket player transferred \$90,000 to Customer 23's account. Star Qld noted that this was \$40,000 more than Customer 23 had provided and was unaware of where the funds originated: SMR dated 10 May 2016.

Between 3 July 2016 and 4 July 2016, another Star Qld customer made two cash buy-ins of \$9,000 each. Star Qld noted that it was possible that the customer was attempting to avoid the reporting threshold or structuring to appear to be winning by only having TTRs for chip cash outs. On 4 July 2016, Star Qld noted that there was evidence that the customer had added funds to the original \$9,000 buy-in. However, the source of the funds was unclear. Star Qld noted that the customer had been referred to it by Customer 23 and was playing on an unaccompanied program: SMR dated 5 July 2016.

- iv. Customer 23, and persons associated with him, transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

See paragraph 1239.a.iii above.

Between 4 May 2010 and 30 September 2016, Star Qld gave the AUSTRAC CEO 28 TTRs detailing incoming payments to Customer 23 totalling \$636,647 which were comprised of:

- a. \$405,672 in account deposits;
- b. \$20,000 in cash exchanges;
- c. \$175,684 in chip exchanges; and
- d. \$35,290 in other monetary values in.

Between 15 March 2010 and 30 November 2016, Star Qld gave the AUSTRAC CEO 67 TTRs detailing outgoing payments from Customer 23 totalling \$1,465,758 which comprised:

- a. \$1,120,363 in account withdrawals;
- b. \$315,395 in chip exchanges; and
- c. \$30,000 in other monetary values out.

- v. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 23 by remitting large amounts of money into and out of the casino environment via his account;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 3 February 2016 and 29 November 2016, Star Qld received 111 telegraphic transfers totalling \$680,000, each of which was made available to Customer 23's FMA at Star Gold Coast.

See paragraph 1239.a.iii above.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 26 April 2016 and 23 September 2016, Star Qld facilitated six telegraphic transfers totalling \$332,462 from Customer 23's FMA at Star Gold Coast to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

- vi. between 6 February 2016 and 30 November 2016, across 17 occasions, Customer 23 referred six different players to Star Qld;

Particulars

See paragraph 625 above.

Between 6 February 2016 and 30 November 2016, across 17 occasions, Customer 23 referred six different players to Star Qld.

Customer 23 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

Three of the referred customers were persons engaged in large and unusual transactions and patterns of transactions, together with Customer 23, which had no apparent economic or visible lawful purpose: see paragraph 1239.a.iii above.

- vii. in 2016, Customer 23 was the subject of law enforcement enquiries at Star Qld; and

Particulars

On 28 January 2016, Star Qld received a request from a law enforcement agency for information in respect of an associate of Customer 23's. Star Qld provided that information.

In November 2016, Star Qld received a request for information from a law enforcement agency in respect of Customer 23 as well as Customer 54.

- viii. persons associated with Customer 23 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring and refining;

Particulars

See paragraph 25 above.

On 31 October 2010 and 27 December 2010, Customer 23 was observed giving funds to another customer. The other customer then

exchanged \$30,000 and \$25,000 respectively in cash from \$50 notes to \$100 notes. The customer was observed returning the funds to Customer 23: SMRs dated 9 November 2010 and 11 January 2011. These transactions were indicative of the ML/TF typology of refining.

Between 3 July 2016 and 4 July 2016, another Star Qld customer, who was playing on an unaccompanied program for Customer 23, made two cash buy-ins of \$9,000 each. On 4 July 2016, Star Qld noted that there was evidence that the customer had added funds to the original \$9,000 buy-in. This transaction was indicative of the ML/TF typology of structuring: SMR dated 5 July 2016.

Customer 23's risk profile from 30 November 2016

- b. Customer 23 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;
 - i. between 15 May 2019 and 16 October 2019, Customer 23 funded four junkets at Star Qld;

Particulars

At Star Qld, Customer 23 funded four junkets totalling \$5,700,000.

Customer 23 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Qld.

- ii. Star Qld recorded that the total cumulative turnover of junkets funded by Customer 23 between 15 May 2019 and 16 October 2019 was \$168,450,510 with losses of at least \$1,319,305;
- iii. Customer 23 was also a junket representative for the junkets; and
- iv. the junkets funded by Customer 23 facilitated the provision of high value designated services to junket operators, junket representatives and junket players including players in respect of whom Star Qld had formed suspicions such as Customer 73 and Customer 23 himself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

See Customer 73's risk profile.

See paragraphs 1239.c, 1239.j and 1239.k below.

- c. Customer 23 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs despite not being eligible to play on junket programs;
 - i. between 15 May 2019 and 16 October 2019, Customer 23 was a player on two junkets at Star Qld operated by one junket operator;
 - ii. each of the junkets was funded by Customer 23;
 - iii. Customer 23 was a Queensland resident at the time of the junket programs. As a result, Customer 23 was not permitted to play with junket chips on a rebate

program in Queensland. Nonetheless, Customer 23 recorded a win on two junkets at Star Qld; and

- iv. between 15 May 2019 and 16 October 2019, Star Qld recorded wins of \$3,175 for Customer 23's gaming activity on junket programs;
- d. designated services provided to Customer 23 lacked transparency as the services were provided through the junket channel at Star Qld;

Particulars

See paragraph 650 above.

- e. Customer 23 was connected to other customers at Star Qld, including players who posed higher ML/TF risks and players who Star Qld considered had acted suspiciously (such as Customer 2);

Particulars

Star Qld understood that Customer 23 had facilitated Customer 2's stay at a Star Qld hotel while a domestic junket operator.

Customer 2 was the business partner of Customer 1 and owned a 50% stake in Suncity.

See Customer 2's risk profile.

- f. between 30 January 2017 and 18 February 2019, across 20 occasions, Customer 23 referred six different players to Star Qld;

Particulars

See paragraph 625 above.

Between 30 January 2017 and 18 February 2019, across 20 occasions, Customer 23 referred six different players to Star Qld, being the same six players referred by Customer 23 between 6 February 2016 and 30 November 2016.

Customer 23 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

Three of the referred customers, including Person 57, were persons engaged in large and unusual transactions and patterns of transactions, together with Customer 23, which had no apparent economic or visible lawful purpose: see paragraphs 1239.a.iii above and 1239.j below.

- g. Customer 23 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2020, Star Qld recorded high and escalating individual rated turnover totalling \$22,157,972 for Customer 23;

Particulars

In 2016, Customer 23's individual rated turnover escalated to \$5,788,143.

In 2017, Customer 23's individual rated turnover was \$4,069,365.

In 2018, Customer 23's individual rated turnover was \$4,366,330.

In 2019, Customer 23's individual rated gaming turnover escalated to \$7,862,407.

In 2020, Customer 23's individual rated gaming turnover was \$71,727.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 23 by remitting large amounts of money within the casino environment via his account;

Particulars

See paragraphs 347 to 349 above.

For example, on 5 September 2019, Star Sydney received a transfer of \$100,000 from Star Qld, which it made available to Customer 23's account.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 23 by remitting large amounts of money into, out of, and within the casino environment via his account;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 11 January 2017 and 9 January 2020, Star Qld received 40 telegraphic transfers totalling \$6,316,000, each of which was made available to Customer 23's FMA at Star Gold Coast. At least \$150,000 of these funds originated from a cash deposit.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 29 May 2017 and 2 January 2020, Star Qld facilitated at least 23 telegraphic transfers totalling \$6,393,582 from Customer 23's FMA at Star Gold Coast to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, on 5 September 2019, Star Qld facilitated a transfer of \$100,000 from Customer 23's FMA at Star Gold Coast to Star Sydney.

See paragraph 1239.j below.

- j. Star Qld was aware that Customer 23 and persons associated with him had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

Large and unusual transactions in 2017

On 22 September 2017, another Star Qld customer transferred \$75,000 to Customer 23. Star Qld noted that it was unusual for the customer to transfer the funds to Customer 23 when it did not appear that Customer 23 had initially given the customer the funds: SMR dated 29 September 2017.

Large and unusual transactions in 2018

Between 7 April 2018 and 10 April 2018, Customer 23 transferred a total of \$300,000 in four transactions from his Star account to another Star Qld customer's account to facilitate the customer's buy-in on premium programs. On 17 April 2018, at the conclusion of the program, both Customer 23 and the other customer approached the cashier requesting a casino cheque for \$259,500 to be issued to the customer. Star Qld considered this suspicious as there was a known third party agreement which required all funds be returned to Customer 23's account. Star Qld noted that it was unusual for funds not to be returned to the funder. Star Qld understood that the other customer had won the amount: SMR dated 19 April 2018.

On 23 September 2018, Customer 73 arrived at Star Qld to play on a premium group program as an international guest of Customer 23 with front money of \$130,000. Customer 73 presented his passport and his Queensland drivers licence became visible. Customer 23 quickly advised that Customer 73 lived in a foreign country and that the licence was not current as Queensland residents were not eligible to play on commission programs at Star Qld. Star Qld noted that Customer 23 ordinarily supplied funds for the players to gamble from his FMA. However, on this occasion another customer, who arrived with Customer 73, provided \$150,000 by way of bank cheque. The customer then transferred \$130,000 to Customer 73 and withdrew \$20,000 in chips. Star Qld was aware that Customer 73 was linked to another customer, Customer 54: SMR dated 24 September 2018.

On 3 October 2018, Customer 23 sent a telegraphic transfer of \$200,000 to his Star Qld FMA. Over the course of 3 October 2018 and 4 October 2018, Customer 23 and customers associated with him, including Customer 54 and Customer 73, conducted a series of suspicious transactions including chip and cash exchanges, large chip and cash deposits and handing cash and chips to one another.

Large and unusual transactions in 2019

Between 25 January 2019 and 5 February 2019, Customer 23 was linked to the following transactions:

- a. on 25 January 2019, Customer 23 transferred \$10,000 to six different customers;
- b. on 25 January 2019 and 30 January 2019, Customer 23 received \$500,000 and \$300,000 respectively into his account by telegraphic transfer;
- c. on 1 February 2019, Customer 23 received \$390,000 into his account from Customer 73's account. Star Qld noted that Customer 23 had previously transferred \$300,000 to Customer 73;
- d. On 2 February 2019, Customer 23 attempted to withdraw \$107,000 in cash from Customer 73's account. Customer 73 was not present and the request was declined. Instead, Customer 23 withdrew \$107,000 from his own account.
- e. on 4 February 2019, Customer 23 deposited two bank cheques totalling \$140,000 into his account; and
- f. between 26 January 2019 and 4 January 2019, Customer 73 received \$1,300,000 into his account. Customer 23 accounted for six of these transactions totalling \$800,000.

Star Qld was unaware of the connection between any of the customers: SMR dated 5 February 2019.

In addition to the six customers to whom Customer 23 transferred funds on 25 January 2019, on 5 February 2019, Customer 23 transferred \$50,000 to a seventh customer. Later that day, Customer 23 received a telegraphic transfer of \$150,000 into his FMA. Customer 23 then transferred \$50,000 to an eighth customer, Person 57, and \$200,000 to Customer 73. Customer 23 withdrew \$20,000 in cash and the remaining \$4,000 in cash the next day. Star Qld was unaware of the connection between any of the customers. However, all lived in the same city overseas. Star Qld noted that Customer 23, Customer 73, the seventh customer and Customer 54 had all been linked in the past: SMR dated 8 February 2019.

On 17 February 2019, a Star Qld customer who had been funded by Customer 23 with \$50,000, transferred \$763,157 from his FMA to Customer 23's FMA. Records for the other customer indicated that he had won \$628,975 since 5 February 2019. Star Qld was unaware why the other customer had transferred the entire amount of his winnings to Customer 23 given the customer had only been funded with \$50,000. Customer 23 also withdrew \$150,000 in cash on 18 February 2019 and \$10,000 in cash on 19 February 2019. Star Qld noted that these large cash withdrawals were unusual given Customer 23's funds were the proceeds of bank cheques and telegraphic transfers: SMR dated 19 February 2019.

On 20 February 2019, Customer 73 commenced play at Star Qld. By 21 February 2019, Customer 73 had recorded losses of \$2,419,645. Between 26 January 2019 and 20 February 2019, Customer 73

received ten deposits from Customer 23 totalling \$2,040,000. Star Qld did not know why Customer 23 was depositing funds into Customer 73's account or whether Customer 73 would repay the losses to Customer 23: SMR dated 21 February 2019.

Between 22 February 2019 and 24 February 2019, Customer 73 used Customer 23's membership card to play on EGMs. By 26 February 2019, Customer 73's losses in 2019 were \$3,335,595. Payouts recorded on Customer 23's membership card totalling approximately \$140,000 were paid to Customer 73. \$30,000 was transferred to Customer 73 from Customer 23's account. Customer 73 also received a separate deposit of \$150,000. Between 20 February 2019 and 25 February 2019, Customer 23 received telegraphic transfers into his account at Star Qld totalling \$1,000,000. During the same period, Customer 23 transferred \$1,000,000 to Customer 73. On 26 February 2019, Customer 73 transferred \$400,260 to Customer 23. Star Qld considered that this was a large amount of money to be transferred between Customer 23 and Customer 73: SMR dated 26 February 2019.

On 15 May 2019, Customer 23 deposited \$1,050,000 into his FMA. Customer 23 transferred \$1,000,000 to a junket operator to fund three junket players. Each of the three players were given an additional \$10,000 by Customer 23 to use on cash play. On 28 May 2019, settlement proceeds were paid into the junket operator's FMA. \$522,046 was transferred to Customer 23's FMA. Soon after, Customer 23 withdrew \$30,000 in chips. On 29 May 2019, Customer 23 sent a telegraphic transfer of \$490,000 to his personal account at an Australian bank. He withdrew the remaining balance in cash and chips: SMRs dated 15 May 2019 and 31 May 2019.

Between 5 September 2019 and 18 September 2019, Star Qld received six large telegraphic transfers for Customer 23 totalling \$2,400,000. \$2,350,000 was used by Customer 23 to fund a junket operator. However, on 17 September 2019, Customer 23 withdrew \$50,000 in cash across two transactions. At the time, Customer 23 had recorded a loss of \$194,000 for his own play which was a spike compared to previous months: SMR dated 19 September 2019.

Customer 23 informed Star Qld that he did not conduct the telegraphic transfers himself but instead would telephone his 'banker' at any time to conduct the transfers on his behalf.

On 30 September 2019 and 3 October 2019, Star Qld received telegraphic transfers in favour of Customer 23 totalling \$1,500,000.

Customer 23 funded a junket operator and acted as the junket representative. Customer 23 recorded significant play on EGMs over the period. In the same period, Customer 23's play record showed a loss of \$72,000. On 7 October 2019 and 10 October 2019, Customer 23 requested telegraphic transfer totalling \$1,142,158 be sent to his personal account at an Australian bank. Star Qld noted that Customer 23's play did not support the telegraphic transfers. However, since 30

September 2019, there were four players under the junket program, including Customer 73, whose gaming activity matched the telegraphic transfers sent by Customer 23. Despite this, Star Qld could not account for the cash transactions made by Customer 23 at EGMs, noting that it is possible Customer 23 did not use his membership card. Further, Star Qld noted that it did not know where the funds originally came from or where they went after they had been transferred to Customer 23's personal bank account: SMR dated 11 October 2019.

In November 2019, Customer 73 was a junket player on a junket funded by Customer 23 with payments made via telegraphic transfers and bank deposits. Star Qld was unaware of the reason why Customer 23 was not acting as the junket operator on this occasion: SMR dated 29 November 2019. This was despite Customer 23 never acting as a junket operator at Star Qld.

On 9 December 2019, Customer 23 transferred \$50,000 to his FMA at Star Qld. On 11 December 2019, Customer 23 withdrew \$30,000 in cash to play on the gaming machines. However, Star Qld only recorded \$1,000 of play. Star Qld was unaware whether Customer 23 had given the cash to anyone else. Customer 23 did not have any registered groups of players at the time: SMR dated 13 December 2019.

On 24 December 2019, Star Qld received a telegraphic transfer of \$40,000 for the benefit of Customer 23. Customer 23 withdrew \$20,000 in cash on 26 December 2019. On 31 December 2019, Star Qld received a telegraphic transfer of \$500,000 for the benefit of Customer 23. The source of the funds was unknown. The funds were placed in Customer 23's FMA. On 1 January 2020, Customer 23 withdrew \$5,000 in cash. On 2 January 2020, Customer 23 requested a telegraphic transfer of \$500,000 to an account at an Australian bank. Star Qld noted that the transaction was very unusual as the funds had not been used for gambling and were of a substantial value. On 3 January 2020, Customer 23 deposited \$20,000 in chips which had originated from Star Sydney into his FMA. However, review of Customer 23's play at Star Sydney indicated that he had no play recorded since 16 September 2017: SMR dated 3 January 2020.

- k. by September 2019, Star Qld was aware that Customer 23's activity at the casino was escalating and that other players were using Customer 23's identification card while playing on EGMs;

Particulars

On 19 September 2019, Star Qld noted that the value of Customer 23's transactions had increased and that this corresponded with Customer 23 becoming more aggressive and demanding to staff.

Star Qld noted an internal policy that large amounts of cash should only be withdrawn by customers for the purpose of play. Until September 2019, Customer 23 had used smaller funds to gamble

himself. However, in September 2019 Customer 23 had started requesting cash of around 25% of the transferred funds and refused to inform Star Qld of the purpose for the withdrawals.

Star Qld made enquiries with Customer 23's bank who advised that although Customer 23's funds showed as cash, they were not actual cash deposits. Instead, the funds appeared to have been marked as cash so that they could avoid being subject to banking system clearance.

Star Qld also had difficulty tracking transactions between the junket and premium player groups associated with Customer 23. As well as funding a particular junket operator, Customer 23 was a junket representative for that junket operator. The junket players had been using EGMs. Machine records indicated that the junket players were swapping tickets between Customer 23 and the junket operator. Star Qld noted that because the machines could only have one card inserted at a time, the junket group might have been using Customer 23's card to gain more complimentary points: SMR dated 19 September 2019.

In October 2019, Star Qld noted that the telegraphic transfers received for the benefit of Customer 23 had substantially increased in value: SMR dated 11 October 2019.

In November 2019, Star Qld noted that the amount of funds that Customer 23 provided to fund junket players had greatly increased. Star Qld also noted that Customer 23's behaviour towards staff had deteriorated. He had become short and demanding, and this seemed to correlate to the increased funds: SMR dated 11 October 2019

- I. designated services provided to Customer 23 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

See paragraph 1239.j above.

Between 13 September 2019 and 8 October 2019, Star Qld gave the AUSTRAC CEO 23 TTRs detailing EGM payouts totalling \$562,305.

- m. Customer 23, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious at Star Qld;

Particulars

See paragraphs 611 to 618 above.

See paragraph 1239.j above.

Between 19 February 2018 and 24 September 2019, Star Qld gave the AUSTRAC CEO six TTRs detailing incoming payments to Customer 23 totalling \$215,350 which were comprised of account deposits and chip exchanges.

In addition to the 23 TTRs detailing EGM payouts (see paragraph 1239.I above), between 28 December 2016 and 27 December 2019, Star Qld gave the AUSTRAC CEO 64 TTRs detailing outgoing payments from Customer 23 totalling \$1,249,345 which were comprised of:

- a. \$700,000 in account withdrawals; and
- b. \$549,345 in chip exchanges.

On 22 August 2019, Customer 23 cashed out \$125,000 in chips. At the time, Customer 23 was a representative of a premium group which was showing a win of \$561,000.

- n. on 6 January 2020, Star Qld received information alleging that a person believed to be Customer 23 was a loan shark who preyed on financially vulnerable patrons. The conduct that Customer 23 was accused of was indicative of ML/TF typologies and vulnerabilities, including loan sharking;

Particulars

On 6 January 2020, Star received an email which alleged that:

- a. Customer 23 was a loan shark who preyed on financially vulnerable patrons in VIP rooms;
- b. Customer 23 had lent the complainant money at excessively high interest rates resulting in severe financial hardship;
- c. Customer 23 had asked female gamblers to provide him with sexual services as partial payment of the interest on loans he had provided; and
- d. the above conduct had occurred on Star premises.

On 17 January 2020, Star Qld issued a WOL in respect of Customer 23.

- o. in 2020, Customer 23 was the subject of law enforcement enquiries at Star Qld;

Particulars

On 8 January 2020, Star Qld and a law enforcement agency exchanged information in respect of Customer 23.

On 17 October 2020, Star Qld informed a law enforcement agency that Customer 23 had been issued with a WOL in January 2020.

- p. Customer 23 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616.

Customer 23 had access to private gaming rooms at Star Qld, including the Sovereign Room, the Club, Salon 66, the Suite, Pit 8, the Sapphire Room and the Club Conrad.

- q. Star Qld did not have adequate reason to believe that Customer 23's source of wealth and source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 23 at Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 23 was retired.

Despite this, Customer 23 provided millions of dollars of funding to junkets at Star Qld and engaged in very large and unusual cash transactions and patterns of transactions, which had no apparent economic or visible lawful purpose.

In 2019, despite not being eligible to play on junket programs, Customer 23 played on two junkets that he had also funded and of which he was the representative.

Customer 23 recorded a high turnover not commensurate with his source of wealth and source of funds and consistently sent or received large telegraphic transfers to and from the casino.

From September 2019, Customer 23's suspicious behaviour continued to escalate. However, Star Qld did not take steps to review, update and verify Customer 23's stated source of wealth and source of funds, being that he was retired.

Star Qld's determination of the ML/TF risks posed by Customer 23

1240. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 23 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 23.
- a. On and from 30 November 2016, Customer 23 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 23's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 23 rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 4 April 2014, Customer 23 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 17 February 2020, Customer 23 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 23's transactions

1241. At no time did Star Qld apply appropriate transaction monitoring to Customer 23's transactions because:

- a. where Star Qld conducted any transaction monitoring of transactions involving Customer 23, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld did not make and keep complete and reliable records of designated services provided to junket funders, players and representatives;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

Customer 23 was a Queensland resident at the time of the junket programs. As a result, Customer 23 was not permitted to play with junket chips on a rebate program in Queensland. Nonetheless, Customer 23 recorded a win on two junkets at Star Qld

- c. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 23 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- d. Star Qld provided designated services to Customer 23 through multiple accounts and was not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- e. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 23 or persons associated with him.

Particulars

Star senior management were not specifically informed of 20 large and suspicious cash incidents involving Customer 23 or persons associated with him totalling \$2,554,797 between September 2017 and September 2019: see *Customer 23's risk profile*.

The review, update and verification of Customer 23's KYC information

1242. Star Qld did not review, update and verify Customer 23's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 23's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 23's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 23's source of wealth and source of funds were not legitimate: see *Customer 23's risk profile*.

- d. to the extent that Star Qld reviewed Customer 23's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 23.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 23's high ML/TF risks

1243. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 23 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 23; and
- c. reviewing and updating Customer 23's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 23 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 23*.

ECDD triggers in respect of Customer 23

1244. Star Qld was required to apply the ECDD Programs to Customer 23 following any ECDD triggers in respect of Customer 23.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3), 15.10 of the Rules.

1245. Customer 23 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period;

Particulars

Between 29 September 2017 and 3 January 2020, Star Qld gave the AUSTRAC CEO 15 SMRs with respect to Customer 23.

1246. The matter pleaded in paragraph 1245 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1247. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 23 following an ECDD trigger because:

- a. on each occasion prior to 17 January 2020 that Star Qld conducted ECDD in respect of Customer 23 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 23 and the provision of designated services to Customer 23 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 809. above.

Despite the higher ML/TF risks posed by Customer 23 by and from 30 November 2016, Star Qld did not conduct ECDD in respect of him until 2019: see *Customer 23's risk profile* above.

On 19 February 2019, 15 May 2019 and 2 July 2019, Star Qld conducted ECDD in respect of Customer 23.

On 2 July 2019, the ECDD screening in respect of Customer 23 identified that he may be bringing international customers to the casino despite living locally.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 23's higher ML/TF risks: see *Customer 23's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 23's source of funds or source of wealth. Star understood that Customer 23 was retired. Despite this, Customer 23 provided millions of dollars of funding to junkets at Star Qld and engaged in very large and unusual cash transactions and patterns of transactions, which had no apparent economic or visible lawful purpose. Customer 23 recorded a high turnover not commensurate with his source of wealth and source of funds and consistently sent or received large telegraphic transfers to and from the casino.

By reason of the matters set out above, there were real risks that Customer 23's source of wealth and source of funds were not legitimate: see *Customer 23's risk profile*.

- b. Customer 23 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 17 January 2020 that Customer 23 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 23 and the provision of designated services to Customer 23 by Star Qld, and whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Despite the numerous SMRs given by Star Qld to the AUSTRAC CEO detailing regular large and suspicious cash transactions and telegraphic transfers conducted by Customer 23, Star Qld senior management did not consider the higher ML/TF risks posed by him until 2020: see *Customer 23's risk profile* above.

On 10 January 2020, following the receipt by Star Qld of an accusation that Customer 23 was a loan shark who charged excessively high interest rates and had asked some female gamblers to provide services as partial payment of the interest on loans he had provided on Star premises, an Investigations Officer prepared an information note in respect of the allegation. The note included that:

- a. further allegations had been received that Customer 23 collected other individual's identification cards in order to use their membership points at Star Qld;
- b. Star had obtained law enforcement intelligence in respect of Customer 23, including that:

- i. a person thought to be Customer 23 had previously been investigated in respect of loan sharking and bookmaking, including at Star Qld; and
- ii. Customer 23 and another individual had formed a partnership to assist each other in laundering large sums of criminal wealth on behalf of unknown persons from Australian and overseas. The funds were believed to be the proceeds of illicit drug trafficking;
- c. between February 2004 and December 2011, AUSTRAC records showed that 280 TTRs had been generated in respect of Customer 23 totalling \$6,309,650;
- d. Customer 23 was involved in the racing industry and linked to bookmaking and gambling activities overseas;
- e. Customer 23 made unusually large volume cash deposits into personal accounts at various Australian bank branches;
- f. Customer 23 was accused of loaning large sums of cash to gamblers at casinos at very high interest rates; and
- g. on 10 January 2020, Star investigators had agreed with Star surveillance managers that they would commence a surveillance operation in respect of Customer 23 when he attended Star Qld to determine whether the allegations in the email could be substantiated.

Between January 2020 and February 2020, Customer 23 was discussed at JRAMM and PAMMs, which noted that:

- a. Customer 23 had been accused of money lending activities and asking female gamblers to provide 'other' services in repayment;
- b. further work was to be completed in respect of the allegations; and
- c. Customer 23's occupation was 'retired'.

On 16 January 2020, Star investigators had formed the opinion that Customer 23 was involved in an operation where he would act for and remit money to patrons at a profit.

On 17 January 2020, Star Qld issued a WOL in respect of Customer 23.

The minutes of the February 2020 JRAMM noted that Customer 23 had been excluded.

Contravention of s36 of the Act in respect of Customer 23

1248. By reason of the matters pleaded from paragraphs 1236 to 1247, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 23 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1249. By reason of the matters pleaded at paragraph 1248, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 17 January 2020 with respect to Customer 23.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 24

1250. Customer 24 was a customer of Star Sydney during the relevant period. Between 2016 and 2021, Star Sydney recorded turnover exceeding \$2.5 million for Customer 24.

Particulars

Customer 24 was a customer of Star Sydney from at least 14 November 2007.

1251. Star Sydney provided Customer 24 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player, junket representative and junket funder. Between 2017 and 2019, Star Sydney recorded that junkets funded by Customer 24 had a turnover exceeding \$310 million.

Particulars

On 27 August 2013, Star Sydney opened an FMA and SKA for Customer 24 which remain open (item 11, table 3, s6 of the Act).

Between 26 August 2013 and 19 August 2019, Star Sydney approved CCFs for Customer 24 on 21 occasions ranging from \$1,000,000 to \$3,668,352 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Bank 1 (Macau) cash channel and the Customer 9 channels, which it made available to Customer 24 (items 31 and 32, table 1, s6 of the Act).

See Customer 24's risk profile below.

1252. Customer 24 was a customer of Star Qld during the relevant period. Between 2016 and 2019, Star Qld recorded turnover exceeding \$2 million for Customer 24.

Particulars

Customer 24 was a customer of Star Qld from at least 19 November 2016.

1253. Star Qld provided Customer 24 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player, junket representative and junket funder. Between 2016 and 2019, Star Qld recorded that junkets funded by Customer 24 had a turnover exceeding \$400 million.

Particulars

On 15 July 2017, Star Qld opened an FMA and SKA for Customer 24 which remain open (item 11, table 3, s6 of the Act).

Between 16 November 2016 and 29 May 2019, Star Qld approved CCFs for Customer 24 on 13 occasions ranging from \$1,000,000 to \$3,000,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Bank 1 (Macau) cash channel and the Customer 9 channels, which it made available to Customer 24 (items 31 and 32, table 1, s6 of the Act).

See Customer 24's risk profile below.

1254. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 24.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 24's risk profile

1255. On and from 30 November 2016, Customer 24, and the provision of designated services to Customer 24 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 24's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 24 had the following risk history:
- i. by November 2016, Star Qld was aware that Customer 24 had access to two different passports which had different names and dates of birth, and had engaged in large and unusual transactions;

Particulars

On 19 November 2016, Customer 24 requested to commence a junket group at Star Gold Coast. To set up the junket group, Star Qld required Customer 24 to provide photo identification. Customer 24 had a current foreign passport on record. Customer 24 provided Star Qld with an Australian passport under a name different to that in Star Qld's systems. Customer 24 could not provide Star Qld with any other photo identification or change of name documentation.

Customer 24 provided a personal cheque drawn from an overseas bank. As Customer 24 did not provide Star Qld with any other photo identification, Customer 24's facility at Star Sydney was instead used to draw down and deposit \$1,049,000 to fund a junket at Star Qld.

Customer 24 acted as the first junket operator of the junket group Customer 24 set up, and provided funds to a junket player. A second junket operator monitored that player. Star Qld was advised that the second junket operator was Customer 24's sister.

The second junket operator had a guest. Star Qld noted that the guest was believed to be Customer 24's husband. Star Qld declined the guest's attempt to cash out premium chips, as the guest was not a junket player.

On 21 November 2016, the guest exchanged \$20,000 in cash for chips.

Star Qld was asked to deposit all remaining funds into the second junket operator's account. The funds were then transferred to Star Sydney for Customer 24 to redeem: SMR dated 22 November 2016.

- ii. between 26 August 2013 and 25 November 2016, Star Sydney provided Customer 24 with significant amounts of credit upon request, up to limits of \$3,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 26 August 2013 and 25 November 2016, Star senior management, including the Chief Financial Officer and the Chief Casino Operator, approved CCFs for Customer 24 on three occasions totalling \$7,300,000, ranging between \$2,000,000 and \$3,000,000.

- iii. on 16 November 2016, Star Qld provided Customer 24 with significant amounts of credit upon request, up to limits of \$2,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 16 November 2016, Star Qld senior management, including the Chief Executive Officer and the Star Qld Managing Director, approved a single trip CCF limit of \$2,000,000 for Customer 24.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6) to Customer 24 by remitting large amounts of money into the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Bank 1 (Macau) cash channel

For example, on 22 August 2016, unknown persons deposited a total of \$28,198 in cash at Bank 1 which Star Sydney made available to Customer 24 through the Bank 1 (Macau) cash channel.

- v. Customer 24 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 27 August 2013 and 20 July 2016, Star Sydney gave the AUSTRAC CEO 16 TTRs detailing outgoing payments from Customer 24 totalling \$857,407 which were comprised of:

- a. \$613,432 in account withdrawals; and
- b. \$243,975 in chip exchanges.

Customer 24's risk profile from 30 November 2016

- b. Customer 24 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
 - i. between 26 August 2017 and 22 September 2019, Customer 24 funded 16 junkets at Star Sydney;

Particulars

At Star Sydney, Customer 24 funded four junket operators, including her husband.

In 2016, Customer 24 provided \$2,000,000 in funding to junkets at Star Sydney.

In 2017, Customer 24 provided \$6,700,000 in funding to junkets at Star Sydney.

In 2018, Customer 24 provided \$14,040,000 in funding to junkets at Star Sydney.

In 2019, Customer 24 provided \$9,670,000 in funding to junkets at Star Sydney.

Customer 24 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

On seven occasions, Customer 24 was a junket player on a program that she funded.

- ii. Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 24 between 26 August 2017 and 22 September 2019 was \$315,833,919 with losses of \$12,338,810;

Particulars

In 2017, junket programs funded by Customer 24 had a turnover of \$136,233,019 with losses of \$7,887,840.

In 2018, junket programs funded by Customer 24 had a turnover of \$168,604,215 with losses of \$3,828,315.

In 2019, junket programs funded by Customer 24 had a turnover of \$11,046,685 with losses of \$622,655.

- iii. between 30 June 2017 and 19 August 2019, Star Sydney provided Customer 24 with significant amounts of credit upon request, up to limits of \$3,668,352;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 30 June 2017 and 19 August 2019, Star Sydney provided Customer 24 with at least \$32,398,352 in CCFs, between \$1,000,000 and \$3,668,352 on 18 occasions. The CCFs were approved by Star Sydney senior management, including the Chief Financial Officer and the Chief Casino Officer.

- iv. the junkets funded by Customer 24 had four junket representatives including Customer 24 herself; and
- v. the junkets funded by Customer 24 facilitated the provision of high value designated services to junket operators, junket representatives and junket players including players in respect of whom Star Sydney had formed suspicions such as Customer 24 herself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- c. Customer 24 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;
 - i. between 30 November 2016 and 11 September 2019, Customer 24 funded 15 junkets at Star Qld;

Particulars

In 2019, Customer 24 was one of the top ten junket funders by number of junkets funded, and amount of funding provided, at Star Gold Coast.

At Star Qld, Customer 24 funded four junket operators, including her husband.

In 2016, Customer 24 provided \$1,649,000 in funding to junkets at Star Qld.

In 2017, Customer 24 provided \$4,075,632 in funding to junkets at Star Qld.

In 2018, Customer 24 provided \$9,000,000 in funding to junkets at Star Qld.

In 2019, Customer 24 provided \$23,000,000 in funding to junkets at Star Qld.

Customer 24 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

On 11 occasions, Customer 24 was a junket player on a program that she funded.

- ii. Star Qld recorded that the total cumulative turnover of junkets funded by Customer 24 between 30 November 2016 and 11 September 2019 was \$402,465,973;

Particulars

In 2016, junket programs funded by Customer 24 had a turnover of \$27,724,100.

In 2017, junket programs funded by Customer 24 had a turnover of \$47,560,968 with losses of \$2,032,820.

In 2018, junket programs funded by Customer 24 had a turnover of \$61,709,830 with losses of \$1,171,310.

In 2019, the turnover of junket programs funded by Customer 24 significantly escalated to \$265,471,075.

- iii. between 14 July 2017 and 29 May 2019, Star Qld provided Customer 24 with significant amounts of credit upon request, up to limits of \$3,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 14 July 2017 and 29 May 2019, Star Qld provided Customer 24 with at least \$18,500,000 in CCFs, between \$1,000,000 and \$3,000,000 on 12 occasions. The CCFs were approved by Star Qld senior management, including the Chief Financial Officer and the Chief Executive Officer.

- iv. the junkets funded by Customer 24 had four junket representatives including herself; and
- v. the junkets funded by Customer 24 facilitated the provision of high value designated services to junket operators, junket representatives and junket players including players in respect of whom Star Qld had formed suspicions such as Customer 24 herself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

On 21 July 2017, Customer 24 arrived at Star Qld with a Victorian driver's licence and a bank card under the same name as used on her account. Star Qld noted that Customer 24 had previously provided an Australian passport under a different name to that used on her account, and that Customer 24 had failed to supply documentation of any name change.

Customer 24 provided \$3,000,000 in front money. Customer 24 provided funds to an unknown customer at Star Qld to engage in gaming activities.

Star Qld noted that it was unusual that Customer 24 held an Australian passport in a different name to her other identification documents. Further, Star Qld noted that Customer 24 appeared to be unwilling to provide any supporting documentation for the name change: SMR dated 21 July 2017.

- d. Customer 24 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 3 July 2017 and 11 September 2019, Customer 24 was a player on seven junkets at Star Sydney operated by three junket operators;
 - ii. each of the junkets was funded by Customer 24; and
 - iii. between 3 July 2017 and 11 September 2019, Star Sydney recorded high and escalating turnover totalling \$1,558,600 with losses of \$56,355 for Customer 24's gaming activity on junket programs;

Particulars

In 2017, Customer 24's turnover on junket programs was \$468,800 with losses of \$44,460.

In 2018, Customer 24's turnover on junket programs was \$404,800 with losses of \$18,190.

In 2019, Customer 24's turnover on junket programs escalated to \$685,000 with wins of \$6,295.

- e. Customer 24 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 15 July 2017 and 11 September 2019, Customer 24 was a player on 11 junkets at Star Qld operated by two junket operators;
 - ii. each of the junkets was funded by Customer 24; and
 - iii. between 15 July 2017 and 11 September 2019, Star Qld recorded high and escalating turnover totalling at least \$163,900 for Customer 24's gaming activity on junket programs;

Particulars

In 2017, Customer 24's turnover on junket programs was at least \$42,000.

In 2019, Customer 24's turnover on junket programs escalated to at least \$121,900.

- f. designated services provided to Customer 24 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 24 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2021,

Star Sydney recorded high and escalating individual rated turnover totalling \$1,066,393 for Customer 24;

Particulars

See paragraph 752 above.

In 2016, Customer 24's individual turnover was \$209,613.

In 2018, Customer 24's individual rated turnover was \$29,303.

In 2019, Customer 24's individual rated turnover escalated to \$705,783.

In 2020, despite the COVID-19 pandemic closures, Customer 24's individual rated turnover was \$97,234.

In 2021, Customer 24's individual rated turnover was \$24,460.

- h. Customer 24 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2019, Star Qld recorded high and escalating individual rated turnover totalling \$1,837,645 for Customer 24;

Particulars

See paragraph 752 above.

In 2016, Customer 24's individual rated turnover was \$775,200.

In 2017, Customer 24's individual rated turnover was \$66,080.

In 2018, Customer 24's individual rated turnover escalated to \$235,990.

In 2019, Customer 24's individual rated turnover further escalated to \$760,375.

In 2019, Customer 24 was one of Star Qld's largest debtors, owing the casino \$237,470.

- i. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 24 by remitting large amounts of money into and out of the casino environment through her accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Bank 1 (Macau) cash channel

See paragraphs 372 and 382 to 384 above.

Between 29 December 2016 and 9 October 2017, unknown persons deposited a total of \$2,192,999 in cash at Bank 1 which Star Sydney made available to Customer 24 through the Bank 1 (Macau) cash channel.

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 8 February 2018 and 23 November 2018, deposits through the Customer 9 channels totalling AU\$1,725,261 and HKD807,860 were made available by Star Sydney to Customer 24's account.

Other remittances into the casino environment

See paragraph 327 above.

See paragraph 1255.k below.

For example, between 29 December 2016 and 9 February 2018, Star Sydney gave the AUSTRAC CEO six incoming IFTIs totalling \$2,285,562 where Customer 24 was named as the customer. On each occasion, the funds were deposited into Customer 24's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

See paragraph 1255.k below.

- j. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 24 by remitting large amounts of money into the casino environment through her accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Bank 1 (Macau) cash channel

See paragraphs 372 and 382 to 384 above.

On 26 August 2017, unknown persons deposited \$224,372 in cash at Bank 1 which Star Qld made available to Customer 24 through the Bank 1 (Macau) cash channel.

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 2 July 2019 and 12 July 2019, deposits through the Customer 9 channels totalling \$1,090,709 were made available by Star Qld to Customer 24's account.

Other remittances involving third parties

See paragraph 278 above.

See paragraph 1255.l below.

Other remittances into the casino environment

See paragraph 327 above.

For example, on 5 September 2017, Star Qld gave the AUSTRAC CEO an incoming IFTI totalling \$225,062 where Customer 24 was named as the customer. The funds were used to redeem a cheque.

This transaction was conducted through the Star Patron account channel.

- k. Star Sydney was aware that Customer 24 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 19 February 2019, Customer 24 received an electronic funds transfer from Customer 3. Star Sydney noted that the transaction was unusual as Customer 24 had never been a player on Customer 3's Suncity junket.

On 20 February 2019, Star Sydney received a telegraphic transfer from Customer 24 for \$130,000.

On 28 February 2019, Customer 24 requested that \$210,000 be transferred to Customer 24's personal Australian bank account. Customer 24 then requested that a further \$70,000 be transferred to the same bank account.

Star Sydney noted that it was suspicious that Customer 24 transferred funds to her own bank account where prior to the transfer those funds had remained in Customer 24's Star Sydney account without being accessed or utilised for any gaming activity: SMR dated 19 March 2019.

- l. Star Qld was aware that Customer 24 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 27 November 2019, Star Qld received a telegraphic transfer of \$200,000 on behalf of Customer 24 from an Australian bank account held by a third party who was not a patron at Star Qld. Star Qld was expecting the funds for Customer 24 as part payment for a returned cheque. Star Qld noted that \$37,000 remained outstanding on this returned cheque.

Star Qld noted that in August 2019 Customer 24 had provided a junket operator with funding of \$3,000,000 and that there was only one main customer in the junket group who had incurred a loss of \$507,000.

Star Qld was unaware of the connection between Customer 24, the junket player and the third party: SMR dated 28 November 2019.

- m. Customer 24 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 21 January 2019 and 25 November 2020, Star Sydney gave the AUSTRAC CEO four TTRs detailing incoming payments to Customer 24 totalling \$110,000 which were comprised of:

- a. \$70,000 in account withdrawals; and
- b. \$40,000 in chip exchanges.

Between 17 January 2019 and 30 November 2020, Star Sydney gave the AUSTRAC CEO five TTRs detailing outgoing payments from Customer 24 totalling \$120,693 which were comprised of account withdrawals and chip exchanges.

- n. Customer 24 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

On 27 May 2019, Star Qld gave the AUSTRAC CEO a TTR detailing an incoming payment to Customer 24 totalling \$10,000 in chip exchanges.

On 14 June 2018 and 26 August 2019, Star Qld gave the AUSTRAC CEO two TTRs detailing outgoing payments from Customer 24 totalling \$61,500 which comprised account withdrawals and chip exchanges.

- o. Customer 24 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 24 had access to private gaming rooms at Star Sydney, including Springs Salon, Lakes Salon, Oasis, the Sovereign Room, Harbours Salons and Lakes Salons.

- p. Customer 24 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 24 had access to private gaming rooms at Star Qld, including the Sovereign Room, Salon 66, Salon 22, Salon 21 and Pit 8.

- q. Star Sydney and Star Qld did not have adequate reason to believe that Customer 24's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 24 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 24 was a 'director/owner'. Star did not take steps to verify whether Customer 24's source of wealth was sufficient to explain the high value financial and gaming services received by Customer 24 at Star Sydney and Star Qld. This included escalating amounts of funding provided by Customer 24 to junket operators.

Customer 24 received designated services through high risk channels at Star Sydney and Star Qld, including junket channels, the Bank 1 (Macau) cash channel and the Customer 9 channels.

Customer 24's use of these channels, and Star Sydney's and Star Qld's provision of designated services to Customer 24 through those channels, served to obfuscate the source of funds used by Customer 24. Star did not take steps to verify the source of funds used in connection with the high value financial and gaming services received by Customer 24 at Star Sydney and Star Qld.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 24

1256. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 24 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 24.
- a. On and from 30 November 2016, Customer 24 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 24's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 24 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 21 July 2017, Customer 24 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 22 February 2021, Customer 24 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 24's transactions

1257. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 24's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 24, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders, representatives or players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 24 through:
 - i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the Bank 1 (Macau) cash channel and the Customer 9 channels;

Particulars

See paragraphs 383 and 441 above.

- d. Star Sydney and Star Qld provided designated services to Customer 24 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 24's KYC information

- 1258. Star Sydney and Star Qld did not review, update and verify Customer 24's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 24's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;

- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 24's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 24's source of wealth or source of funds: see *Customer 24's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 24's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 24.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 24's high ML/TF risks

1259. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 24 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 24; and
 - c. reviewing and updating Customer 24's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 24 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 24*.

ECDD triggers in respect of Customer 24

1260. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 24 following any ECDD triggers in respect of Customer 24.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1261. Customer 24:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 19 March 2019, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 24.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

On 21 July 2017 and 28 November 2019, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 24.

1262. Each matter pleaded in paragraph 1261 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1263. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 24 following an ECDD trigger because:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 24 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 24 and the provision of designated services to Customer 24 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite; and

Particulars

Rule 15.10, 15.10(2) and 15.10(5) of the Rules.

See paragraphs 797 and 807 to 809 above.

On 18 March 2019, 28 November 2019, 6 January 2020 and 22 February 2021, Star conducted ECDD in respect of Customer 24.

The ECDD screening found no adverse information in respect of Customer 24.

However, Star understood that Customer 24 was a 'director/owner'.

Star did not take steps to verify whether Customer 24's source of wealth was sufficient to explain the high value financial and gaming services received by Customer 24 at Star Sydney and Star Qld.

Customer 24 received designated services through high risk channels at Star Sydney and Star Qld, including junket channels, the Bank 1 (Macau) cash channel, the Customer 9 channels. Customer 24's use of these channels, and Star Sydney's and Star Qld's provision of designated services to Customer 24 through those channels, served to obfuscate the source of funds used by Customer 24. Star did not take steps to verify the source of funds used in connection with the high value financial and gaming services received by Customer 24 at Star Sydney and Star Qld.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 24's higher ML/TF risks: see *Customer 24's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 24's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 24's source of wealth and source of funds: see *Customer 24's risk profile*.

- b. Customer 24 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

See paragraph 810 above.

Rules 15.10(6) and (7) of the Rules.

Contravention of s36 of the Act in respect of Customer 24

- 1264. By reason of the matters pleaded from paragraphs 1250 to 1263 above, on and from 30 November 2016, Star Sydney and Star Qld:
 - a. did not monitor Customer 24 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

- 1265. By reason of the matters pleaded at paragraph 1264, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 24.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 25

- 1266. Customer 25 was a customer of Star Sydney during the relevant period. Between 2017 and 2020, Star Sydney recorded turnover exceeding \$150 million for Customer 25.

Particulars

Customer 25 was a customer of Star Sydney from at least 2 January 2016.

- 1267. Star Sydney provided Customer 25 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket funder. Between 2017 and 2020, Star Sydney recorded that junkets operated and funded by Customer 25 had a turnover exceeding \$2.2 billion.

Particulars

On 3 January 2016, Star Sydney opened an FMA and SKA for Customer 25 which remain open (item 11, table 3, s6 of the Act).

Between 21 October 2015 and 20 August 2020, Star Sydney approved CCFs for Customer 25 on seven occasions ranging from \$26,670,000 to \$133,330,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel and the Customer 9 channels, which it made available to Customer 25 (items 31 and 32, table 1, s6 of the Act).

See *Customer 25's risk profile* below.

1268. Customer 25 was a customer of Star Qld during the relevant period. Between 2017 and 2019, Star Qld recorded turnover exceeding \$48 million for Customer 25.

Particulars

Customer 25 was a customer of Star Qld from at least 21 October 2015.

1269. Star Qld provided Customer 25 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2019, Star Qld recorded that junkets operated by Customer 25 had a turnover exceeding \$280 million.

Particulars

On 5 November 2015, Star Qld opened an FMA for Customer 25 which remains open (item 11, table 3, s6 of the Act).

Between 5 November 2015 and 20 August 2020, Star Qld approved CCFs for Customer 25 on six occasions ranging from \$26,670,000 to \$133,330,000 (item 6, table 1, s6 of the Act).

See *Customer 25's risk profile* below.

1270. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 25.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 25's risk profile

1271. On and from 30 November 2016, Customer 25, and the provision of designated services to Customer 25 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 25's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 25 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 25;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on four occasions between 18 January 2016 and 19 February 2016.

The SMRs reported that Customer 25, and persons associated with her junket, transacted using large amounts of cash and cash that appeared suspicious at Star Sydney: see paragraph 1271.a.vi below.

- ii. Customer 25 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

By 30 November 2016, Customer 25 had operated 27 junkets at Star Sydney.

By 30 November 2016, the total cumulative turnover of junkets operated by Customer 25 at Star Sydney was \$564,568,812 with losses of \$4,786,545.

Customer 25 provided \$53,622,420 in funding towards the junkets.

By 30 November 2016, Customer 25 had four junket representatives at Star Sydney.

- iii. Customer 25 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;

Particulars

By 30 November 2016, Customer 25 had operated one junket at Star Qld.

By 30 November 2016, the total cumulative turnover of the junket operated by Customer 25 at Star Qld was \$7,735,000 with wins of \$700,000.

By 30 November 2016, Customer 25 had one junket representative at Star Qld.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 25 by remitting large amounts of money into and within the casino environment via her accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 12 February 2016 and 24 May 2016, Star Sydney gave the AUSTRAC CEO two incoming IFTIs totalling \$4,382,847 where Customer 25 was named as the ordering customer and beneficiary. The funds were transferred to Customer 25's Star Sydney account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, on 30 March 2016, Star Sydney sent a transfer of \$3,052,406 from Customer 25's account to Star Qld.

- v. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 25 by remitting large amounts of money into and out of the casino environment via her accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

For example, on 29 March 2016, Star Qld received a telegraphic transfer of \$3,052,406, which it made available to Customer 25's FMA at Star Gold Coast.

The above transaction was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

For example, on 23 November 2016, Star Qld facilitated a telegraphic transfer of \$865,574 from Customer 25's FMA at Star Gold Coast to an overseas bank account.

The above transaction was conducted through the Star Patron account channel.

- vi. Star Sydney was aware that Customer 25, and persons associated with her junket, transacted using large amounts of cash and cash that appeared suspicious;

Particulars

See paragraphs 611 to 618 above.

Between 16 January 2016 and 7 May 2016, Star Sydney gave the AUSTRAC CEO 12 TTRs detailing chip and cash exchanges made by Customer 25 totalling \$468,445.

Between 14 January 2016 and 20 June 2016, Star Sydney gave to the AUSTRAC CEO 35 TTRs detailing account deposits and withdrawals made by Customer 25 totalling \$1,904,701.

Between 15 January 2016 and 14 March 2016, Customer 25 withdrew large amounts of cash from her FMA at Star Sydney. This amounted to \$400,000 of cash withdrawn on three occasions.

Between 14 February 2016 and 2 May 2016, representatives of Customer 25's junkets withdrew large amounts of cash from her FMA at Star Sydney. This amounted to \$573,700 of cash withdrawn on four occasions.

Between 16 February 2016 and 7 May 2016, representatives of Customer 25's junkets exchanged large amounts of chips for cash at

Star Sydney. This amounted to \$303,615 of chips exchanged for cash on two occasions.

- vii. between 21 October 2015 and 12 January 2016, Star Sydney provided Customer 25 and her junket with significant amounts of credit upon request, up to limits of \$53,330,000 with an additional trip only limit of \$21,330,000; and

Particulars

See paragraphs 516 to 518 and 552 above.

Between 21 October 2015 and 12 January 2016, Star Sydney senior management including the Chief Executive Officer and Chief Financial Officer approved permanently active or single trip CCFs on two occasions for Customer 25 up to limits of \$53,330,000 with an additional trip only limit of \$21,330,000.

- viii. on 5 November 2015, Star Qld provided Customer 25 and her junket with significant amounts of credit upon request, up to a limit of \$53,330,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 5 November 2015, Star Qld senior management including the Chief Executive Officer and Chief Financial Officer approved a permanent active CCF limit of \$53,330,000 for Customer 25.

Customer 25's risk profile from 30 November 2016

- b. Customer 25 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 12 March 2017 and 2 September 2020, Customer 25 operated 90 junkets at Star Sydney;

Particulars

In 2017, 2018, 2019 and 2020, Customer 25 was one of the top ten junket operators by number of junkets operated or by turnover at Star Sydney.

Customer 25 provided \$359,417,142 in funding towards the junkets.

- ii. between 12 March 2017 and 2 September 2020, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 25 was \$2,205,593,726 with losses of \$21,479,188;

Particulars

In 2017, junkets operated by Customer 25 had a turnover of \$473,519,393 with wins of \$1,816,461.

In 2018, junkets operated by Customer 25 had a turnover of \$870,803,895 with losses of \$7,258,359.

In 2019, junkets operated by Customer 25 had a turnover of \$693,474,861 with losses of \$10,985,715.

In 2020, junkets operated by Customer 25 had a turnover of \$167,795,576 with losses of \$5,051,575.

- iii. between 12 March 2017 and 2 September 2020, Star Sydney recorded a cumulative turnover of \$156,208,573 for Customer 25 as a junket player on her own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2016 and 2020, total benefits of \$19,806,483 were payable to Customer 25 by Star Sydney in her capacity as a junket operator for rebates earned, revenue sharing agreements and other benefits;

Particulars

Customer 25 was entitled to benefits from Star Sydney in her capacity as a junket operator:

- a. in 2016, total benefits of \$4,789,885 were payable to Customer 25;
 - b. in 2017, total benefits of \$3,901,503 were payable to Customer 25;
 - c. in 2018, total benefits of \$1,608,240 were payable to Customer 25;
 - d. in 2019, total benefits of \$7,361,345 were payable to Customer 25; and
 - e. in 2020, total benefits of \$2,145,509 were payable to Customer 25.
- v. between 24 February 2017 and 20 August 2020, Star Sydney provided Customer 25 and her junket with significant amounts of credit upon request, up to limits of \$133,330,000;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 24 February 2017 and 20 August 2020, Star Sydney senior management including the Chief Executive Officer and Chief Financial Officer approved permanently active CCFs for Customer 25 on five occasions with limits between \$26,670,000 and \$133,330,000.

- vi. Customer 25 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 25 operated junkets in non-exclusive private gaming rooms, including the Sovereign Room, Chairman's and Pit 80.

Customer 25 operated junkets in exclusive private gaming rooms, including Salon 75, Salon 76, Salon 78, Salon 82, Salon 86, Salon 91, Salon 93, Salon 95, Salon 96, Salon 97, Salon 98 and Salon 99.

- vii. in the relevant period, Customer 25 had 23 junket representatives at Star Sydney; and
- viii. Customer 25 and her junket representatives facilitated the provision of high value designated services to junket players at Star Sydney including players who posed higher ML/TF risks and players who Star Sydney considered had acted suspiciously such as Customer 78;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 25 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 9 June 2017 and 1 October 2019, Customer 25 operated 18 junkets at Star Qld;

Particulars

In 2017, 2018 and 2019, Customer 25 was one of the top ten junket operators by number of junkets operated or by turnover at Star Qld.

Customer 25 provided \$66,000,000 in funding towards the junkets.

- ii. between 9 June 2017 and 1 October 2019, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 25 was \$281,115,647 with losses of \$2,171,290;

Particulars

In 2017, junkets operated by Customer 25 had a turnover of \$65,908,830 with losses of \$3,162,425.

In 2018, junkets operated by Customer 25 had a turnover of \$183,165,795 with wins of \$806,020.

In 2019, junkets operated by Customer 25 had a turnover of \$32,041,022 with wins of \$185,115.

- iii. although Customer 25 was a junket player on some of her own junkets, between 9 June 2017 and 1 October 2019, Star Qld recorded a cumulative turnover of \$19,619,828 for Customer 25 as a junket player on her own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraphs 670 above.

- iv. between 2017 and 2019, total benefits of \$966,351 were payable to Customer 25 by Star Qld in her capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers;

Particulars

Customer 25 was entitled to benefits from Star Qld in her capacity as a junket operator:

- a. in 2017, total benefits of \$130,384 were payable to Customer 25;
 - b. in 2018, total benefits of \$561,787 were payable to Customer 25; and
 - c. in 2019, total benefits of \$274,180 were payable to Customer 25.
- v. between 24 February 2017 and 20 August 2020, Star Qld provided Customer 25 and her junket with significant amounts of credit upon request, up to limits of \$133,330,000;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 24 February 2017 and 20 August 2020, Star Qld senior management including the Chief Executive Officer and Chief Financial Officer approved permanently active CCFs on five occasions for Customer 25 ranging between limits of \$26,670,000 and \$133,330,000.

- vi. Customer 25 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 25 operated junkets in non-exclusive private gaming rooms, including the Pit 11.

Customer 25 operated junkets in exclusive private gaming rooms, including Salon 8, Salon 10, Salon 22, Salon 21, Salon 89, Salon 90, Salon 96, Salon 99 and Pit 9.

- vii. in the relevant period, Customer 25 had eight junket representatives at Star Qld; and
- viii. Customer 25 and her junket representatives facilitated the provision of high value designated services to more than 30 junket players at Star Qld;

Particulars

See paragraphs 643 to 649 above.

- d. Customer 25 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
 - i. between 10 June 2017 and 13 June 2017, Customer 25 funded a junket at Star Sydney;
 - ii. Star Sydney recorded that the total cumulative turnover of the junket funded by Customer 25 between 10 June 2017 and 13 June 2017 was \$5,496,712 with losses of \$17,455; and
 - iii. this junket funded by Customer 25 facilitated the provision of high value designated services to three junket players;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- e. Customer 25 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 9 June 2017 and 18 October 2017, Customer 25 was a player on three junkets at Star Qld operated by herself; and
 - ii. between 9 June 2017 and 18 October 2017, Star Qld recorded high turnover totalling \$29,017,963 with losses of \$1,428,960 for Customer 25's gaming activity on junket programs;
- f. designated services provided to Customer 25 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 25 was connected to other customers at Star Sydney and Star Qld, including junket funders, junket operators, foreign PEPs, players who posed higher ML/TF risks and players who Star Sydney and Star Qld considered had acted suspiciously such as Customer 1;

Particulars

Star understood that Customer 25 was the junket operator, junket funder and a very senior employee of an international junket operator.

Star further understood that the international junket operated was a subsidiary of the international Suncity junket operated by Customer 3 and Customer 4, and funded by Customer 1.

In August 2020, Star Sydney issued a WOL in respect of two of Customer 25's junket representatives. The reason for the exclusion was a series of large and suspicious cash transactions involving a significant volume of \$50 notes being delivered into the casino and deposited into Customer 25's account: see paragraph 1271.1 below.

Star investigators formed the view that the junket representatives were close associates and were co-ordinating their activities to place, integrate and layer tainted funds in excess of \$400,000 into the casino. Star investigators suspected that the funds were the proceeds of crime.

- h. between 27 June 2017 and 9 August 2019, across nine occasions, Customer 25 referred eight different players to Star Qld;

Particulars

See paragraph 625 above.

Between 27 June 2017 and 9 August 2019, across nine occasions, Customer 25 referred eight different players to Star Qld. On each occasion, Customer 25 arranged for the referred player(s) to attend Star Qld on a rebate program without Customer 25 or her junket representative being present.

Customer 25 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- i. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 25 by remitting large amounts of money into, out of, and within the casino environment via her account, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

On 19 September 2019, a third party company acting on behalf of Customer 25 deposited a total of \$557,711 into the EEIS Patron accounts, which Star Sydney made available to Customer 25 through the EEIS remittance channel.

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

On 29 July 2019, deposits through the Customer 9 channels totalling \$849,623 were made available by Star Sydney to Customer 25's account.

Remittances involving third parties

See paragraph 278 above.

On 27 July 2017, Star Sydney gave the AUSTRAC CEO three incoming IFTIs totalling \$1,614,639 where Customer 25 was named as the beneficiary, and the ordering customers were three different third party accounts overseas. The funds were made available to Customer 25's Star Sydney account.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 12 January 2017 and 9 November 2017, Star Sydney gave the AUSTRAC CEO eight incoming IFTIs totalling \$6,081,974 where Customer 25 was named as the ordering customer and beneficiary. The funds were deposited to her Star Sydney account.

In addition, between 23 September 2017 and 13 March 2020, Star Sydney received 12 telegraphic transfers totalling \$12,510,768, each of which was made available to Customer 25's FMA. At least \$5,036,748.20 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 5 July 2017 and 12 March 2019, Star Sydney sent four telegraphic transfers totalling \$7,710,326 from Customer 25's account to other Australian casinos.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 14 July 2017 and 19 September 2019, Star Sydney sent five transfers totalling \$1,152,391 from Customer 25's account to Star Qld.

Between 15 August 2019 and 15 October 2019, Star Sydney received five transfers totalling \$231,935 from Star Qld, each of which was made available to Customer 25's FMA. At least \$138,617 of the funds were transferred for the purpose of redeeming outstanding CCFs.

- j. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 25 by remitting large amounts of money into and within the casino environment via her account;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 11 September 2017, Star Qld received a telegraphic transfer of \$98,850, which it made available to Customer 25's FMA at Star Gold Coast.

On 12 September 2017, Star Qld received a telegraphic transfer of \$115,021 from another Australian casino, which it made available to Customer 25's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 27 June 2017 and 30 September 2019, Star Qld facilitated three transfers totalling \$3,341,971 from Star Gold Coast to Treasury Brisbane, each of which was made available to Customer 25's FMA at Treasury Brisbane.

On 28 June 2017 and 1 October 2019, Star Qld facilitated two transfers totalling \$3,463,600 from Treasury Brisbane to Star Gold Coast, both of which were made available to Customer 25's FMA at Star Gold Coast.

Between 28 June 2017 and 28 January 2020, Star Qld received seven transfers totalling \$1,906,432 from Star Sydney, each of which was made available to Customer 25's FMA at Star Gold Coast.

Between 22 January 2019 and 15 October 2019, Star Qld facilitated twelve transfers totalling \$1,341,390 from Customer 25's FMA at Star Gold Coast to Star Sydney. At least \$138,617 of these funds were transferred for the purpose of redeeming an outstanding CCF.

k. Star Qld was aware that:

- i. Customer 25, and persons associated with her junkets, had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
- ii. Customer 25, and persons associated with her junket, transacted using large amounts of cash;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 11 June 2017 and 12 February 2018, Star Qld gave to the AUSTRAC CEO seven TTRs detailing chip and cash exchanges made by Customer 25 totalling \$462,150.

Between 31 July 2017 and 12 December 2019, Star Qld gave to the AUSTRAC CEO seven TTRs detailing account deposits and withdrawals made by Customer 25 totalling \$481,750.

Large and unusual transactions

In October 2017, Customer 25's junket at Star Qld had only one junket player. Customer 25 funded this program by drawing down on her CCF for \$1,000,000. Prior to 6 October 2017, a Star Sydney patron deposited \$300,000 into his Star Sydney account and then transferred these funds to another patron's Star Qld account. These funds were then transferred to the junket player on Customer 25's junket.

On 6 October 2017, the junket player attended Star Qld and received \$405,000 in chips from Customer 25's junket representative. The representative then entered a private gaming room. Star Qld's play records indicated that the player bought in with the chips.

Shortly afterwards, the junket player attended the Star Qld cashier and withdrew \$300,000 in cash from his Star Qld account. Star Qld noted that it was unusual for the junket player not to withdraw these funds as chips. Star Qld also observed that the junket player did not subsequently use the cash to purchase any chips.

Shortly afterwards, Star Qld observed that Customer 25's junket representative inserted the \$300,000 in cash which was divided into six \$50,000 units into a yellow envelope.

Star Qld then observed that a Star Qld patron, who was later identified as a close associate of the junket player, delivered the envelope to the junket player in a private gaming room. The junket player removed \$100,000 of the cash and handed the envelope to his associate. The associate then left the envelope on a gaming table. Soon afterwards, the player's associate departed the premises with \$100,000 withdrawn by the junket player. Star Qld observed the junket player taking a paper bag filled with the remaining \$200,000 in cash and entering a penthouse on Star Qld premises.

Star Qld considered that it was very unusual for a person to deposit \$300,000 in cash at Star Sydney, transfer these funds to a person at Star Qld, and then for that person to again transfer the funds to another customer at Star Qld. It also considered that it was very unusual for this ultimate recipient not to use the funds to gamble, but instead withdraw them as cash, give \$100,000 of the funds to a further person who was not registered as a player, and keep the remaining \$200,000 for themselves: SMR dated 9 October 2017.

- I. Customer 25, and persons associated with her junket, transacted using large amounts of cash and cash that appeared suspicious at Star Sydney, including large volumes of cash in small notes in rubber bands and shopping bags;

Particulars

See paragraphs 611 to 618 above.

Between 8 May 2017 and 6 February 2020, Star Sydney gave the AUSTRAC CEO 23 TTRs detailing chip and cash exchanges, and other exchanges made by Customer 25 totalling \$1,217,734.

Between 1 March 2017 and 29 July 2020, Star Sydney gave the AUSTRAC CEO 90 TTRs detailing account deposits and withdrawals made by Customer 25 totalling \$6,591,889.

On 1 March 2017, Customer 25 withdrew \$200,000 from her FMA at Star Sydney.

Between 7 August 2017 and 26 July 2020, Customer 25's junket representatives deposited \$1,387,000 in cash into her FMA at Star Sydney, including cash in \$100 denominations bundled in straps issued by Star, cash in small notes bundled with elastic bands and cash withdrawn from shopping bags: SMRs dated 7 January 2019 and 27 July 2020.

Between 8 May 2017 and 13 July 2020, junket representatives of Customer 25's junkets withdrew \$2,365,250 in cash from her FMA at Star Sydney, including cash that the junket representatives handed to junket players who were experiencing a loss at that time: SMRs dated 4 January 2019 and 15 July 2020.

Between 8 May 2017 and 24 October 2018 representatives of Customer 25's junkets exchanged \$706,000 in chips for cash at Star Sydney.

On 22 July 2020, Customer 25's junket representative attended the Star Sydney cashier with a backpack. The representative withdrew an orange plastic shopping bag and a recyclable shopping bag from the backpack and produced \$417,000 in cash to deposit into Customer 25's account. The cash comprised \$250,000 in \$100 notes bundled in straps issued by Star and \$250,000 in \$50 notes bundled in elastic bands. When Star Sydney asked the representative where the cash was sourced from, the representative advised that he did not know, that his 'company' had told him to deposit the cash and that he thought the cash originated at the casino. Star Sydney identified that the \$100 notes were issued by Star and sourced from a withdrawal made on 13 July 2020, but that the \$50 notes were not issued by Star. After processing the deposit, another of Customer 25's junket representative attended the Star Sydney cashier. The junket representative requested that Star Sydney return the backpack and presented \$135,000 in cash and \$25,000 in cash chips to deposit into Customer 25's account. The cash was comprised of \$4,400 in \$100 notes, \$125,600 in \$50 notes and \$5,000 in \$20 notes. The junket representative advised that the funds were sourced from a player on Customer 25's junket. The junket representative then withdrew \$160,000 in chips from Customer 25's account and handed the chips to a customer who was not a player on Customer 25's junket: SMR dated 24 July 2020.

- m. at various times, Customer 25 had significant parked or dormant funds in her SKA;

Particulars

On and from 4 September 2020, Customer 25 had \$947,679 parked in her SKA.

See paragraph 284 above.

- n. in 2020, Customer 25 was the subject of law enforcement enquiries at Star; and

Particulars

On 13 January 2020, Star Sydney received a request for information from a law enforcement agency in respect of Customer 25.

In August 2020, Star Sydney received multiple requests from a law enforcement agency seeking details about Customer 25.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- o. Star Sydney and Star Qld did not have adequate reason to believe that Customer 25's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 25 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 25 was the junket operator, junket funder and an employee of an international junket operator. Star further understood that the international junket was a subsidiary of the international Suncity junket operated by Customer 3 and Customer 4, and funded by Customer 1.

In 2017, Customer 25 recorded a very high junket turnover in respect of junkets that she operated. Moreover, persons associated with Customer 25's junket engaged in large and suspicious cash transactions. In 2020, Customer 25 was the subject of multiple law enforcement enquires. Star did not take steps to verify the source of funds used in connection with Customer 25's junkets.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 25

1272. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 25 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 25.
- a. On and from 30 November 2016, Customer 25 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 25's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. On and from 2017, Customer 25 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 25's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- c. At no time was Customer 25 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 12 January 2016, Customer 25 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 19 February 2016, Customer 25 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 27 January 2021, Customer 25 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 25's transactions

1273. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 25's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 25, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept by Star Sydney and Star Qld of designated services provided to junket players on Customer 25's junket as turnover was recorded against Customer 25 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 25 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the EEIS remittance channel and the Customer 9 channels;

Particulars

See paragraphs 441 and 493 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 25 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- f. Star Sydney and Star Qld provided designated services to Customer 25 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- g. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 25.

Particulars

Star senior management were not specifically informed of 23 large and suspicious cash incidents involving Customer 25 between 1 March 2017 and 26 July 2020: See *Customer 25's risk profile*.

The review, update and verification of Customer 25's KYC information

- 1274. Star Sydney and Star Qld did not review, update and verify Customer 25's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 25's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 25's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 25's source of wealth or source of funds: see *Customer 25's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 25's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 25.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 25's high ML/TF risks

1275. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 25 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 25; and
 - c. reviewing and updating Customer 25's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 25 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 25*.

ECDD triggers in respect of Customer 25

1276. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 25 following any ECDD triggers in respect of Customer 25.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1277. Customer 25:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 4 January 2019 and 27 July 2020, Star Sydney gave the AUSTRAC CEO five SMRs with respect to Customer 25.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

On 9 October 2017, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 25.

1278. Each matter pleaded in paragraph 1277 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1279. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 25 following an ECDD trigger because:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 25 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 25 and the provision of designated services to Customer 25 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 809 above.

Between 2 January 2019 and 19 February 2021, Star Sydney conducted ECDD in respect of Customer 25. The ECDD screenings did not identify any adverse material in respect of Customer 25.

Star understood that Customer 25 was the junket operator, junket funder and an employee of an international junket operator. Star further understood that the international junket was a subsidiary of the international Suncity junket operated by Customer 3 and Customer 4 and funded by Customer 1.

In 2017, Customer 25 recorded a very high junket turnover in respect of junkets that she operated. Moreover, persons associated with Customer 25's junket engaged in large and suspicious cash transactions. In 2020, Customer 25 was the subject of multiple law enforcement enquires. Star did not take steps to verify the source of funds used in connection with Customer 25's junkets.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 25's higher ML/TF risks: see *Customer 25's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 25's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 25's source of wealth or source of funds: see *Customer 25's risk profile*.

- b. Customer 25 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 25

1280. By reason of the matters pleaded from paragraphs 1266 to 1279, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 25 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1281. By reason of the matters pleaded at paragraph 1280, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 25.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 26

1282. Customer 26 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$250 million for Customer 26.

Particulars

Customer 26 was a customer of Star Sydney from at least 26 April 2016.

1283. Star Sydney provided Customer 26 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2019, Star Sydney recorded that junkets operated by Customer 26 had a turnover exceeding \$510 million.

Particulars

On 26 April 2016, Star Sydney opened an FMA and SKA for Customer 26 which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 26 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 26's risk profile below.

1284. Customer 26 was a customer of Star Qld during the relevant period. Between 2017 and 2020, Star Qld recorded turnover exceeding \$450 million for Customer 26.

Particulars

Customer 26 was a customer of Star Qld from at least 2 February 2017.

1285. Star Qld provided Customer 26 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2020, Star Qld recorded that junkets operated by Customer 26 had a turnover exceeding \$1.3 billion.

Particulars

On 2 February 2017, Star Qld opened an FMA for Customer 26 which remains open (item 11, table 3, s6 of the Act).

On 4 April 2017, Star Qld opened an SKA for Customer 26 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 26 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 26's risk profile below.

1286. At all times from 30 November 2016 in respect of Star Sydney, and 2 February 2017 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 26.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 26's risk profile

1287. On and from 30 November 2016, Customer 26, and the provision of designated services to Customer 26 by Star Sydney and Star Qld posed higher ML/TF risks because of the following red flags:

Customer 26's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 26 had the following risk history:
- i. Customer 26 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

On 22 April 2016, Customer 26 was approved to be a junket operator at Star Sydney.

Between 26 April 2016 and 15 November 2016, Customer 26 operated two junkets at Star Sydney, each of which was funded by a person other than Customer 26, Person 30.

By 30 November 2016, \$9,000,000 in funding had been provided to Customer 26's junkets.

By 30 November 2016, junkets operated by Customer 26 had a turnover of \$18,583,890 with wins of \$294,665.

- ii. Customer 26, and persons associated with his junket, transacted using large amounts of cash at Star Sydney; and

Particulars

See paragraphs 611 to 618 above.

For example, between 29 April 2016 and 2 May 2016, a junket representative of Customer 26's junket cashed out chips on three

occasions totalling \$616,000. Cash totalling \$500,000 was then placed in a safe deposit box.

- iii. Customer 26 requested that Star Sydney prepare letters purportedly confirming his winnings;

Particulars

See paragraphs 337 and 338 above.

On 3 May 2016, Star Sydney issued a letter of comfort purportedly confirming Customer 26's winnings totalling \$701,825.

Customer 26's risk profile from 30 November 2016

- b. Customer 26 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 27 December 2016 and 17 December 2019, Customer 26 operated 57 junkets at Star Sydney, each of which was funded by a person other than Customer 26, Person 30;

Particulars

In 2017, 2018 and 2019, Customer 26 was one of the top ten junket operators who operated the highest number of junkets at Star Sydney.

Between 27 December 2016 and 17 December 2019, \$193,008,000 in funding was provided to Customer 26's Star Sydney junkets by Person 30.

- ii. between 27 December 2016 and 17 December 2019, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 26 was \$514,258,911 with wins of \$5,452,296;

Particulars

In 2017, junkets operated by Customer 26 had a turnover of \$194,020,983 with losses of \$125,039.

In 2018, junkets operated by Customer 26 had a turnover of \$190,140,830 with wins of \$6,918,995.

In 2019, junkets operated by Customer 26 had a turnover of \$130,097,097 with losses of \$1,341,660.

- iii. although Customer 26 was a player on a number of their own junkets, between 27 December 2016 and 17 December 2019, Star Sydney recorded a cumulative turnover of \$216,849,565 for Customer 26 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1287.d below.

- iv. between 2017 and 2019, total benefits of \$3,342,166 were payable to Customer 26 by Star Sydney in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers;
- v. Customer 26 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 26 operated junkets in non-exclusive private gaming rooms, including the Sovereign Room and Pit 80.

Customer 26 operated junkets in exclusive private gaming rooms, including Salon 67, Salon 69, Salon 73, Salon 75, Salon 76, Salon 77, Salon 78, Salon 83, Salon 85, Salon 86, Salon 88, Salon 89, Salon 91, Salon 92 and Salon 98.

- vi. Customer 26 had ten junket representatives at Star Sydney; and
- vii. Customer 26 and his junket representatives facilitated the provision of high value designated services to 96 junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 26 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 4 February 2017 and 16 March 2020, Customer 26 operated 27 junkets at Star Qld, 22 of which were funded by persons other than Customer 26 including Customer 31;

Particulars

On 8 March 2017, Customer 26 was approved to be a junket operator at Star Qld.

In 2017, 2018, 2019 and 2020, Customer 26 was one of the top ten junket operators who operated the highest number of junket programs at Star Gold Coast.

In 2017, 2019 and 2020, Customer 26 was one of the top ten junket operators whose junket operations involved the highest total turnover at Star Gold Coast.

In 2019, Customer 26 was one of the top ten junket operators who operated the highest number of junket programs, and whose junket operations involved the highest total turnover, at Treasury Brisbane.

Between 4 February 2017 and 16 March 2020, \$85,821,410 in funding was provided to Customer 26's junkets by other Star Qld customers, including Customer 31.

- ii. between 4 February 2017 and 16 March 2020, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 26 was \$1,352,686,745 with losses of \$28,513,865;

Particulars

In 2017, junkets operated by Customer 26 had a turnover of \$243,918,363 with losses of \$871,350.

In 2018, junkets operated by Customer 26 had a turnover of \$51,726,597 with losses of \$620,510.

In 2019, junkets operated by Customer 26 had a turnover of \$1,049,880,832 with losses of \$26,492,615.

In 2020, junkets operated by Customer 26 had a turnover of \$7,160,953 with losses of \$529,390.

- iii. although Customer 26 was a player on a number of their own junkets, between 2 June 2017 and 16 March 2020, Star Qld recorded a cumulative turnover of \$233,340,751 for Customer 26 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1287.e below.

- iv. between 2017 and 2020, total benefits of \$11,448,810 were payable to Customer 26 by Star Qld in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers;

Particulars

Customer 26 was entitled to benefits from Star Qld in his capacity as a junket operator:

f. in 2017, total benefits of \$1,736,815 were payable to Customer 26;

g. in 2018, total benefits of \$1,488,875 were payable to Customer 26;

h. in 2019, total benefits of \$8,139,725 were payable to Customer 26; and

i. in 2020, total benefits of \$83,394 were payable to Customer 26.

- v. Customer 26 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 26 operated junkets in non-exclusive private gaming rooms, including Pit 6, Pit 7, Pit 11 and Pit 12.

Customer 26 operated junkets in exclusive private gaming rooms, including Pit 10, Salon 9, Salon 21, Salon 22, Salon 66, Salon 88, Salon 90, Salon 96, Salon 98 and Salon 99.

- vi. Customer 26 had five junket representatives at Star Qld; and
- vii. Customer 26 and his junket representatives facilitated the provision of high value designated services to 58 junket players at Star Qld, including foreign PEPs;

Particulars

See paragraphs 643 to 649 above.

- d. Customer 26 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 20 February 2017 and 27 July 2017, Customer 26 was recorded to be a player on nine junkets at Star Sydney operated by himself;
 - ii. each of the junkets was funded by a person other than Customer 26; and
 - iii. between 20 February 2017 and 27 July 2017, Star Sydney recorded high turnover totalling \$42,157,960 with losses of \$115,315 for Customer 26's gaming activity on junket programs;
- e. Customer 26 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 4 February 2017 and 14 February 2019, Customer 26 was a player on five junkets at Star Qld operated by himself;
 - ii. each of the junkets was funded by a person other than Customer 26; and
 - iii. between 4 February 2017 and 14 February 2019, Star Qld recorded high turnover totalling \$219,947,598 with wins of \$1,041,960 for Customer 26's gaming activity on junket programs;
- f. designated services provided to Customer 26 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 26 referred players to Star Sydney;

Particulars

See paragraph 625 above.

Customer 26 received a commission on amounts wagered by referred players, who Star Sydney dealt with directly.

- h. between 26 December 2017 and 7 July 2019, across three occasions, Customer 26 referred two different players to Star Qld;

Particulars

See paragraph 625 above.

Between 26 December 2017 and 7 July 2019, across three occasions, Customer 26 referred two different players to Star Gold Coast.

On each occasion, the Customer 26 received a commission on the amounts wagered by the other players, who Star Qld dealt with directly.

- i. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 26 by remitting large amounts of money into, out of, and within the casino environment via his account;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 26 January 2017 and 28 October 2019, Star Sydney received nine telegraphic transfers totalling \$3,757,673, each of which was made available to Customer 26's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 27 May 2017 and 24 August 2018, Star Sydney sent six telegraphic transfers totalling \$4,834,528 from Customer 26's account to overseas bank accounts.

On 7 May 2019, Star Sydney sent a telegraphic transfer of \$170,000 to a third party's overseas bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 7 February 2017 and 27 September 2019, Star Sydney received six transfers totalling \$1,517,213 from Star Qld, each of which was made available to Customer 26's account.

Between 4 April 2017 and 16 March 2020, Star Sydney sent eleven transfers totalling \$2,362,650 from Customer 26's account to Star Qld.

In addition:

- a. on 18 July 2018, Star Sydney facilitated a transfer of \$110,000 from Customer 26's FMA at Star Sydney to the FMA of a junket player; and

- b. on 24 January 2019, Star Sydney facilitated a transfer of \$5,000,000 from Customer 31's account at Star Sydney to Customer 26's account at Star Qld.
- j. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 26 by remitting large amounts of money into, out of, and within the casino environment via his account;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 14 July 2017, Star Qld received a telegraphic transfer of \$92,000, which it made available to Customer 26's FMA at Star Gold Coast.

The funds were transferred for the purpose of redeeming an outstanding CCF.

On 18 March 2019, Star Qld received a telegraphic transfer of \$457,575, which it made available to Customer 26's FMA at Star Gold Coast. The funds were transferred for the purpose of being provided to another junket operator at Star Qld, Person 30.

On 23 January 2019, Star Qld received a telegraphic transfer of \$2,000,000 from a bank account held by Customer 31, which it made available to Customer 26's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraphs 327 above.

For example, on 22 January 2019, Star Qld facilitated a telegraphic transfer of \$49,548 from Customer 26's FMA at Star Gold Coast to another Australian casino. The funds were intended for a third party, Person 30.

This transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 24 January 2019 and 6 August 2019, Star Qld facilitated nine transfers totalling \$6,947,444 from Customer 26's FMA at Star Gold Coast to Star Sydney.

On 10 February 2019, Star Qld facilitated a transfer of \$3,000,000 from Star Gold Coast to Treasury Brisbane, which it made available to Customer 26's FMA at Treasury Brisbane.

On 14 February 2019 and 2 March 2019, Star Qld facilitated two transfers totalling \$3,126,739 from Treasury Brisbane to Star Gold

Coast, both of which were made available to Customer 26's FMA at Star Gold Coast.

Between 11 July 2018 and 25 October 2019, Star Qld received six transfers totalling \$1,241,467 from Star Sydney, each of which was made available to Customer 26's SKA. The funds were transferred for the purpose of redeeming an outstanding CCF.

In addition:

- a. on 21 January 2019, Customer 26 received \$3,000,000 into his Star Qld account from Customer 31's Star Qld account;
 - b. on 24 January 2019, Customer 31 transferred \$5,000,000 from his account at Star Sydney to Customer 26's account at Star Qld; and
 - c. between 22 January 2019 and 8 February 2019, a junket player transferred a total of \$4,149,669 from his Star Sydney FMA to Customer 26's Star Gold Coast account.
- k. Star Sydney was aware that Customer 26 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

Large and unusual transactions in 2017

On 17 December 2017, Customer 26's junket representative withdrew \$160,000 in cash from Customer 26's account. The junket representative gave the majority of the cash to a third party who requested to deposit the funds into another junket operator's account, Customer 32. Star Sydney declined the request. The third party opened an FMA to complete the transaction: SMR dated 18 December 2017.

Large and unusual transactions in 2018

On 18 July 2018, Customer 26 and the junket funder transferred a total of \$310,000 to a junket player's FMA. The junket player had recorded a win of \$226,000 at the time. Star Sydney considered these transfers to be disproportionate to the gaming activity recorded by the junket player: SMR dated 18 July 2018.

Large and unusual transactions in 2019

On 24 January 2019, Customer 31 funded Customer 26's junket at Star Qld by transferring \$5,000,000 from his Customer 31's at Star Sydney. At settlement, Customer 26 requested Star Qld transfer \$1,349,960 to Customer 26's Star Sydney account. Subsequently, Customer 26's junket representative withdrew \$540,000 in cash from Customer 26's account and then met with Customer 26: SMR dated 25 January 2019.

On 11 June 2019, Customer 26's junket had recorded a win of \$85,570. Customer 26's junket representative exchanged \$150,000 in chips for cash on behalf of Customer 26. Several hours later, the junket representative deposited \$359,276 in cash into another junket operator's account, Person 30. Half of the cash appeared to be the same cash paid out on behalf of Customer 26's junket and the remainder had Star Gold Coast straps. The funds were withdrawn to redeem the other junket operator's CCF. Star Sydney considered these transactions to be suspicious due to the large volumes of cash being moved between two junket operators by one junket representative: SMR dated 12 June 2019.

- I. Star Qld was aware that Customer 26 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

Large and unusual transactions in 2017

On 4 April 2017, a junket player on Customer 26's junket telegraphically transferred \$152,410 to Star Qld which was deposited into his FMA. On 15 April 2017, the junket player transferred \$150,000 to Customer 26. Another junket operator provided an additional \$1,000,000 in front money to Customer 26's junket. The junket player lost approximately \$8,000. At the end of play, Customer 26 cashed out \$100,000 in chips and gave the cash to the junket player. On 22 April 2017, the junket player deposited the funds into his FMA. On 26 April 2017, the junket player transferred \$102,410 from his FMA to his personal bank account overseas. Star Qld was unable to account for the balance of the original funds and noted that there were no records of the other two players on the junket cashing out chips of \$10,000 or more: SMR dated 26 April 2017.

Large and unusual transactions in 2018

On 9 April 2018, Customer 26 operated a junket with two junket players and \$3,000,000 in front money. Customer 26's junket representative withdrew \$300,000 in cash from Customer 26's account and handed the cash to one of the junket players. However, the junket player had recorded a loss of \$400,000 at the time. Star Qld considered this an unusual transaction given the loss recorded and large volume of cash involved: SMR dated 10 April 2018.

On 30 July 2018, at the end of junket play, Customer 26's junket was showing a win of approximately \$1,000,000. Customer 26's junket representative withdrew \$700,000 in cash from Customer 26's account. At the time, Star Qld did not have any other records of cash payouts for any comparable amount and was not aware of whether the cash was dispersed amongst the players on the junket: SMR dated 31 July 2018.

Large and unusual transactions in 2019

On 20 January 2019, a junket player on Customer 26's junket presented \$100,000 in cash to purchase chips at Star Qld. The cash appeared to be from Star Sydney. The junket player recorded a loss of \$287,800 on the junket. Star Qld was unaware of any funding provided to the junket player by Customer 26: SMR dated 22 January 2019.

On 21 January 2019, Customer 31 transferred \$3,000,000 from his Star Sydney account to his Star Gold Coast account and then further transferred the funds to Customer 26's Star Gold Coast account. Customer 26 used the funds for a junket program: SMR dated 22 January 2019.

On 5 February 2019, a group of ten junket players under Customer 26's junket arrived at Star Qld. Only one junket player engaged in significant gaming activity. Between 22 January 2019 to 8 February 2019, that junket player had received eight telegraphic transfers totalling \$4,149,669 into his Star Sydney account. Star was unaware of the source of those funds. Between 6 February 2019 and 8 February 2019, the junket player transferred \$4,150,000 from his FMA to Customer 26's FMA. A total of \$10,500,000 had been used by Customer 26 as front money from the junket, including funds transferred from the junket player, funds transferred from Customer 26's SKA and funds transferred from a junket funder: SMR dated 8 February 2019.

By 8 February 2019, the junket player recorded a loss of \$8,000,000. Star Qld was not aware of why the telegraphic transfers were initially sent to Star Sydney and not Star Qld: SMR dated 8 February 2019.

On 4 July 2019, a junket player on Customer 26's junket, who was a foreign PEP, became a customer at Star Qld. On 7 July 2019, Customer 26 provided \$500,000 in funding to the junket player. On 8 July 2019, Customer 26 drew down another \$200,000 to add to the player's front money. The junket player recorded a loss of \$253,000. At settlement, the junket player took a total of \$172,940 in cash. The funds comprised \$22,940, being half of the commission paid on the junket, and \$150,000 from the \$200,000 funded by Customer 26. Star Qld was not aware of any relationship between the junket player and Customer 26 other than in connection with the junket program. Star Qld considered it suspicious that Customer 26 facilitated the cash payment to the junket player given that player's loss on the program: SMR dated 9 July 2019.

- m. Customer 26, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

See paragraph 1287.k above.

Large and suspicious cash transactions in 2017

On 9 June 2017, Customer 26's junket representative, Person 34, withdrew \$100,000 from Customer 26's FMA at Star Sydney.

Large and suspicious cash transactions in 2018

On 4 May 2018, Customer 26's junket representative, Person 34, withdrew \$100,000 in cash from Customer 26's FMA at Star Sydney.

On 7 May 2018, Customer 26's junket representative, Person 34, deposited \$171,400 in cash into Customer 26's FMA.

On 8 May 2018, Customer 26's junket representative, Person 34, withdrew \$1,294,051 in cash from Customer 26's account. The cash had been deposited from an earlier junket settlement. Following the transaction, Person 34 placed the cash in a Star bag and proceeded to a hotel tower: SMR dated 9 May 2018.

On 14 September 2018, Customer 26's junket representative withdrew \$350,050 in cash from Customer 26's account. The junket representative distributed the cash between two customers. One customer was a junket player on Customer 26's junket but the other customer had no known links to Customer 26 or his junket: SMR dated 17 September 2018.

On 17 September 2018, Customer 26's junket representative withdrew \$735,294 in cash from Customer 26's account. The junket representative placed the cash into paper bags and returned to a private gaming room at Star Sydney: SMR dated 19 September 2018.

On 4 December 2018, Customer 26's junket representative, Person 34, withdrew \$100,000 in cash from Customer 26's FMA. The junket representative gave \$50,000 in cash to a junket player on Customer 26's junket. The junket player had recorded a win of \$1,372,000 for the junket.

Large and suspicious cash transactions in 2019

On 18 January 2019, Customer 26's junket representative exchanged \$110,000 in chips for cash on behalf of Customer 26. The junket had recorded a win of \$226,430.

On 25 January 2019, Customer 26's junket representative withdrew \$430,119 in cash from Customer 26's account. Several hours after the withdrawal, the junket representative gave \$810,000 in cash to another customer. The cash comprised \$470,000 in \$100 notes and \$340,000 in \$50 notes. Star Sydney was not aware of whether it was the same cash withdrawn by the junket representative. However, Star Sydney understood that the \$430,119 in cash had been placed in a safe deposit box which had not subsequently been accessed. The other customer had no known links to Customer 26 or the junket representative: SMR dated 29 January 2019.

On 7 May 2019, Customer 26's junket representative withdrew \$140,000 in cash from Customer 26's SKA.

On 7 August 2019, Customer 26's junket representative withdrew \$203,277 in cash from Customer 26's SKA. The transaction was funded by a recently settled program which had recorded a win of \$195,935.

On 28 November 2019, Customer 26's junket representative withdrew \$100,000 in cash from Customer 26's SKA. The junket had recorded a loss of \$988,200 but was ongoing.

- n. Customer 26, and persons associated with his junket, transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

See paragraph 1287.l above.

On 17 March 2020, Customer 26's junket representative withdrew \$110,000 in cash from Customer 26's SKA.

- o. Customer 26 requested that Star Sydney prepare letters purportedly confirming his winnings;

Particulars

See paragraphs 337 and 338 above.

Between 7 May 2019 and 7 August 2019, Star Sydney issued a letter of comfort on three occasions purportedly confirming Customer 26's winnings totalling \$679,265 under various account numbers allocated to Customer 26.

- p. Customer 26 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 26 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Springs Salons, Lakes Salons, Oasis, Harbours Salons and Rivers Salons.

- q. Customer 26 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 26 had access to private gaming rooms at Star Qld, including the Sovereign Room, Pit 8, Pit 9, Pit 10, The Club, Salon 99, Salon 98, Salon 96, Salon 90, Salon 88, Salon 66, Salon 22, Salon 21 and the Club Conrad.

- r. in 2019, Customer 26 was the subject of a law enforcement enquiry at Star; and

Particulars

On 29 January 2019, Star Sydney received a request from a law enforcement agency for details in respect of Customer 26 and his junket representative.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- s. Star Sydney and Star Qld did not have adequate reason to believe that Customer 26's source of wealth and source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 26 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood Customer 26's occupation to be as a junket operator.

In 2017, the turnover of junkets operated by Customer 26 escalated very significantly. In 2017 alone, Star Sydney and Star Qld recorded turnover exceeding \$430 million in respect of junkets operated by Customer 26 which included tens of millions in turnover attributed to Customer 26 as a junket player. Between 2016 and 2019, other Star Sydney and Star Qld customers, including Customer 31, provided over \$270 million in funding towards junkets operated by Customer 26.

However, at no stage did Star Sydney or Star Qld obtain further source of wealth or source of funds information in respect of Customer 26 or the persons who funded his junkets which would explain the high value financial and gaming services received by him.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 26

1288. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 26 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 26.
 - a. On and from 30 November 2016, Customer 26 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 26's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. On and from 2017, Customer 26 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 26's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- c. At no time was Customer 26 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 5 May 2016, Customer 26 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 27 January 2021, Customer 26 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 26's transactions

1289. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 26's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 26, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 26's junket as turnover was recorded against Customer 26 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 26 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- e. Star Sydney and Star Qld provided designated services to Customer 26 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 26.

Particulars

Star senior management were not specifically informed of the 18 large and suspicious cash incidents involving Customer 26 between 9 June 2017 and 28 November 2019: See *Customer 26's risk profile*.

The review, update and verification of Customer 26's KYC information

- 1290. Star Sydney and Star Qld did not review, update and verify Customer 26's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 26's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 26's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 26's source of wealth or source of funds: see *Customer 26's risk profile*.

Star understood Customer 26's occupation to be as a junket operator.

In 2017, the turnover of junkets operated by Customer 26 escalated very significantly. In 2017 alone, Star Sydney and Star Qld recorded turnover exceeding \$430 million in respect of junkets operated by

Customer 26 which included tens of millions in turnover attributed to Customer 26 as a junket player. Between 2016 and 2019, other Star Sydney and Star Qld customers, including Customer 31, provided over \$270 million in funding towards junkets operated by Customer 26.

However, at no stage did Star Sydney or Star Qld obtain further source of wealth or source of funds information in respect of Customer 26 or the persons who funded his junkets which would explain the high value financial and gaming services received by him.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 26's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 26.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 26's high ML/TF risks

1291. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- identifying and assessing the ML/TF risks posed by Customer 26 appropriately;
 - applying appropriate risk-based transaction monitoring to Customer 26; and
 - reviewing and updating Customer 26's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 26 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 26*.

ECDD triggers in respect of Customer 26

1292. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 26 following any ECDD triggers in respect of Customer 26.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1293. Customer 26:

- was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 18 December 2017 and 12 June 2019, Star Sydney gave the AUSTRAC CEO eight SMRs with respect to Customer 26.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 26 April 2017 and 9 June 2019, Star Qld gave the AUSTRAC CEO seven SMRs with respect to Customer 26.

1294. Each matter pleaded in paragraph 1293 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1295. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 26 following an ECDD trigger because:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 26 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 26 and the provision of designated services to Customer 26 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 7 May 2019, 11 June 2019, 8 August 2019 and 27 January 2021, Star conducted ECDD in respect of Customer 26.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 26's higher ML/TF risks: see *Customer 26's risk profile* above.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 26's source of wealth or source of funds: see *Customer 26's risk profile*.

Rules 15.10(2) and (5) of the Rules.

- b. Customer 26 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 26

1296. By reason of the matters pleaded from paragraphs 1282 to 1295, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 26 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1297. By reason of the matters pleaded at paragraph 1296, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 26.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1298. By reason of the matters pleaded from paragraphs 1282 to 1295, on and from 2 February 2017, Star Qld:

- a. did not monitor Customer 26 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1299. By reason of the matters pleaded at paragraph 1298, Star Qld contravened s36(1) of the Act on and from 2 February 2017 with respect to Customer 26.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 27

1300. Customer 27 was a customer of Star Sydney during the relevant period. Between 2017 and 2018, Star Sydney recorded turnover exceeding \$280 million for Customer 27.

Particulars

Customer 27 was a customer of Star Sydney from at least 6 December 2017.

On 14 January 2019, Star Sydney issued a WOL in respect of Customer 27 at the direction of the Investigations Manager.

1301. Star Sydney provided Customer 27 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2018, Star Sydney recorded that junkets operated by Customer 27 had a turnover exceeding \$740 million.

Particulars

On 6 December 2017, Star Sydney opened an FMA and SKA for Customer 27, which were closed on 12 November 2019 (item 11, table 3, s6 of the Act).

Between 13 April 2018 and 20 August 2018, Star Sydney approved CCFs for Customer 27 on 23 occasions ranging from \$20,000 to \$760,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 27 (items 31 and 32, table 1, s6 of the Act).

See Customer 27's risk profile below.

1302. At all times from 6 December 2017, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 27.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 27's risk profile

1303. On and from 6 December 2017, Customer 27, and the provision of designated services to Customer 27 by Star Sydney, posed higher ML/TF risks because of the following red flags:
- a. Customer 27 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2017 and 2018, Customer 27 operated 11 junkets at Star Sydney;

Particulars

Customer 27 was approved by Star Sydney as a junket operator on 11 December 2017.

- ii. between 2017 and 2018, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 27 was \$748,625,757 with losses of \$17,106,715;
- iii. although Customer 27 was a junket player on some of his own junkets, in 2018, Star Sydney recorded a cumulative turnover of \$27,941,251 for Customer 27 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2017 and 2018, total benefits of \$4,879,973 were payable to Customer 27 by Star Sydney in his capacity as a junket operator for rebates earned and other benefits;

Particulars

Customer 27 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2017, total benefits of \$188,104 were payable to Customer 27; and
 - b. in 2018, total benefits of \$4,691,869 were payable to Customer 27.
- v. Customer 27 operated junkets in private gaming rooms, including private gaming rooms that were exclusive to the junket; and

Particulars

Customer 27 operated junkets in non-exclusive private gaming rooms, including the Oasis Room, the Sovereign Room and Pit 80.

Customer 27 operated junkets in exclusive private gaming rooms, including Salon 69, Salon 73, Salon 75, Salon 76 and Salon 77.

- vi. Customer 27 and his junket representative facilitated the provision of high value designated services to 59 junket players at Star Sydney including players in respect of whom Star Sydney had formed suspicions such as Customer 56 and Customer 62;

Particulars

See paragraphs 643 to 649 above.

- b. Customer 27 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
- i. between 2017 and 2018, Customer 27 was recorded to be a player on nine junkets operated by himself; and
 - ii. between 2017 and 2018, Star Sydney recorded high turnover totalling \$280,690,341 with losses of \$3,254,180 for Customer 27's gaming activity on junket programs;
- c. designated services provided to Customer 27 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 27 was connected to other customers at Star Sydney including junket players in respect of whom Star Sydney had formed suspicions (such as Customer 60, Customer 56, and Customer 62);

Particulars

Star Sydney understood that Customer 27 was related to Customer 60.

Star Sydney suspected that Customer 60 had been funding the junkets operated by Customer 27 while Customer 60 was subject to a WOL issued by Star Sydney, despite not being recorded as a junket financier for Customer 27.

On 22 May 2018 a staff member at Star Sydney held discussions with Customer 60 and Customer 27 shortly after Customer 60's WOL was revoked. After these discussions, the staff member considered that Customer 60 was an undeclared funder of junkets operated by his relative Customer 27.

- e. Customer 27 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2018, Star Sydney recorded turnover totalling \$385,581 for Customer 27;
 - i. in 2018, Star Sydney recorded individual rated turnover totalling \$319,120 for Customer 27; and

Particulars

See paragraph 752 above.

- ii. between 2017 and 2018, Star Sydney recorded turnover on individual rebate programs totalling \$66,461 for Customer 27;

Particulars

See paragraph 623 above.

In 2017, Customer 27's turnover on individual rebate programs was \$26,000.

In 2018, Customer 27's turnover on individual rebate programs was \$40,461.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 27 by remitting large amounts of money within and out of the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

Between 12 December 2017 and 10 September 2018, Customer 27 transacted \$4,948,000 through the Hotel Card channel in 24 separate transactions and on all but one occasion was given a temporary CCF while waiting for the funds to clear.

Other remittances into the casino environment

See paragraph 327 above.

Between 3 March 2018 and 2 August 2018, Star Sydney received 14 telegraphic transfers totalling \$9,661,538, each of which was made available to Customer 27's account.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances out of the casino environment

See paragraph 327 above.

Between 14 March 2018 and 11 August 2018, Star Sydney sent five telegraphic transfers totalling \$3,041,429 from Customer 27's account to Australian bank accounts.

On 10 April 2019, following the WOL issued on 14 January 2019, Star Sydney reactivated Customer 27's FMA to transfer \$19,136 to Customer 27's bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 16 August 2018, Star Sydney sent a transfer of \$500,000 from Customer 27's account to Star Qld for the benefit of another customer, Person 18.

On 18 August 2018, Star Sydney received a transfer of \$500,000 from Star Qld, which it made available to Customer 27's account.

On 28 August 2018, Customer 27 transferred \$154,000 from his Star Sydney FMA to another customer's Australian bank account.

- g. designated services provided to Customer 27 included EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

On 24 April 2018 Star Sydney gave the AUSTRAC CEO one TTR detailing an EGM payout to Customer 27 totalling \$23,140.

- h. Customer 27, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and duffle bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 8 January 2018 and 12 October 2018, Star Sydney gave the AUSTRAC CEO 138 TTRs totalling \$5,321,502, including:

- a. 28 TTRs detailing account deposits made by Customer 27 totalling \$1,042,420;
- b. 67 TTRs detailing account withdrawals made by Customer 27 totalling \$1,881,472; and
- c. 43 TTRs detailing chip and cash exchanges made by Customer 27 totalling \$2,397,610.

Large and suspicious cash transactions in 2018

On 22 April 2018, Customer 27 attended Star Sydney and presented \$443,000 in chips to exchange for cash. He also withdrew \$13,750 in

cash. Customer 27 was accompanied by two assistants. After the cash was paid out, Customer 27 handed the cash to his assistants:
SMR dated 23 April 2018.

On 8 May 2018, Customer 27 attended Star Sydney and exchanged \$148,490 in chips for cash. After the transaction, Star Sydney observed Customer 27 hand all of the cash to two unknown persons, in equal portions. Star Sydney considered that the exchange of chips for cash was not unusual for a junket operator: SMR dated 9 May 2018.

On 15 May 2018, a Star Sydney customer, who was a guest of Customer 27 but not a member of the private gaming room, arrived at Star Sydney on foot carrying a duffle bag containing \$98,000 in \$100 notes and \$2,000 in \$50 notes, totalling \$100,000 in cash. The guest presented the duffle bag to the cashier and requested chips. Star Sydney noted that the guest stood awkwardly to the side of the cashier's window as the cash was being counted and asked nervously whether there were reporting limits on how much cash he could exchange. After the cash was counted, the guest presented another \$100,000 in \$100 notes bundled together in \$10,000 units with elastic bands. Star Sydney noted that the guest was constantly nervous and continued to question reporting limits. After the cash was counted, the guest began playing in the private gaming areas as Customer 27's guest. Within 30 minutes of play, the guest had lost \$127,000: SMR dated 16 May 2018.

- i. Customer 27 and persons associated with his junket engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including cashing-in large value chips with no evidence of play.

Particulars

See paragraph 25 above.

See paragraph 1303.h above.

- j. designated services provided to Customer 27 included storing cash in safe deposit boxes on at least one occasion;

Particulars

On 26 July 2018, a third party arrived at Star Sydney via car and retrieved a cooler bag from the car. The third party then met up with Customer 27 and they both attended the Star Sydney cage. The third party presented the cash, which comprised \$6,100 in \$100 notes, \$431,650 in \$50 notes and \$12,300 in \$20 notes, totalling \$450,050. The cash was bundled together with rubber bands in \$10,000 units and presented in a large, orange supermarket cooler bag. Customer 27 asked the cashier to count the cash and he did not appear to know how much cash there was. At Customer 27's request, the money was stored in a safe deposit box. Star Sydney considered that this activity was suspicious as Customer 27 did not have any large cash-outs to explain the amount of cash he presented, the cash was presented in

small denominations and he had not previously requested a safe deposit box: SMR dated 26 July 2018.

Following this, Star Sydney contacted law enforcement. Customer 27 was interviewed and he said he had been given the funds to hold for the time being. Customer 27 then agreed to surrender the funds contained in the safe deposit box to law enforcement, however Customer 27 was allowed to remain on site.

- k. by June 2018, Star Sydney had formed suspicions that Customer 27 was involved in proxy betting together with Customer 60;

Particulars

Between January 2018 and June 2018, Customer 27 was warned by Star Sydney staff members regarding involvement in proxy betting with Customer 60.

- l. by July 2018, Star Sydney had formed suspicions that Customer 27 was involved in money laundering at Star Sydney;

Particulars

By July 2018, Star Sydney's investigations team had commenced an investigation into Customer 27 for money laundering, following reports that Customer 27 had deposited \$450,050 in cash in a safe deposit box. The cash was ultimately surrendered to law enforcement following enquiries.

By 30 July 2018, Customer 27 was rated critical risk by Star Sydney: see *Star Sydney's determination of the ML/TF risks posed by Customer 27*.

- m. by September 2018, Star Sydney was aware of allegations that Customer 27 and Customer 60 were involved in loan-sharking and money-lending activities within the casino and used another junket operator as a proxy for their activities;

Particulars

On 6 September 2018, Star Sydney staff members were called to an incident in which a player alleged that Customer 27 and another individual had lent him money to gamble at Star Sydney, had forced him to sign a document confirming the value of funds lent, and were holding him against his will in a Star Sydney hotel room and were threatening him to repay the funds. Law enforcement was contacted and Customer 27 denied involvement. Charges were not laid and Star Sydney issued a 24-hour WOL in respect of Customer 27 and his associate.

In January 2019, Star Sydney was informed by law enforcement of a further complaint alleging that Customer 27, Customer 60 and their associate were involved in loan-sharking and proxy betting at Star Sydney, in which large debts incurred from gambling were required to be repaid at an inflated interest rate, or debtors were forced to transfer ownership of properties and other assets.

On 14 January 2019, Star Sydney investigators met with Customer 27, who denied the allegations. Star Sydney issued a WOL with respect to Customer 27 and his associate on the same day.

- n. in 2018 and 2019, Customer 27 was the subject of law enforcement enquiries at Star Sydney;

Particulars

On 2 May 2018, Star Sydney received a notice to produce from a law enforcement agency in respect of Customer 27.

In July 2018, Star Sydney received queries from a law enforcement agency in respect of Customer 27.

On 4 January 2019, Star Sydney was contacted by law enforcement in respect of Customer 27.

- o. Customer 27 had access to private gaming rooms at Star Sydney; and

Particulars

Customer 27 had access to private gaming rooms at Star Sydney including Sovereign, Chairman's, Oasis and Lakes Salons.

- p. Star Sydney did not have adequate reason to believe that Customer 27's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 27 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney recorded Customer 27's occupation as being 'Trades Workers and Technicians' and 'Junket Operator'.

By 22 May 2018, Star Sydney suspected that junkets operated by Customer 27 were secretly funded by Customer 60, who had been excluded from Star Sydney in 2016.

Despite forming these suspicions regarding Customer 27's source of wealth and source of funds, Star Sydney did not take appropriate steps to verify Customer 27's source of wealth or source of funds.

In 2018, junkets operated by Customer 27 had a recorded turnover of \$748 million at Star Sydney: see *Customer 27's risk profile* above.

On 14 January 2019 Customer 27 was issued a permanent WOL at Star Sydney following an investigation by Star Sydney investigators into Customer 27's involvement with Customer 60 and another individual in loan-sharking at the casino.

Star Sydney's determination of the ML/TF risks posed by Customer 27

1304. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 27 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 27.

1305. On 30 July 2018, Star Sydney rated Customer 27 as high risk for the purpose of the Act and Rules.

Particulars

See paragraph 110 above.

On 26 March 2018, Customer 27 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 3 April 2018, Customer 27 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 27 July 2018, Customer 27 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 30 July 2018, Customer 27 was rated critical risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 27's transactions

1306. At no time did Star Sydney apply appropriate transaction monitoring to Customer 27's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 27, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 27's junket as turnover was recorded against Customer 27 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 27 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the Hotel Card channel; and

Particulars

See paragraph 790 above.

- e. Star Sydney provided designated services to Customer 27 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 27's KYC information

- 1307. Star Sydney did not review, update and verify Customer 27's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 27's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 27's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 27's source of wealth and source of funds were not legitimate: see *Customer 27's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 27's KYC information on and from 6 December 2017, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 27.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

On 14 January 2019, Star Sydney issued a WOL in respect of Customer 27.

ECDD triggers in respect of Customer 27

1308. Star Sydney was required to apply the ECDD Programs to Customer 27 following any ECDD triggers in respect of Customer 27.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3) and 15.10 of the Rules.

1309. Customer 27:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 22 April 2018 and 28 August 2018, Star Sydney gave the AUSTRAC CEO five SMRs with respect to Customer 27.

- b. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney.

Particulars

On 30 July 2018, Star Sydney determined that the ML/TF risks posed by Customer 27 was high risk for the purpose of the Act and Rules:
see *Star Sydney's determination of the ML/TF risks posed by Customer 27* above.

1310. Each matter pleaded in paragraph 1309 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1311. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 27 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 27 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 27 and the provision of designated services to Customer 27 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 22 May 2018, 6 June 2018, 18, 20 and 25 July 2018, and 20 August 2018, Star Sydney conducted ECDD in respect of Customer 27.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 27's higher ML/TF risks, in circumstances where Customer 27 and his associates engaged in large cash transactions using cash that appeared suspicious and where Customer 27 operated junket programs where turnover exceeded \$740 million in a single year: see *Customer 27's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 27's source of funds or source of wealth, in circumstances where Star Sydney suspected that a third party, Customer 60, was involved in supplying funds for his junket.

On 14 January 2019, Customer 27 was issued a permanent WOL at Star Sydney as a result of Customer 27's involvement with Customer 60 and another individual in loan-sharking at Star Sydney.

- b. Customer 27 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 27 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 27 and the provision of designated services to Customer 27 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between 10 May 2018 and 8 November 2018, Customer 27 was discussed at 11 JRAMM and PAMMs.

On 14 January 2019, Star Sydney issued a WOL in respect of Customer 27.

Contravention of s36 of the Act in respect of Customer 27

1312. By reason of the matters pleaded from paragraphs 1300 to 1311, on and from 6 December 2017, Star Sydney:
- a. did not monitor Customer 27 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1313. By reason of the matters pleaded at paragraph 1312, Star Sydney contravened s36(1) of the Act on and from 6 December 2017 to 14 January 2019 with respect to Customer 27.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 28

1314. Customer 28 was a customer of Star Sydney during the relevant period. In 2017, Star Sydney recorded turnover exceeding \$200,000 for Customer 28.

Particulars

Customer 28 was a customer of Star Sydney from at least 13 February 2008.

On 24 May 2022, Star Sydney issued a WOL in respect of Customer 28 at the direction of the Star AML team.

1315. Star Sydney provided Customer 28 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket funder. Between 2017 and 2018, Star Sydney recorded that junkets operated by Customer 28 had a turnover exceeding \$820 million.

Particulars

On 4 March 2009, Star Sydney opened an FMA and SKA for Customer 28 which remain open (item 11, table 3, s6 of the Act).

Between 18 January 2010 and 17 February 2020, CCFs for Customer 28 were approved on five occasions, including a standing \$62,500,000 CCF limit from 22 March 2014 approved by the Board (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel and the Customer 9 channels, which it made available to Customer 28 (items 31 and 32, table 1, s6 of the Act).

See *Customer 28's risk profile* below.

1316. Customer 28 was a customer of Star Qld during the relevant period.

Particulars

Customer 28 was a customer of Star Qld from at least 23 September 2013.

On 24 May 2022, Star Qld issued a WOL in respect of Customer 28 at the direction of the Star AML team.

1317. Star Qld provided Customer 28 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket funder. In 2017, Star Qld recorded that junkets operated by Customer 28 had a turnover exceeding \$44 million.

Particulars

By 30 November 2016, Star Qld opened an FMA for Customer 28 which remains open (item 11, table 3, s6 of the Act).

Between 10 August 2010 and 7 June 2018, Star Qld approved CCFs for Customer 28 on two occasions ranging from \$2,000,000 to \$50,000,000 (item 6, table 1, s6 of the Act).

While a customer of Star Qld, Customer 28 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 28's risk profile below.

1318. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 28.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 28's risk profile

1319. On and from 30 November 2016, Customer 28, and the provision of designated services to Customer 28 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 28's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 28 had the following risk history:
 - i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 28;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 19 occasions between 9 June 2008 and 29 January 2016.

The SMRs reported transactions involving Customer 28 and his junket representatives, including large cash deposits, withdrawals and exchanges of chips for cash, large FMA to FMA transfers, and transactions involving safe deposit boxes.

- ii. between 2015 and 2016, Customer 28 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

Between 2015 and 2016, Customer 28 operated 17 junkets at Star Sydney, one of which was funded by a junket funder.

- a. Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 28 was \$2,425,832,136 with losses of \$7,182,680.
 - b. although Customer 28 was a junket player on some of his own junkets, Star Sydney recorded a cumulative turnover of \$57,506,410 for Customer 28 as a junket player on his own junkets, despite not being a junket player on those particular junkets: see paragraph 670 above.
 - c. Customer 28 had nine junket representatives at Star Sydney.
 - d. Customer 28 and his junket representatives facilitated the provision of high value designated services to 26 junket players at Star Sydney, including players in respect of whom Star Sydney had formed suspicions, such as Customer 5.
 - e. on 22 March 2014, the Board approved a permanently active CCF with a facility limit of \$62,500,000 for Customer 28.
- iii. in 2016, Customer 28 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;

Particulars

In 2016, Customer 28's turnover on two junket programs that he operated was \$3,768,050 with losses of \$145,700.

- iv. in 2016, Customer 28 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;

Particulars

In 2016, Customer 28 operated one junket at Star Qld.

Star Qld recorded that the total cumulative turnover of the junket program operated by Customer 28 was \$25,411,464 with losses of \$163,950.

- v. Star Sydney had provided designated services to Customer 28 through safe deposit boxes;

Particulars

For example, on 22 November 2012, Customer 28's junket representative, cashed out \$745,000 in a private buy-in room at Star Sydney. The junket representative left the money in a safe deposit box, then returned and collected the cash from the safe deposit box. He then proceeded to level 9 of Star Sydney's hotel with the cash.

On 2 October 2014, Customer 28 retrieved \$250,000 in cash and \$72,200 in cash from his safe deposit box, which he then deposited into his front money account at Star Sydney.

- vi. Customer 28, and persons associated with his junket, transacted using large amounts of cash at Star Sydney; and

Particulars

Between 19 March 2010 and 27 October 2016, Star Sydney gave the AUSTRAC CEO 106 TTRs totalling \$6,898,346 involving Customer 28, which included:

- a. 55 TTRs detailing chip and cash exchanges totalling \$2,533,775;
- b. 14 TTRs detailing account deposits totalling \$918,330; and
- c. 37 TTRs detailing account totalling \$3,446,241.

Large and suspicious cash transactions in 2012

On 1 February 2012, Customer 28 exchanged \$100,000 in chips for cash at Star Sydney.

Large and suspicious cash transactions in 2013

Between 18 and 20 August 2013, Customer 28's junket representative, engaged in cash transactions totalling \$551,000.

On 5 December 2013, Customer 28's junket representative deposited \$100,000 in chips to Customer 28's junket account at Star Sydney.

Large and suspicious cash transactions in 2014

Between February 2014 and September 2014, Star Sydney recorded five cash transactions totalling \$727,000 conducted by Customer 28 or his junket representatives.

Large and suspicious cash transactions in 2015

Between 6 and 8 July 2015, Customer 28's junket representative:

- a. withdrew \$200,000 in cash from Customer 28's junket account at Star Sydney; and
- b. exchanged \$100,000 chips for cash on behalf of Customer 28's junket at Star Sydney.

Large and suspicious cash transactions in 2016

In January 2016, Star Sydney recorded the following cash transactions:

- a. on 26 January 2016, Customer 28 exchanged \$100,000 in chips for cash at Star Sydney;
- b. on 27 January 2016, Customer 28's junket representative, Person 14, withdrew \$111,350 from Customer 28's junket account at Star Sydney; and
- c. on 29 January 2016, Customer 28's junket representative, Person 14, exchanged \$360,000 chips for cash on behalf of Customer 28's junket at Star Sydney.

In June and October 2016, further transactions by Person 14 were recorded, including:

- a. on 27 June 2016, Person 14 exchanged \$100,000 in chips for cash on behalf of Customer 28's junket at Star Sydney;
 - b. on 22 July 2016, Person 14 withdrew \$100,000 in cash from Customer 28's junket account at Star Sydney; and
 - c. On 14 October 2016, Person 14 exchanged \$266,000 in chips for cash on behalf of Customer 28's junket at Star Sydney.
- vii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 28 by remitting large amounts of money into, out of and within the casino environment via his account;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 14 October 2008 and 9 February 2016, Star Sydney gave the AUSTRAC CEO 26 incoming IFTIs totalling \$76,123,653 where Customer 28 was named as the beneficiary, including:

- a. 17 incoming IFTIs totalling \$57,269,604 from ten different third party company accounts overseas. Of these funds, \$26,620,742 was used to repay CCFs, and the remainder was deposited into Customer 28's SKA and FMA; and
- b. nine incoming IFTIs totalling \$18,854,049 where Customer 28 was named as the ordering customer and the beneficiary. Of these funds, \$1,832,231 was used to repay a CCF. The remainder was deposited into Customer 28's Star Sydney account or FMA.

In addition, on 12 November 2015 and 10 January 2016, Star Sydney received two telegraphic transfers totalling \$4,081,317, both of which were made available to Customer 28's SKA. The funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 3 July 2008 and 29 October 2014 Star Sydney gave the AUSTRAC CEO nine outgoing IFTIs totalling \$18,843,067 where Customer 28 was the ordering customer, including:

- a. seven outgoing IFTIs totalling \$17,182,668 where Customer 28 was named as the beneficiary; and
- b. two outgoing IFTIs totalling \$1,660,399 where the beneficiaries were different third party companies overseas.

Of these funds, \$16,290,136 were program settlements, and the remainder was withdrawn from Customer 28's Star Sydney FMA or SKA.

In addition, on 11 July 2015 and 12 September 2015, Star Sydney sent two telegraphic transfers totalling \$7,861,063 from Customer 28's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 26 April 2014, Customer 28 requested \$2,081,000 be transferred from his account to another Star Sydney customer's account at Star Sydney.

On 13 September 2016, Star Sydney sent a transfer of \$19,275 from Customer 28's account to Star Qld.

Customer 28's risk profile from 30 November 2016

- b. Customer 28 was a junket operator and junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2017 and 2018, Customer 28 funded and operated nine junkets at Star Sydney;
 - ii. between 2017 and 2018, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 28 was \$821,552,038 with losses of \$45,949,397;

Particulars

In 2017, junkets operated by Customer 28 had turnover of \$368,873,318 with losses of \$12,916,147.

In 2018, junkets operated by Customer 28 had turnover of \$452,678,720 with losses of \$32,933,250.

- iii. although Customer 28 was a junket player on some of his own junkets, between 2017 and 2018, Star Sydney recorded a cumulative turnover of \$45,475,170 for Customer 28 as a junket player on his own junkets, despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1319.c below.

- iv. between 2016 and 2018, total benefits of \$18,634,286 were payable to Customer 28 by Star Sydney in his capacity as a junket operator for rebates earned and non-gaming complimentary services;

Particulars

Customer 28 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- j. in 2016, total benefits of \$4,522,086 were payable to Customer 28;
 - k. in 2017, total benefits of \$4,801,262 were payable to Customer 28; and
 - l. in 2018, total benefits of \$9,310,938 were payable to Customer 28.
- v. between 2017 and 2018, Star Sydney provided Customer 28 and his junket programs with significant amounts of credit upon request, up to facility limits of \$62,500,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 17 February 2018 and 7 June 2018, the SEG board approved a permanently active CCF, with a facility limit of \$62,500,000, which was deactivated on 17 February 2020.

- vi. Customer 28 had eight junket representatives at Star Sydney; and
- vii. Customer 28 and his junket representatives facilitated the provision of high value designated services to 20 junket players at Star Sydney including foreign PEPs and players in respect of whom Star Sydney had formed suspicions such as Customer 79;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 28 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. in 2017, Customer 28 was a player on at least one junket at Star Sydney that he also operated; and
 - ii. in 2017, Star Sydney recorded turnover of \$221,000 with losses of \$200 for Customer 28's gaming activity on junket programs;
- d. Customer 28 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. in 2017, Customer 28 funded and operated one junket at Star Qld;
 - ii. in 2017, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 28 was \$44,008,285 with losses of \$907,300;
 - iii. in 2017, Star Qld provided Customer 28 and his junket with significant amounts of credit upon request, up to facility limits of \$50,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 17 February 2018 and 7 June 2018, Star approved a permanently active CCF, with a facility limit of \$50,000,000, which was deactivated on 17 February 2020.

- iv. Customer 28 had one junket representative at Star Qld; and
- v. Customer 28 and his junket representatives facilitated the provision of high value designated services to three junket players at Star Qld;

Particulars

See paragraphs 643 to 649 above.

- e. designated services provided to Customer 28 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- f. Customer 28 was connected to individuals affiliated with an international junket, including Customer 5 and Person 4;

Particulars

On 6 November 2020, Customer 28 was named in the Bergin ILGA inquiry as associated with an international junket, which was connected to individuals who were ultimate beneficial owners of the junket with interests in its operations: Person 4. On 1 February 2021, the Bergin Report also named Customer 28 as connected to the international junket.

- g. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 28 by remitting large amounts of money into and out of the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 10 May 2018 and 31 May 2018, third party companies acting on behalf of Customer 28 deposited a total of AU\$6,120,726 and HKD42,200,000 into the EEIS Patron accounts, which Star Sydney made available to Customer 28 through the EEIS remittance channel.

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 10 January 2018 and 1 June 2018, deposits through the Customer 9 channels totalling AU\$1,004,907 and HKD45,603,739 were made available by Star Sydney to Customer 28's account.

Other remittances into the casino environment

See paragraph 327 above.

Between 7 December 2016 and 9 February 2018, Star Sydney gave the AUSTRAC CEO four incoming IFTIs totalling \$8,553,896 where Customer 28 was named as the beneficiary and ordering customer. The funds were deposited into Customer 28's Star Sydney account.

In addition, between 22 November 2017 and 5 June 2018, Star Sydney received four telegraphic transfers totalling \$10,946,222, each of which was made available to Customer 28's FMA.

On 22 May 2018, Star Sydney received a telegraphic transfer of HKD42,200,000 into its foreign currency bank account, which it made available to Customer 28. The funds were transferred for the purpose of redeeming an outstanding CCF.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 26 March 2019, Star Sydney sent a telegraphic transfer of \$293,918 from Customer 28's SKA to an Australian bank account.

On 2 November 2017 and 25 July 2020, Star Sydney sent two telegraphic transfers totalling \$2,213,743 from Customer 28's SKA to an overseas bank account.

On 23 June 2021, Star Sydney gave the AUSTRAC CEO an outgoing IFTI totalling \$513,743 which took place on 23 July 2020, where Customer 28 was named as the beneficiary and ordering customer. The funds were withdrawn from Customer 28's Star Sydney account.

Each of the above transactions was conducted through the Star Patron account channel.

- h. Customer 28, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 23 January 2017 and 24 July 2020, Star Sydney gave the AUSTRAC CEO 13 TTRs totalling \$982,916:

- a. eight TTRs detailing account withdrawals made by Customer 28 totalling \$546,216;
- b. four TTRs detailing chip and cash exchanges made by Customer 28 totalling \$336,700; and
- c. one TTR detailing an account deposit made by Customer 28 totalling \$100,000.

Large and suspicious cash transactions in 2017

On 30 October 2017, Customer 28's junket representative exchanged \$244,500 in chips for cash on behalf of Customer 28's junket at Star Sydney.

On 31 October 2017, Customer 28's junket representative withdrew \$100,000 in cash from Customer 28's FMA at Star Sydney.

Large and suspicious cash transactions in 2018

On 13 February 2018, Customer 28's junket representative withdrew \$120,000 in cash from Customer 28's FMA at Star Sydney.

On 17 February 2018, Customer 28's junket representative withdrew \$100,000 in cash from Customer 28's FMA at Star Sydney.

On 18 February 2018, Customer 28's junket representative deposited \$100,000 in cash into Customer 28's FMA at Star Sydney.

- i. by 26 July 2021, Star Sydney and Star Qld were aware of media articles which reported that Customer 28 was engaged in commercial dealings with a company connected to an international junket; and

Particulars

In 2019, media articles reported that a company connected to an international junket was planning to purchase assets indirectly owned by Customer 28 in a foreign country.

It was not until 26 July 2021 that Star Sydney and Star Qld became aware of this report.

- j. Star Sydney and Star Qld did not have adequate reason to believe that Customer 28's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 28 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star Sydney and Star Qld recorded Customer 28's occupation as company director.

By 2021, Star's Due Diligence Program Manager formed the view that Customer 28 was a 'successful' businessman on the basis that he was a director of companies incorporated in offshore jurisdictions.

Star Sydney and Star Qld did not take appropriate steps to verify their assumptions regarding Customer 28's source of wealth and source of funds, in circumstances where:

- a. between 2016 and 2017, turnover on junkets exceeded \$370 million; and

- b. Star Sydney and Star Qld approved CCFs for Customer 28's junkets with limits of up to \$62,500,000.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 28

1320. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 28 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 28.
- a. On and from 30 November 2016, Customer 28 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 28's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 28 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 6 April 2014, Customer 28 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 7 April 2014, Customer 28 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 24 July 2014, Customer 28 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 27 January 2021, Customer 28 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 28's transactions

1321. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 28's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 28, Star Sydney's and Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders and operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 28's junkets as turnover was recorded against Customer 28 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 28 through:
 - i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the EEIS remittance channel and the Customer 9 channels;

Particulars

See paragraphs 441 and 493 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 28 through the junket channel; and

Particulars

See paragraph 783 above.

- f. Star Sydney and Star Qld provided designated services to Customer 28 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 28's KYC information

- 1322. Star Sydney and Star Qld did not review, update and verify Customer 28's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Programs did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC

information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 28's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 28's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 28's source of wealth and source of funds were not legitimate: see *Customer 28's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 28's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 28.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Due diligence conducted in respect of Customer 28

On 1 July 2021, Star Sydney and Star Qld conducted due diligence in respect of Customer 28, which did not identify any adverse information.

Later in July 2021, Star Sydney's and Star Qld's due diligence screening in respect of Customer 28 identified that:

- a. Customer 28 was a 'company director', including of companies incorporated in offshore jurisdictions;
- b. there were cash transactions recorded in Star's due diligence records;
- c. media articles indicated that Customer 28 was engaged in commercial dealings with companies linked to an international junket (which was affiliated with Person 4); and
- d. Customer 28 had been mentioned in the context of the Bergin inquiry in November 2020.

The due diligence conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 28's higher ML/TF risks: see *Customer 28's risk profile* above.

The due diligence conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 28's source of funds or source of wealth.

By reason of the matters above, there were real risks that Customer 28's source of wealth and source of funds were not legitimate: see *Customer 28's risk profile*.

It was not until 24 May 2022 that Star Sydney and Star Qld issued a WOL in respect of Customer 28 at the direction of the Star AML team.

Senior management consideration of Customer 28

On 1 July 2021, the Due Diligence Manager reviewed the due diligence screening and determined to maintain a customer relationship with Customer 28.

On 29 July 2021, the Due Diligence Manager reviewed the due diligence screening conducted on 26 July 2021, and concluded that Customer 28 was a 'successful' businessman and noted that there was no other adverse information aside from his 'purported' association with a third party, Person 4. On the basis that there was no adverse information specifically in respect of Customer 28, he recommended that Star could safely maintain a customer relationship with Customer 28 with appropriate risk mitigation procedures.

On 16 August 2021, Star senior management considered Customer 28 along with other customers against Star's new ECDD methodology. The report from the review was provided to the Group General Counsel and copied to the AML/CTF Compliance Officer and an AML/CTF and Financial Crime Officer. The report was also provided to the Chief Legal and Risk Officer. The report recommended that Star could safely maintain a customer relationship with Customer 28 with specified risk mitigation procedures. However, the due diligence methodology applied by Project Congo screening did not take into account any transaction monitoring, and did not have appropriate regard to the higher ML/TF risks posed by Customer 28: see *Customer 28's risk profile*.

On 18 August 2021, the AML/CTF Compliance Officer agreed with the recommendation and determined to maintain a customer relationship with Customer 28.

In determining that a business relationship could be continued, the Due Diligence Manager and AML/CTF Compliance Officer did not have regard to:

- a. Customer 28's source of wealth (r 15.10(2)(a) of the Rules), having regard to the high and escalating turnover recorded for Customer 28's junket programs;

- b. Customer 28's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting that there were higher ML/TF risks as to their source of funds: see *Customer 28's risk profile*.

It was not until 24 May 2022 that Star Sydney and Star Qld issued a WOL in respect of Customer 28 at the direction of the Star AML team.

Failure to apply appropriate due diligence suited to Customer 28's high ML/TF risks

1323. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 28 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 28; and
 - c. reviewing and updating Customer 28's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would likely have rated Customer 28 as a high risk customer for the purpose of the Act and Rules at a time before Customer 28 was issued with a WOL at Star Sydney and Star Qld.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1324. Had Star Sydney and Star Qld rated Customer 28 as a high risk customer for the purpose of the Act and Rules, they would have been required by the Act and Rules to apply the ECDD Program to Customer 28 at a time before Customer 28 was issued with a WOL at Star Sydney and Star Qld.

Particulars

Rule 15.9 of the Rules.

Contravention of s36 of the Act in respect of Customer 28

1325. By reason of the matters pleaded from paragraphs 1314 to 1324, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 28 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1326. By reason of the matters pleaded at paragraph 1325, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 28.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 29

1327. Customer 29 was a customer of Star Sydney during the relevant period. Between 2017 and 2020, Star Sydney recorded turnover exceeding \$88 million for Customer 29.

Particulars

Customer 29 was a customer of Star Sydney from at least 19 May 2011.

On 24 May 2022, Star Sydney issued a WOL in respect of Customer 29.

1328. Star Sydney provided Customer 29 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and a junket player. Between 2017 and 2019, Star Sydney recorded that junkets operated by Customer 29 had a turnover exceeding \$250 million.

Particulars

On 19 May 2011, Star Sydney opened an FMA and SKA for Customer 29, both of which remain open (item 11, table 3, s6 of the Act).

On 20 October 2015, Star Sydney opened a second FMA and SKA for Customer 29, both of which remain open (item 11, table 3, s6 of the Act).

Between 25 February 2011 and 7 January 2020, Star Sydney approved CCFs for Customer 29 on 13 occasions ranging from \$3,000,000 to \$20,000,000 (item 6, table 1, s6 of the Act).

See Customer 29's risk profile below.

1329. Customer 29 was a customer of Star Qld during the relevant period. In 2020, Star Qld recorded turnover exceeding \$13 million for Customer 29.

Particulars

Customer 29 was a customer of Star Qld from at least 11 April 2014.

On 24 May 2022, Star Qld issued a WOL in respect of Customer 29.

1330. Star Qld provided Customer 29 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 11 April 2014, Star Qld opened an FMA for Customer 29, which remains open (item 11, table 3, s6 of the Act).

Between 12 October 2011 and 18 June 2019, Star Qld approved CCFs for Customer 29 on four occasions ranging from \$10,000,000 to \$20,000,000 (item 6, table 1, s6 of the Act).

See Customer 29's risk profile below.

1331. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 29.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 29's risk profile.

1332. On and from 30 November 2016, Customer 29, and the provision of designated services to Customer 29 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 29's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 29 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 29;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 12 occasions between 31 October 2012 and 7 September 2016.

The SMRs reported that Customer 29 and persons associated with his junket transacted using large amounts of cash and cash that appeared suspicious: see paragraph 1332.a.vii below.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 29;

Particulars

Star Qld gave the AUSTRAC CEO two SMRs on 18 January 2016 and 21 January 2016.

The SMRs reported that Customer 29 and persons associated with his junket transacted using large amounts of cash and cash that appeared suspicious: see paragraph 1332.a.viii below.

- iii. Customer 29 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

Customer 29 was approved to be a junket operator at Star Sydney on 30 October 2012.

Between 27 July 2015 and 21 October 2016, Customer 29 operated six junkets at Star Sydney.

By 30 November 2016, junkets operated by Customer 29 had a turnover of \$472,607,837 with losses of \$10,384,765.

By December 2014, Star senior management, including the Chief Executive Officer and Chief Financial Officer, were aware that

Customer 29 was a junket operator for a company associated with international junkets.

- iv. Customer 29 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;

Particulars

In 2016, Customer 29 was one of the top ten junket operators whose junket operations had the highest turnover at Star Gold Coast.

Between 17 January 2016 and 30 January 2016, Customer 29 operated a junket at Star Qld. Customer 29 operated the junket in an exclusive private gaming room, Salon 22.

By 30 November 2016, junkets operated by Customer 29 had a turnover of \$85,725,900 with wins of \$30,050.

By 30 November 2016, total benefits of \$622,140 were payable by Star Gold Coast to Customer 29 in his capacity as a junket operator which included rebates earned, complimentary services and additional program agreement benefits.

- v. between 25 February 2011 and 13 October 2016, Star Sydney provided Customer 29 and his junket with significant amounts of credit upon request, up to limits of \$15,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 25 February 2011 and 13 October 2016 Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer approved CCFs for Customer 29 on nine occasions, including single trip and permanent active CCFs, ranging between \$10,000,000 and \$15,000,000.

- vi. between 12 October 2011 and 25 January 2016, Star Qld provided Customer 29 and his junket with significant amounts of credit upon request, up to limits of \$10,000,000 with an additional single trip limit of \$5,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 12 October 2011 and 14 January 2016, Star Qld senior management including the Chief Executive Officer, the Chief Financial Officer and the Chief Financial Officer (Queensland) approved a single trip CCF limit of \$10,000,000 for Customer 29.

On 25 January 2016, Star Qld senior management including the Chief Executive Officer and the Chief Financial Officer approved a single trip CCF limit of \$10,000,000 with an additional limit for that trip only of \$5,000,000 for Customer 29.

- vii. Customer 29 and persons associated with his junket transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 19 August 2011 and 19 October 2016, Star Sydney gave the AUSTRAC CEO five TTRs detailing incoming payments to Customer 29 totalling \$1,116,000 in account deposits.

Between 19 August 2011 and 19 October 2016, Star Sydney gave the AUSTRAC CEO 43 TTRs detailing outgoing payments from Customer 29 totalling \$3,136,780 which comprised:

- a. \$2,401,700 in account withdrawals; and
- b. \$735,080 in chip exchanges.

Large and suspicious cash transactions in 2012

On 30 October 2012, Customer 29 withdrew \$100,000 in cash from his FMA at Star Sydney: SMR dated 31 October 2012.

Large and suspicious cash transactions in 2014

On 23 September 2014, Customer 29's junket representative, Person 49, cashed out \$100,000 in chips at Star Sydney: SMR dated 24 September 2014.

On 24 September 2014, Customer 29's junket representative, Person 49, withdrew \$500,000 in cash from Customer 29's account at Star Sydney: SMR dated 25 September 2014.

On 4 December 2014, Customer 29 cashed out \$100,200 in chips at Star Sydney: SMR dated 10 December 2014.

Large and suspicious cash transactions in 2015

On 27 March 2015, Customer 29 cashed out \$100,000 in chips at Star Sydney: SMR dated 31 March 2015.

Large and suspicious cash transactions in 2016

On 8 January 2016, Customer 29 withdrew \$100,000 in cash from his FMA at Star Sydney: SMR dated 11 January 2016.

On 14 January 2016, Customer 29's junket representative, Person 49, took \$500,000 in cash from two safe deposit boxes held by the junket representative and requested that the cash be deposited into Customer 29's account at Star Sydney. The cash had initially been issued to another Star Sydney customer and was comprised of \$100 notes: SMR dated 15 January 2016.

On 3 February 2016, Customer 29's junket representative, Person 49, withdrew \$200,000 in cash from Customer 29's account at Star Sydney. The junket representative placed \$160,000 of the cash in Customer 29's safe deposit box and handed the remaining \$40,000 in cash to another Star Sydney customer: SMR dated 4 February 2016.

On 7 February 2016 and 8 February 2016, Customer 29's junket representative, Person 49, made two large cash withdrawals of \$100,000 and \$200,000 respectively from Customer 29's account at Star Sydney: SMR dated 8 February 2016.

On 19 February 2016, Customer 29 deposited \$186,000 in cash into his account at Star Sydney. The cash comprised \$100 notes and was contained in a grey plastic shopping bag. The cash appeared to have been issued by the Star: SMR dated 19 February 2016.

On 11 May 2016, Customer 29's junket representative, Person 49, withdrew \$106,000 in cash from Customer 29's account at Star Sydney. The junket representative gave the cash to another Star Sydney customer: SMR dated 12 May 2016.

On 6 September 2016, Customer 29's junket representative, Person 49, accessed Customer 29's safe deposit box and took \$350,000 in cash that had initially been issued by the Star: SMR dated 7 September 2016.

On 16 October 2016, Customer 29's junket representative, Person 49, withdrew \$100,000 from Customer 29's account.

On 18 October 2016, Customer 29's junket representative, Person 49, withdrew \$250,000 from Customer 29's account.

- viii. Customer 29 and persons associated with his junket transacted using large amounts of cash and cash that appeared suspicious at Star Qld;

Particulars

See paragraphs 611 to 618 above.

See paragraph 1332.a.ix below.

On 21 January 2016, Star Qld gave the AUSTRAC CEO two TTRs detailing incoming payments to Customer 29 totalling \$635,000 which were comprised of account deposits.

On 19 January 2016 and 14 April 2016, Star Qld gave the AUSTRAC CEO two TTRs detailing outgoing payments from Customer 29 totalling \$640,000 which were comprised of account withdrawals.

- ix. Star Qld was aware that Customer 29 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 17 January 2016, Customer 29's junket representative, Person 49, drew down \$590,000 from Customer 29's CCF and withdrew the funds in cash. Person 49 advised Star Qld that it would receive a telegraphic transfer from another Australian casino to redeem Customer 29's CCF. Person 49 placed the funds in a safe deposit box. On the same day, Star Qld received the telegraphic transfer from the other Australian casino.

On 21 January 2016, Person 49 took the funds from the safe deposit box, together with an additional \$45,000 in cash, and deposited it into Customer 102's account. The deposited funds, together with settlement funds for Customer 102's junket totalling \$1,260,680 were sent by telegraphic transfer to Customer 102's personal bank account in a foreign country: SMRs dated 18 January 2016 and 21 January 2016.

- x. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 29 by remitting large amounts of money into, out of and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 27 May 2011 and 14 March 2016, Star Sydney gave the AUSTRAC CEO 16 incoming IFTIs totalling \$18,425,382 where Customer 29 was named as the beneficiary, which comprised:

- a. ten IFTIs totalling \$10,924,213 where Customer 29 was the ordering customer; and
- b. six IFTIs totalling \$7,501,169 where company accounts or foreign banks were the ordering customer.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 24 May 2011 and 30 November 2013, Star Sydney gave the AUSTRAC CEO six outgoing IFTIs totalling \$9,554,987 where Customer 29 was named as the ordering customer, which comprised:

- a. five IFTIs totalling \$9,364,357 in which Customer 29 was the beneficiary; and
- b. one IFTI totalling \$190,630 in which a third party was the beneficiary.

On 16 January 2016, Star Sydney sent a telegraphic transfer of \$500,000 from Customer 29's FMA to another Australian casino.

- xi. Star Qld provided designated services (items 31 and 32, table 1, s6 above) to Customer 29 by remitting large values into and out of the casino environment via his accounts; and

Particulars

Remittances out of the casino environment

See paragraph 327 above.

See paragraph 1332.a.ix above.

- xii. by January 2016, Star management was aware that Customer 29 appeared to have 'money issues' with another individual;

Particulars

On 27 January 2016, the General Manager VIP Credit and Collections sent an email to Star senior management, including the Chief Executive Officer and the Chief Financial Officer, requesting approval of a CCF with a limit of \$10,000,000 and an additional limit for that trip only of \$5,000,000. That email stated that Customer 29 'might be involved with some money issues' in respect of another individual.

By January 2016, publicly accessible media articles alleged that the other individual was a former 'boss' of a foreign organised crime syndicate. Despite his financial ties to Customer 29, there is no evidence that Star conducted searches in respect of the other individual. There is no evidence that Star was aware of the publicly accessible media articles.

On 27 January 2016, both the Chief Executive Officer and the Chief Financial Officer approved the CCF.

Customer 29's risk profile from 30 November 2016

- b. Customer 29 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 20 May 2017 and 14 February 2019, Customer 29 operated two junkets at Star Sydney;
 - ii. between 20 May 2017 and 14 February 2019, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 29 was \$251,839,445 with wins of \$3,230,250;

Particulars

In 2017, junkets operated by Customer 29 had a turnover of \$222,564,680 with wins of \$2,819,650.

In 2019, junkets operated by Customer 29 had a turnover of \$29,274,765 with wins of \$410,600.

- iii. although Customer 29 was a junket player on a number of their own junkets, in 2019, Star Sydney recorded a cumulative turnover of \$834,275 for Customer 29 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1332.c below.

- iv. between 3 May 2017 and 7 February 2020, Star Sydney provided Customer 29 and his junket with significant amounts of credit upon request, up to limits of \$20,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 3 May 2017, Star Sydney senior management including the Chief Executive Officer, the Chief Financial Officer approved a single trip CCF limit of \$10,000,000 for Customer 29.

On 16 May 2017, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer approved a single trip CCF limit of \$20,000,000 for Customer 29.

On 8 February 2018, Star Sydney approved a permanently active CCF limit of \$20,000,000 for Customer 29 which was deactivated on 18 June 2019.

On 7 January 2020, Star approved a single trip CCF limit of \$3,000,000 for Customer 29.

- v. in the relevant period, Customer 29 had two junket representatives at Star Sydney; and
- vi. Customer 29, and his junket representatives facilitated the provision of high value designated services to five junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 29 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 14 May 2017 and 2 March 2020, Customer 29 was a player on three junkets at Star Sydney operated by Customer 6 and himself;
 - ii. each of the Customer 6 junkets were funded by a person other than the junket operator, being Customer 5; and

Particulars

On 3 March 2020, while Customer 29 was a junket player at Star Sydney on a junket funded by Customer 5, Customer 5 requested that Star Sydney transfer \$1,684,815 from Customer 5's Star Sydney SKA to Customer 29's personal bank account overseas.

- iii. between 14 May 2017 and 2 March 2020, Star Sydney recorded a high turnover of \$87,533,680 with a win of \$921,815 for Customer 29's gaming activity on the Customer 6 junket programs;

Particulars

In 2017, Customer 29's turnover on Customer 6's junket programs was \$37,808,680 with wins of \$576,565.

In 2020, Customer 29's turnover on Customer 6's junket programs was \$49,725,000 with wins of \$345,250.

- d. Customer 29 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between February 2020 and March 2020, Customer 29 was a player on a junket at Star Gold Coast operated by Customer 6.
 - ii. the junket was funded by a person other than the junket operator, being Customer 5; and
 - iii. between February 2020 and March 2020, Star Qld recorded a high turnover of \$13,260,000 with a win of \$30,000 for Customer 29's gaming activity on the Customer 6 junket programs;
- e. designated services provided to Customer 29 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 29 by remitting large amounts of money out of the casino environment via his accounts;

Particulars

See paragraph 327 above.

Between 25 January 2017 and 13 November 2019, Star Sydney sent four telegraphic transfers totalling \$6,686,183 from Customer 29's account to overseas bank accounts.

On 3 March 2020, while Customer 29 was a junket player at Star Sydney on a junket funded by Customer 5, Customer 5 requested that Star Sydney transfer HKD3,657,810 from Customer 5's Star Qld SKA to another Australian casino for the benefit of Customer 29.

On 9 March 2020, Star Sydney gave the AUSTRAC CEO an outgoing IFTI totalling \$1,719,910, detailing Customer 29 sending a telegraphic transfer from his Star Sydney account to his personal bank account overseas.

Each of the above transactions was conducted through the Star Patron account channel.

- g. Customer 29 and persons associated with his junket transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

On 25 May 2017 and 20 February 2019, Star Sydney gave the AUSTRAC CEO two TTRs detailing incoming payments to Customer 29 totalling \$190,626 which comprised other monetary values in.

Between 23 May 2017 and 14 February 2019, Star Sydney gave the AUSTRAC CEO four TTRs detailing outgoing payments from Customer 29 totalling \$460,600 which comprised:

- a. \$262,900 in account withdrawals; and
- b. \$197,700 in chip exchanges.

On 13 February 2019, Customer 29's junket representative withdrew \$240,000 in cash from Customer 29's account and gave the cash to a junket player.

- h. Customer 29 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 29 had access to private gaming rooms at Star Sydney, including Springs Salon, the Sovereign Room, Harbours Salons, Rivers Salons and Lakes Salons.

- i. Customer 29 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 29 had access to private gaming rooms at Star Qld, including The Club, Salon 66, Salon 22 and Pit 8.

- j. Star Sydney and Star Qld did not have adequate reason to believe that Customer 29's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 29 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star Sydney and Star Qld understood Customer 29's occupation to be a junket operator with major shareholdings in a company associated with international junkets together with operating online gaming sites.

However, Star did not take steps to verify whether the funds used in connection with the high value financial and gaming services received by Customer 29 at Star Sydney and Star Qld, including by providing significant funding to junket players on his junket, were legitimate.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 29

- 1333. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 29 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 29.

- a. On and from 30 November 2016, Customer 29 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 29's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 14 January 2021 that Customer 29 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

By 30 November 2016, Customer 29 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 14 January 2021, Customer 29 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 29's transactions

- 1334. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 29's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 29, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 29's junket as turnover was recorded against Customer 29 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 29 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 29 through the junket channel;

Particulars

See paragraph 783 above.

- f. Star Sydney and Star Qld provided designated services to Customer 29 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- g. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 29.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 29 on 21 May 2017, 23 May 2017 and 13 February 2019: See *Customer 29's risk profile*.

The review, update and verification of Customer 29's KYC information

- 1335. Star Sydney and Star Qld did not review, update and verify Customer 29's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 29's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;

- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 29's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 29's source of wealth or source of funds: see *Customer 29's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 29's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 29.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

On 15 February 2019, Star conducted due diligence in respect of Customer 29.

ECDD triggers in respect of Customer 29

1336. Star Sydney and Star Qld was required to apply the ECDD Programs to Customer 29 following any ECDD triggers in respect of Customer 29.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1) and 15.10 of the Rules.

1337. Customer 29 was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 14 January 2021, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 29 was high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 29* above.

1338. The matter pleaded in paragraph 1337 was an ECDD trigger.

Particulars

See paragraphs 792, 798 and 799 above.

1339. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 29 following an ECDD trigger because:

- a. on each occasion prior to 24 May 2022 that Star Sydney and Star Qld conducted ECDD in respect of Customer 29 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 29 and the provision of

designated services to Customer 29 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 14 January 2021 and 7 August 2021, Star conducted ECDD in respect of Customer 29.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 29's higher ML/TF risks: see *Customer 29's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 29's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 29's source of wealth or source of funds: see *Customer 29's risk profile*.

On 24 May 2022, Star issued a WOL in respect of Customer 29.

- b. Customer 29 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 24 May 2022 that Customer 29 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 29 and the provision of designated services to Customer 29 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 7 August 2021, the Due Diligence Program Manager finalised a review of Customer 29. Customer 29 was identified as a person of interest who had not been excluded. The Due Diligence Program Manager recommended that with appropriate risk mitigation measures implemented, Star was positioned safely to maintain a customer relationship with Customer 29 and noted that:

- a. Customer 29 was a foreign resident;
- b. Customer 29 had been a junket operator at Star since 2012;

- c. Customer 29 had a risk rating of high risk for the purpose of the Act and Rules;
- d. Customer 29 had, since 2011, been a junket operator at another Australian casino associated with the international junkets, until the business relationship was suspended between Customer 29 and that other Australian casino in August 2020;
- e. Customer 29 was a major shareholder of a company involved in international junkets
- f. 11 SMRs had been given to the AUSTRAC CEO in respect of Customer 29; and
- g. no other adverse information had been identified in respect of Customer 29.

On 11 August 2021, the AML/CTF Compliance Officer considered the information provided by the Due Diligence Program Manager and determined to continue the business relationship with Customer 29.

On 19 August 2021, Customer 29 was discussed at a JRAMM and a number of risk mitigation strategies were drafted. On 17 December 2021, the Chief Legal and Risk Officer and the Group General Counsel agreed with the recommended strategies, being that:

- a. Customer 29 was required to attest to the source of funds, including evidence of the origin of funds, in respect of cash transactions;
- b. Star was to commission reliable external providers to provide updated background reports in respect of Customer 29 and his close associates;
- c. Customer 29 was required to provide an annual declaration of non-criminal or commercial status; and
- d. an independent report was to be delivered to the AML/CTF Compliance Officer and the Chief Legal and Risk Officer for deliberation.

In determining that a business relationship could be continued, the Due Diligence Program Manager did not have regard to:

- a. Customer 29's source of wealth (r 15.10(2)(a)), having regard to his high turnover; and
- b. Customer 29's source of funds (r15.10(2)(b)), having regard to the risks associated with his source of funds: see *Customer 29's risk profile* above.

On 24 May 2022, Star issued a WOL in respect of Customer 29.

Contravention of s36 of the Act in respect of Customer 29

1340. By reason of the matters pleaded from paragraphs 1327 to 1339, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 29 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1341. By reason of the matters pleaded at paragraph 1340, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 24 May 2022 with respect to Customer 29.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 30

1342. Customer 30 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$35 million for Customer 30.

Particulars

Customer 30 was a customer of Star Sydney from at least January 1996.

On 30 June 2022, Star Sydney issued a WOL in respect of Customer 30.

1343. Star Sydney provided Customer 30 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 4 March 2009, Star Sydney opened an FMA and SKA for Customer 30 which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 30 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 30's risk profile below.

1344. Customer 30 was a customer of Star Qld during the relevant period. Between 2016 and 2020, Star Qld recorded turnover exceeding \$240 million for Customer 30.

Particulars

Customer 30 was a customer of Star Qld from at least January 1996.

On 30 June 2022, Star Qld issued a WOL in respect of Customer 30.

1345. Star Qld provided Customer 30 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player and junket funder. In 2020, Star Qld recorded that junkets funded by Customer 30 had a turnover exceeding \$13 million.

Particulars

On 5 December 2016, Star Qld opened an FMA for Customer 30 which remains open (item 11, table 3, s6 of the Act).

On 13 January 2020, Star Qld opened an SKA for Customer 30 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 30 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 30's risk profile* below.

1346. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 30.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 30's risk profile

1347. On and from 30 November 2016, Customer 30, and the provision of designated services to Customer 30 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 30's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 30 had the following risk history:
 - i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 30;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 28 occasions between 3 March 2009 and 9 August 2016.

The SMRs reported that Customer 30 engaged in large and suspicious cash transactions: see paragraph 1347.a.v below.

- ii. Customer 30 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high individual rated turnover and turnover on individual rebate programs totalling \$8,796,981 for Customer 30;

Particulars

See paragraph 752 and 623 above.

In 2015, Customer 30's individual rated turnover was \$1,423,891.

By 30 November 2016, Customer 30's turnover on individual rebate programs was \$7,373,090 with losses of \$305,695.

- iii. Customer 30 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded high individual rated turnover and turnover on individual rebate programs totalling \$18,910,453 for Customer 30;

Particulars

See paragraph 752 and 623 above.

In 2015, Customer 30's individual rated turnover was \$4,146,558.

By 30 November 2016, Customer 30's turnover on individual rebate programs was \$14,763,895 with losses of \$273,482.

- iv. between 13 November 2015 and 27 January 2016, Customer 30 was referred by another player to Star Qld on four occasions;

Particulars

See paragraph 625 above.

Between November 2015 and 27 January 2016, Customer 30 was referred to Star Qld on four occasions.

The player referrer, Person 26, received a commission on amounts wagered by Customer 30, who Star Qld dealt with directly.

- v. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 30 by remitting large amounts of money into and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 1 December 2015, Star Sydney received a telegraphic transfer of \$200,000, which it made available to Customer 30's FMA.

This transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 3 December 2015 and 22 December 2015, Star Sydney sent two transfers totalling \$654,663 from Customer 30's FMA to Star Qld.

On 30 October 2016, Star Sydney received a transfer of \$307,367 from Star Qld, which it made available to Customer 30's account.

- vi. Customer 30 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in a foreign currency at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 25 February 2009 and 30 November 2016, Customer 30 engaged in at least 30 large and suspicious cash transactions totalling over \$9,000,000. This included:

- a. 10 cash deposits in a foreign currency to Customer 30's FMA totalling over AUD3,500,000: SMRs dated 3 March 2009, 10 January 2011, 15 March 2011, 11 July 2011, 30 December 2011, 1 May 2012, 17 December 2013, 7 April 2016 and 27 May 2016;
- b. four cash deposits in Australian currency to Customer 30's FMA totalling \$980,000: SMRs dated 16 August 2010, 5 January 2012, 6 January 2014 and 7 January 2014;
- c. three cash exchanges in a foreign currency totalling AUD1,439,102: SMRs dated 15 December 2015, 6 July 2016 and 9 August 2016; and
- d. 13 cash withdrawals from Customer 30's FMA totalling \$2,943,119: SMRs dated 19 August 2010, 17 January 2011, 21 March 2011, 16 January 2012, 4 May 2012, 13 January 2014, 14 January 2014, 16 November 2015, 15 December 2015, 8 February 2016, 27 May 2016, 14 June 2016, 6 July 2016 and 9 August 2016.

In December 2012, a Star Qld customer, Person 26, made several large foreign currency exchanges while playing with Customer 30: SMR dated 16 January 2013.

In November 2015, a Star Qld customer and junket operator, Person 26, in the presence of Customer 30, made a large cash deposit and received a large telegraphic transfer at Star Qld. The junket operator informed Star Sydney that Customer 30 was going to play on a junket program with front money of \$500,000: SMR dated 13 November 2015.

- vii. on several occasions, Star Qld identified concerns in respect of the source of Customer 30's foreign currency; and

Particulars

SMRs dated 27 May 2016, 6 July 2016, 9 August 2016.

- viii. in 2016, Customer 30 was the subject of law enforcement enquiries at Star;

Particulars

On 16 April 2016 and 9 August 2016, Star Qld contacted a law enforcement agency in respect of large cash transactions conducted by Customer 30.

In August 2016, the law enforcement agency informed Star Qld that a large sum of foreign currency exchanged by Customer 30 at Star Qld had not been declared on entry to Australia.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database. Star Sydney had access to the investigations database: see paragraph 49 above.

Customer 30's risk profile from 30 November 2016

- b. Customer 30 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;
 - i. between 21 February 2020 and 16 March 2020, Customer 30 funded a junket at Star Qld;

Particulars

Customer 30 funded the junket operator in circumstances where the division of funds to the individual players on the junket was not controlled by Star Qld.

Customer 30 was a junket player on the junket.

- ii. Star Qld recorded that the total cumulative turnover of the junket funded by Customer 30 between 21 February 2020 and 16 March 2020 was \$13,674,430 with losses of \$277,125; and
- iii. the junket funded by Customer 30 facilitated the provision of high value designated services to the junket operator, junket representatives and at least 12 junket players including Customer 30 himself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- c. Customer 30 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 21 February 2020 and 16 March 2020, Customer 30 was a player on a junket at Star Qld;
 - ii. the junket was funded by Customer 30; and
 - iii. between 21 February 2020 and 16 March 2020, Star Qld recorded high turnover totalling \$3,641,417 with wins of \$219,925 for Customer 30's gaming activity on the junket program;
- d. designated services provided to Customer 30 lacked transparency as the services were provided through the junket channel at Star Qld;

Particulars

See paragraph 650 above.

- e. on 26 December 2019, Customer 30 was referred to Star Qld by another player;

Particulars

See paragraph 625 above.

On 26 December 2019, Customer 30 was referred to Star Qld.

The player referrer, Person 26, received a commission on amounts wagered by Customer 30, who Star Qld dealt with directly.

- f. Customer 30 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs:
- i. between 2016 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$22,739,010 for Customer 30; and

Particulars

See paragraph 752 above.

In 2016, Customer 30's individual rated turnover was \$77,179.

In 2017, Customer 30's individual rated turnover escalated to \$11,202,034.

In 2018, Customer 30's individual rated turnover was \$11,028,188.

In 2019, Customer 30's individual rated turnover was \$231,409.

From 2020, when COVID-19 pandemic closures commenced, Customer 30's turnover remained high.

In 2020, Customer 30's individual rated turnover was \$200,199.

- ii. between 2016 and 2020, Star Sydney recorded high and escalating turnover on individual rebate programs totalling \$12,276,257 for Customer 30, with losses of \$327,810;

Particulars

See paragraph 623 above.

In 2016, Customer 30's turnover on individual rebate programs was \$978,000 with wins of \$73,010.

In 2017, Customer 30's turnover on individual rebate programs escalated to \$4,725,472 with losses of \$207,155.

In 2019, Customer 30's turnover on individual rebate programs was \$3,935,700 with losses of \$123,565.

From 2020, when COVID-19 pandemic closures commenced, Customer 30's turnover remained high.

In 2020, Customer 30's turnover on individual rebate programs was \$2,737,085 with losses of \$70,100.

- g. Customer 30 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs:
- i. between 2016 and 2020, Star Qld recorded high and escalating individual rated turnover totalling \$237,023,679 for Customer 30; and

Particulars

See paragraph 752 above.

In 2016, Customer 30's individual rated turnover escalated significantly to \$80,676,812.

In 2017, Customer 30's individual rated turnover was \$47,393,900.

In 2018, Customer 30's individual rated turnover escalated to \$77,382,315.

In 2019, Customer 30's individual rated turnover was \$29,506,432.

From 2020, when COVID-19 pandemic closures commenced, Customer 30's turnover remained high.

In 2020, Customer 30's individual rated turnover was \$2,064,221.

- ii. in 2019, Star Qld recorded high turnover on individual rebate programs totalling \$5,675,059 for Customer 30, with losses of \$144,275;

Particulars

See paragraph 623 above.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 30 by remitting large amounts of money into and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

For example, on 4 May 2018, Star Sydney received a telegraphic transfer of \$300,000, which it made available to Customer 30's FMA.

This transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 25 December 2016 and 13 January 2020, Star Sydney sent 13 transfers totalling \$3,276,255 from Customer 30's account to Star Qld.

Between 24 December 2016 and 10 January 2020, Star Sydney received 10 transfers totalling \$2,970,000 from Star Qld, each of which was made available to Customer 30's account.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 30 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

For example, on 8 February 2019, Star Qld received a telegraphic transfer of \$356,895 from another Australian casino, which it made available to Customer 30's FMA at Star Gold Coast.

This transaction was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

For example, on 4 May 2022, Customer 30 transferred \$500,000 from his personal bank account to his Star Qld account: SMR dated 10 May 2022.

This transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 15 April 2017 and 13 January 2020, Star Qld received 17 transfers totalling \$4,010,407 from Star Sydney, each of which was made available to Customer 30's FMA at Star Gold Coast.

Between 23 April 2017 and 10 January 2020, Star Qld facilitated 13 transfers totalling \$3,939,227 from Customer 30's FMA at Star Gold Coast to Star Sydney.

- j. Customer 30 transacted using large amounts of cash, including large volumes of foreign currency at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 13 April 2017 and 13 January 2020, Star Sydney gave the AUSTRAC CEO 16 TTRs in respect of Customer 30 totalling \$645,533, which comprised:

- a. 15 outgoing TTRs totalling \$615,533;
- b. one incoming TTR totalling \$30,000;
- c. \$482,620 in chip or cash exchanges;
- d. \$120,000 in account deposits or withdrawals; and
- e. \$42,913 in EGM payouts.

On 12 April 2017, Customer 30 exchanged a large sum in a foreign currency for AUD and deposited the funds into his account: SMR dated 13 April 2017.

On 26 August 2017, a Star Sydney customer exchanged a large sum in a foreign currency for AUD. The customer opened an account and deposited the funds into that account. The customer then requested that the funds be transferred to Customer 30 to fund a program. Customer 30 concluded the program. When the program concluded on 28 August 2017, Customer 30 transferred the funds back to the customer: SMR dated 28 August 2017.

- k. Star Qld was aware that:
- i. Customer 30 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;
 - ii. Customer 30 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of foreign currency in rubber bands and contained in paper bags at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 12 December 2016 and 24 February 2020, Star Qld gave the AUSTRAC CEO 112 TTRs in respect of Customer 30 totalling \$6,617,804, which comprised:

- a. 103 outgoing TTRs totalling \$5,900,359;
- b. nine incoming TTRs totalling \$717,445;
- c. \$4,567,285 in chip or cash exchanges;
- d. \$1,919,105 in account deposits or withdrawals; and
- e. \$131,414 in EGM payouts.

Large and suspicious cash transactions in 2016

On 15 December 2016, Customer 30 deposited a large amount of foreign currency, equivalent to \$340,350, into his FMA. Customer 30 used \$50,000 of the funds to gamble. Star Qld noted that Customer 30 had access to unusually large amounts of cash in a foreign currency. Star Qld considered this to be a large amount to carry on oneself: SMR dated 16 December 2016

Large and suspicious cash transactions in 2017

On 21 February 2017, Customer 30 exchanged a large amount of cash in a foreign currency for \$339,840 and deposited the funds to his FMA. The foreign currency was presented loose, bundled with rubber bands, in a paper bag. Customer 30 used \$60,000 of the funds to gamble: SMR dated 22 February 2017.

On 3 April 2017, Customer 30 exchanged a large amount of cash in a foreign currency for \$138,924. The foreign currency was presented without straps. Customer 30 deposited the funds into his FMA. Prior to the deposit, Customer 30 had approximately \$100,000 remaining in his FMA from the 21 February 2017 exchange. Between 3 April 2017 and 6 April 2017, Customer 30 gambled approximately \$30,000 per day. Star Qld noted that it was unusual that Customer 30 continued to present foreign currency as they did not sell any foreign currency back to him: SMR dated 6 April 2017.

Large and suspicious cash transactions in 2018

On 12 August 2018, a Star Qld customer exchanged a large sum in a foreign currency for \$121,460 and deposited the funds into their FMA.

The customer then transferred \$71,460 to Customer 30's account and \$25,000 to another Star Qld customer's account, Person 26. Star Qld had been advised that the customer was Customer 30's personal assistant. However, the relationship with Person 26 was unknown. Star Qld noted that it was unusual that Customer 30 did not bring in the large sum in a foreign currency and exchange it himself. It was unclear whether the pair were attempting to avoid reporting obligations: SMR dated 13 August 2018.

On 13 December 2018, a Star Qld customer presented a casino cheque drawn from an overseas casino in a foreign currency to be exchanged for \$689,655. The customer deposited the funds to his FMA. The funds remained unused until the cheque was cleared. On 21 December 2018, the customer transferred \$689,655 from their FMA to Customer 30. Customer 30 then used the funds to gamble and lost \$261,160. Star Qld did not know why the customer had given the funds to Customer 30: SMR dated 8 January 2019.

Large and suspicious cash transactions in 2019

On 12 January 2019, Customer 30 exchanged two large sums in a foreign currency for \$338,966. Both amounts were deposited into his FMA. On the same day, another Star Qld customer received a telegraphic transfer of \$30,000. After the funds were deposited in the customer's account, he transferred the entire amount to Customer 30. Customer 30 requested a casino cheque for the entire amount of the foreign currency exchange. He informed Star Qld that he was going to another Australian casino. The request was declined. Customer 30 advised that he could take the foreign cash to the other casino but that he did not want to travel with that much cash. Star Qld informed Customer 30 that he could take the balance of his FMA prior to the recent foreign exchanges as a casino cheque. Customer 30 accepted the offer and took a casino cheque for \$500,000. The majority of these funds originated from a prior transfer of \$689,000 from another Star Qld customer. Star Qld noted that Customer 30 exchanged a large and consistent amount of foreign currency between two and four times a year. Star Qld was not aware if the funds were brought into Australia from his business in the foreign currency or if it came from business in Australia: SMR dated 14 January 2019.

In December 2019, a junket operator commenced a program. Customer 30 and his wife were players on the program. The funding of the junket included:

- a. \$641,020 from Customer 30;
- b. \$50,000 from Customer 30's wife; and
- c. \$2,309,076 from another customer, Person 26.

During the junket program:

- a. one of the junket players presented a large sum in a foreign currency in the same unusual wrapping that Customer 30 had presented previously;
- b. Customer 30 exchanged a large sum in a foreign currency, presented in unknown straps some of which were dated to 2013, for \$637,931 and deposited the funds into his FMA. Customer 30 advised that the cash originated from his restaurant business in a foreign currency;
- c. Customer 30 transferred \$50,000 to his wife's FMA despite her recorded play not supporting this level of transfer; and
- d. Customer 30 advised that he planned to take \$87,931 to another Australian casino. Star Qld was only willing to provide him with \$87,000, but within several minutes of being advised of this, Customer 30 completed two cash withdrawals totalling \$152,000.

Star Qld was not aware why Customer 30 was so interested in taking the cash with him to another casino.

The junket operator had employed two former Star Qld employees as informal junket representatives. Star Qld did not know the connection between each of the players on the group. Star Qld noted that the volume, presentation and division of foreign currency between the players was unusual. Star Qld further noted that another junket player who was playing the most, and losing the most, had not supplied any of the funds: SMRs dated 27 December 2019, 30 December 2019, 1 January 2020.

Large and suspicious transactions in 2020

On 18 January 2020, Customer 30 requested a casino cheque from Star Qld for \$500,000. Star Qld refused the request, as Customer 30's gaming activity did not support the transaction. Customer 30 advised Star Qld that he was going to another Australian casino and did not want to carry foreign currency but that he may return to Star Qld to buy back any foreign currency he had deposited. Star Qld senior management authorised the issue of a casino cheque for \$500,000. Star Qld noted that Customer 30 seemed comfortable to carry large sums of cash on international flights but not on domestic flights. Star Qld noted that Customer 30 may be structuring funds at different casinos to appear as possible winnings from Star Qld: SMR dated 22 January 2020.

Large and suspicious transactions in 2022

In May 2022, Customer 30 indicated that he was going to bring a large amount of foreign currency and \$300,000 from an Australian bank to the casino for an upcoming trip. Star Qld requested that Customer 30 provide receipts for cash. Customer 30 did not bring the cash, making an electronic transfer only. Star Qld noted that it was unusual for Customer 30 not to bring cash, and that the request for

receipts for Customer 30's source of funds may be the reason: SMR dated 10 May 2022.

- I. in 2017, Star Qld contacted law enforcement regarding Customer 30;

Particulars

On 27 February 2017 and 4 April 2017, Star Qld contacted a law enforcement agency in respect of large cash transactions conducted by Customer 30.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- m. Customer 30 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 30 had access to private gaming rooms at Star Sydney, including Springs Salon, Lakes Salon, Oasis, Sovereign Room, Vantage and Jade.

- n. Customer 30 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 30 had access to private gaming rooms at Star Qld, including the Sovereign Room, The Club, Chairman's, Oasis, The Suite, Pit 9, Pit 8, the Sapphire Room and Club Conrad.

- o. Star Sydney and Star Qld did not have adequate reason to believe that Customer 30's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 30 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 30 was a restaurant owner in a foreign country. Between 2016 and 2020, Customer 30 recorded a cumulative turnover at Star Sydney and Star Qld that exceeded \$270 million. Star's understanding of Customer 30's source of wealth was not sufficient to explain the high value financial and gaming services received by him.

By 30 November 2016, Star Qld had identified concerns in respect of Customer 30's source of funds. On multiple occasions, Star Qld considered it necessary to alert law enforcement regarding Customer 30's continuous source of foreign cash.

In 2017, Customer 30 engaged in large and suspicious foreign currency transactions at both Star Sydney and Star Qld. Star did not take steps to verify Customer 30's source of funds, in particular the source of the significant volume of foreign currency he brought into the casinos.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 30

1348. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 30 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 30.
- a. On and from 30 November 2016, Customer 30 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 30's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. On and from 2017, Customer 30 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 30's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- c. At no time was Customer 30 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 22 February 2017, Customer 30 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 7 February 2022, Customer 30 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 30's transactions

1349. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 30's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 30, Star Sydney and Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 30 through the Star Patron account channel;

Particulars

See paragraph 774 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 30 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- e. Star Sydney and Star Qld provided designated services to Customer 30 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 30.

Particulars

Star senior management were not specifically informed of eight large and suspicious cash incidents involving Customer 30 between 15 December 2016 and 27 December 2019: See *Customer 30's risk profile*.

The review, update and verification of Customer 30's KYC information

- 1350. Star Sydney and Star Qld did not review, update and verify Customer 30's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 30's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 30's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 30's source of wealth or source of funds: see *Customer 30's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 30's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 30.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 30's high ML/TF risks

- 1351. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 30 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 30; and
 - c. reviewing and updating Customer 30's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 30 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 30*.

ECDD triggers in respect of Customer 30

- 1352. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 30 following any ECDD triggers in respect of Customer 30.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1353. Customer 30:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 13 April 2017 and 28 August 2017, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 30.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 16 December 2016 and 10 May 2022, Star Qld gave the AUSTRAC CEO 11 SMRs with respect to Customer 30.

1354. Each matter pleaded in paragraph 1353 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1355. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 30 following an ECDD trigger because:

- a. at no time did Star Sydney or Star Qld apply the ECDD Programs to Customer 30; and

Particulars

Rule 15.10, 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 30's source of wealth or source of funds: see *Customer 30's risk profile*.

- b. Customer 30 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 30 June 2022, Star issued a WOL in respect of Customer 30.

Contravention of s36 of the Act in respect of Customer 30

1356. By reason of the matters pleaded from paragraphs 1342 to 1355 above, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 30 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1357. By reason of the matters pleaded at paragraph 1356, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 30 June 2022 with respect to Customer 30.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 31

1358. Customer 31 was a customer of Star Sydney during the relevant period. In 2017, Star Sydney recorded turnover exceeding \$76 million for Customer 31.

Particulars

Customer 31 was a customer of Star Sydney from at least 24 February 2007.

On 16 September 2022, Star Sydney issued a WOL in respect of Customer 31.

1359. Star Sydney provided Customer 31 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket funder. Between 2017 and 2020, Star Sydney recorded that junkets operated by Customer 31 had a turnover exceeding \$690 million.

Particulars

By 2008, Star Sydney had opened an FMA and SKA for Customer 31, which remain open (item 11, table 3, s6 of the Act).

Between 13 February 2015 and 3 June 2019, Star Sydney approved permanently active CCFs for Customer 31 on three occasions, ranging from \$5,000,000 to \$10,000,000 (item 6, table 1, s6 of the Act).

While a customer of Star Sydney, Customer 31 remitted funds to and from his FMA (items 31 and 32, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel, which it made available to Customer 31 (items 31 and 32, table 1, s6 of the Act).

See Customer 31's risk profile below.

1360. Customer 31 was a customer of Star Qld during the relevant period. In 2018, Star Qld recorded turnover exceeding \$8 million for Customer 31.

Particulars

Customer 31 was a customer of Star Qld from at least 1 December 2015.

On 16 September 2022, Star Qld issued a WOL in respect of Customer 31.

1361. Star Qld provided Customer 31 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket funder. Between 2017 and 2020, Star Qld recorded that junkets operated by Customer 31 had a turnover exceeding \$66 million.

Particulars

On 30 November 2015, Star Qld opened an FMA for Customer 31 which remains open. On 29 July 2018, Star Qld opened an SKA for Customer 31 which remains open (item 11, table 3, s6 of the Act).

Between 13 February 2015 and 3 June 2019, Star Qld approved permanently active CCFs for Customer 31 on three occasions, ranging from \$5,000,000 to \$10,000,000 (item 6, table 1, s6 of the Act).

While a customer of Star Qld, Customer 31 remitted funds to and from his FMA (items 31 and 32, table 1, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the EEIS remittance channel, which it made available to Customer 31 (items 31 and 32, table 1, s6 of the Act).

See Customer 31's risk profile below.

1362. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 31.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 31's risk profile

1363. On and from 30 November 2016, on multiple occasions, the provision of designated services to Customer 31 by Star Sydney and Star Qld raised red flags reflective of higher ML/TF risks because of the following factors:

Customer 31's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 31 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 31;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on four occasions between 7 November 2014 and 3 July 2015.

The SMRs reported large cash deposits involving Customer 31 and persons associated with his junket totalling at least \$1,006,221.

- ii. between 2015 and 2016, Customer 31 was a junket operator and junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

In 2015, Customer 31 operated two junket programs at Star Sydney.

In 2016, Customer 31 operated three junket programs at Star Sydney.

Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 31 in 2015 and 2016 was \$102,299,132 with losses of \$1,722,065.

Although Customer 31 was a junket player on some of his own junkets, between 2015 and 2016, Star Sydney recorded a cumulative turnover of \$4,256,902 for Customer 31 as a junket player on his junkets despite not being a junket player on those particular junkets: see paragraph 670 above.

Customer 31 had three junket representatives at Star Sydney including Person 17 and Person 46.

In 2016, total benefits of \$879,005 were payable to Customer 31 for rebates, percentages of earnings from revenue share programs and complimentary services in his capacity as a junket operator.

On 13 February 2015, Star senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a permanently active CCF limit of \$5,000,000, with an additional limit for that trip only of \$2,500,000.

On 22 August 2016, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a permanently active CCF limit of \$10,000,000.

Customer 31 facilitated the provision of high value designated services to 29 junket players at Star Sydney, including foreign PEPs and players who Star Sydney considered had acted suspiciously, including Customer 50.

- iii. in 2016, Customer 31 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

In 2016, Customer 31 was recorded to be a player on one junket at Star Sydney that they also operated.

Customer 31's turnover on this junket program was \$40,667,315 with wins of \$29,445.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 31 by remitting large amounts of money into, out of, and within the casino environment via his account;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 10 July 2015 and 22 November 2016, Star Sydney received ten telegraphic transfers totalling \$1,598,000, each of which was made available to Customer 31's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 10 July 2015 to 7 June 2016, Star Sydney sent four telegraphic transfers totalling \$1,382,045 from Customer 31's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, on 12 January 2016, Star Sydney sent a transfer of \$280,500 from Customer 31's account to Star Qld.

- v. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 31 by remitting large amounts of money into the casino environment via his account; and

Particulars

See paragraph 327 above.

For example, on 11 January 2016, Star Qld received a telegraphic transfer of \$280,000, which it made available to Customer 31's FMA at Star Gold Coast. The funds were transferred for the purpose of redeeming an outstanding CCF.

This transaction was conducted through the Star Patron account channel.

- vi. Customer 31, and persons associated with his junket, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 7 November 2014 and 3 July 2016, Star Sydney gave the AUSTRAC CEO 30 TTRs totalling \$2,672,891 involving Customer 31, comprising:

- a. 21 TTRs detailing chip and cash exchanges totalling \$474,275;
- b. five TTRs detailing account withdrawals totalling \$1,104,558; and
- c. four TTRs detailing account deposits totalling \$1,094,058.

2014

On 6 November 2014, Customer 31's junket representative exchanged a suspicious amount of chips for \$100,000 cash: SMR dated 7 November 2014.

2015

On 22 June 2015, Customer 31's junket representative, Person 17, deposited \$425,221 in cash comprised mostly of \$50 notes together with \$221 in loose cash. The cash was bundled with rubber bands: SMR dated 23 June 2015.

On 2 July 2015, Customer 31 deposited \$50,000 in \$100 notes and \$231,000 in \$50 notes, together with some other small notes, into his account. The cash was bundled with rubber bands: SMR dated 2 July 2015.

On 2 July 2015, Customer 31's junket representative, Person 17, deposited \$300,000 in \$50 notes into Customer 31's account: SMR dated 3 July 2015.

Customer 31's risk profile from 30 November 2016

- b. Customer 31 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2017 and 2020, Customer 31 operated and funded 35 junkets at Star Sydney;
 - ii. between 2017 and 2020, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 31 in the relevant period was \$699,442,458 with losses of \$10,611,548;

Particulars

In 2017, junkets operated by Customer 31 had turnover of \$201,146,244 with losses of \$7,398,995.

In 2018, junkets operated by Customer 31 had turnover of \$152,375,743 with wins of \$363,447.

In 2019, junkets operated by Customer 31 had turnover of \$242,752,754 with wins of \$512,230.

Between January and March 2020, junkets operated by Customer 31 had turnover of \$103,167,717 with losses of \$4,088,230.

In the 2020 calendar year, Customer 31 was a top ten junket operator by turnover on programs at Star Sydney.

- iii. although Customer 31 was a junket player on some of his own junkets, between 2017 and 2020, Star Sydney recorded a cumulative turnover of \$261,173,380 for Customer 31 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1363.c below.

- iv. between 2017 and 2020, total benefits of \$4,911,071 were payable to Customer 31 by Star Sydney in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs and complimentary services;

Particulars

Customer 31 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2017, total benefits of \$1,381,248 were payable to Customer 31;
 - b. in 2018, total benefits of \$1,093,930 were payable to Customer 31;
 - c. in 2019, total benefits of \$2,243,023 were payable to Customer 31; and
 - d. in 2020, before the COVID-19 pandemic, total benefits of \$192,870 were payable to Customer 31.
- v. from 30 November 2016 to 3 June 2019, Star Sydney approved permanently active CCFs for Customer 31 and his junket programs on two occasions, up to \$10,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

- vi. Customer 31 operated junkets in private gaming rooms including private gaming rooms that were exclusive to his junket;

Particulars

Customer 31 operated junkets in non-exclusive private gaming rooms, including the Sovereign room, Oasis room, Jade room and Pit 80.

Customer 31 operated junkets in exclusive private gaming rooms, including Salon 67, Salon 68, Salon 69, Salon 75, Salon 76, Salon 77, Salon 82, Salon 85, Salon 89.

- vii. Customer 31 had nine junket representatives at Star Sydney; and
- viii. Customer 31 and his junket representatives facilitated the provision of high value designated services to at least 238 junket players at Star Sydney including foreign PEPs and players who Star Sydney considered had acted suspiciously, including Customer 50;

Particulars

See paragraphs 643 to 649 above.

See paragraph 1363.m.

- c. Customer 31 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. in 2017, Customer 31 was recorded to be a player on four junkets that he was the junket operator of at Star Sydney; and
 - ii. in 2017, Star Sydney recorded cumulative turnover totalling \$76,276,382 with losses of \$1,454,310 for Customer 31;
- d. Customer 31 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. in 2018 and 2019, Customer 31 operated and funded six junkets at Star Qld;
 - ii. between 2018 and 2019, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 31 at Star Qld in the relevant period was \$66,358,344 with losses of \$1,345,394;

Particulars

In 2018, junkets operated by Customer 31 had turnover of
\$48,600,331 with losses of \$53,400.

In 2019, junkets operated by Customer 31 had turnover of
\$17,758,013 with losses of \$1,291,994.

- iii. although Customer 31 was a junket player on some of his own junkets, in 2018 and 2019, Star Qld recorded a cumulative turnover of \$22,829,742 for Customer 31 as a junket player on his own junkets, despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1363.e below.

- iv. between 2018 and 2019, total benefits of \$467,078 were payable to Customer 31 by Star Qld in his capacity as a junket operator for rebates earned, complimentary services, and additional program agreement benefits;

Particulars

Customer 31 was entitled to benefits from Star Qld in his capacity as
a junket operator:

- a. in 2018, total benefits of \$339,768.50 were payable to Customer 31.
- b. in 2019, total benefits of \$127,309.50 were payable to Customer 31 by Star Qld.
- v. from 30 November 2016 to 3 June 2019, Star Qld approved permanently active CCFs for Customer 31 on three occasions, ranging from \$5,000,000 to \$10,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

- vi. Customer 31 operated junkets in private gaming rooms, including private gaming rooms that were exclusive to his junket;

Particulars

Customer 31 operated junkets in non-exclusive private gaming rooms, including Pit 11 and Pit 12.

Customer 31 operated junkets in exclusive private gaming rooms, including Salon 89.

- vii. Customer 31 had three junket representatives at Star Qld including Person 17; and
- viii. Customer 31 and his junket representatives facilitated the provision of high value designated services to 30 junket players at Star Qld, including foreign PEPs and players who Star Qld considered had acted suspiciously, including Customer 50 and Person 17;

Particulars

See paragraphs 643 to 649 above.

On 16 July 2019, Customer 50 played on a junket operated by Customer 31. Customer 31 supplied \$1,500,000 in front money for the program from his CCF, which had a limit of \$2,000,000. Customer 50 was known to be a foreign PEP and conducted several foreign currency exchanges. Customer 50 was noted as losing \$481,357 on the program, which was considered to be significant by Star Qld: SMR dated 23 July 2019.

- e. Customer 31 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. in 2018, Customer 31 was recorded to be a player on one junket that he was the junket operator of at Star Qld; and
 - ii. in 2018, Star Sydney recorded cumulative turnover totalling \$8,683,311 with losses of \$97,925 for Customer 31;
- f. designated services provided to Customer 31 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 31 was connected to other customers at Star Sydney and Star Qld who Star Sydney and Star Qld considered had acted suspiciously, including a junket operator, Customer 26;

Particulars

See paragraph 1363.k.

- h. Customer 31 referred players to Star Sydney;

Particulars

See paragraph 625 above.

Customer 31 received a commission on amounts wagered by referred players, who Star Sydney dealt with directly.

- i. between 12 June 2018 and 27 December 2019, across nine occasions, Customer 31 referred eight different players to Star Qld;

Particulars

See paragraph 625 above.

Between 12 June 2018 and 27 December 2019, across nine occasions, Customer 31 referred eight different players to Star Qld. On each occasion, Customer 31 arranged for the referred player(s) to attend Star Qld on a rebate program without him or his junket representative being present.

Customer 31 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- j. Customer 31 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2020, Star Sydney recorded individual rated turnover totalling \$7,800 for Customer 31;

Particulars

See paragraph 752 above.

In 2017, Customer 31's individual rated turnover was \$288.

In 2018, Customer 31's individual rated turnover was \$7,500.

In 2020, Customer 31's individual rated turnover was \$13.

- k. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 31 by remitting large amounts of money into, out of and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 11 December 2018 and 19 March 2020, third parties acting on behalf of Customer 31 deposited a total of \$5,552,337 into the EEIS Patron accounts, which Star Sydney made available to Customer 31 through the EEIS remittance channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 6 January 2017 and 3 March 2021, Star Sydney received 48 telegraphic transfers totalling \$18,356,366, each of which was made available to Customer 31's account. Part of the funds were transferred for the purpose of redeeming outstanding CCFs.

In addition, on 2 February 2020, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$241,970 where Customer 31 was named as the ordering customer and beneficiary. The funds were deposited into Customer 31's Star Sydney account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 21 April 2017 and 11 March 2020, Star Sydney sent nine telegraphic transfers totalling \$872,500 from Customer 31's account to Australian bank accounts.

Between 6 January 2018 and 16 November 2019, Star Sydney sent three telegraphic transfers totalling \$1,938,000 from Customer 31's FMA to other Australian casinos.

In addition, on 21 July 2022, Star Sydney gave the AUSTRAC CEO an outgoing IFTI detailing a transfer of \$2,329,378 to Customer 31's overseas bank account. The funds were withdrawn from Customer 31's Star Sydney FMA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 31 July 2018 and 2 October 2020, Star Sydney sent at least six transfers totalling at least \$1,817,014 from Customer 31's account to Star Qld.

On 12 May 2018 and 1 January 2020, Star Sydney received two transfers totalling \$538,589 from Star Qld, both of which were made available to Customer 31's FMA.

In addition:

- a. on 21 January 2019, Customer 31 transferred \$3,000,000 from his Star Sydney account to the Star Qld account of a

junket operator, Customer 26. Customer 26 took the funds as a chip purchase voucher: SMR dated 22 January 2019; and

- b. on 24 January 2019, Customer 31 transferred \$5,000,000 from his Star Sydney account to the Star Qld account of a junket operator, Customer 26. When the junket settled, Customer 26 requested that Star Qld transfer \$1,349,960 to his account at Star Sydney: SMR dated 25 January 2019. Once the funds were received, Customer 31's junket representative withdrew \$540,000 in cash and was observed meeting with Customer 26.

Each of the above transactions was conducted through the Star Patron account channel.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 31 by remitting large amounts of money into and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 4 February 2019 and 14 February 2019, a third party acting on behalf of Customer 31 deposited a total of \$5,825,650 into the EEIS Patron accounts, which Star Qld made available to Customer 31 through the EEIS remittance channel.

Other remittances into the casino environment

See paragraph 327 above.

For example, on 20 December 2016, Star Qld received a telegraphic transfer of \$5,000 which it made available to Customer 31's FMA at Star Gold Coast.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 31 July 2018 and 22 July 2019, Star Qld received six transfers totalling \$5,999,887 from Star Sydney, each of which was made available to Customer 31's FMA at Star Gold Coast. The funds were transferred for the purpose of redeeming an outstanding CCF.

Between 12 May 2018 and 1 January 2020, Star Qld facilitated four transfers totalling \$754,843 from Customer 31's FMA at Star Gold Coast to Star Sydney.

On 3 January 2020, Star Qld received two transfers totalling \$81,055 from another Star Group entity, both of which were made available to

Customer 31's FMA at Star Gold Coast. The funds were transferred for the purpose of redeeming an outstanding CCF.

- m. Customer 31, and persons associated with his junket, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and plastic bags, and counterfeit cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 29 December 2016 and 9 March 2020, Star Sydney gave the AUSTRAC CEO 160 TTRs totalling \$7,386,411 involving Customer 31, including:

- a. 138 TTRs detailing chip and cash exchanges totalling \$4,323,930;
- b. nine TTRs detailing account deposits totalling \$1,490,691; and
- c. 13 TTRs detailing account withdrawals totalling \$1,571,790.

Large and suspicious cash transactions in 2017

On 31 May 2017, Customer 31's junket representative, Person 46, deposited \$310,000 in \$100 notes and \$187,100 in \$50 notes into Customer 31's account. \$146,920 was used to redeem a CCF for Customer 31, with the balance remaining in Customer 31's FMA. Three of the \$50 notes were identified to be counterfeit: SMR dated 1 June 2017.

On 31 July 2017, Customer 31's junket representative, Person 46, deposited \$150,000 in \$50 notes, wrapped in elastic bands, into Customer 31's FMA at Star Sydney. Star Sydney considered this was not unusual for a junket.

On 9 August 2017, Customer 31's junket representative, Person 46, deposited \$15,600 in \$100 notes, \$372,750 in \$50 notes, \$11,680 in \$20 notes, \$310 in \$10 notes and \$10 in \$5 notes, totalling \$400,350 into Customer 31's account at Star Sydney. The cash was bundled in rubber bands and presented in a blue sports bag: SMR dated 10 August 2017.

On 30 August 2017, Customer 31's junket representative, Person 46, withdrew \$175,000 in chips from Customer 31's safe deposit box and exchanged the chips for cash. Person 46 then handed the cash to Customer 50. Customer 50 exchanged \$75,000 of the cash for chips and subsequently recorded a turnover of \$600,450 with a loss of \$150,050. At that time, Star Sydney was unaware of any connection between Customer 50 and the Customer 31 junket: SMR dated 31 August 2017.

Large and suspicious cash transactions in 2018

On 18 January 2018, Customer 31's junket representative, Person 46, withdrew \$190,000 in cash from Customer 31's FMA at Star Sydney.

On 29 January 2018, Customer 31's junket representative, Person 17, exchanged \$100,000 in chips for cash at Star Sydney.

On 30 January 2018, Customer 31's junket representative, Person 17, exchanged \$300,000 in cash, which had been issued in \$100 notes by Star Sydney, for chips. After the transaction, the junket representative left the premises with the chips: SMR dated 31 January 2018.

On 8 February 2018, Customer 31's junket representative, Person 17, deposited \$197,000 in cash comprised of \$50 notes contained in a grey plastic bag into Customer 31's FMA at Star Sydney.

On 6 May 2018, Customer 31's junket representative, Person 46, exchanged \$100,000 in chips for cash at Star Sydney.

Large and suspicious cash transactions in 2019

On 5 May 2019, Customer 31's junket representative exchanged \$100,000 in chips for cash at Star Sydney, which was not considered to be unusual because Customer 31's junket had multiple programs open.

On 7 June 2019, Customer 31's junket representative exchanged \$100,000 in chips for cash at Star Sydney, which was not considered to be unusual by Star Sydney.

On 22 August 2019, Customer 31's junket representative, Person 17, cashed out \$600,000 of chips on behalf of Customer 31 at Star Sydney. The cash was given to a junket player on Customer 31's junket.

On 23 August 2019, Customer 31's junket representative, Person 17, exchanged \$600,000 in chips for cash on behalf of Customer 31. The cash was given to a junket player on Customer 31's junket who had a recorded turnover during the program of \$4,340,565 with a win of \$698,065: SMR dated 23 August 2019.

On 5 September 2019, Customer 31's junket representative exchanged \$100,000 in chips for cash at Star Sydney, then proceeded to the poker buy-in window and exchanged the \$100,000 in cash for chips.

On 15 September 2019, Customer 31's junket representative exchanged \$100,000 in chips for cash at Star Sydney.

Large and suspicious cash transactions in 2020

On 7 January 2020, Customer 31's junket representative presented at the cage with another Star Sydney customer. The junket representative had only become a representative for the Customer 31 junket the previous week. The customer presented a brown paper

bag containing \$83,700 in \$100 notes and \$31,300 in \$50 notes bundled in rubber bands and with 100 notes per bundle. When asked about the origin of the funds, the customer said that he had saved the money. The customer advised that he worked as a sales representative and enjoyed gambling. The money remained in Customer 31's account as the customer was not yet a member. Star Sydney considered it unusual that a person who was not a member would present such a large amount of cash together with a junket representative without being a junket player: SMR dated 7 January 2020.

- n. Customer 31, and persons associated with his junket, transacted using large amounts of cash and cash that appeared suspicious at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 14 May 2018 and 17 July 2019, Star Qld gave the AUSTRAC CEO:

- a. three TTRs detailing account deposits made by Customer 31 totalling \$232,250;
- b. seven TTRs detailing chip and cash exchanges made by Customer 31 totalling \$98,255; and
- c. two TTRs detailing account withdrawals made by Customer 31 totalling \$230,000.

Large and suspicious cash transactions in 2018

On 29 July 2018, Customer 31's junket representative was operating a premium group at Star Qld. The junket representative presented to the cashier with \$200,000 in \$100 notes. The junket representative wished to place the cash into Customer 31's SKA as he was unsure whether Customer 31 wanted the funds in his FMA, which would increase the value of the premium group. The junket representative advised that the cash was winnings paid for a baccarat tournament of \$1,000,000. At least \$50,000 of the cash had straps on it that had been paid to the winner of the tournament. Star Qld considered it suspicious that the possible source of the cash was at least one third party: SMR dated 30 July 2018.

- o. at various times, Customer 31 had significant parked or dormant funds in his FMA and SKA at Star Sydney;

Particulars

See paragraph 284 above.

Between 23 April 2020 and 3 June 2022, Customer 31 had \$1,414,121 parked in his SKA.

Between 10 July 2020 and 3 March 2021, Customer 31 had \$400,000 parked in his SKA.

- p. Star senior management provided Customer 31 with significant amounts of credit upon request, up to limits of \$10,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

See paragraphs 1363.b and 1363.c.

- q. in 2017, Star Sydney provided law enforcement agencies with information relating to persons involved in Customer 31's junket; and

Particulars

On 1 June 2017, Star Sydney's AML team referred a suspicious cash transaction involving the deposit of \$310,000 in \$100 notes and \$187,500 in \$50 notes produced in vacuum packed plastic bags, some of which were damp, to a law enforcement agency for investigation.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- r. Star Sydney and Star Qld did not have adequate reason to believe that Customer 31's source of wealth and source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 31 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

During the relevant period, Star Sydney and Star Qld recorded Customer 31's occupation as junket operator and junket representative.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 31

1364. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable appropriately to identify or assess the ML/TF risks posed by Customer 31 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 31.

- a. On and from 30 November 2016, Customer 31 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 31's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 31 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 20 November 2014, Customer 31 was rated low, not being high risk for the purpose of the Act and Rules.

On 23 June 2015, Customer 31 was rated medium, not being high risk for the purpose of the Act and Rules.

On 2 February 2021, Customer 31 was rated high, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 31's transactions

1365. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 31's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 31, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders and operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 31 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, including the EEIS remittance channel; and

Particulars

See paragraph 493 above.

- d. Star Sydney and Star Qld provided designated services to Customer 31 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 31's KYC information

- 1366. Star Sydney and Star Qld did not review, update and verify Customer 31's KYC information having regard to the high ML/TF risks posed by Customer 31, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney or Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rules 15.2 to 15.3 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 31's business with it, including the nature, extent and purpose of his transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 31's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out at above, there were real risks that Customer 31's source of wealth and source of funds were not legitimate: see *Customer 31's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 31's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 31.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rules 15.2 to 15.3 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 31's high ML/TF risks

1367. Had Star Sydney or Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 31 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 31; and
- c. reviewing and updating Customer 31's KYC information, having regard to ML/TF risk appropriately;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 31 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 31*.

Particulars

Section 36(1)(a) and (b) of the Act, rules 15.2 to 15.10 of the Rules.

ECDD triggers in respect of Customer 31

1368. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 31 following an ECDD trigger in respect of Customer 31.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1369. Customer 31:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 1 June 2017 and 7 January 2020, Star Sydney gave the AUSTRAC CEO seven SMRs with respect to Customer 31.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 30 July 2018 and 23 July 2019, Star Qld gave the AUSTRAC CEO four SMRs with respect to Customer 31.

1370. Each matter pleaded in paragraph 1369 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1371. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 31 following an ECDD trigger because:

- a. on each occasion prior to 16 September 2022 that Star Sydney and Star Qld conducted ECDD in respect of Customer 31 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 31 and the provision of

designated services to Customer 31 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite; and

Particulars

See paragraphs 797 and 807 above.

Rules 15.10(2) and (5) of the Rules.

On 7 May 2019, 22 August 2019, 23 August 2019, 6 September 2019 and 7 January 2020, Star Sydney and Star Qld conducted ECDD in respect of Customer 31.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to his higher ML/TF risks: see *Customer 31's risk profile*.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 31's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 31's source of wealth and source of funds were not legitimate: see *Customer 31's risk profile*.

On 16 September 2022, Star Sydney and Star Qld issued a WOL in respect of Customer 31.

- b. Customer 31 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

See paragraph 810 above.

Rules 15.10(6) and (7) of the Rules.

On 16 September 2022, Star Sydney and Star Qld issued a WOL in respect of Customer 31.

Contravention of s36 of the Act in respect of Customer 31

1372. By reason of the matters pleaded from paragraphs 1358 to 1371 above, on and from 30 November 2016, Star Sydney and Star Qld:
 - a. did not monitor Customer 31 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1373. By reason of the matters pleaded at paragraph 1372, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 16 September 2022 with respect to Customer 31.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 32

1374. Customer 32 was a customer of Star Sydney during the relevant period. In 2017, Star Sydney recorded turnover exceeding \$31 million for Customer 32.

Particulars

Customer 32 was a customer of Star Sydney from at least 25 February 2016.

1375. Star Sydney provided Customer 32 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2019, Star Sydney recorded that junkets operated by Customer 32 had a turnover exceeding \$800 million.

Particulars

On 25 February 2016, Star Sydney opened an FMA and SKA for Customer 32 in respect of his primary account, which remain open (item 11, table 3, s6 of the Act).

Between 22 February 2016 and 2 July 2019, Star Sydney approved CCFs for Customer 32 on 21 occasions ranging from \$1,000,000 to \$11,000,000 (item 6, table 1, s6 of the Act).

While a customer of Star Sydney, Customer 32 remitted funds to and from his FMA (items 31 and 32, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel, which it made available to Customer 32 (items 31 and 32, table 1, s6 of the Act).

See Customer 32's risk profile below.

1376. Customer 32 was a customer of Star Qld during the relevant period. In 2017, Star Qld recorded turnover exceeding \$6 million for Customer 32.

Particulars

Customer 32 was a customer of Star Qld from at least 26 August 2016.

1377. Star Qld provided Customer 32 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period, including services as a junket operator. Between 2017 and 2019, Star Qld recorded that junkets operated by Customer 32 had a turnover exceeding \$63 million.

Particulars

On 24 August 2016, Star Qld opened an FMA for Customer 32 in respect of his primary account, which remains open (item 11, table 3, s6 of the Act).

On 18 January 2019, Star Qld opened an SKA for Customer 32 in respect of his primary account, which remains open (item 11, table 3, s6 of the Act).

Between 22 August 2016 and 26 June 2019, Star Qld approved CCFs for Customer 32 on eight occasions, with limits ranging from \$1,500,000 to \$8,000,000 (item 6, table 1, s6 of the Act).

While a customer of Star Qld, Customer 32 remitted funds to and from his FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 32's risk profile below.

1378. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 32.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 32's risk profile

1379. On and from 30 November 2016, Customer 32, and the provision of designated services to Customer 32 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 32's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 32 had the following risk history:
- i. Customer 32 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

In 2016, Customer 32 operated four junket programs at Star Sydney.

The total cumulative turnover of the junkets operated by Customer 32 in 2016 was \$86,262,267 with losses of \$679,855.

Between 22 February 2016 and 22 August 2016, Star Sydney provided Customer 32 and his junket with significant amounts of credit upon request, up to limits of \$1,500,000. On each occasion, the CCFs were approved by the Chief Executive Officer and the Chief Financial Officer.

In 2016, Customer 32 facilitated the provision of high value designated services to at least 19 junket players at Star Sydney.

- ii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 32 by remitting large amounts of money into, out of, and within the casino environment via his account;

Particulars

Remittances out of the casino environment

See paragraph 327 above.

On 2 September 2016, Star Sydney sent a telegraphic transfer of \$200,000 from Customer 32's FMA to another Australian casino.

On 5 October 2016, Star Sydney sent a telegraphic transfer of \$300,000 from Customer 32's SKA to an overseas bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances into the casino environment

See paragraph 327 above.

Between 25 February 2016 and 22 November 2016, Star Sydney received four telegraphic transfers, totalling \$480,714, each of which was made available to Customer 32's SKA.

In addition, on 18 March 2016, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$142,575, in which Customer 32 was named as the ordering customer and beneficiary. The funds were deposited into Customer 32's Star Sydney account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On around 26 August 2016, Star Sydney sent a transfer of \$150,000 from Customer 32's FMA to Star Qld.

On 13 September 2016, Star Sydney received a transfer of \$155,155 from Star Qld, which it made available to Customer 32's account.

- iii. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 32 by remitting large amounts of money within the casino environment via his account; and

Particulars

See paragraphs 347 to 349 above.

For example, on or around 26 August 2016, Star Qld received a transfer of \$150,000 from Star Sydney, which it made available to Customer 32's FMA at Star Gold Coast.

- iv. Customer 32 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 31 August 2016 and 2 November 2016, Star Sydney gave the AUSTRAC CEO six TTRs totalling \$146,160, detailing chip and cash exchanges and account withdrawals made by Customer 32.

Customer 32's risk profile from 30 November 2016

- b. Customer 32 was a junket operator who facilitated the provision of high-value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2017 and 2019, Customer 32 operated 21 junkets at Star Sydney. Two of the junkets were partly funded by junket funders;
 - ii. between 2017 and 2019, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 32 was \$804,531,439, with losses of \$7,111,885;

Particulars

In 2017, junkets operated by Customer 32 had turnover of \$63,240,034 with losses of \$1,078,110.

In 2018, junkets operated by Customer 32 had turnover of \$178,318,436 with wins of \$706,185.

In 2019, junkets operated by Customer 32 had turnover of \$562,972,969 with losses of \$6,739,960.

- iii. although Customer 32 was a junket player on some of his own junkets, between 2017 and 2019, Star Sydney recorded a cumulative turnover of \$731,634,810 for Customer 32 as a junket player on his own junkets despite him not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1379.d below.

- iv. between 2017 and 2019, total benefits of \$3,995,706 were payable to Customer 32 by Star Sydney in his capacity as a junket operator;

Particulars

Customer 32 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2017, total benefits of \$912,167 were payable to Customer 32;
- b. in 2018, Customer 32 was liable to pay rebates of \$425,831 to Star Sydney; and
- c. in 2019, total benefits of \$3,509,371 were payable to Customer 32.

- v. between 21 March 2017 and 2 July 2019, Star Sydney provided Customer 32 and his junket with significant amounts of credit upon request, up to limits of \$27,500,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 21 March 2017 and 2 July 2019, Star Sydney provided Customer 32 with CCFs up to facility limits between \$5,000,000 and \$27,500,000, on 19 occasions. At least seven CCFs were directly approved by Star Sydney senior management, including the Chief Executive Officer, the Chief Financial Officer and the Star Sydney Managing Director.

- vi. Customer 32 had seven junket representatives at Star Sydney; and
- vii. Customer 32 facilitated the provision of high value designated services to approximately 78 junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 32 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 2017 and 2019, Customer 32 operated eight junkets at Star Qld;

Particulars

In 2017 and 2019, Customer 32 was a top ten junket operator by number of junket programs at Star Gold Coast.

- ii. between 2017 and 2019, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 32 was \$63,164,452, with losses of \$3,178,810;

Particulars

In 2017, junkets operated by Customer 32 had turnover of \$6,901,443 with wins of \$188,300.

In 2018, junkets operated by Customer 32 had turnover of \$19,367,722 with losses of \$523,065.

In 2019, junkets operated by Customer 32 had turnover of \$36,895,287 with losses of \$2,844,045.

- iii. although Customer 32 was a junket player on some of his own junkets, between 2017 and 2019, Star Qld recorded a cumulative turnover of \$53,776,759 for Customer 32 as a junket player on his own junkets despite him not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1379.e below.

- iv. between 2017 and 2019, total benefits of \$724,652 were payable by Star Qld to Customer 32 in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, complimentary services, additional program agreement benefits and non-gaming complimentary services such as hotel rooms and airport transfers;

Particulars

Customer 32 was entitled to benefits from Star Qld in his capacity as a junket operator:

- a. in 2017, total benefits of \$52,725 were payable to Customer 32;
 - b. in 2018, total benefits of \$321,020 were payable to Customer 32; and
 - c. in 2019, total benefits of \$206,663 were payable to Customer 32.
- v. between 18 February 2017 and 26 June 2019, Star Qld provided Customer 32 and his junket with significant amounts of credit upon request, up to facility limits of \$20,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 18 February 2017 and 26 June 2019, Star Gold Coast provided Customer 32 with CCFs with facility limits between \$5,000,000 and \$20,000,000 on six occasions. At least two CCFs were directly approved by the Chief Executive Officer and the Star Qld Managing Director.

On 26 June 2019, Treasury Brisbane approved a permanently active CCF with a facility limit of \$20,000,000 for Customer 32, which was deactivated on 2 July 2020.

- vi. Customer 32 had five junket representatives at Star Qld; and
- vii. Customer 32 facilitated the provision of high value designated services to at least 49 junket players at Star Qld;

Particulars

See paragraphs 643 to 649 above.

- d. Customer 32 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney on junket programs;
 - i. in 2017, Customer 32 was a player on two of his own junkets at Star Sydney; and
 - ii. in 2017, Star Sydney recorded a high turnover, totalling \$31,320,783, for Customer 32's gaming activity on junket programs, with wins of \$23,645;
- e. Customer 32 was a junket player who received high-value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld on junket programs;
 - i. in 2017, Customer 32 was a player on two of his own junkets at Star Qld; and

- ii. in 2017, Star Qld recorded a high turnover totalling \$6,901,443, for Customer 32's gaming activity on junket programs, with wins of \$87,350;
- f. designated services provided to Customer 32 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 32 referred players to Star Sydney;

Particulars

See paragraph 625 above.

Customer 32 received a commission on amounts wagered by referred players, who Star Sydney dealt with directly.

- h. between 27 December 2018 and 15 August 2019, across two occasions, Customer 32 referred five different players to Star Qld;

Particulars

See paragraph 625 above.

Between 27 December 2018 and 15 August 2019, across two occasions, Customer 32 referred five different players to Star Qld. On each occasion, Customer 32 arranged for the referred player(s) to attend Star Qld on a rebate program without Customer 32 or his junket representative being present.

Customer 32 received a commission on amounts wagered by the referred customers, who Star Qld dealt with directly.

- i. Customer 32 received financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2019, Star Sydney recorded turnover totalling \$3,258 for Customer 32;

Particulars

See paragraph 752.

In 2017, Customer 32's individual rated turnover was \$92.

In 2018, Customer 32's individual rated turnover was \$950.

In 2019, Customer 32's individual rated turnover was \$2,217.

- j. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 32 by remitting large amounts of money into, out of and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 6 August 2019 and 8 August 2019, third party companies acting on behalf of Customer 32 deposited a total of \$2,041,680 into the EEIS Patron accounts, which Star Sydney made available to Customer 32 through the EEIS remittance channel.

Between 16 July 2019 and 4 March 2020, a third party acting on behalf of Customer 32 deposited a total of \$419,251 into the EEIS Patron accounts, which Star Sydney made available to Customer 32 through the EEIS remittance channel.

Other remittances involving third parties

See paragraph 278 above.

On 29 January 2018, Star Sydney received \$40,000 from a third party, which it made available to Customer 32's FMA.

On 14 February 2019, Star Sydney received \$100,000 from a third party, which it made available to Customer 32's FMA.

On 20 March 2020, Star Sydney received \$129,956 from a third party located overseas who jointly funded one of Customer 32's junkets, which it made available to Customer 32's FMA. The third party's listed occupation was a junket representative.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 17 August 2018 and 25 March 2020, Star Sydney received six telegraphic transfers, totalling \$1,141,100, each of which was made available to Customer 32's SKA. At least \$125,000 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 21 January 2017 and 1 March 2021, Star Sydney sent 11 telegraphic transfers, totalling \$4,761,613, from Customer 32's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

See paragraph 1379.k below.

Between 24 November 2017 and 18 September 2019, Star Sydney sent three transfers totalling \$134,793 from Customer 32's account to Star Qld.

On 18 August 2019, Star Sydney received a telegraphic transfer of \$1,343,079 from Star Qld, which it made available to Customer 32's SKA.

- k. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 32 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances involving third parties

See paragraph 278 above.

For example, on 17 August 2018, Star Qld received \$249,963 into its bank account from a third party. The transfer details showed that the funds were for the credit of Customer 32. Star Qld was unaware of the connection between Customer 32 and the third party. Star Qld considered the transfer to Customer 32 to be unusual, due to it being from an unknown third party: SMR dated 20 August 2018.

Remittances out of the casino environment

See paragraph 327 above.

On 6 March 2017 and 26 June 2017, Star Qld facilitated two telegraphic transfers, totalling \$165,000, from Customer 32's FMA at Star Gold Coast to Australian bank accounts.

Between 13 April 2017 and 6 January 2020, Star Qld facilitated four telegraphic transfers, totalling \$305,050, from Customer 32's FMA at Star Gold Coast to another Australian casino.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 25 November 2017 and 20 August 2019, Star Qld received two transfers, totalling \$87,126, from Star Sydney, both of which were made available to Customer 32's FMA at Star Gold Coast. Some of these funds were transferred for the purpose of redeeming an outstanding CCF.

On 18 September 2019, Star Qld received a transfer of \$47,666 from Star Sydney, which it made available to Customer 32's FMA at Treasury Brisbane.

- l. Customer 32, and other customers associated with him, had engaged in large and unusual transactions, which had no apparent economic or visible lawful purpose at Star Qld;

Particulars

On 18 July 2019, a Star Qld customer received \$80,000 into his FMA from a second customer, who was his daughter. The first customer then requested that \$1,239,968 be transferred from his FMA at Star Sydney to Treasury Brisbane.

The first customer used these funds to gamble at Treasury Brisbane. At the end of play, the first customer had a balance of \$1,423,079. The first customer requested that Star Qld transfer from his Treasury Brisbane account \$1,343,079 to Customer 32's Star Sydney FMA and \$80,000 to a third customer's FMA. Star Qld staff at Treasury Brisbane declined both requests, however Star Qld did facilitate a transfer from the first customer's account to FMAs held by Customer 32 and the third customer's FMAs at Treasury Brisbane. Star Qld staff at Treasury Brisbane advised that it would be up to Customer 32 and the third customer to organise any further transfers.

On 18 July 2019, Star Qld facilitated a telegraphic transfer of \$1,343,079 from Customer 32's FMA at Treasury Brisbane to Star Sydney.

Star Qld was unable to find any links between the first customer and Customer 32. Star Qld was advised by its staff from a foreign country that both Customer 32 and the third customer were business associates of the first customer from that country. Star Qld considered the transfers to be unusual: SMR dated 19 July 2019.

- m. Customer 32, and third parties acting on behalf of Customer 32, transacted using large amounts of cash at Star Sydney;

Particulars

TTRs

Between 24 May 2017 and 16 December 2019, Star Sydney gave the AUSTRAC CEO 40 TTRs totalling \$1,429,315.

Large cash transactions in 2017

On 17 December 2017, a junket representative withdrew \$160,000 from Customer 26's junket operator account at Star Sydney. Most of this cash was given to another Star Sydney customer, who requested Star Sydney deposit the cash into Customer 32's FMA. Star Sydney declined the request. The customer was told that he needed to open his own account to deposit the funds and could then transfer the funds to Customer 32. The customer did so, then transferred the funds to Customer 32's FMA: SMR dated 18 December 2017.

Large cash transactions in 2019

On 30 May 2019, a junket representative exchanged \$137,050 in chips for cash on behalf of Customer 32 at Star Sydney. The chips had been given to Customer 32.

On 3 June 2019, a junket representative exchanged \$115,100 in chips for cash at Star Sydney on behalf of Customer 32.

On 27 June 2019, a junket representative exchanged \$101,050 in chips for cash at Star Sydney on behalf of Customer 32. After conducting the transaction, the junket representative handed the money to junket players.

On 8 September 2019, a junket representative exchanged \$61,090 in chips for cash at Star Sydney on behalf of Customer 32. The cash appeared to be a payout for one of the junket players on the Customer 32 junket.

- n. Customer 32 transacted using large amounts of cash at Star Qld;

Particulars

Between 29 May 2017 and 8 October 2019, Star Qld give the AUSTRAC CEO six TTRs totalling \$115,000.

- o. Customer 32 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 32 had access to private gaming rooms, including the Sovereign, Lakes Salons, Rivers Salons, Harbours Salons, Sovereign (Cage), Oasis (Cage), Lakes Salon (Cage), Springs Salon (Cage) and the Rivers and Harbour Salons (Cage), at Star Sydney.

Several of Customer 32's junkets had access to private gaming rooms, including the Sovereign (Cage) and the Oasis (Cage), at Star Sydney.

- p. Customer 32 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 32 had access to private gaming rooms, including Club Conrad, Pit 8, Pit 9, Salon 21, Salon 89 and the Sovereign (Cage), at Star Gold Coast.

Several of Customer 32's junkets had access to private gaming rooms, including Salon 21, Sovereign Room – Table Games and the Sovereign (Cage), at Star Gold Coast.

One of Customer 32's junkets had access to private gaming rooms, including the Cage, at Treasury Brisbane.

- q. Star Sydney and Star Qld did not have adequate reason to believe that Customer 32's source of wealth or source of funds was sufficient to explain the financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 32 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By 30 November 2016, Star Qld and Star Sydney understood that Customer 32 was a director/shareholder of 17 companies.

By 21 September 2022, Star's internal due diligence records included open source searches indicating that Customer 32 was involved in business and charity work, but recorded Customer 32's occupation as 'unknown'.

At no time did Star Sydney or Star Qld take appropriate steps to verify Customer 32's source of wealth or source of funds, in circumstances where:

- a. turnover on Customer 32's junkets exceeded \$800 million at Star Sydney and \$63 million at Star Qld; and
- b. at least \$2.4 million was transferred to Customer 32 at Star Sydney via the EEIS remittance channel: see *Customer 32's risk profile* above.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 32

1380. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 32 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 32.
- a. On and from 30 November 2016, Customer 32 should have been recognised by Star Sydney and Star Qld as a high-risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 32's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 32 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

On 18 December 2017, Customer 32 was rated low risk, not being high risk for the purpose of the Act and Rules.

20 August 2018, Customer 32 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 9 February 2021, Customer 32 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 32's transactions

1381. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 32's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 32, Star Sydney's and Star Qld's transaction monitoring programs

did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders and operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 32's junket as turnover was recorded against Customer 32 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 32 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. an international remittance channel, specifically the EEIS remittance channel;

Particulars

See paragraphs 493 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 32 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- f. Star Qld provided designated services to Customer 32 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a), (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 32's KYC information

1382. Star Sydney and Star Qld did not review, update and verify Customer 32's KYC information having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 32's business with Star Sydney and Star Qld, including the nature, extent and purpose of his transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 32's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 32's source of wealth and source of funds were not legitimate: see *Customer 32's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 32's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 32.

Particulars

See paragraph 155 above.

On 31 May 2019, 28 June 2019 and 9 September 2019, Star Sydney conducted ongoing customer due diligence in respect of Customer 32: see *Customer 32's risk profile*.

On 9 September 2019, the ongoing customer due diligence screening in respect of Customer 32 identified that there was no adverse information or media relating to Customer 32.

Failure to apply appropriate due diligence suited to Customer 32's high ML/TF risks

1383. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 32 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 32; and
 - c. reviewing and updating Customer 32's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 32 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 32*.

ECDD triggers in respect of Customer 32

1384. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 32 following any ECDD triggers in respect of Customer 32.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1385. Customer 32:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 18 December 2017, Star Sydney gave the AUSTRAC CEO one SMR relating to Customer 32.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 20 August 2018 and 19 July 2019, Star Qld gave the AUSTRAC CEO two SMRs relating to Customer 32.

1386. Each matter pleaded in paragraph 1385 is an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1387. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 32 following an ECDD trigger because:

- a. on each occasion that Star Sydney or Star Qld conducted ECDD in respect of Customer 32 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 32 and the provision of designated services to Customer 32 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 809 above.

On 9 February 2021, Star conducted ECDD in respect of Customer 32, but did not have appropriate regard to his higher ML/TF risks: see *Customer 32's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 32's higher ML/TF risks, including where:

- a. turnover on Customer 32's junkets exceeded \$800 million at Star Sydney and \$63 million at Star Qld; and
- b. at least \$2.4 million was transferred to Customer 32 at Star Sydney via the EEIS remittance channel: see *Customer 32's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 32's source of funds or source of wealth, in circumstances where Star Qld and Star Sydney understood that Customer 32 was a director/shareholder of 17 companies but did not take steps to verify this.

By reason of the matters set out above, there were real risks that Customer 32's source of wealth and source of funds were not legitimate: see *Customer 32's risk profile*.

- b. Customer 32 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 32

1388. By reason of the matters pleaded from paragraphs 1374 to 1387, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 32 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1389. By reason of the matters pleaded at paragraph 1388, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 32.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 33

1390. Customer 33 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$260 million for Customer 33.

Particulars

Customer 33 was a customer of Star Sydney from at least 8 January 2007.

1391. Star Sydney provided Customer 33 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and junket player. Between 2016 and 2019, Star Sydney recorded that junkets operated by Customer 33 had a turnover exceeding \$390 million.

Particulars

On 4 March 2009, Star Sydney opened an FMA and SKA for Customer 33 which remain open (item 11, table 3, s6 of the Act).

Between 2 December 2016 and 2 July 2020, Star Sydney provided Customer 33 and his junket programs with significant amounts of credit upon request, up to limits of \$5,000,000 with an additional limit for that trip only of \$2,500,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel and the Bank 1 (Macau) cash channel, which it made available to Customer 33 (items 31 and 32, table 1, s6 of the Act).

See Customer 33's risk profile.

1392. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 33.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 33's risk profile

1393. On and from 30 November 2016, Customer 33, and the provision of designated services to Customer 33 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 33's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 33 had the following risk history:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 33;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 11 October 2011.

The SMR reported that Customer 33 had engaged in a large cash transaction: see paragraph 1393.a.vi below.

- ii. Customer 33 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

On 8 January 2007, Customer 33 was approved to be a junket operator at Star Sydney.

Between 16 August 2015 and 27 October 2016, Customer 33 operated seven junkets at Star Sydney with 27 junket players.

Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 33 was \$369,363,267 with wins of \$3,282,050.

- iii. Customer 33 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 16 August 2015 and 27 October 2016, Customer 33 was a player on seven junkets at Star Sydney operated by Customer 33 himself.

By 30 November 2016, Star Sydney recorded high turnover totalling \$301,016,807 with losses of \$1,181,530 for Customer 33's gaming activity on his own junket programs.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 33 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 5 January 2007 and 13 March 2016, Star Sydney gave the AUSTRAC CEO five incoming IFTIs totalling \$6,015,344 where Customer 33 was named as the beneficiary and the ordering customer. Of these funds, \$589,312 were used to repay a CCF. The remainder was deposited into Customer 33's Star Sydney account or FMA.

On 11 March 2016, Star Sydney received a telegraphic transfer of \$1,218,348, which it made available to Customer 33's FMA. The

funds were transferred for the purpose of redeeming an outstanding CCF.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 8 October 2015 and 4 November 2016, Star Sydney sent two telegraphic transfers totalling \$7,174,000 from Customer 33's account to an overseas bank account.

The above transactions were conducted through the Star Patron account channel.

- v. between 10 August 2015 and 26 September 2016, Star Sydney provided Customer 33 with significant amounts of credit upon request, up to limits of \$5,000,000 with an additional trip only limit of \$2,500,000; and

Particulars

See paragraph 516 to 518 and 552 above.

On 10 August 2015, 29 September 2015, 18 November 2015 and 13 January 2016, Star Sydney senior management including the Chief Executive Officer, the Star Sydney Managing Director and the Chief Financial Officer approved a single trip CCF limit of \$5,000,000 for Customer 33.

On 10 February 2016, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer approved a single trip CCF limit of \$6,500,000 for Customer 33.

On 27 April 2016 and 26 September 2016, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer approved a single trip CCF limit of \$5,000,000 with an additional trip only limit of \$2,500,000 for Customer 33.

- vi. Customer 33 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 11 October 2011 and 24 October 2016, Star Sydney gave the AUSTRAC CEO 41 TTRs in respect of Customer 33 totalling \$1,395,679, which comprised:

- a. 39 outgoing TTRs totalling \$1,235,679;
- b. two incoming TTRs totalling \$160,000;
- c. \$1,165,125 in chip or cash exchanges; and
- d. \$230,554 in account deposits or withdrawals.

On 6 October 2011, Customer 33 deposited \$100,000 in cash into his FMA at Star Sydney. Customer 33 then transferred the funds to Star Gold Coast: SMR dated 11 October 2011.

On 20 October 2016 and 23 October 2016, Customer 33 exchanged \$130,685 and \$132,500 in chips for cash respectively at Star Sydney.

Customer 33's risk profile from 30 November 2016

- b. Customer 33 was a foreign PEP;

Particulars

See paragraph 115 above.

Customer 33 was a member of a foreign political body.

- c. Customer 33 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
- i. between 12 December 2016 and 20 May 2019, Customer 33 operated five junkets at Star Sydney;
 - ii. between 12 December 2016 and 20 May 2019, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 33 in the relevant period was \$397,228,273 with losses of \$9,002,060;

Particulars

In 2016, junkets operated by Customer 33 had turnover of \$165,225,125 with losses of \$5,464,690.

In 2017, junkets operated by Customer 33 had turnover of \$117,902,174 with wins of \$1,890,525.

In 2018, junkets operated by Customer 33 had turnover of \$17,934,371 with losses of \$2,491,540.

In 2019, junkets operated by Customer 33 had turnover of \$96,166,603 with losses of \$2,936,355.

- iii. although Customer 33 was a junket player on some of his own junkets, between 1 March 2019 and 16 March 2019, Star Sydney recorded a cumulative turnover of \$29,017,300 for Customer 33 as a junket player on his own junket despite not being a junket player on that particular junket;

Particulars

See paragraph 670 above.

See paragraph 1393.d below.

- iv. between 12 December 2016 and 20 May 2019, total benefits of \$2,859,021 were payable to Customer 33 by Star Sydney in his capacity as a junket operator for rebates earned, complimentary services and non-gaming complimentary services;
- v. between 2 December 2016 and 2 July 2020, Star Sydney provided Customer 33 and his junket programs with significant amounts of credit upon request, up to limits of \$5,000,000 with an additional limit for that trip only of \$2,500,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 2 December 2016, 31 March 2017, 6 June 2017 and 19 September 2017, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer approved a single trip CCF limit of \$5,000,000 with an additional trip only limit of \$2,500,00 for Customer 33.

On 21 October 2017, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanent active CCF limit of \$5,000,000 with an additional trip only limit of \$2,500,00 for Customer 33 which was not deactivated.

On 3 July 2019, Star Sydney approved a permanent active CCF limit of \$5,000,000 with an additional trip only limit of \$2,500,00 for Customer 33 which was deactivated on 2 July 2020.

- vi. Customer 33 had one junket representative at Star Sydney; and
- vii. Customer 33 and his junket representative facilitated the provision of high value designated services to 17 junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- d. Customer 33 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 11 December 2016 and 20 May 2019, Customer 33 was a player on four junkets at Star Sydney operated by Customer 33 himself; and
 - ii. between 11 December 2016 and 20 May 2019, Star Sydney recorded high turnover totalling \$236,205,463 with losses of \$1,322,070 for Customer 33's gaming activity on junket programs operated by Customer 33 himself;

Particulars

In 2016, Customer 33's turnover on junket programs was \$118,848,275 with losses of \$5,845.

In 2017, Customer 33's turnover on junket programs was \$68,760,614 with losses of \$1,328,225.

In 2018, Customer 33's turnover on junket programs was \$14,254,721 with wins of \$6,000.

In 2019, Customer 33's turnover on junket programs was \$34,341,853 with wins of \$6,000.

- e. designated services provided to Customer 33 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 33 by remitting large amounts of money into and out of the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 25 January 2017 and 19 June 2019, Customer 33 deposited a total of \$6,680,588 into the EEIS Patron accounts, which Star Sydney made available to Customer 33 through the EEIS remittance channel.

Remittances through the Bank 1 (Macau) cash channel

See paragraphs 372 and 382 to 384 above.

On 24 January 2017, unknown persons deposited a total of \$3,004,500 in cash at Bank 1 which Star Sydney made available to Customer 33 through the Bank 1 (Macau) cash channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 21 December 2016 and 21 June 2019, Star Sydney received four telegraphic transfers totalling \$7,980,643, each of which was made available to Customer 33's FMA. At least \$3,676,143 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 9 May 2017, Star Sydney sent two telegraphic transfers totalling \$2,663,721 from Customer 33's account to overseas bank accounts, including the account of a third party.

Each of the above transactions was conducted through the Star Patron account channel.

- g. Customer 33 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 14 December 2016 and 21 May 2019, Star Sydney gave the AUSTRAC CEO 11 TTRs in respect of Customer 33 totalling \$419,225, which comprised:

- a. ten outgoing TTRs totalling \$369,225;

- b. one incoming TTR totalling \$50,000;
 - c. \$254,725 in chip or cash exchanges;
 - d. \$150,000 in account deposits or withdrawals; and
 - e. \$14,500 in EGM payouts.
- h. Customer 33 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 33 had access to private gaming rooms at Star Sydney, including Springs Salons, Lakes Salons and Rivers Salons.

- i. Star Sydney did not have adequate reason to believe that Customer 33's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 33 at Star Sydney.

Particulars

See paragraph 808 above.

By 30 November 2016, Star Sydney understood that Customer 33's family owned a foreign gaming promotion company.

By 2017, Star Sydney was aware that Customer 33 was a non-executive director of that company, a position for which he was not remunerated.

On 4 February 2020, an ECDD screening conducted in respect of Customer 33 identified that Star Sydney had no information about Customer 33's source of wealth or source of funds.

Star Sydney's understanding of Customer 33's source of wealth was not commensurate to the high value financial and gaming services received by him at Star Sydney.

Star Sydney's determination of the ML/TF risks posed by Customer 33

1394. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 33 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 33.

- a. On and from 30 November 2016, Customer 33 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 33's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 5 February 2020 that Customer 33 was rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

Until 18 June 2019, Customer 33 was rated low risk by default.

On 18 June 2019, Customer 33 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 5 February 2020, Customer 33 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 33 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 33's transactions

1395. At no time did Star Sydney apply appropriate transaction monitoring to Customer 33's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 33, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 33's junket as turnover was recorded against Customer 33 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 33 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. an international remittance channel, specifically the EEIS remittance channel and the Bank 1 (Macau) cash channel; and

Particulars

See paragraphs 383 and 493 above.

- e. Star Sydney provided designated services to Customer 33 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 33's KYC information

- 1396. Star Sydney did not review, update and verify Customer 33's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 33's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 33's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 33's source of wealth or source of funds: see *Customer 33's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 33's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 33.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 33

1397. Star Sydney was required to apply the ECDD Programs to Customer 33 following any ECDD triggers in respect of Customer 33. In particular, because Customer 33 was a foreign PEP, Star Sydney was required to:

- a. undertake detailed analysis of Customer 33's KYC information including taking reasonable measures to identify the source of Customer 33's wealth and the source of Customer 33's funds; and
- b. seek senior management approval for continuing a business relationship with Customer 33 and whether Star Sydney should continue to provide a designated service to Customer 33.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.10(2), 15.10(6) and 15.11 of the Rules.

1398. Customer 33:

- a. at all times from 30 November 2016 was a foreign PEP; and

Particulars

See Customer 33's risk profile above.

- b. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney.

Particulars

On 5 February 2020, Star Sydney determined that the ML/TF risks posed by Customer 33 was high risk for the purpose of the Act and Rules: see *Star Sydney's determination of the ML/TF risks posed by Customer 33 above.*

1399. Each matter pleaded in paragraph 1398 was an ECDD trigger.

Particulars

See paragraphs 792, 798 and 799 above.

1400. It was not until 5 September 2020 that Star Sydney identified that Customer 33 was a foreign PEP.

1401. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 33 following the ECDD triggers:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 33 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 33 and the provision of designated services to Customer 33 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite. In particular, Star Sydney failed to monitor Customer 33 as a foreign PEP because:
 - i. Star Sydney's analysis of Customer 33's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 33;

- ii. Star Sydney's analysis of Customer 33's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 33;

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 810 above.

On 18 June 2019, 4 February 2020, 25 September 2020, 27 January 2021 and 15 September 2021, Star Sydney conducted ECDD in respect of Customer 33.

On 4 February 2020, the ECDD screening in respect of Customer 33 identified that:

- a. Customer 33 was a member of a foreign political body and therefore a foreign PEP;
- b. Customer 33 had business interests in a foreign country; and
- c. no source of funds or source of wealth information was available in respect of Customer 33.

On 25 September 2020, the ECDD screening in respect of Customer 33 identified, in addition to the matters set out in previous screenings, that there was no adverse information available.

On 27 January 2021, the ECDD screening in respect of Customer 33 identified, in addition to the matters set out in previous screenings, that Customer 33 had various foreign business interests.

On 15 September 2021, the ECDD screening in respect of Customer 33 identified, in addition to the matters set out in previous screenings, that there was no adverse information available.

The ECDD conducted by Star Sydney did not have appropriate regard to their higher ML/TF risks: see *Customer 33's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 33's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 33's source of wealth or source of funds: see *Customer 33's risk profile*.

- iii. Customer 33 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- iv. any senior management approval regarding Customer 33 failed to give appropriate consideration to the ML/TF risks posed by Customer 33 and the

provision of designated services to Customer 33 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810 above.

On 15 September 2021, following an ECDD screening, the Due Diligence Program Manager determined to maintain a business relationship with Customer 33 without appropriate regard to his higher ML/TF risks.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 33's source of wealth (r 15.10(2)(a) of the Rules), having regard to their status as a foreign PEP; and
- b. Customer 33's source of funds (r15.10(2)(b) of the Rules), having regard to their status as a foreign PEP: see *Customer 33's risk profile* above.

Contravention of s36 of the Act in respect of Customer 33

1402. By reason of the matters pleaded from paragraphs 1390 to 1401, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 33 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1403. By reason of the matters pleaded at paragraph 1402, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 33.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 34

1404. Customer 34 was a customer of Star Sydney during the relevant period. Between 2016 and 2018, Star Sydney recorded turnover exceeding \$61 million for Customer 34.

Particulars

Customer 34 was a customer of Star Sydney from at least 2 February 2014.

1405. Star Sydney provided Customer 34 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period as a junket operator. Between 2016 and 2018, Star Sydney recorded that junkets operated by Customer 34 had a turnover exceeding \$1.9 billion.

Particulars

On 20 December 2016, Star Sydney opened an FMA and SKA for Customer 34, which remain open (item 11, table 3, s6 of the Act).

Between December 2016 and January 2020, Star Sydney approved CCFs for Customer 34 on multiple occasions ranging from facility limits of \$1,250,000 to \$25,000,000, including on some occasions an additional limit for that trip only up to \$12,500,000 (item 6, table 1, s6 of the Act).

While a customer of Star Sydney, Customer 34 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Customer 9 channels, which it made available to Customer 34 (items 31 and 32, table 1, s6 of the Act).

See Customer 34's risk profile below.

1406. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 34.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 34's risk profile

1407. On and from 30 November 2016, Customer 34, and the provision of designated services to Customer 34 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 34's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 34 had transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 9 October 2013 and 15 December 2015, Star Sydney gave the AUSTRAC CEO 55 TTRs in respect of Customer 24 totalling \$2,995,310, including:

- a. three incoming TTRs totalling \$31,000;
- b. 52 outgoing TTRs totalling \$3,964,310;
- c. 34 TTRs totalling \$2,643,715 detailing account deposits and withdrawals; and

- d. 21 TTRs totalling \$1,351,595 detailing chip and cash exchanges.

Customer 34's risk profile from 30 November 2016

- b. Customer 34 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2016 and 2018, Customer 34 operated at least 61 junkets at Star Sydney, including junkets conducted in HKD;

Particulars

In the 2017 calendar year, Customer 34 operated the second highest number of junket programs at Star Sydney. Those programs had the fifth highest turnover at Star Sydney.

In the 2018 calendar year, Customer 34 operated the fifth highest number of junket programs at Star Sydney.

- ii. between December 2016 and 2018, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 34 was \$1,981,280,348 with losses of \$43,888,346;

Particulars

Between December 2016 and 2017, junkets operated by Customer 34 had turnover of \$1,519,053,792 with losses of \$34,756,177.

In 2018, junkets operated by Customer 34 had turnover of \$462,226,556 with losses of \$9,132,169.

- iii. although Customer 34 was a junket player on some of his own junkets, between December 2016 and 2018, Star Sydney recorded a cumulative turnover of \$102,922,812 for Customer 34 as a junket player on their own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1407.d below.

- iv. between 2016 and 2018, total benefits of \$19,177,394 were payable to Customer 34 by Star Sydney in their capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs, and complimentary services;

Particulars

Customer 34 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in the 2016 calendar year, total benefits of \$559,797 were payable to Customer 34;
- b. in the 2017 calendar year, total benefits of \$14,862,262 were payable to Customer 34; and

- c. in the 2018 calendar year, total benefits of \$3,755,335 were payable to Customer 34.
- v. between December 2016 and January 2020, Star Sydney provided Customer 34 and his junket programs with significant amounts of credit upon request, up to facility limits of \$25,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 19 December 2016 and 29 January 2017, Star senior management including the Chief Executive Officer and the Chief Financial Officer, approved permanently active CCFs, with facility limits of up to \$25,000,000. On at least two occasions, Star senior management approved additional trip only limits of between \$2,500,000 and \$12,500,000.

- vi. Customer 34 operated junkets in private gaming rooms, including private gaming rooms that were exclusive to the junket;

Particulars

Customer 34 operated junkets in non-exclusive private gaming rooms, including Pit 80, the Sovereign room and the Oasis room.

On 21 December 2016, Star Sydney and Customer 34 entered into an agreement, which included granting Customer 34's junkets exclusive access to Salon 99, subject to a minimum turnover threshold.

In addition, Customer 34 operated junkets in exclusive private gaming rooms, including Salons 78, 82, 86, 88, 90, 91, 92, 93, 97 and 98.

- vii. Customer 34 had at least five junket representatives at Star Sydney including Customer 58; and
- viii. Customer 34 and their junket representatives facilitated the provision of high value designated services to at least 120 junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 34 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
 - i. in 2017, Customer 34 funded one junket at Star Sydney, other than his own junkets;

Particulars

At Star Sydney, Customer 34 funded one junket totalling \$3,000,000 for Company 6's junket.

Customer 34 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

- ii. Star Sydney recorded that the total cumulative turnover of the junket funded by Customer 34 in 2017 was \$15,475,304 with losses of \$415,865;
- iii. the junket funded by Customer 34 was operated by a corporate junket operator;

Particulars

See paragraph 650.e above.

- iv. the junket funded by Customer 34 had one junket representative, Person 11; and
- v. the junkets funded by Customer 34 facilitated the provision of high value designated services to at least two junket players;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- d. Customer 34 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 2016 and 2018, Customer 34 was recorded to be a player on at least 13 junkets operated by Customer 34 himself and two junkets operated by Company 6 at Star Sydney; and
 - ii. between 2016 and 2018, Star Sydney recorded high and escalating turnover totalling \$59,989,591 for Customer 34's gaming activity on junket programs;

Particulars

Between 1 December 2016 and 31 December 2016, Customer 34's turnover on junket programs operated by Company 6 was \$2,331,028 with losses of \$55,507.

In 2017, Customer 34's turnover on junket programs operated by Customer 34 himself was \$50,033,263 with losses of \$1,040,037.

In 2018, Customer 34's turnover on junket programs operated by Customer 34 himself was \$7,625,300 with wins of \$160,639.

- e. designated services provided to Customer 34 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- f. Customer 34 was connected to other customers at Star Sydney, including Company 6's junket and junket representatives who posed higher ML/TF risks such as Customer 58;

Particulars

See particulars to paragraphs 1407.c and 1407.j.

On 6 December 2017, the SEG Board were informed in a presentation by the Chief Executive Officer, the Chief Financial Officer and the President of International Marketing that Customer 34

was a business partner of Person 68, who funded Company 6's junket. The presentation noted that Customer 34 serviced former customers of Company 6's junket.

- g. Customer 34 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2018, Star Sydney recorded turnover totalling \$2,906,597 for Customer 34;
 - i. between 2017 and 2018, Star Sydney recorded individual rated turnover totalling \$16,597 for Customer 34; and

Particulars

See paragraph 752 above.

In 2017, Customer 34's individual rated turnover was \$6,150.

In 2018, Customer 34's individual rated turnover was \$10,447.

- ii. in 2018, Star Sydney recorded high turnover on individual rebate programs totalling \$2,890,000 for Customer 34;

Particulars

See paragraph 623 above.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 34 by remitting large amounts of money into the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 19 January 2018 and 10 January 2019, deposits through the Customer 9 channels totalling AU\$2,497,075 and HKD12,323,046 were made available by Star Sydney to Customer 34's account.

Other remittances involving third parties

See paragraph 278 above.

In 2017, Star Sydney gave the AUSTRAC CEO six incoming IFTIs totalling \$888,667 where third parties were named as the ordering customer and Customer 34 was named as the beneficiary customer. The funds were deposited into Customer 34's Star Sydney account.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

On 30 December 2016, Star Sydney gave the AUSTRAC CEO two incoming IFTIs totalling \$2,999,999 where Customer 34 was named

as the ordering and beneficiary customer. The funds were made available to Customer 34's Star Sydney account

In 2017, Star Sydney gave the AUSTRAC CEO 20 incoming IFTIs totalling \$8,346,577 where Customer 34 was named as the ordering and beneficiary customer. The funds were made available to Customer 34's Star Sydney account .

In 2018, Star Sydney gave the AUSTRAC CEO three incoming IFTIs totalling \$1,704,952 where Customer 34 was named as the ordering and beneficiary customer. The funds were made available to Customer 34's Star Sydney account .

Each of the above transactions was conducted through the Star Patron account channel.

- i. Customer 34's junket representatives had engaged in large and unusual transactions, which had no apparent economic or visible lawful purpose, using cash and chips originating from Customer 34's FMA at Star Qld;

Particulars

On 6 November 2018, Customer 34's junket representative, Person 11, withdrew \$210,000 in junket program chips from Customer 34's FMA at Star Sydney. Person 11 gave the junket chips to another Star Sydney customer, Person 65. Staff at Star Sydney advised Person 11 that Person 65 could not use the junket chips for gaming because they were a local player and not on a junket. Shortly after, Star Sydney observed Person 11 giving the chips to a second junket operator, Person 42. Person 42 deposited the chips into their junket program.

On 7 November 2018, Person 65 exchanged \$200,000 in cash for chips. The cash was presented in a yellow bag and was comprised entirely of \$100 notes with straps issued by Star. Star Sydney observed that Person 65 had not had any cash-outs that would justify them being in possession of that amount of cash. Person 65 had been on a junket operated by Person 42. Person 65 recorded a turnover of \$4,012,665 and a win of \$80,710 for Person 42's junket.

Star Sydney noted that this amount of cash appeared excessive given the win recorded for the junket. Star Sydney suggested that it appeared that Person 42 had paid Person 65 cash for the chips that Person 11 had initially attempted to give to Person 65: SMR dated 8 November 2018.

- j. persons associated with Customer 34's junket, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands, plastic bags and parcel bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

ITRs

Between 23 December 2016 and 9 December 2018, Star Sydney gave the AUSTRAC CEO 290 TTRs in respect of Customer 34 totalling \$19,322,274, including:

- a. 64 incoming TTRs totalling \$5,131,228;
- b. 226 outgoing TTRs totalling \$14,191,047;
- c. 226 TTRs totalling \$16,904,697 detailing account deposits and withdrawals; and
- d. 64 TTRs totalling \$2,417,577 detailing chip and cash exchanges.

Large and suspicious cash transactions involving Customer 34's junket representative, Customer 58

Between December 2016 and August 2017, Customer 34's junket representative, Customer 58, transacted with cash totalling at least \$7,247,558 on 39 occasions.

- a. On 21 December 2016, Customer 58 exchanged cash and chips worth \$100,000 on behalf of Customer 34 at Star Sydney.
- b. On 22 December 2016, Customer 58 withdrew \$200,000 in cash from Customer 34's FMA at Star Sydney.
- c. On 27 January 2017, Customer 58 exchanged cash and chips worth \$100,000 on behalf of Customer 34 at Star Sydney.
- d. On 5 February 2017, Customer 58 withdrew \$455,636 in cash from Customer 34's FMA at Star Sydney: SMR dated 6 February 2017.
- e. On 6 March 2017, Customer 58 deposited \$400,000 in cash into Customer 34's SKA at Star Sydney. The cash was comprised of \$50 notes and presented in plastic bags with no straps inside a green bag: SMR dated 7 March 2017.
- f. On 14 March 2017, Customer 58 deposited \$120,000 in cash, which was comprised of \$100,000 in \$100 notes and \$20,000 in \$50 notes into Customer 34's SKA at Star Sydney.
- g. On 23 March 2017, Customer 58 withdrew \$151,000 in cash from Customer 34's FMA at Star Sydney.
- h. On 1 April 2017, Customer 58 withdrew \$325,458 in cash from Customer 34's FMA at Star Sydney. After the cash was paid out, Customer 58 presented \$83,000 in cash and said they wanted to deposit the funds into another patron's account. Star Sydney advised Customer 58 that this was not possible without the other patron being present. Customer 58 then said they wanted to deposit the funds into their account and subsequently to send the funds to the other patron by telegraphic transfer. Star Sydney advised Customer 58 that it

did not permit telegraphic transfers to third parties. Customer 58 then deposited the \$83,000 into their own account. Star Sydney observed Customer 58 making many phone calls and pacing around the room. Customer 58 then deposited \$350,000 into their SKA, advised they would transfer the funds to their own account on Monday and also asked whether the bank would call the casino and ask questions about the source of the money: SMR dated 3 April 2017.

- i. On 6 April 2017, Customer 58 withdrew \$110,400 in cash from Customer 34's FMA at Star Sydney.
- j. On 17 April 2017, Customer 58 withdrew \$220,000 in cash from Customer 34's FMA at Star Sydney.
- k. On 19 April 2017, Customer 58 withdrew \$100,000 in cash from Customer 34's FMA at Star Sydney.
- l. On 22 April 2017, Customer 58 withdrew \$174,610 in cash from Customer 34's FMA at Star Sydney.
- m. On 24 April 2017, Customer 58 withdrew \$312,150 in cash from Customer 34's FMA at Star Sydney: SMR dated 26 April 2017.
- n. On 29 April 2017, Customer 58 withdrew \$200,000 in cash from Customer 34's FMA at Star Sydney.
- o. On 1 May 2017, Customer 58 withdrew \$101,500 in cash from Customer 34's FMA at Star Sydney.
- p. On 14 May 2017, Customer 58 withdrew \$100,000 in cash from Customer 34's FMA at Star Sydney.
- q. On 15 May 2017, Customer 58 withdrew \$300,000 in cash from Customer 34's SKA at Star Sydney: SMR dated 16 May 2017.
- r. On 28 May 2017 and 29 May 2017, Customer 58 made chip and cash exchanges totalling \$200,000 at Star Sydney.
- s. On 9 June 2017, Customer 58 withdrew \$200,000 in cash from Customer 34's SKA at Star Sydney.
- t. On 4 July 2017, Customer 58 withdrew \$100,000 in cash from Customer 34's SKA at Star Sydney.
- u. On 8 July 2017, Customer 58 made chip and cash exchanges totalling \$200,000 at Star Sydney.
- v. On 9 July 2017, Customer 58 withdrew \$110,000 in cash from Customer 34's FMA at Star Sydney.
- w. On 11 July 2017, Customer 58 withdrew \$100,000 in cash from Customer 34's FMA at Star Sydney.

- x. On 20 July 2017, Customer 58 withdrew \$220,000 in cash from Customer 34's SKA at Star Sydney.
- y. On 22 July 2017, Customer 58 withdrew \$200,000 in cash from Customer 34's FMA at Star Sydney. Customer 58 mentioned during the course of a conversation with Star Sydney staff that the funds were for one of the players on the junket to use as a deposit to purchase a property. Customer 58 refused to give any more detail regarding the identity of that player: SMR dated 24 July 2017.
- z. On 25 July 2017, Customer 58 withdrew \$223,804 in cash from Customer 34's FMA at Star Sydney.
- aa. On 1 August 2017, Customer 58 deposited \$320,000 in cash into Customer 34's FMA at Star Sydney. The cash comprised \$21,900 in \$100 notes, \$280,500 in \$50 notes, \$16,220 in \$20 notes, \$1,250 in \$10 notes and \$130 in \$5 notes. This was regarded as unusual by Star Sydney staff because most of the large cash transactions involving Customer 34's FMA involved withdrawals. The cash deposited was exchanged for cash chips, rather than the non-negotiable chips used by junkets: SMR dated 2 August 2017.
- bb. On 12 August 2017, Customer 58 withdrew \$500,000 in cash from Customer 34's FMA at Star Sydney. The cash was placed in a black bag and given to a player on the junket. The player then left the premises with the cash in a hire car. The player had recorded a win for the junket of \$594,050: SMR dated 14 August 2017.
- cc. On 16 August 2017, Customer 58 deposited \$200,000 in cash into Customer 34's FMA at Star Sydney.
- dd. On 23 August 2017, Customer 58 withdrew \$100,000 in cash from Customer 34's SKA at Star Sydney.
- ee. On 26 August 2017, Customer 58 withdrew \$100,000 in cash from Customer 34's SKA at Star Sydney.
- ff. On 2 September 2017, Customer 58 withdrew \$130,000 in cash from Customer 34's SKA at Star Sydney.
- gg. On 17 September 2017, Customer 58 exchanged \$100,000 in chips for cash, then provided the cash to a junket player on Customer 34's junket. The junket player exchanged the cash for chips, then engaged in non-junket gaming activity and lost the full amount.
- hh. On 30 September 2017, Customer 58 withdrew in cash \$100,000 from Customer 34's FMA and gave the cash to a player on Customer 34's junket.
- ii. On 2 October 2017, Customer 58 conducted a chip and cash exchange for \$100,000 on behalf of Customer 34.

- jj. On 6 October 2017, Customer 58 deposited \$150,000 in cash into Customer 34's FMA, comprised of \$20,000 in \$100 notes and \$130,000 in \$50 notes, wrapped in rubber bands and presented in a black shopping bag.
- kk. On 11 October 2017, Customer 58 withdrew \$100,000 in cash from Customer 34's FMA and conducted a chip and cash exchange for \$8,000 at Star Sydney.
- ll. On 14 October 2017 and 15 October 2017, Customer 58 conducted a chip and cash exchange totalling \$200,000 on behalf of Customer 34.
- mm. On 16 October 2017, Customer 58 withdrew \$123,000 in cash from Customer 34's SKA.

See particulars to paragraph 1407.l.

Large and suspicious cash transactions involving Customer 34's junket representative, Person 11

Between November 2017 and November 2018, Customer 34's junket representative, Person 11, transacted with cash totalling at least \$1,754,613 on 13 occasions, including:

- a. on 7 November 2017, Person 11 exchanged HKD1,000,000 in cash for AUD165,239 at Star Sydney. The cash was comprised entirely of HKD1,000 notes bundled with elastic bands in a clear bag with foreign writing on it. The funds were deposited into Customer 34's FMA: SMR dated 8 November 2017;
- b. on 13 November 2017, Person 11 withdrew \$100,000 in cash from Customer 34's SKA;
- c. on 20 November 2017, a Star Sydney customer withdrew \$100,000 in cash from their FMA. After the transaction was completed, the customer placed the cash in a red backpack strapped to their front. Person 11 then withdrew a total of \$250,000 in cash from Customer 34's FMA in two withdrawals of \$180,000 and \$70,000. After receiving the money, Person 11 immediately placed the \$250,000 into the Star Sydney customer's bag. Star Sydney noted that the customer was a player on Customer 34's junket and had recorded a turnover of \$2,845,860 and a loss of \$31,490 for the program. Star Sydney considered that the cash appeared excessive given this loss: SMR dated 21 November 2017;
- d. on 22 November 2017, Person 11 conducted a chip and cash exchange of \$100,000 on behalf of Customer 34;
- e. on 15 February 2017, Person 11 withdrew \$300,000 in cash from Customer 34's SKA;

- f. between 1 May 2018 and 2 May 2018, Person 11 completed two deposits on behalf of Customer 34:
 - i. Person 11 first deposited \$450,000 in cash into Customer 34's FMA. The cash was comprised of \$50 notes bundled in \$50,000 lots with elastic bands and wrapped in thin plastic labelled bags. The cash was presented in a small blue bag. The junket representative, Person 11, said that the cash came from the Suncity junket operated by Customer 3; and
 - ii. Person 11 then deposited \$437,374 in cash into Customer 34's account. The cash comprised \$430,000 in \$50 notes and \$7,374 in loose notes. The cash was presented in the same style of bag as the first deposit. The funds were withdrawn to redeem Customer 34's outstanding cheque cashing facility: SMR dated 2 May 2018;
- g. on 14 May 2018, Person 11 deposited \$250,000 in cash into Customer 34's FMA at Star Sydney. The cash comprised \$200,000 in \$100 notes and \$50,000 in \$50 notes. Person 11 mentioned the cash came from the Suncity junket operated by Customer 3: SMR dated 15 May 2018;
- h. on 9 June 2018, Person 11 deposited \$80,000 in cash, which was comprised of in \$50 notes, into Customer 34's SKA. Person 11 then deposited \$38,900 in cash, which was comprised of \$100 notes wrapped in rubber bands, into his own account. The cash was contained in a paper bag;
- i. on 2 October 2018, Person 11 withdrew a total of \$250,000 in cash from Customer 34's SKA and then requested to purchase \$250,000 in chips. No gaming was recorded, but Customer 34's junket representative, Person 11, subsequently deposited a total of \$500,000 in chips into his own account at Star Sydney;
- j. on 19 October 2018, Person 11 withdrew a total of \$172,000 in cash from Customer 34's SKA;
- k. on 28 October 2018, Person 11 deposited \$100,000 in cash into Customer 34's FMA at Star Sydney. The cash was comprised entirely of \$50 notes bundled in \$10,000 lots with elastic bands in a parcel bag: SMR dated 29 October 2018; and
- l. on 30 October 2018, Person 11 deposited \$100,000 in cash into Customer 34's FMA at Star Sydney. The cash was comprised entirely of \$50 notes bundled in \$10,000 lots with elastic bands in a large sealed envelope: SMR dated 31 October 2018.
- k. at various times, Customer 34 had significant parked or dormant funds in their SKA;

Particulars

From 21 December 2017 until at least 5 August 2022, Customer 34 had \$36,635 parked in their SKA.

See paragraph 284 above.

- I. persons associated with Customer 34's junket engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including quick turnover of money (without betting) at Star Sydney; and

Particulars

See paragraph 25 above.

2017

On 12 August 2017, Customer 58 deposited \$200,000 in cash into Customer 34's FMA at Star Sydney. Later that day, Customer 58 returned to deposit a further \$200,000 in cash into the same FMA.

The cash was comprised entirely of \$100 notes initially issued by Star. On 13 August 2017, Customer 58 returned and made two cash withdrawals from Customer 34's FMA totalling \$490,000. These withdrawals comprised the \$400,000 in deposits and an additional withdrawal of \$90,000. Star Sydney considered that it did not make sense that Customer 58 was depositing and withdrawing cash for no apparent reason: SMR dated 14 August 2017.

On 15 August 2017, Customer 58 deposited \$290,000 in cash into Customer 34's FMA at Star Sydney. The cash was comprised of \$280,000 in \$50 notes and \$10,000 in \$20 notes. The cash was bundled in elastic bands and presented in a colourful plastic bag. On 16 August 2017, Customer 58 returned to withdraw \$212,528 in cash from the same FMA: SMR dated 16 August 2017.

On 15 September 2017, Customer 58 withdrew \$400,000 in cash from Customer 34's FMA at Star Sydney. Star Sydney observed Customer 58 handing the cash to a Star Sydney customer, Person 54. Person 54 then left Star Sydney. Later that evening, Person 54 and another Star Sydney customer returned and deposited \$200,000 of the cash into each of their accounts. Person 54 and the other customer then left Star Sydney: SMR dated 18 September 2017.

2018

On 2 October 2018, Customer 34's junket representative, Person 11, made three cash withdrawals from Customer 34's FMAs totalling \$250,000. Person 11 exchanged the cash for chips. Person 11 then deposited a total of \$500,000 in chips into their account later that evening without recording any play. These chips were comprised of the chips which had been previously exchanged by Person 11 and a further \$250,000 in chips: SMR dated 3 October 2018.

- m. Star Sydney did not have adequate reason to believe that Customer 34's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 34 at Star Sydney.

Particulars

See paragraph 808 above.

On 20 December 2016, Customer 34 advised Star Sydney that he was a director of a hotel, with an income of around \$10,000,000 per year.

By 21 September 2022, Star Sydney recorded Customer 34's occupation as a president of an unknown company.

At no time did Star Sydney take appropriate steps to investigate and verify Customer 34's source of wealth and source of funds, in circumstances where:

- a. turnover recorded on junkets operated by Customer 34 exceeded \$1.9 billion between 2016 and 2018;
- b. Customer 34's junket representatives, including Customer 58 and Person 11 transacted with over \$10 million in cash transactions into and out of Customer 34's FMA and SKA, including cash that appeared suspicious; and
- c. Customer 34 utilised high risk international remittance channels, including the Customer 9 channels.

Star Sydney's determination of the ML/TF risks posed by Customer 34

1408. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 34 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 34.
- a. On and from December 2016, Customer 34 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 34's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 34 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 23 December 2016, Customer 34 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 21 January 2021, Customer 34 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 34's transactions

1409. At no time did Star Sydney apply appropriate transaction monitoring to Customer 34's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 34, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket operators and junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 34's junket as turnover was recorded against Customer 34 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 34 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the Customer 9 channels;

Particulars

See paragraph 441 above.

- e. Star Sydney provided designated services to Customer 34 through multiple accounts and was not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 34.

Particulars

Star senior management were not specifically informed of the multiple large and suspicious cash incidents involving Customer 34 between 21 December 2016 and 6 November 2018: see *Customer 34's risk profile*.

The review, update and verification of Customer 34's KYC information

- 1410. Star Sydney did not review, update and verify Customer 34's KYC information, having regard to the high ML/TF risks posed, because:
 - a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 34's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 34's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 34's source of wealth and source of funds were not legitimate: see *Customer 34's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 34's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 34.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 34's high ML/TF risks

1411. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 34 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 34; and
 - c. reviewing and updating Customer 34's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 34 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 34*.

ECDD triggers in respect of Customer 34

1412. Star Sydney was required to apply the ECDD Programs to Customer 34 following any ECDD triggers in respect of Customer 34.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1413. Customer 34 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

Between 6 February 2017 and 8 November 2018, Star Sydney gave the AUSTRAC CEO 20 SMRs with respect to Customer 34.

1414. The matter pleaded in paragraph 1413 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1415. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 34 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 34 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 34, the provision of designated services to Customer 34 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 23 December 2016 and 21 January 2021, Star Sydney conducted ECDD in respect of Customer 34.

The ECDD screening in respect of Customer 34 included open source and risk intelligence searches but concluded that there were no adverse findings against Customer 34.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 34's higher ML/TF risks, including that:

- a. turnover recorded on junkets operated by Customer 34 exceeded \$1.9 billion between 2016 and 2018;
- b. Customer 34's junket representatives, including Customer 58 and transacted with over \$10 million in cash transactions into and out of Customer 34's FMA and SKA, including cash that appeared suspicious; and
- c. Customer 34 utilised high risk international remittance channels, including the Customer 9 channels: see *Customer 34's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 34's source of funds or source of wealth, in circumstances where Star Sydney had not conducted appropriate enquiries to verify Customer 34's occupation.

By reason of the matters set out above, there were real risks that Customer 34's source of wealth and source of funds were not legitimate: see *Customer 34's risk profile*.

- b. Customer 34 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 34 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 34, the provision of designated services to Customer 34 by Star Sydney, and whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between 15 November 2018 and 20 December 2018, the activities of Customer 34's junket representatives were discussed at JRAM meetings.

The minutes of the meetings noted that Customer 34's junket representative had been involved in swapping chips between junkets. The minutes recorded that the junket representative's ECDD profile was to be provided to the Chief Risk Officer for consideration as to

whether to issue a WOL and that the representative's risk rating was to be raised to critical. No specific consideration was given to Customer 34 during the meeting.

Contravention of s36 of the Act in respect of Customer 34

1416. By reason of the matters pleaded from paragraphs 1404 to 1415 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 34 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1417. By reason of the matters pleaded at paragraph 1416, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 34.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 35

1418. Customer 35 was a customer of Star Sydney during the relevant period.

Particulars

Customer 35 was a customer of Star Sydney from at least 1996.

1419. Star Sydney provided Customer 35 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 6 February 2011, 4 November 2013 and 2 March 2015, Star Sydney opened an FMA and SKA for Customer 35 which remain open (item 11, table 3, s6 of the Act).

Between 1 May 2007 and 26 December 2019, Star Sydney approved CCFs for Customer 35 on 15 occasions ranging from \$300,000 to \$2,000,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel, the Bank 1 (Macau) cash channel and the Customer 9 channels, which it made available to Customer 35 (items 31 and 32, table 1, s6 of the Act).

See Customer 35's risk profile below.

1420. Customer 35 was a customer of Star Qld during the relevant period. Between 2016 and 2017, Star Qld recorded turnover exceeding \$2 million for Customer 35.

Particulars

Customer 35 was a customer of Star Qld from at least 1996.

1421. Star Qld provided Customer 35 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. In 2017, Star Qld recorded that junkets operated by Customer 35 had a turnover exceeding \$6 million.

Particulars

On 18 October 2001, Star Qld opened an FMA for Customer 35 which remains open (item 11, table 3, s6 of the Act).

On 1 April 2016, Star Qld opened an SKA for Customer 35 which remains open (item 11, table 3, s6 of the Act).

Between 1 May 2007 and 23 February 2018, Star Qld approved CCFs for Customer 35 on four occasions ranging from \$1,000,000 to \$2,000,000 (item 6, table 1, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the Customer 9 channels, which it made available to Customer 35 (items 31 and 32, table 1, s6 of the Act).

See Customer 35's risk profile below.

1422. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 35.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 35's risk profile

1423. On and from 30 November 2016, Customer 35, and the provision of designated services to Customer 35 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 35's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 35 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 35;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 51 occasions between 6 November 2012 and 23 November 2015.

The SMRs reported that Customer 35, and persons associated with his junket, transacted using large amounts of cash at Star Sydney: see paragraphs 1423.a.v and 1423.a.vi below.

- ii. Customer 35 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

Customer 35 was approved to be a junket operator at Star Sydney on 14 December 2008.

Between 30 June 2015 and 12 February 2016, Customer 35 operated eight junkets at Star Sydney.

Between 30 June 2015 and 12 February 2016, junkets operated by Customer 35 had turnover of \$166,288,356 with wins of \$11,403,415. Customer 35 provided \$4,479,625 in funding towards the junkets.

Between 1 May 2007 and 19 April 2016, Star Sydney provided Customer 35 and his junket programs with significant amounts of credit upon request, up to limits of \$2,000,000.

Customer 58 was a junket representative on several of the junkets. Customer 35 facilitated the provision of designated services to at least one foreign PEP, Person 40.

- iii. Customer 35 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;

Particulars

Customer 35 was approved to be a junket operator at Star Qld on 28 October 2013.

In 2016, Customer 35 was one of the top ten junket operators by turnover at Star Qld.

Between 22 July 2016 and 8 November 2016, Customer 35 operated two junkets at Star Qld.

Between 22 July 2016 and 8 November 2016, junkets operated by Customer 35 had turnover of \$8,850,829 with losses of \$767,015.

Between 1 May 2007 and 26 October 2016, Star Qld provided Customer 35 and his junket programs with significant amounts of credit upon request, up to limits of \$2,000,000.

- iv. between 12 February 2016 and 3 June 2016, Customer 35 referred five players to Star Qld;

Particulars

See paragraph 625 above.

Customer 35 arranged for referred players to attend Star Qld on a rebate program without Customer 35 or his junket representative being present.

Customer 35 received a commission on amounts wagered by the referred players, who Star Qld dealt with directly.

- v. Customer 35, and persons associated with his junket, transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 9 February 2011 and 23 November 2015, Star Sydney gave the AUSTRAC CEO 288 TTRs in respect of Customer 35 totalling \$20,645,350, which were comprised of:

- a. 263 outgoing TTRs totalling \$18,960,957;
- b. 25 incoming TTRs totalling \$1,684,393;
- c. \$3,477,837 in chip or cash exchanges; and
- d. \$17,167,514 in account deposits or withdrawals.

Between 5 November 2012 and 20 November 2015, Customer 35 and persons associated with his junket conducted large and suspicious cash transactions involving Customer 35's account which totalled \$9,527,054. This included:

- a. \$1,642,521 in cash withdrawals, in addition to a further nine large cash withdrawals of unknown amounts, from Customer 35's account by Customer 35 himself: SMRs dated 6 November 2012; 4 September 2013; 12 March 2013; 4 February 2014; 18 March 2014; 19 March 2014; 29 May 2014; 3 September 2014; 20 November 2014; 16 December 2014; 8 September 2015;
- b. \$917,000 in cash withdrawals, in addition to a further five large cash withdrawals of unknown amounts, from Customer 35's account by Customer 58, \$370,000 of which Customer 58 placed into a safe deposit box: SMRs dated 22 September 2014; 12 November 2014; 29 December 2014; 5 May 2015; 12 June 2015; 4 August 2015; 31 August 2015; 1 September 2015; 25 September 2015;
- c. \$4,194,562 in cash withdrawals, in addition to a further three large cash withdrawals of unknown amounts, from Customer 35's junket account by Customer 35's other junket representatives, \$1,240,440 of which was placed by the junket representatives into a safe deposit box and some of which was not used for gaming purposes: SMRs dated 16 July 2013; 28 August 2013; 29 August 2013, 21 November 2013; 17 April 2014; 1 July 2014; 3 July 2014; 8 July 2014; 19 August 2014; 21 August 2014; 26 August 2014; 2 September 2014; 9 September 2014; 24 February 2015; 17 April 2015; 23 November 2015;
- d. \$200,000 in cash withdrawals by Customer 35's junket representative, Person 11, from Customer 35's safe deposit

- box, which Customer 58 deposited into the account of a third party: SMR dated 30 July 2015;
- e. \$230,000 in cash deposits into Customer 35's account by Customer 35 himself: SMR dated 29 October 2013;
 - f. \$309,000 in cash deposits into Customer 35's account by Customer 35's junket representative SMR dated 5 February 2014;
 - g. \$300,000 in cash deposits by junket players on Customer 35's junket, which sum was subsequently transferred to Customer 35's account: SMR dated 29 August 2014;
 - h. \$176,071 in currency exchanges: SMR dated 19 November 2014;
 - i. \$100,000 in chip exchanges by Customer 35 himself: SMR dated 3 March 2015;
 - j. \$100,000 in chip exchanges by Customer 58: SMR dated 29 January 2015;
 - k. \$757,900 in chip exchanges by Customer 35's junket representatives including Person 11: SMRs dated 9 October 2013; 7 July 2014; 17 April 2015; 30 April 2015; 20 November 2015;
 - l. \$600,000 transferred to Customer 58 from Customer 35's account, which was then withdrawn in cash by Customer 58: SMR dated 29 December 2014; and
 - m. \$100,000 transferred from Customer 35's account to a junket player who withdrew the funds as cash for a buy-in: SMR dated 12 March 2014.
- vi. Star Sydney was aware that Customer 35, and persons associated with his junket, had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 16 July 2013, Customer 35's junket representative requested that \$1,500,000 be transferred to a junket player. Star Sydney advised that the player would need to open an FMA to have the funds transferred to them. After the account was opened, the player decided that they did not want the transfer to be processed under their name. The junket representative then advised Star Sydney that a second junket player would open an FMA for the transfer. The FMA was opened and the \$1,500,000 was transferred and then withdrawn by the second player: SMR dated 17 July 2013.

On 14 September 2014, Customer 35's junket representative attended Star Sydney with a customer. The customer had two large envelopes containing a total of \$200,000 in cash. The junket

representative informed Star Sydney that the customer was a player on the junket and requested that the amount be transferred to them by telegraphic transfer. Star Sydney noted that there was no record of the customer being a player on Customer 35's junket. The junket representative then stated that the customer was not in fact a junket player. Nonetheless, the junket representative requested that Star Sydney transfer the funds as a bank had refused to count and process that amount of cash. Star Sydney refused the request. The funds were returned to the customer. Star Sydney noted that they believed the funds were likely intended to be sent overseas: SMR dated 16 September 2014.

- vii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 35 by remitting large amounts of money into, out of, and within the casino environment via his accounts; and

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 6 February 2013 and 12 June 2014, Star Sydney gave the AUSTRAC CEO five incoming IFTIs totalling \$6,506,684 where Customer 35 was named as the ordering customer and the beneficiary.

On 25 September 2015, Star Sydney received a telegraphic transfer of \$112,000, which it made available to Customer 35's SKA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 9 July 2013, Star Sydney gave the AUSTRAC CEO an outgoing IFTI totalling \$568,124 where Customer 35 was named as the ordering customer and the beneficiary.

On 31 July 2015 and 28 May 2016, Star Sydney sent two telegraphic transfers totalling \$1,657,900 from Customer 35's FMA to Australian bank accounts.

On 20 October 2015, Star Sydney sent a telegraphic transfer of \$88,034 to another Australian casino.

On 20 April 2016, Star Sydney sent a telegraphic transfer of \$23,597 from Customer 35's SKA to an overseas bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 1 June 2016, Star Sydney sent a transfer of \$124,000 from Customer 35's account to Star Qld.

- viii. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 35 by remitting large amounts of money into and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Bank 1 (Macau) cash channel

See paragraphs 372 and 382 to 384 above.

On 9 September 2016, unknown persons deposited a total of \$503,575 in cash at Bank 1 which Star Qld made available to Customer 35 through the Bank 1 (Macau) cash channel.

Remittances into the casino environment

See paragraph 327 above.

Between 9 April 2013 and 10 October 2016, Star Qld gave the AUSTRAC CEO five incoming IFTIs totalling \$699,953 where Customer 35 was named as the ordering customer and the beneficiary.

On 31 May 2016, Star Qld received a telegraphic transfer of \$124,000, which it made available to Customer 35's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 29 March 2016 and 27 May 2016, Star Qld received two transfers totalling \$1,246,004 from Star Sydney, both of which were made available to Customer 35's FMA at Star Gold Coast.

Customer 35's risk profile from 30 November 2016

- b. Customer 35 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;
- i. between 5 February 2017 and 24 February 2017, Customer 35 operated two junkets at Star Qld;

Particulars

In 2017, Customer 35 was one of the top ten junket operators by turnover at Star Qld.

Customer 35 provided \$3,000,000 in funding towards the junkets.

- ii. between 5 February 2017 and 24 February 2017, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 35 was \$6,008,106 with wins of \$11,838;

- iii. in 2017, total benefits of \$36,047 were payable to Customer 35 by Star Qld in his capacity as a junket operator for rebates earned, complimentary services and additional program agreement benefits;
- iv. on 23 February 2018, Star Qld provided Customer 35 and his junket programs with a significant amount of credit upon request, up to limits of \$1,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 23 February 2018, Star Qld approved a single trip CCF limit of \$1,000,000 for Customer 35.

- v. Customer 35 operated junkets in private gaming rooms that were exclusive to the junket;

Particulars

Customer 35 operated junkets in exclusive private gaming rooms, including Pit 6, Pit 7 and Salon 21.

- vi. Customer 35 had one junket representative at Star Qld, being Customer 58; and
- vii. Customer 35 and his junket representative facilitated the provision of high value designated services to junket players at Star Qld;

Particulars

See paragraphs 643 to 649 above.

- c. designated services provided to Customer 35 lacked transparency as the services were provided through the junket channel at Star Qld;

Particulars

See paragraph 650 above.

- d. Customer 35 referred players to Star Sydney;

Particulars

See paragraph 625 above.

Customer 35 received a commission on amounts wagered by referred players, who Star Sydney dealt with directly.

- e. on 24 February 2018, Customer 35 referred a player to Star Qld;

Particulars

See paragraph 625 above.

Customer 35 arranged for the referred player to attend Star Qld on a rebate program without Customer 35 or his junket representative being present.

Customer 35 received a commission on amounts wagered by the referred player, who Star Qld dealt with directly.

- f. Customer 35 was connected to other customers at Star Sydney and Star Qld, including a corporate junket operator and a third party that posed higher ML/TF risks;

Particulars

By 30 November 2016, Star understood that Customer 35 was connected to a corporate junket operator, Company 6.

On 29 October 2013, Star entered into a win/loss rebate agreement with Customer 35 and a corporate junket operator, Company 6.

By 30 November 2016, Star understood that Customer 35 was connected to Person 68, who posed higher ML/TF risks. Star understood that Customer 35 was Person 68's assistant.

In December 2016, Person 68 was the subject of an arrest warrant for attempted bribery of government officials in a foreign jurisdiction.

- g. Customer 35 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2017, Star Qld recorded high individual rated turnover totalling \$2,012,100 for Customer 35;

Particulars

See paragraph 752 above.

In 2016, Customer 35's individual rated turnover was \$1,100,000.

In 2017, Customer 35's individual rated turnover was \$912,100.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 35 by remitting large amounts of money into and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

On 3 October 2019, a third party company acting on behalf of Customer 35 deposited a total of \$179,446 into the EEIS Patron accounts, which Star Sydney made available to Customer 35 through the EEIS remittance channel.

Between 28 October 2019 and 15 November 2019, Customer 35 deposited a total of \$324,977 into the EEIS Patron accounts, which Star Sydney made available to Customer 35 through the EEIS remittance channel.

Remittances through the Bank 1 (Macau) cash channel

See paragraphs 372 and 382 to 384 above.

Between 25 September 2017 and 26 September 2017, unknown persons deposited a total of \$256,447 in cash at Bank 1 which Star Sydney made available to Customer 35 through the Bank 1 (Macau) cash channel:

- a. on 25 September 2017, an unknown person deposited \$111,955 in cash at Bank 1, which Star Sydney made available to Customer 35.
- b. on 26 September 2017, an unknown person deposited \$144,492 in cash at Bank 1, which Star Sydney made available to Customer 35.

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 25 January 2018 and 23 July 2019, deposits through the Customer 9 channels totalling AU\$1,594,993 and HKD5,201,254 were made available by Star Sydney to Customer 35's account.

Other remittances into the casino environment

See paragraph 327 above.

Between 7 December 2016 and 9 February 2018, Star Sydney gave the AUSTRAC CEO six incoming IFTIs totalling \$594,641 where Customer 35 was named as the ordering customer and the beneficiary.

In addition, between 3 July 2018 and 31 October 2019, Star Sydney received five telegraphic transfers totalling \$831,354, each of which it made available to Customer 35's SKA. At least \$85,500 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances within the casino environment

See paragraphs 347 to 349 above.

For example, on 3 July 2018, Star Sydney sent a transfer of \$295,757 from Customer 35's account to Star Qld.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 35 by remitting large amounts of money into and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

For example, on 3 July 2018, Star Qld received a telegraphic transfer of \$295,757, which it made available to Customer 35's FMA at Star Gold Coast.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 23 February 2018, Star Qld facilitated a transfer of \$500,000 from Star Gold Coast to Treasury Brisbane, which it made available to Customer 35's FMA at Treasury Brisbane.

On 25 February 2018, Star Qld facilitated a transfer of \$38,883 from Treasury Brisbane to Star Gold Coast, which it made available to Customer 35's FMA at Star Gold Coast.

- j. Star Sydney and Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 35 by remitting large amounts of money into and within the casino environment via his accounts, including through the Customer 9 channels;

Particulars

See paragraphs 398, 421, 439, 440 and 441 above.

On 29 June 2018, deposits totalling \$300,854.40 through the Customer 9 channels were made available by Star Sydney and Star Qld to Customer 35's accounts.

- k. persons associated with Customer 35's junket transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash contained in shopping bags at Star Qld;

Particulars

See paragraphs 611 to 618 above.

On 5 February 2017, Customer 58, Customer 35's junket representative, arrived at Star Qld with \$100,000 in cash contained in a green shopping bag. Customer 58 deposited the funds into Customer 35's account, which were used for commission play: SMR dated 7 February 2017.

On 12 February 2017, Customer 58, Customer 35's junket representative, withdrew \$200,000 from Customer 35's account. Star Qld considered this to be a large amount for a customer to carry on their person: SMR dated 13 February 2017.

On 3 August 2017, Customer 58 and another of Customer 35's junket representatives were involved in a series of large and suspicious transactions involving Customer 54: SMR dated 4 August 2017.

In February 2018, a Star Qld customer, who was playing under an individual rebate program funded by Customer 35, lost \$479,770. This was the first time the customer had visited Star Qld. Star Qld was not aware of the customer's source of funds or how the customer would repay Customer 35: SMR dated 23 March 2018.

- l. between 1 December 2017 and 26 December 2019, Star Sydney provided Customer 35 with significant amounts of credit upon request, up to limits of \$1,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 1 December 2017 and 26 December 2019, Star Sydney approved single trip CCF limits for Customer 35 on 13 occasions ranging from \$300,000 to \$1,000,000.

- m. Customer 35 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 35 had access to private gaming rooms at Star Sydney, including Springs Salon, Lakes Salon, Oasis, the Sovereign Room, Harbours Salons and Rivers Salons.

- n. Customer 35 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 35 had access to private gaming rooms at Star Qld, including Salon 21, Pit 10, Pit 9, Pit 8 and the Club Conrad.

- o. Star Sydney and Star Qld did not have adequate reason to believe that Customer 35's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 35 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 35's occupation was as a junket operator and credit controller.

Customer 35 transacted through various high risk international remittance channels including the Bank 1 (Macau) cash channel, the Customer 9 channels and the EEIS remittance channel.

Customer 35 was also known to be closely associated with a person who was the subject of an arrest warrant for attempted bribery of government officials in a foreign jurisdiction.

Despite this, Star Sydney and Star Qld took inadequate steps to verify that Customer 35's source of wealth and source of funds was sufficient to explain the high value financial and gaming services provided to him.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 35

1424. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 35 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 35.

- a. On and from 30 November 2016, Customer 35 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 35's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 35 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 11 August 2016, Customer 35 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 24 November 2016, Customer 35 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 13 April 2022, Customer 35 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 35's transactions

1425. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 35's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 35, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 35 through:
- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. international remittance channels, specifically the EEIS remittance channel, the Bank 1 (Macau) cash channel and the Customer 9 channels;

Particulars

See paragraphs 383, 441 and 493 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 35 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the Customer 9 channels;

Particulars

See paragraph 441 above.

- e. Star Sydney and Star Qld provided designated services to Customer 35 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 35.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 35 on 5 February 2017, 12 February 2017 and 3 August 2017: See *Customer 35's risk profile*.

The review, update and verification of Customer 35's KYC information

- 1426. Star Sydney and Star Qld did not review, update and verify Customer 35's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 35's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 35's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 35's source of wealth or source of funds: see *Customer 35's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 35's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 35.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 35's high ML/TF risks

1427. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 35 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 35; and
 - c. reviewing and updating Customer 35's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 35 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1428. Had Star Sydney rated Customer 35 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Program to Customer 35.

Particulars

Rule 15.9 of the Rules.

1429. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 35 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 35; and
 - c. reviewing and updating Customer 35's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 35 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 35*.

ECDD triggers in respect of Customer 35

1430. Star Qld was required to apply the ECDD Programs to Customer 35 following any ECDD triggers in respect of Customer 35.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1431. Customer 35 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period;

Particulars

Between 7 February 2017 and 23 March 2018, Star Qld gave the AUSTRAC CEO four SMRs with respect to Customer 35.

1432. The matter pleaded in paragraph 1431 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1433. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 35 following an ECDD trigger because:

- a. at no time did Star Qld apply the ECDD Programs to Customer 35; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 35's source of wealth or source of funds: see *Customer 35's risk profile*.

Despite this, at no time did Star Qld apply the ECDD Programs to Customer 35.

Rules 15.10(2) and (5) of the Rules.

- b. Customer 35 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 35

- 1434. By reason of the matters pleaded from paragraphs 1418 to 1433 above, on and from 30 November 2016, Star Sydney and Star Qld:
 - a. did not monitor Customer 35 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

- 1435. By reason of the matters pleaded at paragraphs 1434, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 35.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 36

- 1436. Customer 36 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$72 million for Customer 36.

Particulars

Customer 36 was a customer of Star Sydney from at least 11 February 2002.

- 1437. Star Sydney provided Customer 36 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2019, Star Sydney recorded that junkets operated by Customer 36 had a turnover exceeding \$150 million.

Particulars

By 2008, Star Sydney had opened an FMA and SKA for Customer 36 which remain open (item 11, table 3, s6 of the Act).

Between April 2011 and December 2019, Star Sydney approved CCFs for Customer 36 on four occasions ranging from \$300,000 to \$5,000,000 (item 6, table 1, s6 of the Act).

See Customer 36's risk profile.

1438. Customer 36 was a customer of Star Qld during the relevant period. Between 2017 and 2019, Star Qld recorded turnover exceeding \$14 million for Customer 36.

Particulars

Customer 36 was a customer of Star Qld from at least September 2011.

1439. Star Qld provided Customer 36 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player and junket operator. Between 2017 and 2019, Star Qld recorded that junkets operated by Customer 36 had a turnover exceeding \$36 million.

Particulars

On 23 February 2017, Star Qld opened an FMA for Customer 36 which remains open (item 11, table 3, s6 of the Act).

On 30 August 2019, Star Qld opened an SKA for Customer 36 which remains open (item 11, table 3, s6 of the Act).

Between September 2011 and October 2019, Star Qld approved CCFs for Customer 36 on four occasions ranging from \$300,000 to \$5,000,000 (item 6, table 1, s6 of the Act).

See Customer 36's risk profile.

1440. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 36.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 36's risk profile

1441. On and from 30 November 2016, Customer 36, and the provision of designated services to Customer 36 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 36's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 36 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 36;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on six occasions between 27 October 2008 and 28 September 2012.

The SMRs reported that Customer 36 engaged in large and suspicious cash transactions: see paragraph 1441.a.viii below.

- ii. Customer 36 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

On 29 December 2015, Star Sydney approved Customer 36 to be a junket operator.

Between 29 December 2015 and 30 December 2015, Customer 36 operated a junket at Star Sydney.

The junket operated by Customer 36 had a turnover of \$2,459,730 with losses of \$135,705.

- iii. Customer 36 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 29 December 2015 and 30 December 2015, Customer 36 was a junket player on a junket operated by Customer 36 himself.

Customer 36's turnover on the junket was \$2,329,340 with losses of \$93,195.

- iv. Customer 36 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. On 23 November 2016, Star Sydney recorded high turnover on individual rebate programs totalling \$15,578,290 for Customer 36;

Particulars

See paragraph 623 above.

- v. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 36 by remitting large amounts of money into the casino environment via his accounts;

Particulars

Remittances involving third parties

See paragraph 278 above.

On 20 March 2013, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$100,000 from an overseas company where Customer 36 was named as the beneficiary. The funds were deposited into Customer 36's Star Sydney FMA.

The above transaction was conducted through the Star Patron account channel.

Remittances into the casino environment

See paragraph 327 above.

Between 24 January 2013 and 25 June 2014, Star Sydney gave the AUSTRAC CEO five incoming IFTIs totalling \$868,626 from Customer 36's overseas bank account. Of those funds, \$160,650

was used to repay a CCF, and the remainder was deposited into Customer 36's Star Sydney FMA.

Each of the above transactions was conducted through the Star Patron account channel.

- vi. between 14 April 2011 and 30 November 2016, Star Sydney provided Customer 36 with significant amounts of credit upon request, up to limits of \$5,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 14 April 2011, Star Sydney approved a single trip CCF limit of \$1,000,000 for Customer 36.

On 14 May 2014, Star Sydney senior management, including the Chief Financial Officer and the Chief Executive Officer approved a permanently active CCF limit of \$5,000,000 which was deactivated on 11 February 2019.

- vii. on 13 September 2011, Star Qld provided Customer 36 with a significant amount of credit upon request, up to a limit of \$1,000,000; and

Particulars

See paragraph 516 to 518 and 552 above.

On 13 September 2011, Star Qld approved a single trip CCF limit of \$1,000,000.

- viii. Customer 36 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 23 April 2010 and 30 December 2015, Star Sydney gave the AUSTRAC CEO 24 TTRs in respect of Customer 36 totalling \$2,371,599, which were comprised of:

- a. 15 outgoing TTRs totalling \$1,100,120;
- b. nine incoming TTRs totalling \$1,271,480;
- c. \$96,060 in chip or cash exchanges; and
- d. \$2,275,539 in account deposits or withdrawals.

Between April 2010 and September 2012 at Star Sydney, Customer 36 was involved in large and suspicious cash transactions:

- a. on 27 April 2010, Customer 36 received \$225,719 in cash from a premium program settlement: SMR dated 28 April 2010;
- b. on 1 October 2010, Customer 36 deposited \$500,000 in cash into his FMA at Star Sydney: SMR dated 6 October 2010;

- c. on 29 January 2012, Customer 36 withdrew \$241,000 in cash from his FMA at Star Sydney while in a private gaming room: SMR dated 31 January 2012; and
- d. on 27 September 2012, Customer 36 deposited \$75,000 in cash into his FMA at Star Sydney: SMR dated 27 September 2012.

Customer 36's risk profile from 30 November 2016

- b. Customer 36 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 28 March 2017 and 18 December 2019, Customer 36 operated eight junkets at Star Sydney;
 - ii. between 28 March 2017 and 18 December 2019, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 36 was \$158,623,103 with losses of \$2,648,765;

Particulars

In 2017, junkets operated by Customer 36 had turnover of \$50,240,946 with losses of \$1,860,620.

In 2018, junkets operated by Customer 36 had turnover of \$31,644,990 with losses of \$880,745.

In 2019, junkets operated by Customer 36 had turnover of \$76,737,167 with wins of \$92,600.

- iii. although Customer 26 was a junket player on some of his own junkets, between 13 April 2018 and 18 April 2018, Star Sydney recorded a cumulative turnover of \$257,465 for Customer 36 as a junket player on his own junket despite not being a junket player on that particular junket;

Particulars

See paragraph 670 above.

See paragraph 1441.d below.

- iv. between 23 February 2017 and 31 August 2019, total benefits exceeding \$1,100,000 were payable to Customer 36 by Star Sydney in his capacity as a junket operator for rebates earned and complimentary services;
- v. between 30 November 2016 and 10 December 2019, Star Sydney provided Customer 36 and his junket programs with significant amounts of credit upon request, up to limits of \$5,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 14 May 2014, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer approved a permanently active CCF limit of \$5,000,000 for Customer 36 which was deactivated on 11 February 2019.

On 23 August 2019, Star Sydney approved a single trip CCF limit of \$5,000,000 for Customer 36.

On 28 October 2019, Star Sydney approved a single trip CCF limit of \$300,000 for Customer 36.

On 10 December 2019, Star Sydney approved a single trip CCF limit of \$5,000,000 for Customer 36.

- vi. in the relevant period, Customer 36 had one junket representative at Star Sydney, Person 45; and
- vii. Customer 36 and his junket representative facilitated the provision of high value designated services to over 20 junket players at Star Sydney, including Customer 36 himself;

Particulars

See paragraphs 643 to 649 above.

See paragraphs 1441.d and 1441.l below.

- c. Customer 36 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 23 February 2017 and 31 August 2019, Customer 36 operated three junkets at Star Qld;
 - ii. between 23 February 2017 and 31 August 2019, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 36 was \$36,729,316 with wins of \$336,695;

Particulars

In 2017, junkets operated by Customer 36 had turnover of \$2,155,192 with losses of \$247,145.

In 2018, junkets operated by Customer 36 had turnover of \$3,323,840 with wins of \$74,755.

In 2019, junkets operated by Customer 36 had turnover of \$31,250,284 with wins of \$509,085.

- iii. between 23 February 2017 and 31 August 2019, total benefits exceeding \$200,000 were payable to Customer 36 by Star Qld in his capacity as a junket operator for rebates earned and complimentary services.
- iv. between 23 February 2017 and 28 October 2019, Star Qld provided Customer 36 and his junket programs with significant amounts of credit upon request, up to limits of \$5,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 23 February 2017, Star Qld senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a permanently active CCF limit of \$5,000,000 for Customer 36 which was deactivated on 11 February 2019.

On 23 August 2019, Star Qld approved a single trip CCF limit of \$5,000,000 for Customer 36.

On 28 October 2019, Star Qld approved a single trip CCF limit of \$300,000 for Customer 36.

- v. Customer 36 had one junket representative at Star Qld; and
- vi. Customer 36 and his junket representatives facilitated the provision of high value designated services to seven junket players at Star Qld, including Customer 36 himself;

Particulars

See paragraphs 643 to 649 above.

See paragraph 1441.e below.

- d. Customer 36 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 28 March 2017 and 18 December 2019, Customer 36 was a player on seven junkets at Star Sydney operated by Customer 36 himself; and
 - ii. between 28 March 2017 and 18 December 2019, Star Sydney recorded high turnover totalling \$62,789,990 with losses of \$709,845 for Customer 36's gaming activity on junket programs;

Particulars

In 2017, Customer 36's turnover on junket programs was \$32,420,170 with losses of \$1,203,645.

In 2018, Customer 36's turnover on junket programs was \$12,902,643 with losses of \$136,965.

In 2019, Customer 36's turnover on junket programs was \$17,467,177 with wins of \$630,765.

- e. Customer 36 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 5 March 2017 and 31 August 2019, Customer 36 was a player on four junkets at Star Qld operated by Customer 12 and Customer 36 himself; and
 - ii. between 5 March 2017 and 31 August 2019, Star Qld recorded high and escalating turnover totalling \$13,815,815 with wins of \$54,565 for Customer 36's gaming activity on junket programs;

Particulars

In 2017, Customer 36's turnover on junket programs was \$3,801,642 with losses of \$128,910.

In 2018, Customer 36's turnover on junket programs was \$3,222,180 with losses of \$42,575.

In 2019, Customer 36's turnover on junket programs was \$6,791,993 with wins of \$226,050.

- f. designated services provided to Customer 36 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 36 was referred to Star Qld by a player referrer at Star Qld;

Particulars

See paragraph 625 above.

Between 23 February 2017 and 28 August 2019, on three occasions, another player referred Customer 36 to Star Gold Coast.

On each occasion, the other player received a commission on the amounts wagered by Customer 36, who Star Qld dealt with directly.

- h. Customer 36 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2017, Star Sydney recorded high turnover on individual rebate programs totalling \$9,580,350 for Customer 36;

Particulars

See paragraph 623 above.

In 2016, Customer 36's turnover on individual rebate programs was \$4,165,850 with wins of \$94,475.

In 2017, Customer 36's turnover on individual rebate programs was \$5,414,500.

- i. Customer 36 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2017, Star Qld recorded high individual rated turnover of \$394,413 for Customer 36;

Particulars

See paragraph 752 above.

- j. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 36 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 5 June 2018, Star Sydney received a telegraphic transfer of \$100,000 from an Australian casino, which it made available to Customer 36's FMA.

Between 21 April 2017 and 12 June 2018, Star Sydney received 17 telegraphic transfers totalling \$1,159,890, each of which was made available to Customer 36's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 1 December 2016 and 12 February 2019, Star Sydney sent four telegraphic transfers totalling \$369,902 from Customer 36's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, on 30 August 2019, Star Sydney received a transfer of \$667,818 from Star Qld, which it made available to Customer 36's account.

- k. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 36 by remitting large amounts of money out of and within the casino environment via his accounts;

Particulars

Remittances out of the casino environment

See paragraph 327 above.

For example, on 28 February 2017, Star Qld facilitated a telegraphic transfer of \$111,693 from Customer 36's FMA at Star Gold Coast to an Australian bank account.

This transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, on 30 August 2019, Star Qld facilitated a transfer of \$667,818 from Customer 36's FMA at Star Gold Coast to Star Sydney.

- l. Customer 36, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 31 March 2017 and 5 September 2019, Star Sydney gave the AUSTRAC CEO nine TTRs in respect of Customer 36 totalling \$1,172,824, which were comprised of:

- a. seven outgoing TTRs totalling \$1,137,824;

- b. two incoming TTRs totalling \$35,000;
- c. \$53,425 in chip or cash exchanges; and
- d. \$1,119,399 in account deposits or withdrawals.

Large and suspicious cash transactions in 2017

On 20 September 2017, a Star Sydney customer who had no record of gaming at the casino deposited \$200,000 in cash to his account.

The cash was presented in a green shopping bag and was comprised of \$150,000 in \$50 notes and \$50,000 in \$100 notes. The Star Sydney customer then requested that the funds be transferred to Customer 36. The funds remained in Customer 36's account as of 22 September 2017. Star Sydney was unaware of any link between Customer 36 and the other Star Sydney customer: SMR dated 22 September 2017.

On 3 October 2017, the same Star Sydney customer arrived at Star Sydney with an unknown person who handed him a white cloth bag containing \$100,000 to be deposited into the first customer's account. The cash comprised \$90,000 in \$50 notes and \$10,000 in \$100 notes. The Star Sydney customer then requested that the funds be transferred to Customer 36, and he subsequently left the casino. Star Sydney noted that this was the second request by the customer to transfer funds to Customer 36. Star Sydney was unaware of any link between Customer 36 and the Star Sydney customer: SMR dated 4 October 2017.

Large and suspicious cash transaction in 2019

On 4 September 2019, Customer 36 was operating a junket at Star Sydney. At settlement, he requested an account withdrawal totalling \$1,025,909 in cash at Star Sydney. The cash was placed into a bag and Customer 36 was escorted to the exit by security. During the junket program, Customer 36 had recorded a turnover of \$9,004 with a win of \$376,170. Star Sydney considered that the transaction was suspicious: SMR dated 4 September 2019.

- m. Customer 36 requested that Star Sydney prepare a letter purportedly confirming his winnings;

Particulars

See paragraph 337 and 338 above.

On 4 September 2019, Star Sydney issued a letter of comfort purportedly confirming Customer 36's winnings of \$426,170.

- n. Customer 36 requested that Star Qld prepare a letter purportedly confirming his winnings;

Particulars

See paragraph 337 and 338 above.

On 31 August 2019, Star Qld issued a letter of comfort purportedly confirming Customer 36's winnings of \$509,085 under a program.

- o. Customer 36 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 36 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Lakes Salons and Springs Salons.

- p. Customer 36 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 36 had access to private gaming rooms at Star Qld, including the Club Conrad, Pit 8, Salon 21, Salon 22, Salon 96, the Sovereign Room and the Club.

- q. in 2017, Star Sydney provided a law enforcement agency with Customer 36's gaming records; and

Particulars

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database.

Star Qld had access to the investigations database: see paragraph 49 above.

- r. Star Sydney and Star Qld did not have adequate reason to believe that Customer 36's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 36 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By 30 November 2016, Star understood that Customer 36 was the chairman of a high value company involved in the construction industry.

Customer 36, and persons associated with him, had access to a significant volume of cash and cash that appeared suspicious.

Star Sydney did not establish the source of funds that ultimately were transferred to Customer 36.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 36

- 1442. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 36 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 36.

- a. In and from 2017, Customer 36 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 36's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. On and from 2018, Customer 36 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 36's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- c. At no time was Customer 36 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

From 12 April 2014, Customer 36 was rated medium risk, not being high risk for the purpose of the Act and Rules

On 19 January 2021, Customer 36 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 36's transactions

1443. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 36's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 36, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 36's junket as turnover was recorded against Customer 36 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 36 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 36 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- f. Star Sydney and Star Qld provided designated services to Customer 36 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- g. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 36.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 36 on 20 September 2017, 3 October 2017 or 4 September 2019: See *Customer 36's risk profile*.

The review, update and verification of Customer 36's KYC information

1444. Star Sydney and Star Qld did not review, update and verify Customer 36's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 36's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 36's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 36's source of wealth or source of funds: see *Customer 36's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 36's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 36.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 36's high ML/TF risks

1445. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 36 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 36; and
 - c. reviewing and updating Customer 36's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 36 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 36*.

1446. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 36 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 36; and
- c. reviewing and updating Customer 36's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would likely have rated Customer 36 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1447. Had Star Qld rated Customer 36 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 36.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 36

1448. Star Sydney was required to apply the ECDD Programs to Customer 36 following any ECDD triggers in respect of Customer 36.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1449. Customer 36 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

Between 22 September 2017 and 4 September 2019, Star Sydney gave the AUSTRAC CEO three SMRs with respect to Customer 36.

1450. The matter pleaded in paragraph 1449 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1451. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 36 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 36 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 36, the provision of designated services to Customer 36 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 20 January 2021, Star Sydney conducted ECDD in respect of Customer 36.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 36's higher ML/TF risks: see *Customer 36's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 36's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 36's source of wealth or source of funds: see *Customer 36's risk profile*.

- b. Customer 36 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 36

1452. By reason of the matters pleaded from paragraphs 1436 to 1451 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 36 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1453. By reason of the matters pleaded from paragraphs 1436 to 1451 above, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 36 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1454. By reason of the matters pleaded at paragraphs 1452 and 1453, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 36.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 37

1455. Customer 37 was a customer of Star Sydney during the relevant period. Between 2018 and 2019, Star Sydney recorded turnover exceeding \$2.5 million for Customer 37.

Particulars

Customer 37 was a customer of Star Sydney from at least 15 October 2018.

1456. Star Sydney provided Customer 37 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2018 and 2019, Star Sydney recorded that junkets operated by Customer 37 had a turnover exceeding \$120 million.

Particulars

On 15 October 2018, Star Sydney opened an FMA and SKA for Customer 37 which remain open (item 11, table 3, s6 of the Act).

Between 10 October 2018 and 30 May 2019, Star Sydney approved CCFs for Customer 37 on 11 occasions ranging from \$500,000 to \$2,200,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Customer 9 channels, which it made available to Customer 37 (items 31 and 32, table 1, s6 of the Act).

See Customer 37's risk profile below.

1457. At all times from 15 October 2018, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 37.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 37's risk profile

1458. On and from 15 October 2018, Customer 37, and the provision of designated services to Customer 37 by Star Sydney, posed higher ML/TF risks because of the following red flags:
- a. Customer 37 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2018 and 2019, Customer 37 operated 16 junkets at Star Sydney, one of which was funded by another junket funder;

Particulars

In 2019, Customer 37 was a top ten junket operator at Star Sydney, for the number of junket programs he operated per year.

- ii. between 2018 and 2019, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 37 in the relevant period was \$124,093,489 with cumulative wins of \$1,256,255;

Particulars

In 2018, junkets operated by Customer 37 had turnover of \$10,099,600 with wins of \$709,300.

In 2019, junkets operated by Customer 37 had turnover of \$46,051,300 with wins of \$546,955.

- iii. although Customer 37 was a junket player on one of his own junkets, between 2018 and 2019, Star Sydney recorded a cumulative turnover of \$658,580 for Customer 37 on 14 of his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1458.b below.

- iv. between 2018 and 2019, total benefits of \$812,462 were payable to Customer 37 by Star Sydney in his capacity as a junket operator for rebates earned and other benefits;

Particulars

Customer 37 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2018, total benefits of \$152,622 were payable to Customer 37; and
- b. in 2019, total benefits of \$659,840 were payable to Customer 37.

- v. between 10 October 2018 and 30 May 2019, Star Sydney provided Customer 37 and his junket programs with significant amounts of credit upon request, up to limits of \$2,200,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 10 October 2018 and 30 May 2019, Star Sydney provided Customer 37 with CCFs between \$500,000 and \$2,200,000 on 11 occasions.

- vi. Customer 37 operated junkets in private gaming rooms;

Particulars

Customer 37 operated junkets in non-exclusive private gaming rooms at Star Sydney, including Lakes Salons, Harbours Salons, the Sovereign Room and Oasis.

- vii. Customer 37 had four junket representatives at Star Sydney; and
- viii. Customer 37 and their junket representatives facilitated the provision of high value designated services to 35 junket players at Star Sydney including players in respect of whom Star Sydney had formed suspicions;

Particulars

See paragraphs 643 to 649 above.

For example, between September 2019 and November 2019, a Star Sydney customer received an FMA transfer of \$3,000,000 from Customer 37 and of \$1,000,000 from a second Star Sydney customer. The two customers were recorded as players on Customer 37's junket, but only the second customer recorded play on the junket, with a win of \$888,850.

On 21 November 2019, the first customer withdrew \$1,000,000 as a casino cheque from Star Sydney, in circumstances where Star Sydney had only recorded two FMA deposits and no gaming activity for the customer: SMR dated 22 November 2019.

- b. Customer 37 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. in 2018, Customer 37 was a player on one junket at Star Sydney that he also operated and funded;
 - ii. in 2018 Star Sydney recorded high turnover totalling \$1,856,400 for Customer 37's gaming activity on junket programs;

Particulars

In 2018, Customer 37's turnover on junket programs was \$1,856,400 with wins of \$51,950.

- c. designated services provided to Customer 37 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 37 was connected to other customers at Star Sydney in respect of whom Star Sydney had formed suspicions such as Customer 60;

Particulars

See paragraphs 1458.h and 1461.c below.

See Customer 60's risk profile.

- e. Star Sydney provided designated services (items 31 and 32, table 1, s6) to Customer 37 by remitting large amounts of money into, out of and within of the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

On 9 August 2016, deposits through the Customer 9 channels totalling \$185,626 were made available by Star Sydney to Customer 37's account.

Other remittances into the casino environment

See paragraph 327 above.

Between 15 October 2018 and 2 May 2019, Star Sydney received six telegraphic transfers totalling \$1,739,316, each of which was made available to Customer 37's account.

In addition, on 21 April 2021, Star Sydney gave the AUSTRAC CEO an outgoing IFTI totalling \$8,746 where Customer 37 was named as the ordering customer and beneficiary.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

For example, on 24 October 2018, Star Sydney sent a telegraphic transfer totalling \$1,000,000 from Customer 37's account to an overseas bank account.

This transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 18 October 2018, Star Sydney sent a transfer of \$500,000 from Customer 37's account to Star Qld.

On 19 October 2018, Star Sydney received a transfer of \$536,361 from Star Qld, which it made available to Customer 37's account.

On 27 September 2019, Customer 37 transferred \$3,000,000 into a Star Sydney customer's account, which had only just been opened: SMR dated 22 November 2019.

- f. Customer 37 transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 17 October 2018 and 4 November 2019, Star Sydney gave the AUSTRAC CEO 21 TTRs in respect of Customer 37 totalling \$972,173, including:

- a. 11 TTRs detailing account withdrawals made by Customer 37 totalling \$383,437;
- b. six TTRs detailing chip and cash exchanges totalling \$234,000;
- c. three TTRs detailing other monetary value in or out totalling \$325,147; and
- d. one TTR detailing sales of foreign currency totalling \$29,529.

Large and suspicious cash transactions in 2018

On 17 October 2018, Customer 37 withdrew \$178,600 in cash from the Star Sydney cage, which was considered to be suspicious based on the size of the transaction.

On 21 October 2018, Customer 37 withdrew \$224,827 in cash from the Star Sydney cage, which was considered to be suspicious based on the size of the transaction. Customer 37 then took the cash to Star Sydney's hotel.

- g. Customer 37 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 37 had access to private gaming rooms at Star Sydney, including Lakes Salons, Sovereign (Cage) and Oasis (Cage).

- h. by at least May 2021, Star Sydney was aware of media articles which reported that a junket player from another Australian casino had brought proceedings against Customer 37 and Customer 60 alleging fraud; and

Particulars

In July 2019, media articles reported that a junket player had accused Customer 60 in court of misappropriating the junket player's \$6,300,000 in casino winnings at another Australian casino. The article stated that the junket player had gamed at the casino in May 2019 as part of Customer 37's junket, but that Customer 60 had allegedly used Customer 37's junket licence. The junket player alleged that when he attempted to collect his winnings from the casino, he was informed that the money had been paid to Customer 60.

In March 2021, media articles reported that the junket player had brought a lawsuit against Customer 60 and Customer 37 alleging fraud, and against the Australian casino for negligence and breach of trust. The lawsuit concerned the alleged misappropriation of the junket player's casino winnings.

Star Sydney's records suggest that it became aware of these media reports with respect to Customer 60 in September 2019, but that it

did not become aware of these media reports with respect to Customer 37 until May 2021.

- i. Star Sydney did not have adequate reason to believe that Customer 37's source of wealth or source of funds was sufficient to explain the financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 37 at Star Sydney.

Particulars

See paragraph 808 above.

By at least 7 February 2022, Star Sydney understood that Customer 37's occupation was as a 'trades worker and technician'.

Between 2018 and 2019, Customer 37's junket recorded turnover exceeding \$124 million. Star Sydney provided high value designated services to Customer 37, including facilitating very large telegraphic transfers at the request, or for the benefit, of Customer 37.

Customer 37's occupation was inconsistent with the high value financial and gaming activity on junket programs operated by Customer 37 at Star Sydney.

Star Sydney's determination of the ML/TF risks posed by Customer 37

1459. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 37 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 37.
 - a. On and from 15 October 2018, Customer 37 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 37's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 37 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 18 October 2018, Customer 37 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 22 November 2019, Customer 37 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 37's transactions

1460. At no time did Star Sydney apply appropriate transaction monitoring to Customer 37's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 37, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 37's junket as turnover was recorded against Customer 37 as the junket operator rather than the junket players; and

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 37 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the Customer 9 channels.

Particulars

See paragraph 441 above.

The review, update and verification of Customer 37's KYC information

- 1461. Star Sydney did not review, update and verify Customer 37's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 37's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 37's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 37's source of wealth and source of funds were not legitimate: see *Customer 37's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 37's KYC information on and from 15 October 2018, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 37.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 37's high ML/TF risks

1462. Had Star Sydney conducted ongoing customer due diligence on and from 15 October 2018 by:
- a. identifying and assessing the ML/TF risks posed by Customer 37 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 37; and
 - c. reviewing and updating Customer 37's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 37 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 37*.

ECDD triggers in respect of Customer 37

1463. Star Sydney was required to apply the ECDD Programs to Customer 37 following any ECDD triggers in respect of Customer 37.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1464. Customer 37 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

On 22 November 2019, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 37.

1465. The matter pleaded in paragraph 1464 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1466. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 37 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 37 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 37 and the provision of designated services to Customer 37 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite; and

Particulars

Rule 15.10, 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 809 above.

On 18 June 2019, 21 November 2019, 18 January 2021 and 19 May 2021, Star Sydney conducted ECDD in respect of Customer 37.

On 19 May 2021, the ECDD screening in respect of Customer 37 identified a media article dated March 2021 reporting that a junket player had sued Customer 60 and Customer 37, claiming that he played on Customer 37's junket in May 2019 at another Australian casino and won more than \$5,000,000, but that his winnings were remitted back to Customer 60 by the casino. The article reported that the fraud was alleged to have been organised by Customer 60, and that Customer 60 had used Customer 37's junket licence.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 37's higher ML/TF risks: see *Customer 37's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 37's source of funds or source of wealth, in circumstances where Star Sydney's recorded occupation for Customer 37, being 'trades worker and technician', was inconsistent with the high value financial and gaming activity on junket programs operated by Customer 37 at Star Sydney

By reason of the matters set out above, there were real risks that Customer 37's source of wealth and source of funds were not legitimate: see *Customer 37's risk profile*.

- b. Customer 37 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 37 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 37 and the provision of designated services to Customer 37 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Following the ECDD conducted on 19 May 2021, the Due Diligence Program Manager determined to maintain a business relationship with Customer 37.

The Due Diligence Manager noted that Customer 37 was not considered an accused person in the court case, and that a high risk rating remained appropriate.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- c. Customer 37's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high turnover;
- d. Customer 37's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting that there were higher ML/TF risks as to their source of funds: see *Customer 37's risk profile* above.

Contravention of s36 of the Act in respect of Customer 37

- 1467. By reason of the matters pleaded from paragraphs 1455 to 1466, on and from 15 October 2018, Star Sydney:
 - a. did not monitor Customer 37 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

- 1468. By reason of the matters pleaded at paragraph 1467, Star Sydney contravened s36(1) of the Act on and from 15 October 2018 with respect to Customer 37.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 38

1469. Customer 38 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$370 million for Customer 38.

Particulars

Customer 38 was a customer of Star Sydney from at least 25 February 2010.

On 4 November 2019, Star Sydney issued a WOL in respect of Customer 38. The WOL was issued for problem gambling and not as a result of any active consideration of the higher ML/TF risks posed by Customer 38.

1470. Star Sydney provided Customer 38 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket representative.

Particulars

On 25 February 2010, Star Sydney opened an FMA and SKA for Customer 38 which were closed on 5 November 2019 (item 11, table 3, s6 of the Act).

Between 27 February 2014 and 25 June 2019, Star Sydney approved CCFs for Customer 38 on 38 occasions ranging from \$10,000 to \$498,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 38 (items 31 and 32, table 1, s6 of the Act).

See Customer 38's risk profile below.

1471. Customer 38 was a customer of Star Qld during the relevant period. Between 2017 and 2019, Star Qld recorded turnover exceeding \$3 million for Customer 38.

Particulars

Customer 38 was a customer of Star Qld from at least 18 February 2013.

On 4 November 2019, Star Qld issued a WOL in respect of Customer 38. The WOL was issued for problem gambling and not as a result of any active consideration of the higher ML/TF risks posed by Customer 38.

1472. Star Qld provided Customer 38 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket representative and junket funder. In 2017, Star Qld recorded that junkets funded by Customer 38 had a turnover exceeding \$1.7 million.

Particulars

On 21 September 2015 and 12 January 2017, Star Qld opened FMAs for Customer 38 which were closed on 4 November 2019 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 38 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 38's risk profile* below.

1473. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 38.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 38's risk profile

1474. On and from 30 November 2016, Customer 38, and the provision of designated services to Customer 38 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 38's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 38 had the following risk history:
 - i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 38;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 8 March 2012.

The SMR reported that Customer 38 transacted using large amounts of cash at Star Sydney: see paragraph 1474.a.iv below.

- ii. Customer 38 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between January 2015 and 30 November 2016, Star Sydney recorded high and escalating turnover totalling \$84,803,588 for Customer 38;

Particulars

See paragraphs 611 to 618 above.

In 2015, Customer 38's individual rated turnover was \$7,179,382.

Between September 2015 and 30 November 2016, Customer 38's turnover on individual rebate programs was \$77,624,206 with losses of \$1,804,105.

- iii. designated services provided to Customer 38 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

Between 15 June 2015 and 21 November 2016, Star Sydney gave the AUSTRAC CEO eight TTRs detailing EGM payouts to Customer 38 totalling \$92,041.

- iv. Customer 38 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 16 March 2010 and 28 November 2016, Star Sydney gave the AUSTRAC CEO 75 TTRs detailing incoming payments to Customer 38 totalling \$1,501,850 which were comprised of:

- a. \$497,300 in account deposits;
- b. \$954,550 in chip exchanges; and
- c. \$50,000 in other monetary values in.

Between 18 March 2010 and 28 November 2016, Star Sydney gave the AUSTRAC CEO 56 TTRs detailing outgoing payments from Customer 38 totalling \$1,343,735 (in addition to the eight EGM TTRs) which were comprised of:

- a. \$316,000 in account withdrawals;
- b. \$555,525 in chip exchanges; and
- c. \$472,210 in other monetary values out.

On 7 March 2012, Customer 38 deposited \$105,000 cash into his FMA at Star Sydney. Star Sydney considered the transaction to be suspicious due to the large amount of cash involved: SMR dated 8 March 2012.

- v. Customer 38 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 21 September 2015 and 30 September 2015, Star Qld gave the AUSTRAC CEO four TTRs in respect of Customer 38 totalling \$150,074.

- vi. between 1 July 2015 and 24 November 2016, Star Sydney provided Customer 38 with significant amounts of credit upon request, up to limits of \$200,000; and

Particulars

See paragraphs 516 to 518 and 552 above.

Between 1 July 2015 and 24 November 2016, Star Sydney provided Customer 38 with at least \$1,094,000 in CCFs, between \$10,000 to \$200,000 on 24 occasions.

On each occasion, the CCF was provided on a 'temporary' basis while funds obtained through the Hotel Card channel were cleared,

and was approved by senior management at Star, including the Chief Executive Officer and the General Manager VIP Credits & Collection.

- vii. Customer 38 received designated services through the high risk Hotel Card channel;

Particulars

Between 28 February 2014 and 24 November 2016, Customer 38 transacted \$2,903,000 through the Hotel Card channel and on multiple occasions was given a temporary CCF while waiting for the funds to clear.

See paragraph 1474.a.vi.

Customer 38's risk profile from 30 November 2016

- b. Customer 38 was a junket funder who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;
 - i. between 9 August 2017 and 22 August 2017, Customer 38 funded a junket at Star Qld;

Particulars

Customer 38 provided the junket operator with \$1,200,000 in funding.

Customer 38 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Qld.

- ii. Star Qld recorded that the total cumulative turnover of the junket funded by Customer 38 between 9 August 2017 and 22 August 2017 was \$1,743,027 with losses of \$185,685;
 - iii. Customer 38 was the junket representative for the junket;
 - iv. Customer 38 was a junket player on the junket; and
 - v. the junket funded by Customer 38 facilitated the provision of high value designated services to two junket players, including Customer 38;
- c. Customer 38 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 9 August 2017 and 22 August 2017, Customer 38 was a player on a junket at Star Qld;
 - ii. the junket was funded by Customer 38; and
 - iii. between 9 August 2017 and 22 August 2017, Star Qld recorded high turnover totalling \$796,042 with losses of \$36,685 for Customer 38's gaming activity on that junket;
- d. designated services provided to Customer 38 lacked transparency as the services were provided through the junket channel at Star Qld;

Particulars

See paragraph 650 above.

- e. Customer 38 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2019, Star Sydney recorded high and escalating individual rated turnover totalling \$372,870,714 for Customer 38;

Particulars

See paragraph 752 above.

In 2016, Customer 38's individual rated turnover was \$20,499,831.

In 2017, Customer 38's individual rated turnover escalated to \$138,990,457.

In 2018, Customer 38's individual rated turnover was \$123,073,510.

In 2019, Customer 38's individual rated turnover was \$90,306,917.

- f. Customer 38 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2019, Star Qld recorded high individual rated turnover totalling \$2,250,048 for Customer 38;

Particulars

See paragraph 752 above.

In 2017, Customer 38's individual rated turnover was \$2,091,432.

In 2019, Customer 38's individual rated turnover was \$158,616.

- g. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 38 by remitting large amounts of money within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraph 356 to 367 above.

Between 2 December 2016 and 25 June 2019, Customer 38 transacted \$1,577,000 through the Hotel Card channel and was given a temporary CCF while waiting for the funds to clear.

See paragraph 1474.i below.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 10 August 2017 and 22 May 2019, Star Sydney received two transfers totalling \$1,030,500 from Star Qld, both of which were made available to Customer 38's account.

See paragraph 1474.j below.

- h. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 38 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraphs 347 to 349 above.

On 9 August 2017, Star Qld received a transfer of \$1,000,000 from Star Sydney, which it made available to Customer 38's account.

On 22 May 2019, Star Qld facilitated a transfer of \$28,000 from Customer 38's FMA at Treasury Brisbane to Star Sydney.

- i. designated services provided to Customer 38 included substantial EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

Between 21 August 2017 and 29 July 2019, Star Sydney gave the AUSTRAC CEO five TTRs detailing EGM payouts to Customer 38 totalling \$61,013.

- j. Star Sydney was aware that:
- i. Customer 38 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
 - ii. Customer 38 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash that was sticky, in small notes bundled with rubber bands and contained in plastic bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 30 January 2017 and 21 August 2019, Star Sydney gave the AUSTRAC CEO 44 TTRs detailing incoming payments to Customer 38 totalling \$1,501,380 which were comprised of:

- a. \$694,900 in account deposits; and
- b. \$806,480 in chip exchanges.

Between 24 July 2017 and 21 August 2019, Star Sydney gave the AUSTRAC CEO 49 TTRs detailing outgoing payments from Customer 38 totalling \$1,871,368 (in addition to the five EGM TTRs) which were comprised of:

- a. \$1,058,600 in account withdrawals;
- b. \$754,738 in chip exchanges;
- c. \$46,952 in other monetary values out; and
- d. \$11,078 in foreign currency exchanges.

Large and unusual transactions in 2017

On 30 April 2017, Customer 38 deposited \$81,900 in cash into his account. The following day, a junket representative of a junket operator withdrew \$690,000 in cash from the junket operator's account and deposited that amount into Customer 38's account. Customer 38 requested that a Star cheque be issued in his favour in the amount of \$770,000. Star Sydney noted that the cash and funds were not utilised for gaming purposes: SMR dated 2 May 2017.

On 21 August 2017, Customer 38 conducted a chip and cash exchange of \$107,000.

On 8 November 2017, in his capacity as a junket representative, Customer 38 made two transactions on a junket operator's account, being one transfer of \$980,000 to a junket player and one withdrawal of \$131,700 in cash. Customer 38 then gave the cash to the junket player. The junket player subsequently withdrew \$980,000 from his account in the form of a Star non-winning cheque in his favour. The junket player had recorded a turnover of \$26,162,375 and a loss of \$117,665 on the junket. Star Sydney noted that the turnover would have generated a large commission for the junket but significantly less than the amount transferred to the junket player: SMR dated 8 November 2017.

Large and unusual transactions in 2018

On 12 January 2018, Customer 38 deposited \$100,000 in cash into a junket operator's FMA. The cash was comprised of \$100 notes.

On 14 February 2018, Customer 38 withdrew \$100,000 in cash from a junket operator's account and exchanged \$60,000 in chips for cash. Customer 38 gave the cash to the junket operator, who then gave the cash to two junket players.

On 21 February 2018 and 27 July 2018, Customer 38 withdrew \$280,000 and \$100,000 in cash respectively from a junket operator's account.

On 14 May 2018, Customer 38 cashed out \$100,000 in chips on behalf of a junket operator.

Large and unusual transactions in 2019

On 11 January 2019, Customer 38 deposited \$50,000 in cash into his account. The cash comprised \$25,000 in \$50 notes, \$24,640 in \$20 notes and \$60 in \$10 notes. The cash was sticky and bundled in \$5,000 units with elastic bands and presented in a plastic shopping bag. Star Sydney considered the transaction to be suspicious due to the small mixed denomination notes and the condition of the notes: SMR dated 14 January 2019.

On 22 February 2019, Customer 38 deposited \$100,000 in cash into his account. The cash was comprised of \$4,700 in \$50 notes, \$83,000 in \$50 notes and \$12,000 in \$20 notes. Star Sydney

considered the transaction to be suspicious due to the mixed denomination notes: SMR dated 25 February 2019.

- k. Customer 38 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 30 January 2017 and 21 August 2019, Star Qld gave the AUSTRAC CEO four TTRs detailing incoming payments to Customer 38 totalling \$155,000 which were comprised of account deposits and chip exchanges.

Between 3 February 2017 and 14 August 2017, Star Qld gave the AUSTRAC CEO seven TTRs detailing outgoing payments from Customer 38 totalling \$102,127 which were comprised of:

- a. \$75,565 in chip exchanges; and
- b. \$26,562 in EGM payouts.

- l. between 1 December 2016 and 25 June 2019, Star Sydney provided Customer 38 with significant amounts of credit upon request, up to limits of \$498,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 1 December 2016 and 25 June 2019, Star Sydney provided Customer 38 with at least \$1,577,000 in CCFs, between \$10,000 and \$498,000 on 13 occasions.

On each occasion, the CCF was provided on a 'temporary' basis while funds obtained through the Hotel Card channel were cleared, and was approved by senior management at Star, including the Chief Executive Officer, the Chief Financial Officer and the General Manager VIP Credit & Collections.

- m. Customer 38 requested that Star Sydney prepare letters purportedly confirming his winnings;

Particulars

See paragraph 337 and 338 above.

On 13 July 2019 and 11 October 2019, Star Sydney issued a letter of comfort purportedly confirming Customer 38's winnings.

- n. in 2019, Star Sydney provided information to law enforcement in respect of Customer 38 on one occasion;

Particulars

In February 2019, Star Sydney provided information to a law enforcement agency in respect of Customer 38's financial transactions.

In September 2019 and October 2019, Star Sydney responded to requests for information from a law enforcement agency.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- o. Customer 38 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 38 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Oasis, Lakes Salons, Sovereign Harbourside, Vantage, Jade and Chairman's.

- p. Customer 38 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 38 had access to private gaming rooms at Star Qld, including The Suite, the Club, the Club Conrad and the Sovereign Room.

- q. Star Sydney and Star Qld did not have adequate reason to believe that Customer 38's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 38 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood Customer 38's occupation to be in retail.

In 2016, Customer 38's turnover at Star Sydney exceeded \$20 million. In 2017, Customer 38's turnover at Star Qld exceeded \$2 million. Customer 38 used the high risk Hotel Card channel to remit significant volumes of money into the casino environment.

At no time was Customer 38's stated source of wealth or source of funds commensurate with the high value financial and gaming services provided to him at Star Sydney and Star Qld.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 38

1475. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 38 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TFs risk reasonably faced by Star Sydney and Star Qld with respect to Customer 38.

- a. On and from 30 November 2016, Customer 38 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 38's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. In and from 2017, Customer 38 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 38's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- c. On 22 August 2017, despite being rated high risk for the purpose of the Act and Rules, Star Sydney and Star Qld decreased Customer 38's risk rating.

Particulars

See paragraph 110 above.

On 30 January 2015, Customer 38 was rated critical risk, being high risk for the purpose of the Act and Rules.

However, on 22 August 2017, Customer 38 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 38's transactions

1476. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 38's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 38, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 38 through:
 - i. the junket channel; and

Particulars

See paragraph 783 above.

- ii. an international remittance channel, specifically the Hotel Card channel;

Particulars

See paragraph 790 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 38 through the junket channel;

Particulars

See paragraph 783 above.

- e. Star Sydney and Star Qld provided designated services to Customer 38 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 38.

Particulars

Star senior management were not specifically informed of the seven large and suspicious cash incidents involving Customer 38 between 30 April 2017 and 27 July 2018: See *Customer 38's risk profile*.

The review, update and verification of Customer 38's KYC information

1477. Star Sydney and Star Qld did not review, update and verify Customer 38's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 38's business with Star Sydney and Star Qld including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 38's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 38's source of wealth or source of funds: see *Customer 38's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 38's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 38.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 38's high ML/TF risks

1478. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 38 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 38; and
- c. reviewing and updating Customer 38's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to continue to apply the ECDD Programs to Customer 38 after 22 August 2017: see *ECDD triggers in respect of Customer 38*.

ECDD triggers in respect of Customer 38

1479. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 38 following any ECDD triggers in respect of Customer 38.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3) and 15.10 of the Rules.

1480. Customer 38:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 2 May 2017 and 25 February 2019, Star Sydney gave the AUSTRAC CEO four SMRs with respect to Customer 38.

- b. was determined to be high risk for the purpose of the Act and Rules prior to the relevant period by Star Sydney and Star Qld.

Particulars

Between 30 November 2016 and 22 August 2017, Customer 38 was rated high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 38* above.

1481. Each matter pleaded in paragraph 1480 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1482. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 38 following an ECDD trigger because:

- a. on each occasion prior to 4 November 2019 that Star Sydney and Star Qld conducted ECDD in respect of Customer 38 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 38 and the provision of designated services to Customer 38 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 25 February 2019, Star conducted ECDD in respect of Customer 38.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 38's higher ML/TF risks: see *Customer 38's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 38's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 38's source of wealth or source of funds: see *Customer 38's risk profile*.

It was not until 4 November 2019 that Star Sydney and Star Qld issued a WOL in respect of Customer 38. The WOL was issued for problem gambling and not as a result of an active consideration of the higher ML/TF risks posed by Customer 38.

- b. Customer 38 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

See paragraph 810 above.

Rules 15.10(6) and (7) of the Rules.

Contravention of s36 of the Act in respect of Customer 38

1483. By reason of the matters pleaded from paragraphs 1469 to 1482 above, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 38 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1484. By reason of the matters pleaded at paragraph 1483, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to until 4 November 2019 with respect to Customer 38.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 39

1485. Customer 39 was a customer of Star Sydney during the relevant period. Between 2018 and 2019, Star Sydney recorded turnover exceeding \$540 million for Customer 39.

Particulars

Customer 39 was a customer of Star Sydney from at least 27 June 2017.

1486. Star Sydney provided Customer 39 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2018 and 2019, Star Sydney recorded that junkets operated by Customer 39 had a turnover exceeding \$710 million.

Particulars

On 27 June 2017, Star Sydney opened an FMA and SKA for Customer 39 which remain open (item 11, table 3, s6 of the Act).

Between 18 May 2017 and 11 December 2019, Star Sydney approved CCFs for Customer 39 on 16 occasions ranging from \$1,000,000 to \$5,000,000 with an additional limit of that trip only of \$500,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel, which it made available to Customer 39 (items 31 and 32, table 1, s6 of the Act).

See *Customer 39's risk profile* below.

1487. At all times from 27 June 2017, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 39.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 39's risk profile

1488. On and from 27 June 2017, Customer 39, and the provision of designated services to Customer 39 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 39's risk profile from 27 June 2017

- a. Customer 39 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. Customer 39 was connected to other customers at Star Sydney, including former junket operators in respect of whom Star Sydney had formed suspicions (such as his brother;

Particulars

Customer 39 took over his brother's junket operations when his brother passed away.

- ii. between 25 December 2017 and 27 December 2019, Customer 39 operated 12 junkets at Star Sydney;

Particulars

Customer 39 was approved to be a junket operator at Star Sydney on 27 June 2017.

In 2018, Customer 39 was one of the top ten junket operators whose junket operations in total involved the highest total turnover.

- iii. Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 39 in the relevant period was \$710,853,008 with losses of \$5,805,010;

Particulars

In 2018, junkets operated by Customer 39 had turnover of \$687,105,232 with losses of \$6,852,480.

In 2019, junkets operated by Customer 39 had turnover of \$23,747,776 with wins of \$1,047,470.

- iv. although Customer 39 was a junket player on some of his own junkets, between 25 December 2017 and 27 December 2019, Star Sydney recorded a cumulative turnover of \$542,467,583 for Customer 39 as a junket player on his own junkets despite him not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1488.b below.

- v. between 2017 and 2019, total benefits of \$5,311,619 were payable to Customer 39 by Star Sydney in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs and other benefits;

Particulars

Customer 39 was entitled to benefits from Star Sydney in his capacity as a junket operator:

- a. in 2017, total benefits of \$646,755 were payable to Customer 39;
 - b. in 2018, total benefits of \$4,455,718 were payable to Customer 39; and
 - c. in 2020, total benefits of \$209,146 were payable to Customer 39.
- vi. between 18 May 2017 and 11 December 2019, Star Sydney provided Customer 39 and his junket programs with significant amounts of credit upon request, up to limits of \$5,000,000 with an additional trip only limit of \$500,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 18 May 2017 and 1 September 2017, Star Sydney senior management including the Chief Executive Officer, the Chief Financial Officer and the Chief Casino Officer approved a single trip CCF limit of \$2,000,000 with an additional limit for that trip only of \$1,000,000 for Customer 39.

On 24 December 2017, Star Sydney senior management approved a single trip CCF limit of \$1,000,000 for Customer 39.

On 13 January 2018 and 26 January 2018, Star Sydney approved a single trip CCF limit of \$1,500,000 for Customer 39.

On 15 February 2018, Star Sydney approved a single trip CCF limit of \$2,000,000 for Customer 39.

On 17 April 2018 and 31 May 2018, Star Sydney approved a single trip CCF limit of \$6,000,000 for Customer 39.

On 15 June 2018, Star Sydney approved a single trip CCF limit of \$5,000,000 with an additional trip only limit of \$500,000 for Customer 39.

On 18 August 2018, Star Sydney approved a single trip CCF limit of \$2,000,000 for Customer 39.

On 23 October 2018, Star Sydney approved a single trip CCF limit of \$1,000,000 for Customer 39.

On 10 November 2018, Star Sydney approved a single trip CCF limit of \$1,500,000 for Customer 39.

On 1 May 2019, Star Sydney approved a single trip CCF limit of \$2,000,000 for Customer 39.

On 13 May 2019, Star Sydney approved a single trip CCF limit of \$2,000,000 with an additional limit for that trip only of \$1,000,000 for Customer 39.

On 5 July 2019, Star Sydney approved a single trip CCF limit of \$2,000,000 for Customer 39.

On 11 December 2019, Star Sydney approved a single trip CCF limit of \$1,000,000 for Customer 39.

- vii. Customer 39 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the junket;

Particulars

Customer 39 operated junkets in non-exclusive private gaming rooms, including the Sovereign Room, Pit 80 and Oasis.

Customer 39 operated junkets in exclusive private gaming rooms, including Salon 75, Salon 76, Salon 77, Salon 85, Salon 88, Salon 89, Salon 97 and Salon 98.

- viii. Customer 39 had five junket representatives at Star Sydney; and
- ix. Customer 39 and his junket representatives facilitated the provision of high value designated services to 52 junket players at Star Sydney, including Customer 39 himself;

Particulars

See paragraphs 643 to 649 above.

See paragraphs 1488.b and 1488.e below.

- b. Customer 39 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 24 October 2018 and 16 November 2018, Customer 39 was a player on a junket at Star Sydney operated by Customer 39 himself; and
 - ii. between 24 October 2018 and 16 November 2018, Star Sydney recorded high turnover totalling \$28,792,101 with losses of \$5,000 for Customer 39's gaming activity on junket programs;
- c. designated services provided to Customer 39 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 39 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

On 20 August 2019, a third party acting on behalf of Customer 39 deposited a total of \$332,405 into the EEIS Patron accounts, which Star Sydney made available to Customer 39 through the EEIS remittance channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 9 March 2018 and 25 December 2018, Star Sydney received 21 telegraphic transfers totalling \$6,544,212, each of which was made available to Customer 39's FMA. The funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 8 February 2018 and 12 June 2019, Star Sydney sent two telegraphic transfers totalling \$982,000 to another Australian casino.

Between 26 January 2018 and 4 February 2020, Star Sydney sent four telegraphic transfers totalling \$1,865,002 from Customer 39's account to Australian bank accounts.

On 16 January 2018, Star Sydney sent a telegraphic transfer totalling \$700,000 from Customer 39's account to an overseas bank account.

Each of the above transactions was conducted through the Star Patron account channel.

- e. Customer 39, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 4 January 2018 and 28 December 2019, Star Sydney gave the AUSTRAC CEO 56 TTRs in respect of Customer 39 totalling \$1,859,644 which comprised:

- a. \$383,165 in account deposits;
- b. \$511,743 in account withdrawals;
- c. \$895,560 in chip and other cash outs;
- d. \$33,175 in other monetary values in; and
- e. \$36,000 in other monetary values out.

On 15 February 2018, Customer 39's junket representative deposited \$100,000 in cash into Customer 39's account. The cash was comprised of \$100 notes, \$40,000 of which was noted to have been issued by Star. The balance was bundled with rubber bands.

On 14 May 2018, Customer 39's junket representative withdrew \$200,000 in cash from Customer 39's account.

- f. Customer 39 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 39 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Springs Salon, Lakes Salon, Oasis and Rivers Salons.

- g. Star Sydney did not have adequate reason to believe that Customer 39's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 39 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney's records contained no details concerning Customer 39's source of wealth or source of funds. Star Sydney understood that Customer 39 took over junket operations from his brother.

Between 2018 and 2019, Star Sydney recorded that junkets operated by Customer 39 had a turnover exceeding \$710 million. At no stage did Star Sydney have adequate reason to believe that Customer 39's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6) received by him.

Star Sydney's determination of the ML/TF risks posed by Customer 39

1489. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 39 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 39.

- a. On and from 2018, Customer 39 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 39's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 39 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

Until 15 May 2018, Customer 39 was rated low risk by default.

On 15 May 2018, Customer 39 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 17 December 2019, Customer 39 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 4 February 2022, Customer 39 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 39's transactions

1490. At no time did Star Sydney apply appropriate transaction monitoring to Customer 39's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 39, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 39's junket as turnover was recorded against Customer 39 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 39 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph above.

- iii. an international remittance channel, specifically the EEIS remittance channel;

Particulars

See paragraph 493 above.

- e. Star Sydney provided designated services to Customer 39 through multiple accounts and was not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 39.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 39 on 15 February 2018 and 14 May 2018: See *Customer 39's risk profile*.

The review, update and verification of Customer 39's KYC information

- 1491. Star Sydney did not review, update and verify Customer 39's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 39's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 39's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 39's source of wealth or source of funds: see *Customer 39's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 39's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 39.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 39's high ML/TF risks

1492. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 39 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 39; and
 - c. reviewing and updating Customer 39's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 39 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1493. Had Star Sydney rated Customer 39 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 39.

Particulars

Rule 15.9 of the Rules.

Contravention of s36 of the Act in respect of Customer 39

1494. By reason of the matters pleaded from paragraphs 1485 to 1493 above, on and from 27 June 2017, Star Sydney:
- a. did not monitor Customer 39 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1495. By reason of the matters pleaded at paragraph 1494, Star Sydney contravened s36(1) of the Act on and from 27 June 2017 with respect to Customer 39.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 40

1496. Customer 40 was a customer of Star Sydney during the relevant period.

Particulars

Customer 40 was a customer of Star Sydney from at least 30 November 2007.

1497. Star Sydney provided Customer 40 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. Between 2017 and 2019, Star Sydney recorded that junkets operated by Customer 40 had a turnover exceeding \$120 million.

Particulars

On 4 March 2009, Star Sydney opened an FMA and SKA for Customer 40 which remain open (item 11, table 3, s6 of the Act).

Between 10 March 2011 and 11 April 2018, Star Sydney approved CCFs for Customer 40 on four occasions ranging from \$2,500,000 to \$25,000,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel and the Customer 9 channels, which it made available to Customer 40 (items 31 and 32, table 1, s6 of the Act).

See Customer 40's risk profile below.

1498. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 40.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 40's risk profile

1499. On and from 30 November 2016, Customer 40, and the provision of designated services to Customer 40 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 40's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 40 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 40;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on four occasions between 11 March 2012 and 11 April 2016.

The SMRs reported that Customer 40, and persons associated with him, transacted in large amounts of cash: see paragraph 1499.a.v below.

- ii. Customer 40 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

On 30 November 2007, Customer 40 was approved to be a junket operator at Star Sydney.

Between 29 December 2015 and 4 July 2016, Customer 40 operated three junkets at Star Sydney.

Between 29 December 2015 and 4 July 2016, junkets operated by Customer 40 had turnover of \$201,163,438 with wins of \$1,309,925.

- iii. Customer 40 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 29 December 2015 and 10 July 2016, Customer 40 was a junket player on two of his own junkets.

Star Sydney recorded that Customer 40's turnover on those junket programs was \$8,442,200 with wins of \$709,300.

- iv. between 10 March 2011 and 29 September 2014, Star Sydney provided Customer 40 and his junket programs with significant amounts of credit upon request, up to limits of \$25,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 10 March 2011, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a single trip CCF limit of \$2,500,000 for Customer 40.

On 29 September 2014, Star Sydney senior management including the Chief Executive Officer and the Chief Financial Officer, approved a permanently active CCF limit of \$25,000,000 for Customer 40 which was not deactivated.

- v. Customer 40, and persons associated with his junket, transacted using large amounts of cash at Star Sydney; and

Particulars

See paragraphs 611 to 618 above.

Between 10 May 2011 and 4 July 2016, Star Sydney gave the AUSTRAC CEO 27 TTRs in respect of Customer 40 totalling \$1,979,036, which were comprised of:

- a. 25 outgoing TTRs totalling \$1,859,036;
- b. two incoming TTRs totalling \$120,000;
- c. \$1,256,335 in chip or cash exchanges; and
- d. \$722,701 in account deposits or withdrawals.

On 11 March 2012, Customer 40 exchanged \$100,000 in chips for cash. Star Sydney considered the transaction to be suspicious due to

the large amount of cash. Customer 40 then distributed the cash to several players in a junket group: SMR dated 13 March 2012.

On 22 June 2014, Customer 40 withdrew \$25,000 in cash from his FMA. An hour later, he exchanged \$200,000 in chips for cash. Star Sydney considered the transaction to be suspicious due to the large amount of cash involved: SMR dated 23 June 2014.

On 31 December 2015, Customer 40 exchanged \$117,000 in chips for cash. Star Sydney noted that Customer 40 had recorded a large amount of play and had winnings exceeding the amount of the cash out: SMR dated 4 January 2016.

On 9 April 2016, Customer 40 cashed out \$106,285 in chips.

On 11 April 2016, Customer 40 settled a junket program and took \$494,240 in cash: SMR dated 12 April 2016.

- vi. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 40 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 6 June 2011 and 17 December 2021, Star Sydney gave the AUSTRAC CEO 12 incoming IFTIs totalling \$8,082,821, in respect of transactions occurring between 4 June 2011 and 9 September 2016, where Customer 40 was named as the beneficiary, including:

- a. \$7,290,244, where Customer 40 was named as the ordering customer; and
- b. \$762,577, where three different third parties were named as the ordering customers.

On 14 September 2016, Star Sydney received a telegraphic transfer of \$199,950, which it made available to Customer 40. The funds were transferred for the purpose of redeeming an outstanding CCF.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

For example, on 5 March 2016, Star Sydney sent a telegraphic transfer of \$563,380 from Customer 40's SKA to an overseas bank account.

The above transaction was conducted through the Star Patron account channel.

Customer 40's risk profile from 30 November 2016

- b. Customer 40 was a foreign PEP;

Particulars

See paragraph 115 above.

Customer 40 was a member of a foreign political body.

- c. Customer 40 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
- i. between 2 March 2017 and 6 October 2019, Customer 40 operated five junkets at Star Sydney;
- ii. between 2 March 2017 and 6 October 2019, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 40 was \$122,296,980 with losses of \$5,563,125;

Particulars

In 2017, junkets operated by Customer 40 had turnover of \$23,790,650 with wins of \$1,199,085.

In 2018, junkets operated by Customer 40 had turnover of \$65,508,820 with losses of \$5,063,485.

In 2019, junkets operated by Customer 40 had turnover of \$32,997,510 with losses of \$1,698,725.

- iii. between 2 March 2017 and 6 October 2019, Star Sydney recorded a cumulative turnover of \$26,304,304 for Customer 40 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- iv. between 2 March 2017 and 6 October 2019, total benefits exceeding \$4,000,000 were payable to Customer 40 by Star Sydney in his capacity as a junket operator for rebates earned, percentages of earnings from revenue share programs and complimentary services;
- v. between 23 January 2017 and 2 July 2020, Star Sydney provided Customer 40 and his junket programs with significant amounts of credit upon request, up to limits of \$12,500,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 23 January 2017, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a permanently active CCF limit of \$12,500,000 for Customer 40 which was deactivated on 2 July 2020.

On 11 April 2018, Star Sydney senior management, including the Chief Executive Officer, and the Chief Financial Officer, approved a single trip CCF limit of \$10,000,000 for Customer 40.

- vi. Customer 40 had two junket representatives at Star Sydney; and
- vii. Customer 40 and his junket representatives facilitated the provision of high value designated services to junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- d. designated services provided to Customer 40 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- e. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 40 by remitting large amounts of money into the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

On 1 October 2019, a third party company acting on behalf of Customer 40 deposited a total of \$94,760 into the EEIS Patron accounts, which Star Sydney made available to Customer 40 through the EEIS remittance channel.

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

Between 30 July 2019 and 19 February 2019, deposits through the Customer 9 channels totalling \$407,701 were made available by Star Sydney to Customer 40's account.

Other remittances into the casino environment

See paragraph 327 above.

On 8 September 2017, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$157,432 where Customer 40 was named as the ordering customer and the beneficiary. The funds were deposited into Customer 40's Star Sydney account.

In addition, between 21 February 2018 and 15 November 2019, Star Sydney received six telegraphic transfers totalling \$1,521,763, each of which was made available to Customer 40's account. The funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

- f. Customer 40, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 7 March 2017 and 8 October 2019, Star Sydney gave the AUSTRAC CEO 19 outgoing TTRs in respect of Customer 40 totalling \$1,303,360, which were comprised of:

- a. \$216,500 in chip or cash exchanges; and
- b. \$1,086,860 in account deposits or withdrawals.

On 4 March 2017, a representative of Customer 40's junket, withdrew \$360,000 in cash from Customer 40's account: SMR dated 7 March 2017.

On 5 February 2019, Customer 40's junket representative exchanged \$100,700 in chips for cash. The junket had recorded a win of \$150,950 at the time.

On 9 February 2019, Customer 40's junket representative withdrew \$100,000 in cash from Customer 40's account. The junket had recorded a win exceeding this amount.

On 4 October 2019 and 6 October 2019, Customer 40's junket representative withdrew \$150,000 in cash from Customer 40's account. The junket had recorded a buy-in of \$9,924,750, a loss of \$2,122,470 and a rebate accrued to it of \$1,273,482.

- g. by September 2018, media reports named Customer 40 as a person with ties to the junket industry in a foreign country; and

Particulars

In September 2018, media reports named Customer 40, who was a member of a foreign government, as the founder of a foreign gaming lobby group.

In September 2021, media reports named Customer 40 as a person with ties to the junket industry in a foreign country.

Star Sydney's due diligence records in respect of Customer 40 did not contain details of these reports.

- h. Star Sydney did not have adequate reason to believe that Customer 40's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 40 at Star Sydney.

Particulars

See paragraph 808 above.

By 30 November 2016, Star Sydney was aware that Customer 40 was a member of a foreign political body and the director of an international VIP gaming group, but that Customer 40 did not have any shareholdings in that gaming group. Despite this, Star Sydney recorded that Customer 40's occupation was as a junket operator.

Between 2017 and 2019, junkets operated by Customer 40 had a turnover exceeding \$120 million. At no point was Star Sydney's understanding of Customer 40's source of wealth or source of funds, particularly in the context of his status as a foreign PEP, sufficient to explain the high value financial and gaming services provided to him.

Star Sydney's determination of the ML/TF risks posed by Customer 40

1500. On and from 24 November 2015, Customer 40 was rated by Star Sydney as a high risk customer for the purpose of the Act and Rules.

Particulars

On 23 June 2014, Customer 40 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 24 November 2015, Customer 40 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 40 was rated very high risk, being high risk for the purpose of the Act and Rules.

1501. Nevertheless, for the reasons pleaded below, Star Sydney failed to monitor the high ML/TF risks posed by Customer 40 appropriately on an ongoing basis because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by it with respect to Customer 40.

Monitoring of Customer 40's transactions

1502. At no time did Star Sydney apply appropriate transaction monitoring to Customer 40's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 40, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 40's junket as turnover was recorded against Customer 40 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 40 through:
 - i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the EEIS remittance channel and the Customer 9 channels; and

Particulars

See paragraphs 441 and 493 above.

- e. Star Sydney provided designated services to Customer 40 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 40's KYC information

- 1503. Star Sydney did not review, update and verify Customer 40's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 40's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;

- c. Star Sydney did not appropriately review, update and verify Customer 40's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 40's source of wealth or source of funds: see *Customer 40's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 40's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 40.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 40

1504. Star Sydney was required to apply the ECDD Programs to Customer 40 following any ECDD triggers in respect of Customer 40. In particular, because Customer 40 was a foreign PEP, Star Sydney was required to:

- a. undertake detailed analysis of Customer 40's KYC information including taking reasonable measures to identify the source of Customer 40's wealth and the source of Customer 40's funds; and
- b. seek senior management approval for continuing a business relationship with Customer 40 and whether Star Sydney should continue to provide a designated service to Customer 40.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3), 15.10(2), 15.10(6) and 15.11 of the Rules.

1505. Customer 40:

- a. at all times from 30 November 2016 was a foreign PEP.

Particulars

See *Customer 40's risk profile* above.

- b. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 7 March 2017, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 40.

- c. was determined to be high risk for the purpose of the Act and Rules by 30 November 2016 by Star Sydney.

Particulars

On 24 November 2015, Star Sydney determined that the ML/TF risks posed by Customer 40 was high risk for the purpose of the Act and Rules: see *Star Sydney's determination of the ML/TF risks posed by Customer 40* above.

1506. Each matter pleaded in paragraph 1505 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1507. By 30 November 2016, Star Sydney was aware that Customer 40 was a foreign PEP.

1508. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 40 following the ECDD triggers:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 40 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 40 and the provision of designated services to Customer 40 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite. In particular, Star Sydney failed to monitor Customer 40 as a foreign PEP because:
 - i. Star Sydney's analysis of Customer 40's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 40;
 - ii. Star Sydney's analysis of Customer 40's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 40;

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 810 above.

On 6 February 2019, 28 September 2019, 23 October 2019, 20 October 2020 and 27 January 2021, Star Sydney conducted ECDD in respect of Customer 40.

The ECDD screenings in respect of Customer 40 identified that he was a foreign PEP and did not find any adverse information in respect of him.

The ECDD conducted by Star Sydney did not have appropriate regard to their higher ML/TF risks: see *Customer 40's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks associated with Customer 40's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 40's source of wealth or source of funds: see *Customer 40's risk profile*.

- iii. Customer 40 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- iv. any senior management approval regarding Customer 40 failed to give appropriate consideration to the ML/TF risks posed by Customer 40 and the provision of designated services to Customer 40 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810 above.

On 6 August 2021, following an ECDD screening, the Due Diligence Program Manager determined to maintain a business relationship with Customer 40. The Due Diligence Program Manager noted that Customer 40 was an inactive foreign PEP and that no adverse information was found in respect of him.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 40's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high and escalating turnover through junket channels; and
- b. Customer 40's source of funds (r15.10(2)(b) of the Rules), having regard to their status as a foreign PEP and the consequent high ML/TF risks as to their source of funds: see *Customer 40's risk profile* above.

Contravention of s36 of the Act in respect of Customer 40

1509. By reason of the matters pleaded from paragraphs 1496 to 1508, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 40 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1510. By reason of the matters pleaded at paragraph 1509, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 40.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 41

1511. Customer 41 was a customer of Star Sydney during the relevant period. Between 2016 and 2017, Star Sydney recorded turnover exceeding \$15 million for Customer 41.

Particulars

Customer 41 was a customer of Star Sydney from at least 4 May 2005.

1512. Star Sydney provided Customer 41 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period, including services provided to Customer 41 as a junket operator. Between 2017 and 2020, Star Sydney recorded that junkets operated by Customer 41 had a turnover exceeding \$57 million.

Particulars

By 30 November 2016, Star Sydney opened an FMA and SKA for Customer 41, which remain open (item 11, table 3, s6 of the Act).

Between 22 March 2017 and 26 December 2019, Star Sydney approved CCFs for Customer 41 on at least 11 occasions, with facility limits ranging from \$100,000 to \$5,000,000 and totalling at least \$32,100,000 (item 6, table 1, s6 of the Act).

While a customer of Star Sydney, Customer 41 remitted funds to and from her FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 41's risk profile below.

1513. Customer 41 was a customer of Star Qld during the relevant period. In 2018, Star Qld recorded turnover exceeding \$2.4 million for Customer 41.

Particulars

Customer 41 was a customer of Star Qld from at least 28 November 2000.

1514. Star Qld provided Customer 41 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period, including services as a junket operator. Between 2017 and 2018, Star Qld recorded that junkets operated by Customer 41 had a turnover exceeding \$22 million.

Particulars

On 28 November 2000, Star Qld opened an FMA for Customer 41 which remains open (item 11, table 3, s6 of the Act).

On 27 February 2017, Star Qld opened a SKA for Customer 41 which remains open (item 11, table 3, s6 of the Act).

Between 15 February 2017 and 23 July 2018, Star Qld approved CCFs for Customer 41 on at least three occasions, with facility limits ranging from \$3,000,000 to \$5,000,000 and totalling at least \$12,000,000 (item 6, table 1, s6 of the Act).

While a customer of Star Qld, Customer 41 remitted funds to and from her FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 41's risk profile* below.

1515. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 41.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 41's risk profile

1516. On and from 30 November 2016, Customer 41, and the provision of designated services to Customer 41 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 41's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 41 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 41;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on six occasions between 27 October 2008 and 6 November 2009.

The SMRs reported that, between 26 October 2008 and 6 November 2009, Customer 41 and persons associated with her junket transacted using large amounts of cash and cash that appeared suspicious at Star Sydney, including large volumes of cash in small denomination notes. These cash transactions totalled at least \$2,680,000.

- ii. Customer 41 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

In 2015 and 2016, Customer 41 operated two junkets at Star Sydney, all of which were funded by Customer 41.

Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 41 was \$6,208,995, with cumulative losses of \$324,180.

Although Customer 41 was a player on some of her own junkets, in 2015, Star Sydney recorded a cumulative turnover of \$555,815 for Customer 41 as a junket player on her own junkets, despite not being a player on those junkets.

Customer 41 had one junket representative at Star Sydney.

Customer 41 and her junket representative facilitated the provision of high-value designated services to five junket players at Star Sydney.

See paragraphs 643 to 649 above.

- iii. in 2016, Customer 41 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

In 2016, Customer 41's turnover on junket programs was \$3,885,180 with wins of \$290.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 41 by remitting large amounts of money into the casino environment via her accounts;

Particulars

See paragraph 327 above.

For example, on 15 October 2015, Star Sydney received a telegraphic transfer of \$88,353, which it made available to Customer 41. The funds were transferred for the purpose of redeeming an outstanding CCF.

This transaction was conducted through the Star Patron account channel.

- v. between 31 August 2015 and 3 November 2016, Star Sydney provided Customer 41 with significant amounts of credit upon request, up to limits of \$3,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 31 August 2015 and 3 November 2016, Star senior management, including the Chief Executive Officer, the Chief Financial Officer and the Star Sydney Managing Director, approved the provision of at least \$4,000,000 in single trip CCFs, between \$1,000,000 and \$3,000,000 to Customer 41 on at least two occasions.

- vi. Customer 41, and persons associated with her junket, transacted using large amounts of cash and cash that appeared suspicious, including notes in small denominations, at Star Sydney;

Particulars

TTRs

Between 14 June 2013 and 14 September 2015, Star Sydney gave the AUSTRAC CEO three TTRs totalling \$36,691 involving Customer 41, including:

- a. two TTRs, totalling \$26,050, detailing chip and cash exchanges; and

- b. one TTR totalling \$10,641.40 detailing other monetary values out.

Large and suspicious transactions in 2008 and 2009

On 26 October 2008, Customer 41 deposited \$150,000 in cash into her FMA at Star Sydney. The cash was comprised of \$50 notes. Star Sydney considered this transaction to be suspicious: SMR dated 27 October 2008.

On 5 February 2009, a representative for Customer 41's junket presented \$500,000 in cash at Star Sydney, including over \$470,000 in \$50 notes. The funds were subsequently used to fund a buy-in on Customer 41's junket: SMR dated 5 February 2009.

On 20 February 2009, Customer 41 deposited \$500,000 in cash into her FMA at Star Sydney. Star Sydney considered that this transaction was suspicious due to the large amount of cash involved: SMR dated 23 February 2009.

- vii. Customer 41 engaged in transactions at Star Sydney indicative of ML/TF typologies and vulnerabilities, including refining and quick turnover of money (without betting);

Particulars

On 5 November 2009, Customer 41 deposited \$500,000 in cash comprised of \$50 notes into her FMA at Star Sydney. Star Sydney considered that this transaction was suspicious as it involved a large amount of cash: SMR dated 6 November 2009.

On 6 November 2009, Customer 41 withdrew \$549,619.25 in cash as part of the settlement of a junket program at Star Sydney. Star Sydney initially offered Customer 41 the \$50 notes that she had used for her original buy-in. However, Customer 41 refused to accept this cash and instead requested \$100 notes. Star Sydney then paid Customer 41 in \$100 notes. Star Sydney considered that this transaction was highly suspicious as Customer 41 had recorded minimal turnover and a large amount of cash was used in the transaction: SMR dated 6 November 2009.

See particulars to paragraph 1516.a.viii.

- viii. designated services provided to Customer 41 included safe deposit boxes at Star Sydney; and

Particulars

On 23 February 2009, Customer 41 deposited a cheque for \$484,958 at a Star Sydney private gaming room and withdrew the funds in cash. Star Sydney considered that this transaction was suspicious due to the large amount of cash involved. Customer 41 then briefly played at a gaming table before leaving the private gaming room and placing most of the cash into a Star Sydney safe deposit box. Shortly

after this, Customer 41 withdrew the cash from the safe deposit box:
SMR dated 24 February 2009.

- ix. Customer 41, and persons associated with her junket, transacted using large amounts of cash at Star Qld;

Particulars

TTRs

Between 4 June 2010 and 20 August 2012, Star Qld gave the AUSTRAC CEO five TTRs, totalling \$219,437, detailing chip and cash exchanges involving Customer 41.

Customer 41's risk profile from 30 November 2016

- b. Customer 41 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2017 and 2020, Customer 41 operated ten junkets at Star Sydney;
 - ii. Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 41 in the relevant period was \$57,984,687, with cumulative losses of \$1,943,285;

Particulars

In 2017, junkets operated by Customer 41 at Star Sydney had turnover of \$33,626,012 with losses of \$1,080,105.

In 2018, junkets operated by Customer 41 at Star Sydney had turnover of \$12,216,051 with losses of \$314,965.

In 2019, junkets operated by Customer 41 at Star Sydney had turnover of \$12,142,624 with losses of \$548,215.

- iii. although Customer 41 was a junket player on some of her own junkets, between 2017 and 2020, Star Sydney recorded a cumulative turnover of \$33,860,990 for Customer 41 as a junket player on her own junkets, despite her not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1516.e below.

- iv. Customer 41 had seven junket representatives at Star Sydney; and
- v. Customer 41 and her junket representatives facilitated the provision of high-value designated services to 47 junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 41 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

- i. in 2017, Customer 41 was recorded to be a player on three junkets she operated herself at Star Sydney; and
 - ii. in 2017, Star Sydney recorded turnover totalling \$15,433,535, with wins of \$257,935, for Customer 41's gaming activity on junket programs;
- d. Customer 41 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;
- i. between 2017 and 2018, Customer 41 operated three junkets at Star Qld;
 - ii. Star Qld recorded that the total cumulative turnover of junkets operated by Customer 41 in the relevant period was \$22,312,602 with losses of \$918,263;

Particulars

In 2017, junkets operated by Customer 41 had turnover of \$9,085,310 with wins of \$40,060 at Star Gold Coast.

In the 2017 calendar year, Customer 41 was among the top ten junket operators who operated the largest number of junket programs at Star Gold Coast.

In 2018, junkets operated by Customer 41 had turnover of \$13,227,292 with losses of \$958,323 at Star Gold Coast.

- iii. although Customer 41 was a junket player on some of her own junkets, between 2018, Star Qld recorded a cumulative turnover of \$6,155,292 for Customer 41 as a junket player on her own junket despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1516.e below.

- iv. between 2017 and 2018, total benefits of \$111,993 were payable to Customer 41, by Star Qld, in her capacity as a junket operator for rebates earned, complimentary services, additional program agreement benefits and non-gaming complimentary services, such as hotel rooms and airport transfers;

Particulars

Customer 41 was entitled to benefits from Star Qld in her capacity as a junket operator.

- a. In 2017, total benefits of \$19,105 were payable to Customer 41.
 - b. In 2018, total benefits of \$92,888 were payable to Customer 41.
- v. Customer 41 operated junkets in private gaming rooms, including private gaming rooms that were exclusive to the junket;

Particulars

Customer 41 operated junkets in non-exclusive private gaming rooms at Star Qld, including Pit 6, Pit 7 and Pit 11.

Customer 41 operated junkets in exclusive private gaming rooms at Star Qld, including Pit 10.

- vi. Customer 41 had two junket representatives at Star Qld; and
- vii. Customer 41 and her junket representatives facilitated the provision of high value designated services to 27 junket players at Star Qld;

Particulars

See paragraphs 643 to 649 above.

- e. Customer 41 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. in 2018, Customer 41 was recorded to be a player on one junket she operated herself at Star Qld; and
 - ii. in 2018, Star Qld recorded turnover totalling \$2,431,000, with wins of \$38,290, for Customer 41's gaming activity on junket programs;
- f. designated services provided to Customer 41 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- g. Customer 41 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney, other than through junket programs. Between 2016 and 2017, Star Sydney recorded individual rated turnover totalling \$54,837 for Customer 41;

Particulars

See paragraph 752 above.

In 2016, Customer 41's individual rated turnover was \$15,727.

In 2017, Customer 41's individual rated turnover was \$39,110.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 41 by remitting large amounts of money into the casino environment via her accounts;

Particulars

See paragraph 327.

Between 16 December 2016 and 29 January 2020, Star Sydney received eight telegraphic transfers totalling \$563,256, each of which was made available to Customer 41's SKA. At least \$558,596 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 41 by remitting large amounts of money into and out of the casino environment via her accounts;

Particulars

Remittances involving third parties

See paragraph 278 above.

For example, on 10 August 2018, a third party company in Australia transferred \$10,000 to Star Qld, which it made available to Customer 41. The transaction narrative did not specify the sender or recipient of the funds. Star Qld identified these details after it made enquiries with its bank, who then made enquiries with the sending bank, and it received an image from the phone of a customer who claimed the funds. Star Qld was not aware of any connection between Customer 41 and the third party company: SMR dated 21 August 2018.

This transaction was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

On 6 September 2018, Star Qld received two telegraphic transfers, totalling \$479,486, both of which were made available to Customer 41's account at Star Gold Coast. The funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

For example, on 16 March 2017, Star Qld facilitated a telegraphic transfer of \$5,663 from Customer 41's FMA at Star Gold Coast to an Australian bank account.

This transaction was conducted through the Star Patron account channel.

- j. Customer 41, and persons associated with her junket, transacted using large amounts of cash, and cash that appeared suspicious, at Star Sydney, including large volumes of cash in small denominations, bundled with straps and elastic bands, and presented in envelopes and shopping bags;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 10 April 2017 and 9 May 2019, Star Sydney gave the AUSTRAC CEO 22 TTRs, totalling \$6,509,578, involving Customer 41, including:

- a. three incoming TTRs, totalling \$5,302,680;
- b. 19 outgoing TTRs, totalling \$1,205,898;

- c. 16 TTRs, totalling \$749,780, detailing chip and cash exchanges; and
- d. six TTRs, totalling \$5,759,798, detailing account deposits and withdrawals.

Large and suspicious transactions in 2017

On 22 May 2017, Customer 41's junket representative, Person 1, exchanged \$205,000 in chips for cash on Customer 41's behalf at Star Sydney.

On 18 October 2017, Person 1 deposited \$202,680 in cash into Customer 41's junket account at Star Sydney. The cash was presented in four large envelopes in bundles of \$5,000 bound together in elastic bands. The cash was comprised of \$72,400 in \$100 notes, \$130,200 in \$50 notes, \$60 in \$20 notes and \$20 in \$10 notes.

On 21 October 2017, Customer 41's junket representative presented \$180,000 in cash at Star Sydney. The cash was contained in a sealed white envelope with the logo of an Australian bank which was itself contained in a shopping bag. The cash was comprised of \$179,000 in \$50 notes and \$1,000 in \$100 notes, in bundles of \$5,000 bound together with elastic bands. The representative requested that Star Sydney exchange the cash for \$100 notes. Star Sydney completed this transaction. The representative then presented another \$90,000 in cash comprised of \$100 notes and requested that Star Sydney staff count the cash. Once this was completed, the junket representative placed the cash, totalling \$270,000, into the safe deposit box for Customer 41's junket program: SMR dated 23 October 2017.

On 22 October 2017, Customer 41's junket representative presented \$130,000 in cash at Star Sydney. The cash was sealed within a white envelope and was comprised entirely of \$50 notes in bundles of \$5,000, bound together with red elastic bands. The representative requested that Star Sydney exchange the cash for \$100 notes and Star Sydney completed this transaction. The representative then placed the cash into the safe deposit box for Customer 41's junket program: SMR dated 23 October 2017.

On 23 October 2017, Customer 41's junket representative withdrew \$202,680 in cash from Customer 41's SKA at Star Sydney on Customer 41's behalf.

On 27 October 2017, a Star Sydney patron opened an account at Star Sydney and presented \$212,225 in cash. The cash was contained in a white envelope with the logo of an Australian bank and was comprised of mostly \$100 and \$50 notes bound together with elastic bands. The patron then deposited this cash into his newly-opened account and requested that the funds be transferred to Customer 41: SMR dated 30 October 2017.

On 24 November 2017, a representative of Customer 41's junket presented \$100,000 in cash and a personal cheque at Star Sydney. The cash was comprised entirely of \$100 notes. It was presented in two white envelopes with the logo of another Australian casino. It was wrapped into two bricks of \$50,000 with rubber bands and strapped into 20 bundles of \$5,000. The straps were stamped and signed. The envelopes were also sealed and wrapped with large rubber bands. The representative requested that the funds be deposited into his personal account and then transferred to Customer 41's SKA for the purpose of redeeming an outstanding CCF. He presented an authority letter for this purpose. Star Sydney subsequently transferred the funds.

Large and suspicious transactions in 2018

On 20 August 2018, a representative of Customer 41's junket deposited \$100,000 in cash into Customer 41's junket account at Star Sydney. The cash was comprised entirely of \$50 notes in good condition and was bundled into lots of \$5,000 with rubber bands at each end.

Large and suspicious transactions in 2019

On 8 May 2019, a representative of Customer 41's junket, Person 8, requested \$154,438 in cash from Star Sydney for a junket program settlement. Star Sydney fulfilled the request. Star Sydney did not deem this activity unusual as the amount requested was not excessive for a junket.

- k. Customer 41 and persons associated with her junket engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Sydney, including:
 - i. structuring; and

Particulars

See paragraph 25 above.

For example, between 10 August 2018 and 12 August 2018, Customer 41 and her associates engaged in transactions indicative of the ML/TF typology of structuring at Star Sydney. This consisted of six transactions totalling \$20,500.

- ii. refining;

Particulars

See paragraph 25 above.

For example, on 21 October 2017 and 22 October 2017, Customer 41 and her associates engaged in transactions indicative of the ML/TF typology of refining at Star Sydney. This consisted of two transactions totalling \$309,000.

See particulars to paragraph 1516.j above.

- l. Customer 41 transacted using large amounts of cash at Star Qld;

Particulars

On 27 February 2017 and 28 February 2017, Star Qld gave the AUSTRAC CEO two TTRs, totalling \$54,705, involving Customer 41, detailing account withdrawals and other monetary value out.

- m. Customer 41 and persons associated with her junket engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring and cuckoo-smurfing at Star Qld; and

Particulars

See paragraph 25 above.

On 10 August 2018, a person deposited \$15,000 in cash at an ATM of an Australian bank in four separate transactions within minutes of each other and transferred the funds to Star Qld on each occasion.

The transactions consisted of two transactions of \$5,000 and two transactions of \$2,500. The transaction narrative for each deposit did not specify the sender or recipient of the funds. Customer 41 subsequently presented a copy of four ATM receipts at Star Qld and claimed the funds. She subsequently used these funds, along with another \$10,000 in cash that she received on the same day, to redeem a cheque. Star Qld considered that the transactions were structured to avoid reporting requirements. Star Qld did not identify the person who made the deposits: SMR dated 21 August 2018.

On 12 August 2018, a person deposited \$5,500 in cash at an ATM of an Australian bank in two separate transactions within the same minute and transferred the funds to Star Qld on each occasion. The transactions consisted of one transaction of \$5,000 and another of \$500. Customer 41 subsequently claimed the funds.

- n. Star Sydney and Star Qld did not have adequate reason to believe that Customer 41's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 41 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

On 23 July 2018, Customer 41 advised Treasury Brisbane that she was the director of a ship repairs business in a foreign jurisdiction.

In its due diligence records, Star Sydney and Star Qld recorded two different occupations for Customer 41, including junket operator and junket representative.

At no time did Star Sydney and Star Qld take appropriate steps to verify its understanding of Customer 41's source of wealth and source of funds, in circumstances where:

- a. Star Sydney and Star Qld made available to Customer 41 funds deposited via its bank accounts which were indicative of ML/TF typologies such as structuring or cuckoo smurfing;

- b. from 30 November 2016, turnover on junkets operated by Customer 41 exceeded \$57 million at Star Sydney and \$22 million at Star Qld; and
- c. Customer 41 and her junket representative transacted with large amounts of suspicious cash, including cash comprised of small denominations: see *Customer 41's risk profile*.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 41

1517. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 41 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 41.
- a. On and from 30 November 2016, Customer 41 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 41's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 41 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 23 May 2017, Customer 41 was rated medium risk, being medium for the purpose of the Act and Rules.

On 18 January 2021, Customer 41 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 41's transactions

1518. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 41's transactions:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 41, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 41's junket as turnover was recorded against Customer 41 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 41 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- e. Star Sydney and Star Qld provided designated services to Customer 41 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 41.

Particulars

Star senior management were not specifically informed of nine large and suspicious cash incidents involving Customer 41 between 22 May 2017 and 8 May 2019: see *Customer 41's risk profile*.

The review, update and verification of Customer 41's KYC information

- 1519. Star Sydney and Star Qld did not review, update and verify Customer 41's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of 'KYC information', in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 41's business with Star Sydney and Star Qld, including the nature, extent and purpose of her transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 41's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 41's source of wealth and source of funds were not legitimate: see *Customer 41's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 41's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 41.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of 'KYC information', in relation to a customer who is an individual, in r1.2.1 of the Rules.

Between 23 May 2017 and 17 December 2019, Star Sydney and Star Qld conducted searches of publicly available media in respect of Customer 41.

Failure to apply appropriate due diligence suited to Customer 41's high ML/TF risks

1520. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 41 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 41; and
 - c. reviewing and updating Customer 41's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 41 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 41*.

ECDD triggers in respect of Customer 41

1521. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 41 following any ECDD triggers in respect of Customer 41.

Particulars

Section 36(1)(a) and (b) of the Act.
Rules 15.9(3) and 15.10 of the Rules.

1522. Customer 41:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 23 October 2017 and 30 October 2017, Star Sydney gave the AUSTRAC CEO three SMRs with respect to Customer 41.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

On 21 August 2018, Star Qld gave the AUSTRAC CEO two SMRs with respect to Customer 41.

1523. Each matter pleaded in paragraph 1522 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1524. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 41 following an ECDD trigger because:

- a. on each occasion that Star Sydney or Star Qld conducted ECDD in respect of Customer 41 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 41, the provision of designated services to Customer 41 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney or Star Qld's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 809 above.

Between 9 May 2019 and 8 February 2021, Star Sydney and Star Qld conducted ECDD in respect of Customer 41.

The ECDD screenings in respect of Customer 41 consisted of risk intelligence searches.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 41's higher ML/TF risks, including:

- a. Star Sydney and Star Qld made available to Customer 41 funds deposited via its bank accounts which were indicative of ML/TF typologies such as structuring or cuckoo smurfing;
- b. from 30 November 2016, turnover on junkets operated by Customer 41 exceeded \$57 million at Star Sydney and \$22 million at Star Qld; and

- c. Customer 41 and her junket representative transacted with large amounts of suspicious cash, including cash comprised of small denominations: see Customer 41's risk profile above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 41's source of funds or source of wealth, in circumstances where Star recorded two different stated occupations for Customer 41 and did not take appropriate steps to verify this information.

By reason of the matters set out above, there were real risks that Customer 41's source of wealth and source of funds were not legitimate: see *Customer 41's risk profile*.

- b. Customer 41 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

See paragraph 810 above.

Rules 15.10(6) and (7) of the Rules.

Contravention of s36 of the Act in respect of Customer 41

- 1525. By reason of the matters pleaded from paragraphs 1511 to 1524, on and from 30 November 2016, Star Sydney and Star Qld:
 - a. did not monitor Customer 41 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

- 1526. By reason of the matters pleaded at paragraph 1525, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 41.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 42

- 1527. Customer 42 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$180 million for Customer 42.

Particulars

Customer 42 was a customer of Star Sydney from at least 1 May 2010.

1528. Star Sydney provided Customer 42 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator and a junket player. In 2017, Star Sydney recorded that junkets operated by Customer 42 had a turnover exceeding \$180 million.

Particulars

On 1 May 2014, Star Sydney opened an FMA and SKA for Customer 42 which remain open (item 11, table 3, s6 of the Act).

Between 4 April 2014 and 23 September 2017, Star Sydney approved CCFs for Customer 42 on 11 occasions ranging from \$2,500,000 to \$17,500,000 with an additional limit for that trip only of \$6,250,000 (item 6, table 1, s6 of the Act).

See Customer 42's risk profile below.

1529. Customer 42 was a customer of Star Qld during the relevant period.

Particulars

Customer 42 was a customer of Star Qld from at least 3 May 2015.

1530. Star Qld provided Customer 42 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

Between 17 January 2019 and 22 January 2019, Customer 42 was a player on a junket at Star Qld operated by Customer 6 (table 3, s6 of the Act).

Between 22 April 2015 and 13 May 2017, Star Qld approved CCFs for Customer 42 on four occasions ranging from \$2,000,000 with an additional limit for that trip only of \$500,000, to \$5,000,000 with an additional limit for that trip only of \$2,500,000 (item 6, table 1, s6 of the Act).

See Customer 42's risk profile below.

1531. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 42.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 42's risk profile

1532. On and from 30 November 2016, Customer 42, and the provision of designated services to Customer 42 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 42's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 42 had the following risk history:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 42;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on three occasions between 9 October 2014 and 5 May 2015.

The SMRs reported that Customer 42, and persons associated with his junket, transacted using large amounts of cash at Star Sydney: see paragraph 1532.a.vi below.

- ii. Customer 42 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

Star Sydney approved Customer 42 to be a junket operator on 1 May 2014.

Between 1 October 2015 and 27 November 2016, Customer 42 operated five junkets at Star Sydney.

By 30 November 2016, junkets operated by Customer 42 had a turnover of \$266,917,170 with losses of \$5,908,255.

Customer 42 had three junket representatives at Star Sydney. Customer 42 facilitated the provision of high value financial and gaming services to 52 junket players at Star Sydney.

- iii. Customer 42 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld;

Particulars

Customer 42 was approved to be a junket operator at Star Qld on 3 June 2015.

In 2015, Customer 42 was one of the top ten junket operators who operated the highest number of junket programs at Star Gold Coast.

Between 7 October 2015 and 20 October 2015, Customer 42 operated a junket at Star Qld.

Customer 42 provided \$1,975,000 in front money for the junket.

The junket operated by Customer 42 had a turnover of \$3,239,860 with losses of \$228,500.

Total benefits of \$23,996 were payable to Customer 42 by Star Qld in his capacity as a junket operator for rebates earned, complimentary services and additional program agreement benefits.

Customer 42 operated the junket in an exclusive private gaming room, Pit 7.

Customer 42 had one junket representative at Star Qld. Customer 42 facilitated the provision of high value financial and gaming services to two junket players at Star Qld.

- iv. Customer 42 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 1 October 2015 and 24 July 2016, Customer 42 was a junket player on four junkets operated by Customer 42 himself.

By 30 November 2016, Customer 42's turnover on junket programs was \$254,106,684 with losses of \$179,845.

- v. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 42 by remitting large amounts of money into the casino environment via his accounts;

Particulars

See paragraph 327 above.

Between 2 July 2015 and 31 August 2016, Star Sydney received nine telegraphic transfers totalling \$6,348,078, each of which was made available to Customer 42's SKA. At least \$2,573,078 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

- vi. Customer 42, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 28 April 2010 and 28 November 2016, Star Sydney gave the AUSTRAC CEO 80 TTRs in respect of Customer 42 totalling \$3,153,145, which were comprised of:

- a. 76 outgoing TTRs totalling \$3,077,665;
- b. four incoming TTRs totalling \$75,480;
- c. \$2,452,365 in chip or cash exchanges; and
- d. \$700,780 in account deposits or withdrawals.

On 6 October 2014, Customer 42's junket representative exchanged \$137,000 in chips for cash: SMR dated 9 October 2014.

On 7 October 2014, Customer 42 settled a junket program and took \$182,736 in cash: SMR dated 9 October 2014.

On 3 May 2015, Customer 42's junket representative exchanged \$300,000 in chips for cash: SMR dated 5 May 2015.

On 29 April 2016 and 19 July 2016, Customer 42's junket representative exchanged \$250,000 and \$111,450 in chips for cash.

- vii. Customer 42 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

On 12 May 2015, Star Qld gave the AUSTRAC CEO four TTRs in respect of Customer 42 totalling \$197,170, which were comprised of chip or cash exchanges.

- viii. between 4 April 2014 and 30 June 2016, Star Sydney provided Customer 42 and his junket programs with significant amounts of credit upon request, up to a limit of \$12,500,000 with an additional limit for that trip only of \$6,250,000; and

Particulars

See paragraph 516 to 518 and 552 above.

Between 4 April 2014 and 30 June 2016, Star Sydney senior management, including the Chief Executive Officer, the Chief Financial Officer and the Group General Counsel and Company Secretary, approved CCFs for Customer 42 ranging from \$2,500,000 to \$12,500,000 with an additional limit for that trip only of \$6,250,000.

- ix. between 22 April 2015 and 7 October 2015, Star Qld provided Customer 42 and his junket programs with significant amounts of credit upon request, up to a limit of \$3,500,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 22 April 2015, Star Qld senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a single trip CCF limit of \$2,000,000 with an additional limit for that trip only of \$500,000 for Customer 42.

On 7 October 2015, Star Qld senior management, including the Chief Executive Officer and the Chief Financial Officer approved a single trip CCF limit of \$3,500,000 for Customer 42.

Customer 42's risk profile from 30 November 2016

- b. Customer 42 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 31 March 2017 and 30 September 2017, Customer 42 operated six junkets at Star Sydney;
 - ii. between 31 March 2017 and 30 September 2017, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 42 was \$184,402,179 with losses of \$856,174;
 - iii. although Customer 42 was a player on some of his own junkets, between 23 June 2017 and 30 June 2017, Star Sydney recorded a cumulative turnover of \$4,426,630 for Customer 42 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 1532.c below.

- iv. between 13 May 2017 and 23 September 2017, Star Sydney provided Customer 42 and his junket programs with significant amounts of credit upon request, up to a limit of \$17,500,000 with an additional limit for that trip only of \$6,250,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 13 May 2017, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a permanent active CCF limit of \$12,500,000 with an additional limit for that trip only of \$6,250,000 for Customer 42 which was deactivated on 21 November 2017.

On 23 September 2017, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a permanent active CCF limit of \$17,500,000 with an additional limit for that trip only of \$6,250,000 for Customer 42 which was deactivated on 21 November 2017.

- v. Customer 42 had five junket representatives at Star Sydney; and
- vi. Customer 42 and his junket representatives facilitated the provision of high value designated services to 34 junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 42 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 1 September 2017 and 16 September 2019, Customer 42 was a player on five junkets at Star Sydney operated by three junket operators including Customer 34 and Customer 6;
 - ii. three of the junkets were funded by a person other than the junket operator, being Customer 5; and
 - iii. between 31 March 2017 and 16 September 2019, Star Sydney recorded high turnover totalling \$175,776,549 with losses of \$1,511,690 for Customer 42's gaming activity on junket programs;
- d. Customer 42 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 17 January 2019 and 22 January 2019, Customer 42 was a player on a junket at Star Qld operated by Customer 6;
 - ii. the junket was funded by a person other than the junket operator, being Customer 5; and
 - iii. at no time did Star Qld record Customer 42's individual gaming activity on junket programs he attended as a junket player;

- e. designated services provided to Customer 42 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- f. in 2016 and 2017, Customer 42 was one of the top five customer debtors to Star Sydney;

Particulars

In 2016, Customer 42 owed a debt of \$3,781,254 to Star Sydney.

In 2017, Customer 42 owed a debt of \$3,461,254 to Star Sydney.

- g. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 42 by remitting large amounts of money into the casino environment via his accounts;

Particulars

See paragraph 327 above.

Between 27 July 2017 and 17 August 2018, Star Sydney received eight telegraphic transfers totalling \$485,595, each of which was made available to Customer 42's SKA. At least \$250,000 of the funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

- h. Star Sydney was aware that:
 - i. Customer 42 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;
 - ii. Customer 42, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 3 April 2017 and 29 September 2017, Star Sydney gave the AUSTRAC CEO 37 outgoing TTRs in respect of Customer 42 totalling \$2,853,457, which were comprised of:

- a. \$1,218,740 in chip or cash exchanges; and
- b. \$1,634,717 in account deposits or withdrawals.

On 3 April 2017, one of Customer 42's junket representatives settled a junket program by cashing out \$301,833: SMR dated 4 April 2017.

On 20 May 2017, one of Customer 42's junket representatives exchanged a large amount of chips for cash. The funds were for a junket player: SMR dated 22 May 2017.

On 23 May 2017, one of Customer 42's junket representatives settled a junket. The junket representative withdrew \$629,744 in cash on behalf of Customer 42: SMR dated 23 May 2017.

On 31 July 2017, one of Customer 42's junket representatives exchanged \$433,150 in chips for cash. Following the transaction, the junket representative was observed delivering the cash to a junket player. On 1 August 2017, the junket representative settled the program with a cash out of \$523,128. Star Sydney noted that the transaction was unusual given the large amount of cash taken over a short period: SMR dated 2 August 2017.

- i. between 5 April 2017 and 13 May 2017, Star Qld provided Customer 42 with significant amounts of credit upon request, up to limits of \$5,000,000 with an additional limit for that trip only of \$2,500,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 5 April 2017, Star Qld senior management including the Chief Executive Officer and the Chief Financial Officer approved a permanently active CCF limit of \$5,000,000 for Customer 42 which was not deactivated.

On 13 May 2017, Star Qld approved a permanently active CCF limit of \$5,000,000 with an additional trip only limit of \$2,500,000 for Customer 42 which was deactivated on 21 November 2017.

- j. Customer 42 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 42 had access to private gaming rooms at Star Sydney, including Rivers Salons, Harbours Salons, Springs Salons, Lakes Salons and the Sovereign Room.

- k. Customer 42 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 42 had access to private gaming rooms at Star Qld, including the Club, Salon 99, Pit 8 and the Club Conrad.

- l. Star Sydney and Star Qld did not have adequate reason to believe that Customer 42's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 42 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 42 had business interests in a foreign country.

In 2017 alone, Customer 42's junkets recorded a turnover in excess of \$180 million at Star Sydney. In 2016 and 2017, Customer 42 owed over \$3 million to Star Sydney. Despite the high value designated services provided to him, Star had no further information in respect of Customer 42's source of wealth or source of funds.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 42

1533. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 42 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 42.
- a. On and from 30 November 2016, Customer 42 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 42's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 42 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 9 October 2014, Customer 42 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 22 February 2021, Customer 42 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 42's transactions

1534. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 42's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 42, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 42's junket as turnover was recorded against Customer 42 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 42 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 42 through the junket channel;

Particulars

See paragraph 783 above.

- f. Star Sydney and Star Qld provided designated services to Customer 42 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 6509 above.

- g. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 42.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 42 on 3 April 2017, 20 May 2017, 23 May 2017 and 31 July 2017: See *Customer 42's risk profile*.

The review, update and verification of Customer 42's KYC information

- 1535. Star Sydney and Star Qld did not review, update and verify Customer 42's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 42's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 42's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 42's source of wealth or source of funds: see *Customer 42's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 42's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 42.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 42's high ML/TF risks

1536. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 42 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 42; and
 - c. reviewing and updating Customer 42's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 42 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 42*.

1537. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 42 appropriately;

- b. applying appropriate risk-based transaction monitoring to Customer 42; and
- c. reviewing and updating Customer 42's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would likely have rated Customer 42 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1538. Had Star Qld rated Customer 42 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 42.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 42

1539. Star Sydney were required to apply the ECDD Programs to Customer 42 following any ECDD triggers in respect of Customer 42.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1540. Customer 42 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 4 April 2017 and 2 August 2017, Star Sydney gave the AUSTRAC CEO four SMRs with respect to Customer 42.

1541. The matter pleaded in paragraph 1540 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1542. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 42 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 42 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 42, the provision of designated services to Customer 42 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 809 above.

On 22 February 2021, Star conducted ECDD in respect of Customer 42.

Star understood that Customer 42 had business interests in a foreign country. Despite the high value designated services provided to him, Star had no further information in respect of Customer 42's source of wealth or source of funds.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 42's higher ML/TF risks: see *Customer 42's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 42's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 42's source of wealth or source of funds: see *Customer 42's risk profile*.

- b. Customer 42 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite.

Particulars

See paragraph 810 above.

Rules 15.10(6) and (7) of the Rules.

Contravention of s36 of the Act in respect of Customer 42

- 1543. By reason of the matters pleaded from paragraphs 1527 to 1542 above, on and from 30 November 2016, Star Sydney:
 - a. did not monitor Customer 42 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

- 1544. By reason of the matters pleaded from paragraphs 1527 to 1542 above, on and from 30 November 2016, Star Qld:
 - a. did not monitor Customer 42 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1545. By reason of the matters pleaded at paragraphs 1543 and 1544, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 42.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 43

1546. Customer 43 was a customer of Star Sydney during the relevant period. In 2017, Star Sydney recorded turnover exceeding \$5 million for Customer 43.

Particulars

Customer 43 was a customer of Star Sydney from at least 18 April 2008.

1547. Star Sydney provided Customer 43 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket operator. In 2017, Star Sydney recorded that junkets operated by Customer 43 had a turnover exceeding \$5 million.

Particulars

On 4 March 2009, Star Sydney opened an FMA and SKA for Customer 43 which were closed on 9 September 2021 (item 11, table 3, s6 of the Act).

Between 11 June 1999 and 26 June 2017, Star Sydney approved CCFs for Customer 43 on seven occasions ranging from \$250,000 to \$25,000,000 (item 6, table 1, s6 of the Act).

See Customer 43's risk profile below.

1548. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 43.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 43's risk profile

1549. On and from 30 November 2016, Customer 43, and the provision of designated services to Customer 43 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 43's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 43 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 43;

Particulars

Star Sydney gave the AUSTRAC CEO SMRs on 19 September 2011 and 27 November 2013.

The SMRs reported that Customer 43 and his junket representative engaged in large cash transactions: see paragraph 1549.a.vii below.

- ii. Customer 43 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

On 18 April 2008, Customer 43 was approved to be a junket operator at Star Sydney.

Between 16 July 2015 and 5 September 2015, Customer 43 operated two junkets at Star Sydney.

In 2015, junkets operated by Customer 43 recorded a turnover of \$36,827,440 with losses of \$167,025.

- iii. Customer 43 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 31 August 2015 and 5 September 2015, Customer 43 was a player on his own junket.

Customer 43 recorded a turnover of \$19,757,400 with wins of \$435,500.

- iv. Customer 43 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high individual rated turnover totalling \$418,745 for Customer 43;

Particulars

See paragraph 752 above.

- v. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 43 by remitting large amounts of money into the casino environment via his accounts;

Particulars

See paragraph 327 above.

For example, on 21 August 2015, Star Sydney received a telegraphic transfer of \$584,936, which it made available to Customer 43's FMA.

The funds were transferred for the purpose of redeeming an outstanding CCF.

This transaction was conducted through the Star Patron account channel.

- vi. between 11 June 1999 and 23 June 2016, Star Sydney provided Customer 43 with significant amounts of credit upon request, up to limits of \$10,000,000; and

Particulars

See paragraph 516 to 518 and 552 above.

On 11 June 1999, Star Sydney approved a single trip CCF limit of \$3,750,000 for Customer 43.

On 6 July 2015, 26 August 2015 and 23 March 2016, Star Sydney senior management, including the Chief Financial Officer and the Chief Executive Officer, approved a single trip CCF limit of \$12,500,000 with an additional limit for that trip only of \$6,250,000 for Customer 43.

On 18 September 2015, Star Sydney senior management, including the General Manager VIP Credits and Collections, approved a single trip CCF limit of \$250,000 for Customer 43.

On 23 June 2016, Star Sydney senior management, including the Chief Executive Officer and the General Manager VIP Credit and Collections, approved a single trip CCF limit of \$25,000,000 for Customer 43.

- vii. Customer 43, and persons associated with his junket, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

In September 2011 and November 2013, Customer 43 and his junket representative took a total of \$624,693 in cash for the settlement of a junket program. Star Sydney considered these transactions to be suspicious due to the large amount of cash involved: SMRs dated 19 September 2011 and 27 November 2013.

Customer 43's risk profile from 30 November 2016

- b. Customer 43 was a junket operator who facilitated the provision of high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 26 June 2017 and 30 June 2017, Customer 43 operated a junket at Star Sydney;
 - ii. between 26 June 2017 and 30 June 2017, Star Sydney recorded that the turnover of the junket operated by Customer 43 was \$5,915,065 with losses of \$326,950;
 - iii. in 2017, total benefits exceeding \$190,000 were payable to Customer 43 by Star Sydney in his capacity as a junket operator;
 - iv. on 26 June 2017, Star Sydney provided Customer 43 and his junket program with a significant amount of credit upon request, up to a limit of \$12,500,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 26 June 2017, Star Sydney senior management, including the Chief Executive Officer and the Star Sydney Managing Director, approved a single trip CCF limit of \$12,500,000 for Customer 43.

- v. Customer 43 had four junket representatives at Star Sydney; and
- vi. Customer 43 and his junket representatives facilitated the provision of high value designated services to two junket players at Star Sydney;

Particulars

See paragraphs 643 to 649 above.

- c. Customer 43 was recorded to be a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 26 June 2017 and 30 June 2017, Customer 43 was recorded to be a player on the junket at Star Sydney operated by Customer 43 himself; and
 - ii. between 26 June 2017 and 30 June 2017, Star Sydney recorded high turnover totalling \$1,238,926 with losses of \$1,830 for Customer 43's gaming activity on the junket program;
- d. designated services provided to Customer 43 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- e. Customer 43 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 43 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Springs Salon and Lakes Salon.

- f. Star Sydney did not have adequate reason to believe that Customer 43's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 43 at Star Sydney.

Particulars

See paragraph 808 above.

Star understood that Customer 43 was a director and shareholder of several companies.

By 30 November 2016, Customer 43 and his junket representatives had transacted using large amounts of cash. In 2017 alone, Customer 43's junkets recorded a turnover exceeding \$5 million at Star Sydney.

Despite this, Star Sydney did not take steps to review, update and verify Customer 43's source of wealth or source of funds in light of the high value designated services provided to him.

Star Sydney's determination of the ML/TF risks posed by Customer 43

1550. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 43 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 43.

- a. On and from 30 November 2016, Customer 43 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 43's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 43 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

Until 14 April 2021, Customer 43 did not have a risk rating at Star Sydney.

On 14 April 2021, Customer 43 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 43's transactions

1551. At no time did Star Sydney apply appropriate transaction monitoring to Customer 43's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 43, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 43 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- d. Star Sydney provided designated services to Customer 43 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 43's KYC information

- 1552. Star Sydney did not review, update and verify Customer 43's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 43's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 43's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 43's source of wealth or source of funds: see *Customer 43's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 43's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 43.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

On 16 April 2021, Star Sydney conducted due diligence in respect of Customer 43, which did not identify any adverse information.

Star Sydney understood that Customer 43 was a director and shareholder of several companies. However, Star Sydney did not take steps to review, update and verify Customer 43's source of wealth or source of funds in light of the high value designated services provided to him.

The due diligence conducted by Star Sydney did not have appropriate regard to Customer 43's higher ML/TF risks: see *Customer 43's risk profile* above.

Failure to apply appropriate due diligence suited to Customer 43's high ML/TF risks

1553. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 43 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 43; and
 - c. reviewing and updating Customer 43's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 43 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1554. Had Star Sydney rated Customer 43 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 43.

Particulars

Rule 15.9 of the Rules.

Contravention of s36 of the Act in respect of Customer 43

1555. By reason of the matters pleaded from paragraphs 1546 to 1554 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 43 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1556. By reason of the matters pleaded at paragraph 1555, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 43.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

INTERNATIONAL CUSTOMERS

Customer 44

1557. Customer 44 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$780 million for Customer 44.

Particulars

Customer 44 was a customer of Star Sydney from at least 26 August 2012.

1558. Star Sydney provided Customer 44 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period, including services as a junket player.

Particulars

On 29 May 2017, Star Sydney opened an FMA and SKA for Customer 44, which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 44 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 44's risk profile below.

1559. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 44.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 44's risk profile

1560. On and from 30 November 2016, Customer 44, and the provision of designated services to Customer 44 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 44's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 44 had the following risk history:
- i. Customer 44 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through a junket program;

Particulars

Customer 44 was a junket player on one program operated by one junket operator.

In 2016, Customer 44's turnover on junket programs was \$17,467,840 with wins of \$449,675.

- ii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 44 by remitting large amounts of money into the casino environment via her accounts; and

Particulars

See paragraph 327 above.

For example, on 3 November 2016, Star Sydney received a telegraphic transfer of \$532,100, which it made available to Customer 44's account.

This transaction was conducted through the Star Patron account channel.

- iii. Customer 44 transacted using large amounts of cash;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 28 August 2012 and 7 September 2012, Star Sydney gave the AUSTRAC CEO seven TTRs detailing chip and cash exchanges made by Customer 44 totalling \$247,070.

Between 28 February 2014 and 5 March 2014, Star Sydney gave the AUSTRAC CEO two TTRs detailing account withdrawals involving Customer 44 totalling \$200,000.

Customer 44's risk profile from 30 November 2016

- b. Customer 44 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. in 2017, Customer 44 was a player on two junkets at Star Sydney operated by one junket operator; and
 - ii. in 2017, Star Sydney recorded high turnover of \$131,148,030 with wins of \$4,084,160 for Customer 44's gaming activity on junket programs;
- c. designated services provided to Customer 44 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. from 2020, Customer 44 was known to be connected to other junket operators, including junket operators who Star Sydney considered had acted suspiciously, such as Customer 3;

Particulars

See paragraph 1560.g.

- e. Customer 44 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2019, Star Sydney recorded high turnover totalling \$651,321,203 for Customer 44;

- i. in 2019, Star Sydney recorded individual rated turnover totalling \$1,716 for Customer 44; and

Particulars

See paragraph 752 above.

- ii. in 2019, Star Sydney recorded high turnover on individual rebate programs totalling \$651,319,487 for Customer 44 with losses of \$1,706,100;

Particulars

See paragraph 623 above.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 44 by remitting large amounts of money into the casino environment via her accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 31 May 2017 and 11 March 2019, Star Sydney received a telegraphic transfer of \$1,200,000, and two telegraphic transfers totalling HKD31,733,740 into its foreign currency account, each of which was made available to Customer 44's account.

On 12 March 2019, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$5,794,302 where Customer 44 was named as the ordering customer and the beneficiary. The funds were deposited into Customer 44's Star Sydney account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

On 17 November 2017, Star Sydney sent a telegraphic transfer of \$4,306,852 from Customer 44's account to an unknown recipient.

On 30 March 2019, Star Sydney sent two telegraphic transfers totalling \$2,274,966, and a telegraphic transfer totalling NZD\$6,000,000, from Customer 44's FMA to Australian bank accounts.

On 30 March 2019, Star Sydney sent a telegraphic transfer of HKD19,733,741 from Customer 44's account to an overseas bank account.

Each of the above transactions was conducted through the Star Patron account channel.

- g. Customer 44, and persons associated with Customer 44, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 18 March 2019 and 29 March 2019, Star Sydney gave the AUSTRAC CEO six TTRs detailing chip and cash exchanges made by Customer 44 totalling \$381,075.

On 19 March 2019, Star Sydney gave the AUSTRAC CEO one TTR detailing account withdrawals made by Customer 44 totalling \$60,000.

Large and suspicious cash transactions in 2019

On 20 March 2019, Customer 44 cashed out \$128,825 in chips.

On 21 March 2019, Customer 44 deposited \$330,000 in cash into their Star Sydney FMA. The cash was presented in \$100 notes and bundled in straps issued by Star. Star Sydney considered it to be an unusually large amount of cash. Star Sydney had recorded that Customer 44 had also withdrawn cash exceeding this amount in the previous week: SMR dated 22 March 2019.

On 28 March 2019, Customer 44 withdrew \$300,000 in cash at the settlement of a junket program they had played on. Star Sydney considered the amount of this withdrawal to be excessive: SMR dated 20 March 2019.

On 31 December 2019, the following events occurred:

- a. a junket representative requested that Star Sydney exchange an amount in a foreign currency into Australian dollars. The cash was in bundles of and bound with elastic bands. Star Sydney returned some of the cash to the junket representative as the notes were in poor condition. The remaining foreign currency was exchanged into \$5,405,103;
- b. Star Sydney queried the source of the cash in foreign currency and was advised that it had been transported by Customer 44 to Australia, that Customer 44 had declared the currency when they arrived in Australia, that Customer 44 had used some of the cash to buy-in to a junket program operated by Customer 3 at another Australian casino, that Customer 44 had lost the funds used for the buy-in, and that Customer 44 was providing the remaining funds to Star Sydney for the purpose of redeeming Customer 3's outstanding CCF; and
- c. Star Sydney deposited \$5,405,103 into the junket representative's FMA, and transferred \$5,128,687 to Customer 3's FMA. The balance of \$276,416 remained in the junket representative's FMA. At the time that Star gave the AUSTRAC CEO the SMR reporting these events, the funds had not been used to redeem the CCF: SMR dated 2 January 2020.

- h. Customer 44 was the subject of law enforcement enquiries on one occasion at Star Sydney; and

Particulars

On 6 January 2020, Star Sydney received a request from a law enforcement agency for information regarding Customer 44.

- i. Star Sydney did not have adequate reason to believe that Customer 44's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 44 at Star Sydney.

Particulars

See paragraph 808 above.

Until January 2020, Star had recorded Customer 44's occupation as housewife.

By 24 January 2020, Star's AML team had recorded Customer 44's occupation as assistant to the chairman of an overseas company.

At all times, Customer 44's turnover was not consistent with her source of wealth.

See particulars to paragraphs 1560.e and 1560.f.

Star Sydney's determination of the ML/TF risks posed by Customer 44

1561. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 44 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 44.

- a. On and from 30 November 2016, Customer 44 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 44's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 44 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 21 March 2019, Customer 44 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 22 March 2019, Customer 44 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 17 February 2020, Customer 44 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 44's transactions

1562. At no time did Star Sydney apply appropriate transaction monitoring to Customer 44's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 44, Star Sydney's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 44 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 44's KYC information

1563. Star Sydney did not appropriately review, update and verify Customer 44's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 44's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 44's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

At all times, Customer 44's turnover was high. In 2019, her turnover escalated significantly and she frequently presented large amounts of cash and cash that appeared suspicious.

Up until January 2020, Star Sydney understood Customer 44 to be a housewife and did not identify any additional income or sources of wealth.

By reason of the matters set out above, there were real risks that Customer 44's source of wealth and source of funds were not legitimate: see *Customer 44's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 44's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 44.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 44's high ML/TF risks

- 1564. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 44 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 44; and
 - c. reviewing and updating Customer 44's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 44 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 44*.

ECDD triggers in respect of Customer 44

- 1565. Star Sydney was required to apply the ECDD Programs to Customer 44 following an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

1566. Customer 44 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 22 March 2019 and 2 January 2020, Star Sydney gave the AUSTRAC CEO three SMRs with respect to Customer 44.

1567. The matter pleaded in paragraph 1566 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1568. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 44 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 44 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 44 and the provision of designated services to Customer 44 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 810 above.

On 21 March 2019 and 31 December 2019, Star Sydney conducted ECDD in respect of Customer 44.

By January 2020, the Group Manager AML/CTF and Financial Crime informed the JRAM that extensive actions and due diligence had been conducted in respect of Customer 44. By this date, Star's ECDD screening in respect of Customer 44 involved:

- a. open source searches for Customer 44's name, which indicated their occupation to be assistant to the chairman of an overseas company; and
- b. risk intelligence searches on Customer 44's name.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 44's higher ML/TF risks: see *Customer 44's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 44's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 44's source of wealth and source of funds were not legitimate: see *Customer 44's risk profile*.

- b. Customer 44 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 44 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 44 and the provision of designated services to Customer 44 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between 16 January 2020 and 20 February 2020, Customer 44 was discussed at JRAMMs and PAMMs on the basis of the 31 December 2019 transaction: see *Customer 44's risk profile* above.

The minutes of JRAMM on 16 January 2020 noted that enquiries were to be made into Customer 44's occupation which was then recorded as 'housewife' in Star's Synkros system. It was also noted that Star had been provided with a document (which Star referred to as a deed) describing how the junket representative received the funds from Customer 44, and that the funds were only accepted by Star after the information in the document was verified. The JRAMM increased Customer 44's risk rating from medium risk to high risk;

The minutes of the PAMM on 13 February 2020 noted that Customer 44 was removed from the list of customers to be considered by the PAMM.

The minutes from the JRAMM on 20 February 2020 noted that in January 2020 Customer 44 had been added to the list of customers to be considered by JRAM. It was also noted that Customer 44 was to be removed from the JRAM agenda because there was substantial evidence, including the document that Star referred to as a deed, to support how the funds came into the possession of the junket representative, and because Customer 44 was a known high value player.

Contravention of s36 of the Act in respect of Customer 44

1569. By reason of the matters pleaded from paragraphs 1557 to 1568 above, on and from 30 November 2016, Star Sydney:
 - a. did not monitor Customer 44 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1570. By reason of the matters pleaded at paragraph 1569, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 44.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 45

1571. Customer 45 was a customer of Star Sydney during the relevant period. Between 2016 and 2021, Star Sydney recorded turnover exceeding \$6.8 billion for Customer 45.

Particulars

Customer 45 was a customer of Star Sydney from at least 8 March 2015.

On 18 September 2020, Star Sydney issued a WOL in respect of Customer 45 at the direction of the General Manager, Compliance and Responsible Gambling for 'undesirable behaviour'.

1572. Star Sydney provided Customer 45 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 9 March 2015, Star Sydney opened an FMA and SKA for Customer 45 under his primary account number, which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 45 remitted funds to and from his FMA (items 31 and 32, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Customer 9 channels, which it made available to Customer 45 (items 31 and 32, table 1, s6 of the Act).

See Customer 45's risk profile below.

1573. Customer 45 was a customer of Star Qld during the relevant period. Between 2016 and 2019, Star Qld recorded turnover exceeding \$902 million for Customer 45.

Particulars

Customer 45 was a customer of Star Qld from at least 1 May 2015.

On 22 August 2019, Star Qld issued a WOL in respect of Customer 45 for disorderly conduct, which expired on 22 February 2020. On 31 May 2021, Star Qld reactivated the WOL previously issued in respect of Customer 45.

1574. Star Qld provided Customer 45 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 9 March 2015, Star Qld opened an FMA and SKA for Customer 45 under his primary account number, which was closed on 31 May 2021 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 45 remitted funds to and from his FMA and SKA (items 31 and 32, table 1, s6 of the Act).

See *Customer 45's risk profile* below.

1575. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 45.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 45's risk profile

1576. On and from 30 November 2016, Customer 45, and the provision of designated services to Customer 45 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 45's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 45 had the following risk history:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 45;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 14 occasions between 10 March 2015 and 11 March 2016.

The SMRs reported that between 9 March 2015 and 9 May 2015, Customer 45 and persons associated with him were involved in multiple large cash transactions at Star Sydney totalling at least \$2,200,000.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 45;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 8 August 2016.

The SMR reported an escalation in the volume of front money presented by Customer 45 for gambling activity.

- iii. Customer 45 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high turnover totalling \$5,054,641 for Customer 45;

Particulars

See paragraph 752 above.

In 2015, Customer 45's individual rated turnover was \$294,301.

See paragraph 623 above.

In 2015, Customer 45's turnover on individual rebate programs was \$4,760,340 with losses of \$927,975.

- iv. in 2016, Customer 45 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs;

Particulars

See paragraph 623 above.

In May 2015, Customer 45 attended Star Qld with front money of \$50,000. In August 2016, Customer 45 played on an individual rebate program at Star Qld and provided \$165,000 in cash as front money.

By 7 August 2016, Customer 45 had played with all of the front money funds and lost \$160,000. Star Qld considered that there had been an escalation in front money funds: SMR dated 8 August 2016.

Between August 2016 and October 2016, Customer 45 played on at least 11 individual rebate programs, recording cumulative turnover of \$176,226,825 with losses of \$16,163,790.

- v. in 2015 and 2016, Customer 45 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs. Between 2015 and 2016, Star Sydney recorded turnover totalling \$2,509,701,636 with losses of \$36,154,060 for Customer 45's gaming activity on junket programs;

Particulars

Between 2015 and 2016, Customer 45 was a player on 19 junkets at Star Sydney operated by two junket operators, including Customer 19. Between 2015 and 2016, Star Sydney recorded turnover totalling \$2,509,701,636 with losses of \$36,154,060 for SU's gaming activity on junket programs.

In 2015, Customer 45's turnover on junket programs was \$41,839,720 with losses of \$2,192,660.

In 2016, Customer 45's turnover on junket programs was \$2,467,861,916 with losses of \$33,961,400.

- vi. in 2016, Customer 45 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs. In 2016, Star Qld recorded turnover totalling \$133,579,362 with losses of \$4,830,770 for Customer 45's gaming activity on junket programs;

Particulars

In 2016, Customer 45 was a player on one junket operated by a junket operator.

- vii. on 11 October 2016, Customer 45 was referred to Star Qld by Customer 4;
Particulars

See paragraph 625 above.

On 11 October 2016, Customer 45 was referred to Star Qld by Customer 4. Customer 4 arranged for Customer 45 to attend Star

Qld on a rebate program without Customer 4 or his junket representative being present.

Customer 4 received a commission on amounts wagered by Customer 45, whom Star Qld dealt with directly.

- viii. on 19 occasions, Star Sydney provided Customer 45 with significant amounts of credit upon request, up to limits of \$1,090,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 25 April 2015 and 9 March 2016, Star Sydney provided CCFs between \$50,000 and \$1,090,000 on 19 occasions.

On 17 occasions, the CCFs were provided to Customer 45 on a 'temporary' basis while funds obtained through the Hotel Card channel were cleared, and were approved by senior management at Star, including the Chief Executive Officer.

- ix. Star Qld provided designated services (items 31 and 32, table 1, s6) to Customer 45 by remitting large amounts of money into the casino environment via his accounts, including through the Bank 1 (Macau) cash channel which involved higher ML/TF risks;

Particulars

See paragraphs 372 and 382 to 384 above.

Between 9 September 2016 and 14 September 2016, unknown persons deposited a total of \$781,700 in cash at Bank 1 which Star Qld made available to Customer 45 through the Bank 1 (Macau) cash channel:

- a. on 9 September 2016, an unknown person deposited \$573,000 in cash at Bank 1, which Star Sydney made available to Customer 45.
- b. on 14 September 2016, an unknown person deposited \$208,700 in cash at Bank 1, which Star Sydney made available to Customer 45.
- x. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 45 by remitting large amounts of money into the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

Between 14 July 2015 and 9 March 2016, Customer 45 received a total of \$2,770,000 through the Hotel Card channel at Star Sydney.

Other remittances into the casino environment

See paragraph 327 above.

On 31 July 2015, Star Sydney received three telegraphic transfers totalling \$380,000, each of which was made available to Customer 87's FMA. The funds were transferred for the purpose of redeeming outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

- xi. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 45 by remitting large amounts of money into the casino environment via his accounts;

Particulars

See paragraph 327 above.

On 10 September 2016, Star Qld received a telegraphic transfer of \$192,000 from Star Sydney, which it made available to Customer 45's FMA at Star Gold Coast.

Between 14 September 2016 and 14 October 2016, Star Qld gave the AUSTRAC CEO five incoming IFTIs totalling \$6,498,700 where Customer 45 was named as the ordering customer and beneficiary.

The funds were used for gambling on a commission program.

Each of the above transactions was conducted through the Star Patron account channel.

- xii. Customer 45 transacted using large amounts of cash at Star Sydney;

Particulars

TTRs

Between 10 March 2015 and 7 September 2016, Star Sydney gave the AUSTRAC CEO 82 TTRs totalling \$5,568,361, which comprised:

- a. 26 TTRs detailing chip and cash exchanges made by Customer 45 totalling \$667,450;
- b. 23 TTRs detailing account deposits made by Customer 45 totalling \$2,821,000;
- c. 21 TTRs detailing account withdrawals made by Customer 45 totalling \$1,583,080;
- d. one TTR detailing other monetary value in made by Customer 45 totalling \$52,669; and
- e. 11 TTRs detailing other monetary value out made by Customer 45 totalling \$444,162.

- xiii. Customer 45 transacted using large amounts of cash at Star Qld;

Particulars

Between 5 March 2015 and 11 October 2016, Star Qld gave the AUSTRAC CEO 12 TTRs totalling \$737,100 comprising:

- a. one TTR detailing a chip and cash exchange made by Customer 45 totalling \$10,000;
 - b. 9 TTRs detailing account deposits made by Customer 45 totalling \$555,000; and
 - c. 2 TTRs detailing account withdrawals made by Customer 45 totalling \$172,100.
- xiv. Customer 45 engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 14 May 2015, Customer 45 transferred \$4,000,000 and \$2,000,000 from his Star Sydney account to Customer 66's account, who was his wife, who withdrew the funds as two Star non-winnings cheques: SMR dated 15 May 2015.

On 9 March 2016, Customer 45 played on a junket operated by Customer 19. Star Sydney issued two Star cheques from the junket operator's FMA of \$2,700,000 and \$3,000,000 in favour of Customer 45's wife, Customer 66, despite the fact that she had not recorded any play on the junket.

- xv. in 2016, Customer 45 requested that Star Sydney prepare letters purportedly confirming his winnings, in circumstances where these letters did not on each occasion reflect Customer 45's overall wins and losses;

Particulars

For example, on 9 July 2016, Star Sydney issued one letter of comfort purportedly confirming Customer 45's winnings totalling \$3,235,000.

- xvi. in 2014 and 2015, Star Sydney and Star Qld were aware that Customer 45 was using a money remitter to access funds in Australia;

Particulars

In May 2014, Customer 45 came to the attention of the Star investigations team after making cash deposits involving old \$50 notes totalling \$700,000 in May. The Compliance Manager, Group Risk, Compliance and Assurance recorded that the Investigations team suspected that Customer 45 was using a money remitter to access funds in Australia.

- xvii. in 2014 and 2015, Star Sydney and Star Qld obtained inconsistent information regarding Customer 45's occupation but took no steps to resolve the inconsistencies;

Particulars

In 2014, the Compliance Manager, Group Risk, Compliance and Assurance obtained information that Customer 45 held shares in an overseas mine and had legitimate access to large amounts of money.

In 2015, the PAMM obtained information that Customer 45 was a 'trader'.

- xviii. in 2014, Star Sydney was aware that a law enforcement agency was considering questioning Customer 45 about his source of funds; and

Particulars

In 2014, the Investigations Analyst recorded that:

a. Star Sydney contacted police regarding Customer 45's transactions and that police had considered questioning Customer 45 about his source of funds; and

b. Star Sydney had urged police to be cautious about asking Customer 45 about his source of funds because Star Sydney believed Customer 45 was a legitimate businessman with access to legitimate funds.

- xix. between 2015 and 2016, Star Sydney was aware that Customer 45 frequently engaged in violent behaviour towards his associates and destroyed casino property while engaging in gaming activity;

Particulars

Between 29 April 2015 and 22 May 2015, Customer 45 engaged in violent behaviour on two occasions, including kicking over a drinks trolley, and assaulting his junket operator and associate Customer 19 in a lift. Following the assault, Star Sydney gave Customer 45 a warning.

On 1 October 2016, Customer 45 engaged in violent behaviour at Star Sydney, including throwing teacups at his personal assistant and punching his associate Customer 19. Following the incident, Star Sydney excluded Customer 45 for three months from the property.

Customer 45's risk profile from 30 November 2016

- b. Customer 45 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
- i. between 2017 and 2020, Customer 45 was a player on 97 junkets at Star Sydney operated by five junket operators, including the Suncity junket operators, Customer 4 and Customer 3, as well as Customer 19 and Customer 6;
- ii. between 2017 and 2020, Star Sydney recorded high and escalating turnover totalling \$3,146,398,437 with losses of \$83,285,200 for Customer 45's gaming activity on junket programs; and

Particulars

In 2017, Customer 45 played on 21 junket programs operated by 4 different junket operators:

- a. on eight junket programs operated by Customer 19, Customer 45's turnover was \$1,092,972,517 with losses of \$42,808,550;
- b. on 11 Suncity junket programs operated by Customer 4, Customer 45's turnover was \$306,460,700 with wins of \$450,700;
- c. on one junket program operated by Customer 6, Customer 45's turnover was \$249,358,720 with losses of \$9,999,950; and
- d. on one junket program operated by another junket operator, Customer 45's turnover was \$323,435,710 with losses of \$15,000,000.

In 2019, Customer 45's turnover on Suncity junket programs operated by Customer 3 was \$1,005,779,840 with losses of \$17,211,025.

In 2020, prior to COVID-19 pandemic border closures, Customer 45's turnover on 16 Suncity junket programs operated by Customer 3 was \$168,390,950 with wins of \$1,283,625.

- iii. several of the junkets were funded by a person other than the junket operator, including by Suncity junket funder, Customer 1, and Customer 5;
- c. Customer 45 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. in 2019, Star Qld recorded high and escalating turnover totalling \$90,212,200 with wins of \$13,995,000 for Customer 45's gaming activity on six Suncity junkets at Star Qld operated by a Suncity junket operator, Customer 3; and
 - ii. all of the junkets were funded by a person other than the junket operator, including Customer 1;
- d. designated services provided to Customer 45 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- e. Customer 45 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2020, Star Sydney recorded high turnover totalling \$3,674,022,456 for Customer 45;
 - i. between 2016 and 2021, Star Sydney recorded high individual rated turnover totalling \$37,753,500 for Customer 45; and

Particulars

See paragraph 752 above.

In 2016, Customer 45's individual rated turnover was \$8,087,799.

In 2017, Customer 45's individual rated turnover escalated to \$12,833,150.

In 2018, Customer 45's individual rated turnover was \$6,791,542.

In 2019, Customer 45's individual rated turnover was \$5,057,688.

In 2020, Customer 45's individual rated turnover was \$4,983,321.

- ii. between 2017 and 2020, Star Sydney recorded high turnover on individual rebate programs totalling \$3,674,022,456 for Customer 45, with losses of \$26,078,165;

Particulars

See paragraph 623 above.

Between 2017 and 2020, Customer 45 played on 187 individual rebate programs at Star Sydney.

In 2017, Customer 45's turnover on individual rebate programs was \$326,657,890 with losses of \$20,713,225.

In 2018, Customer 45's turnover on individual rebate programs escalated significant to \$1,925,233,556 with wins of \$5,279,700.

In 2019, Customer 45's turnover on individual rebate programs was \$886,769,130 with wins of \$444,115.

In 2020, Customer 45's turnover on individual rebate programs was \$508,361,880 with losses of \$11,088,755.

- f. Customer 45 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs; Between 2016 and 2019, Star Qld recorded high and escalating turnover totalling \$812,658,359 for Customer 45;
 - i. between 2016 and 2019, Star Qld recorded high and escalating individual rated turnover totalling \$5,941,546 for Customer 45; and

Particulars

See paragraph 752 above.

In 2016, Customer 45's individual rated turnover was \$18.

In 2018, Customer 45's individual rated turnover escalated to \$2,011,045.

In 2019, Customer 45's individual rated turnover further escalated to \$3,930,484.

- ii. between 2018 and 2019, Star Qld recorded high turnover on individual rebate programs totalling \$806,716,300 for Customer 45;

Particulars

See paragraph 623 above.

Between 2018 and 2019, Customer 45 played on 97 individual rebate programs at Star Qld.

In 2018, Customer 45's turnover on individual rebate programs was \$734,791,850 with losses of \$11,491,300.

In 2019, Customer 45's turnover on individual rebate programs was \$71,924,450 with wins of \$1,467,500.

- g. Customer 45 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose at Star Sydney and Star Qld;

Particulars

2018

By 2 March 2018, Star Qld was aware that:

- a. Customer 45 was at the time recorded to be winning \$16,000,000 at Star Gold Coast;
- b. Customer 45 had lost \$2,200,000 at Star Sydney, and had lost a total of \$90,000,000 since 1 March 2017;
- c. Customer 45 held 13 casino cheques issued by Star Gold Coast totalling \$18,240,000 and held cash of \$370,000;
- d. Customer 45's occupation was recorded as 'mining';
- e. Customer 45 mitigated his rated gaming by taking a cheque when winning; and
- f. on 18 February 2018, a junket operator Customer 19 transferred \$33,733,416 to Customer 45's SKA. Star noted that it was unclear where the funds came from as the rated gaming for the accounts did not support the volume of funds, but observed that Customer 19 had multiple accounts.

2019

Between 28 February 2019 and 3 March 2019, Customer 45 engaged in the following transactions:

- a. on 28 February 2019, Customer 45 arrived at Star Qld. Customer 45 transferred \$9,000,000 from his Star Sydney account to his Star Qld account to commence play on an individual rebate program. Star Qld could not determine the initial funds held by Customer 45 at Star Sydney to start with, because Customer 45 had a main account and 40 sub accounts, at least half of which he used each trip. Customer 45 was accompanied by an unknown third party to Star Qld;
- b. on 1 March 2019, Customer 45 played on the main gaming floor at Star Qld. Star Qld considered that this was unusual for Customer 45. Customer 45 played together with another customer, Person 12, who presented \$119,000 in chips to the cashiers on the main gaming floor. A Star Sydney staff member, who was with the customers, advised that the chips were Customer 45's. Person 12 then changed his mind and cashed out \$94,000. Person 12 then deposited \$100,000 in \$100 notes into one of Customer 45's accounts and he was issued with a chip purchase voucher for the same amount. He lost all of these funds;
- c. on 2 March 2019, Star Qld received \$2,600,000 into its bank account for the credit of Customer 45. Star Qld requested that the bank provide further information as to the source of funds. By 6 March 2019, Star Qld's bank advised that the funds had been transferred from a bank account;

- d. on 4 March 2019, Customer 45 requested a \$10,350,000 telegraphic transfer from his Star Qld account to his personal bank account. Star Qld prepared a letter of comfort for Customer 45 on 4 March 2019 stating that Customer 45 had won \$10,350,000 from gaming activities at Customer 45's request, in which he claimed he needed a letter with specific wording for his bank to accept the funds. On 5 March 2019, Star Qld retracted the letter and issued a second letter of comfort with different wording, describing the \$10,350,000 figure as the balance of Customer 45's SKA. Star Qld identified that similar letters were usually supplied to customers returning to certain jurisdictions where some banks require a letter from Star Qld that matches the amount of funds sent. However, Customer 45 transferred the funds to an Australian bank in Sydney; and
- e. between 28 February 2019 and 3 March 2019, Customer 45 attended 21 commission programs at Star Qld. He won on 12 programs, lost on eight programs and broke even on one program. His total winnings were \$1,015,000: SMR dated 5 March 2019.
- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 45 by remitting large amounts of money into, out of and within the casino environment his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Customer 9 channels

See paragraphs 398, 421, 439, 440 and 441 above.

On 6 March 2018, deposits through the Customer 9 channels totalling HKD17,857,150 were made available by Star Sydney to Customer 45's account.

Other remittances into the casino environment

See paragraph 327 above.

On 8 March 2018, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$2,917,215 where Customer 45 was named as the ordering customer and beneficiary. The funds were deposited into Customer 45's Star Sydney account.

Between 19 November 2018 and 10 January 2020, Star Sydney received 10 telegraphic transfers totalling \$18,000,000, each of which was made available to Customer 45's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 13 November 2018 and 23 May 2022, Star Sydney sent 25 telegraphic transfers totalling \$178,302,824 from Customer 45's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 20 February 2018 and 22 November 2018, Star Sydney sent seven telegraphic transfers totalling \$20,000,000 from Customer 45's account to Star Qld.

On 21 October 2018, Star Sydney received a telegraphic transfer of \$4,092,345 from Star Qld, which it made available to Customer 45's account.

For example, see particulars to paragraph 1576.g and 1576.u.

- i. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 45 by remitting large amounts of money out of and within the casino environment via his accounts;

Particulars

Remittances out of the casino environment

See paragraph 327 above.

For example, see particulars to paragraph 1576.g.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 20 February 2018 and 28 February 2019, Star Qld received 17 telegraphic transfers totalling \$45,800,000 from Star Sydney, each of which was made available to Customer 45's FMA at Star Gold Coast.

Between 19 October 2018 and 21 November 2018, Star Qld received four telegraphic transfers totalling \$12,000,000 from Star Sydney, each of which was made available to Customer 45's FMA at Treasury Brisbane.

On 21 October 2018 and 23 November 2018, Star Qld facilitated two telegraphic transfers totalling \$4,109,876 from Customer 45's FMA and SKA at Treasury Brisbane to Star Sydney.

On 7 March 2019, Star Qld facilitated a telegraphic transfer of \$3,326,682 from Customer 45's FMA at Star Gold Coast to Star Sydney.

For example, see particulars to paragraph 1576.g.

- j. Customer 45 and persons associated with Customer 45 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 20 February 2018 and 12 August 2019, Star Qld gave the AUSTRAC CEO 55 TTRs involving Customer 45 totalling \$2,009,990, including:

- a. 40 TTRs detailing chip and cash exchanges totalling \$1,492,250;
 - b. five TTRs detailing account deposits totalling \$338,600;
 - c. eight TTRs detailing account withdrawals totalling \$139,140; and
 - d. two TTRs detailing other monetary value out totalling \$40,000.
- k. Customer 45 and persons associated with Customer 45 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 20 March 2017 and 21 August 2020, Star Sydney gave the AUSTRAC CEO 104 TTRs involving Customer 45 totalling \$6,301,445, including:

- a. 64 TTRs detailing chip and cash exchanges totalling \$2,117,550;
- b. 13 TTRs detailing account deposits totalling \$915,000;
- c. 26 TTRs detailing account withdrawals totalling \$2,796,700; and
- d. 1 TTR detailing other monetary value out totalling \$472,195.

Large and suspicious cash transactions in 2017

On 16 October 2017, Star Sydney recorded that \$200,000 in cash had been withdrawn from Customer 45's FMA.

Large and suspicious cash transactions in 2018

On 19 February 2018, Star Sydney recorded that \$100,000 in cash and \$50,000 in chips had been withdrawn from Customer 45's SKA.

On 22 February 2018, Star Sydney recorded that \$100,000 in cash had been withdrawn from Customer 45's FMA.

Around 27 June 2018, Customer 45 had been playing on a program and wanted cash at settlement but did not want to wait for the cash to be counted so had deposited it into his account. Customer 45 then returned and requested \$483,173 from his account be transferred to another Star Sydney customer, Person 12. On 27 June 2018, Person

12 withdrew \$200,000 and \$283,173 in cash from his Star Sydney account. Star Sydney suspected that Person 12 had withdrawn the cash from his account to deliver to Customer 45: SMR dated 28 June 2018.

On 29 June 2018, Person 12 withdrew \$800,000 in cash from his account. \$300,000 of the funds were from a program settlement and the balance of the funds were transferred from Customer 45: SMR dated 29 June 2018.

Around 30 June 2018, Customer 45 transferred \$508,365 to Person 12. On 30 June 2018, the customer withdrew \$208,365 in cash from his account. Star Sydney suspected that Person 12 had withdrawn the cash from his account to deliver to Customer 45 as he had done previously: SMR dated 2 July 2018.

On 27 July 2018, Star Sydney recorded that \$150,000 in cash had been withdrawn from Customer 45's FMA, which Star Sydney had traced to winnings from a program settlement.

On 3 August 2018, Star Sydney recorded that \$500,000 in cash had been withdrawn from Customer 45's FMA, which Star Sydney had traced to winnings from a program settlement.

Large and suspicious cash transactions in 2019

See particulars to paragraph 1576.g.

On 18 February 2019, Star Sydney recorded that \$100,000 in cash in straps issued by Star was presented then deposited into Customer 45's FMA, but was not regarded as suspicious due to Customer 45's play history.

On 21 February 2019, Star Sydney recorded that \$100,000 in cash in straps issued by Star was presented then deposited into Customer 45's FMA, but was not regarded as suspicious due to Customer 45's play history.

On 22 February 2019, Star Sydney recorded that a total of \$300,000 in cash in straps issued by Star was deposited into Customer 45's FMA by another customer acting on Customer 45's behalf.

On 26 February 2019, Star Sydney recorded that \$105,000 in cash in straps issued by Star was deposited into Customer 45's FMA by another customer acting on Customer 45's behalf.

Large and suspicious cash transactions in 2020

On 26 February 2020, Star Sydney recorded that Customer 45 exchanged \$65,000 in chips for cash and withdrew \$35,000 in cash from his FMA.

On 16 March 2020, Star Sydney recorded that Customer 45 had withdrawn \$200,000 in cash from his FMA in order to access funds before the casino closed due to the COVID-19 pandemic.

On 22 March 2020, Star Sydney recorded that Customer 45 had withdrawn \$200,000 in cash from his FMA in order to access funds before the casino closed due to the COVID-19 pandemic.

On 17 July 2020, Star Sydney recorded that Customer 45 withdrew \$100,000 in cash from his FMA which Star Sydney traced to a program settlement in March 2020.

On 4 August 2020, Star Sydney recorded that Customer 45 withdrew \$200,000 in cash, which was not regarded as suspicious due to Customer 45's play history.

On 20 August 2020, Star Sydney recorded that Customer 45 withdrew a total of \$200,000 in cash, which was not regarded as suspicious due to Customer 45's play history.

Large and suspicious cash transactions in 2021

See particulars to paragraph 1576.u below.

- l. designated services provided to Customer 45 included EGM activity at Star Sydney;

Particulars

For example, on 6 July 2020, Star Sydney gave the AUSTRAC CEO one TTR detailing EGM payouts to Customer 45 totalling \$19,800.

- m. designated services provided to Customer 45 included EGM activity at Star Qld;

Particulars

For example, between 11 May 2018 and 20 June 2018, Star Qld gave the AUSTRAC CEO two TTRs detailing EGM payouts to Customer 45 totalling \$80,400.

- n. designated services provided to Customer 45 involved the provision by Star Qld of cheques in circumstances where Customer 45 recorded a win on an individual rebate program;

Particulars

2017

In October 2017, an application was made by a junket operator, Customer 19, to increase his CCF to \$20,000,000. An email sent by the Senior Vice President International Marketing requested that the CCF limit be approved subject to a request from Customer 45 that Star split the \$20,000,000 CCF into ten \$2,000,000 programs, and that Star would issue a winning cheque for each program that he won, regardless of the total cumulative win/loss figures across the ten programs.¹ The Chief Executive Officer and Chief Financial Officer approved increasing the credit limit to \$15,000,000, with an additional limit of \$5,000,000 on a trip only basis.

2018

See particulars to paragraph 1576.g.

- o. Customer 45 requested that Star Qld prepare letters purportedly confirming his winnings, in circumstances where these letters did not on each occasion reflect Customer 45's overall wins or losses;

Particulars

See paragraph 337 and 338 above.

2018

On 20 October 2018, Star Qld issued a letter of comfort purportedly confirming Customer 45's winnings totalling \$2,000,000.

2019

On 1 March 2019 and 4 March 2019, Star Qld issued a letter purportedly confirming Customer 45's winnings under individual rebate programs recorded under various account numbers allocated to Customer 45. The 4 March 2019 letter stated that Customer 45 had won \$10,350,000 from rated gaming activities. On 5 March 2019, Star Qld retracted the letter it had prepared on 4 March 2019 and reissued it to describe the \$10,350,000 as the balance of his SKA: SMR dated 5 March 2019.

See particulars to paragraph 1576.g.

On 5 March 2019, Star Qld prepared a further 12 letters purportedly confirming Customer 45's winnings under individual rebate programs recorded under various account numbers allocated to Customer 45 totalling \$16,092,500. This letter was issued in circumstances where Customer 45 had attended 21 individual rebate programs, where he won on 12 programs, lost on eight programs and broke even on one program, recording an overall win of \$1,015,000: SMR dated 5 March 2019.

Between 6 August and 28 August 2019, Star Qld issued a letter on 4 occasions purportedly confirming Customer 45's winnings under individual rebate programs recorded under various account numbers allocated to Customer 45.

- p. Customer 45 requested that Star Sydney prepare letters purportedly confirming his winnings, in circumstances where these letters did not on each occasion reflect Customer 45's total cumulative wins or losses;

Particulars

See paragraph 337 and 338 above.

2019

Between 28 May 2019 and 29 December 2019, Star Sydney issued approximately 23 letters of comfort purportedly confirming Customer 45's winnings totalling \$77,148,575.

2020

Between 5 January 2020 and 21 July 2020, Star Sydney issued approximately 15 letters of comfort purportedly confirming Customer 45's winnings totalling \$48,780,500.

- q. in 2020 and 2021, Customer 45 was the subject of law enforcement enquiries on two occasions at Star Sydney;

Particulars

In February 2020, Star Sydney received a request from law enforcement with respect to Customer 45.

On 7 May 2021, Star Sydney received a request from law enforcement with respect to Customer 45.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- r. Customer 45 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616.

Customer 45 had access to private gaming rooms at Star Sydney, including Chairman's room, Springs Salon, Lakes Salon, Rivers Salon, and Harbours Salon.

- s. Customer 45 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616.

Customer 45 had access to private gaming rooms at Star Qld, including The Club, Level 17 (Cage), Pit 8, Pit 66, Salon 21, Salon 22, Salon 66, Salon 88, and Sovereign Room.

- t. Star Sydney and Star Qld were aware that Customer 45 frequently engaged in violent behaviour towards his associates and destroyed casino property in the relevant period;

Particulars

On 20 June 2018 and 25 November 2018, Customer 45 destroyed casino property at Star Sydney, including throwing cards, shoes and tables around the room, throwing an ashtray at a fish tank (causing cracks), and throwing remotes at two televisions causing them to shatter.

On 5 March 2019, Customer 45 engaged in violent behaviour at Star Sydney, throwing punches at his associate, Person 12.

On 9 August 2019, Customer 45 engaged in violent behaviour at Star Gold Coast, attempting to assault an associate using a glass. Following the incident, law enforcement issued Customer 45 with an

infringement notice and Star Gold Coast issued a ten day exclusion order.

On 23 August 2019, having regard to the incident on 9 August 2019, Star senior management, including the Chief Executive Officer and the Group General Counsel and Company Secretary, agreed to issue Customer 45 with a WOL for a period of three months to apply to both properties. This was later extended to a six month WOL at Star Qld.

On 16 January 2020, Customer 45 destroyed casino property at Star Sydney including throwing ornaments and a glass of water at a television.

On 17 September 2020, Customer 45 destroyed casino property at Star Sydney including throwing a teapot, a rack of gaming chips and then a drinks trolley at a window, which shattered. Chips and cash which had been scattered around the room during the incident were collected and deposited back into Customer 45's FMA.

On 18 September 2020, Star Sydney re-issued a WOL in respect of Customer 45 for behavioural reasons and not as a result of an active consideration of the higher ML/TF risks posed by Customer 45.¹

- u. despite issuing a WOL in respect of Customer 45 on 18 September 2020, Star Sydney provided the designated services to Customer 45 through his FMA in 2021; and

Particulars

Around February 2021, Customer 45 requested to transfer \$500,000 from his FMA to his wife, Customer 66's FMA. On 26 February 2021, the transaction was approved by the General Manager Commercial Finance International Marketing following internal discussions.

On 27 February 2021, Star Sydney transferred \$500,000 from Customer 45's Star Sydney FMA to his wife, Customer 66's Star Sydney FMA. Customer 66 then withdrew the \$500,000 in cash and left the casino: SMR dated 3 March 2021.

On 31 March 2021, Customer 45 transferred \$500,000 from his Star Sydney account to his wife, Customer 66's, Star Sydney account. Customer 66 then withdrew the \$500,000 in cash and left the casino: SMR dated 31 March 2021.

On 10 November 2021, despite having been issued a WOL on 18 September 2020, Customer 45 transferred \$500,000 from his Star Sydney account to his wife, Customer 66's, Star Sydney account. Customer 66 then withdrew the \$500,000 in cash and left the casino: SMR dated 17 November 2021

- v. Star Sydney and Star Qld did not take steps to verify their understanding of Customer 45's source of wealth or source of funds to confirm it was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) recorded by Customer 45 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star Sydney and Star Qld variously recorded Customer 45's stated occupation was as a 'trader', as being in mining, as a manager and as the former founder and shareholder of an overseas resources company.

By 30 November 2016, Star investigators were of the view that Customer 45 had legitimate access to large amounts of money through his occupation: see *Customer 45's risk profile*.

At no time did Star Sydney and Star Qld did take appropriate steps to verify their assumptions regarding Customer 45's source of wealth or source of funds in circumstances where:

- a. between 2016 and 2019, Customer 45's recorded turnover on junket programs exceeded \$3.1 billion at Star Sydney and \$90 million at Star Qld; and
- b. between 2016 and 2020, Customer 45's turnover other than on junket programs exceeded \$3.6 billion at Star Sydney and \$800 million at Star Qld: see *Customer 45's risk profile*.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 45

1577. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 45 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 45.
- a. On and from 30 November 2016, Customer 45 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 45's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 45 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

On 1 April 2015, Customer 45 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 24 April 2015, Customer 45 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 8 March 2021, Customer 45 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 45's transactions

1578. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 45's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 45, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 45 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. international remittance channels, specifically the Customer 9 channels;

Particulars

See paragraph 441 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 45 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- e. Star Sydney and Star Qld provided designated services to Customer 45 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 45's KYC information

1579. Star Sydney and Star Qld did not review, update and verify Customer 45's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Programs did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 45's business with it, including the nature, extent and purpose of his transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 45's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 45's source of wealth and source of funds were not legitimate: see *Customer 45's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 45's KYC information on and from 30 November 2016, Star Sydney and Star Qld failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 45.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

On 6 December 2017, Star prepared a due diligence report on Customer 45. The report identified that:

- a. Customer 45 was not a PEP, did not have a criminal record in three overseas jurisdictions;
- b. there was no derogatory information in respect of Customer 45 in open source and risk intelligence databases; and

- c. Customer 45 was the founder and shareholder of a resources company in an overseas country, but had resigned and transferred his shares to another person in 2014.

Failure to apply appropriate due diligence suited to Customer 45's high ML/TF risks

1580. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 45 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 45; and
 - c. reviewing and updating Customer 45's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 45 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 45*.

ECDD triggers in respect of Customer 45

1581. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 45 following an ECDD trigger.

Particulars

Rules 15.9(3) and 15.10 of the Rules.

1582. Customer 45:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 26 June 2018 and 17 November 2021, Star Sydney gave the AUSTRAC CEO seven SMRs with respect to Customer 45.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

On 5 May 2019, Star Qld gave the AUSTRAC CEO two SMRs with respect to Customer 45.

1583. Each matter pleaded in paragraph 1582 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1584. Star Sydney and Star Qld did not carry out appropriate risk-based ECDD measures with respect to Customer 45 following an ECDD trigger, because:
 - a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 45 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 45, the provision of designated

services to Customer 45 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 809 above.

On 20 February 2019, 5 March 2019, 27 February 2021, 31 March 2021, Star Sydney and Star Qld conducted ECDD in respect of Customer 45.

The ECDD screenings in respect of Customer 45 did not identify any adverse matters in respect of Customer 45.

On 8 May 2020, Star Sydney and Star Qld conducted ECDD in respect of Customer 45 in his capacity as a Suncity junket player as part of Suncity ECDD review but did not identify any adverse matters in respect of Customer 45.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to his higher ML/TF risks: see *Customer 45's risk profile*.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 45's source of funds or source of wealth, in circumstances where:

- a. between 2016 and 2019, Customer 45's recorded turnover on junket programs exceeded \$3.1 billion at Star Sydney and \$90 million at Star Qld;
- b. between 2016 and 2020, Customer 45's turnover other than on junket programs exceeded \$3.6 billion at Star Sydney and \$800 million at Star Qld: see *Customer 45's risk profile*.

By reason of the matters set out above, there were real risks that Customer 45's source of wealth and source of funds were not legitimate: see *Customer 45's risk profile*.

- b. Customer 45 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 18 September 2020 for Star Sydney, and 31 May 2021 for Star Qld, that Customer 45 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 45, the provision of designated services to Customer 45 by Star Sydney and Star Qld, and whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810.

See particulars to paragraph 1579.d above.

On 23 August 2019, Customer 45 was excluded from Star Sydney, on the basis of 'undesirable behaviour'.

Around 23 August 2019, senior management, including the Chief Executive Officer and the Group General Counsel and Company Secretary, issued a temporary three month WOL against Customer 45 for 'disorderly conduct' at Star Qld and Star Sydney.

On 18 September 2020, Star Sydney re-issued a WOL in respect of Customer 45 for behavioural reasons and not as a result of an active consideration of the higher ML/TF risks posed by Customer 45.

In February and March 2021, Customer 45 was permitted to transfer a total of \$1,500,000 from his Star Sydney FMA to his wife's Star Sydney FMA, which was then withdrawn by his wife, Customer 66, in cash.

It was not until 31 May 2021 that Star Qld reissued the WOL in respect of Customer 45 initially issued by it in August 2019.

Contravention of s36 of the Act in respect of Customer 45

1585. By reason of the matters pleaded from paragraphs 1571 to 1584, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 45 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1586. By reason of the matters pleaded at paragraph 1585, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 18 September 2020 with respect to Customer 45.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1587. By reason of the matters pleaded at paragraph 1585, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 31 May 2021 for Star Qld with respect to Customer 45.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 46

1588. Customer 46 was a customer of Star Qld during the relevant period. Between 2016 and 2017, Star Qld recorded turnover exceeding \$680 million for Customer 46.

Particulars

Customer 46 was a customer of Star Qld from at least 29 November 2016.

1589. Star Qld provided Customer 46 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 29 November 2016, Star Qld opened an FMA for Customer 46 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 46 remitted funds to and from his FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 46's risk profile below.

1590. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 46.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 46's risk profile

1591. On and from 30 November 2016, Customer 46, and the provision of designated services to Customer 46 by Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 46's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 46 had the following risk history:
- i. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 46 by remitting large amounts of money into the casino environment via his accounts;

Particulars

See paragraph 327 above.

For example, on 8 September 2015, Star Sydney received a telegraphic transfer of \$686,555, which it made available to Customer 46's FMA.

This transaction was conducted through the Star Patron account channel.

- ii. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 46 by remitting large amounts of money into the casino environment from his accounts;

Particulars

See paragraph 327 above.

For example, on 5 December 2016 and 13 December 2016, Star Qld received two telegraphic transfers totalling \$1,050,000, both of which were made available to Customer 46's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

- iii. Customer 46 transacted using large amounts of cash at Star Qld; and

Particulars

See paragraphs 611 to 618 above.

On 29 November 2016, on his first visit to Star Qld, Customer 46 deposited \$118,000 in cash into his FMA. Star Qld noted that Customer 46 was on an individual rebate program. As it was his first visit with no prior transacting history, Star Qld considered the large amount of cash to be unusual: SMR dated 2 December 2016.

- iv. Customer 46 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. By 30 November 2016, Star Qld recorded high turnover on individual rebate programs totalling \$147,835,652 with losses of \$276,239 for Customer 46;

Customer 46's risk profile from 30 November 2016

- b. Customer 46 was a foreign PEP;

Particulars

See paragraph 115 above.

Customer 46 was a member of a foreign political body.

- c. Customer 46 was connected to the Suncity junket;

Particulars

By 9 February 2017, Star Qld was aware that Customer 46 was reportedly a patron at various foreign casinos as a customer of the Suncity junket.

- d. Customer 46 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2017, Star Qld recorded high and escalating turnover totalling \$680,702,925 for Customer 46;
 - i. between 2016 and 2017, Star Qld recorded high and escalating individual rated turnover totalling \$998,076 for Customer 46;

Particulars

See paragraph 752 above.

In 2016, Customer 46's individual rated turnover was \$305,503.

In 2017, Customer 46's individual rated turnover escalated to \$692,573.

- ii. in 2017, Star Qld recorded high turnover on individual rebate programs totalling \$679,704,849 for Customer 46, with losses of \$15,951,070;

Particulars

See paragraph 623 above.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 46 by remitting large amounts of money into, out of and within the casino environment via his accounts:

Particulars

Remittances out of the casino environment

See paragraph 327.

On 5 February 2018 and 21 February 2018, Star Qld facilitated two telegraphic transfers totalling \$40,000 from Customer 46's FMA at Star Gold Coast to an overseas bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances into the casino environment

See paragraph 327.

See paragraph 1591.f below.

These transactions were conducted through the Star Patron account channel.

Remittances within the casino environment

Particulars

See paragraphs 347 to 349 above.

See paragraph 1591.f below.

- f. Star Qld was aware that:
 - i. Customer 46 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
 - ii. Customer 46, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious, including cash wrapped in newspaper, at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 2 December 2016 and 4 October 2022, Star Qld gave the AUSTRAC CEO 24 TTRs in respect of Customer 46 totalling \$6,080,479, which were comprised of:

- a. 20 outgoing TTRs totalling \$5,770,473;
- b. four incoming TTRs totalling \$310,006;

- c. \$418,413 in chip or cash exchanges; and
- d. \$5,662,067 in account deposits or withdrawals.

Large and unusual transactions in 2016

On 9 December 2016, Customer 46 deposited \$148,393 in cash into his FMA. The cash comprised \$100 notes and were used for an individual rebate program. Shortly afterwards, Customer 46 deposited \$101,612 in cash into his FMA. The cash comprised \$71,000 in \$100 notes and \$30,000 in \$50 notes and was wrapped in newspaper. Star Qld noted that Customer 46 had access to large amounts of cash. He had made seven reportable foreign currency exchanges since he started play on 29 November 2016 and had received a telegraphic transfer of \$550,000 on 5 December 2016 from his Australian bank account. Customer 46 had lost a total of \$596,000. Star Qld understood Customer 46's occupation to be in business and investment: SMR dated 12 December 2016.

On 12 December 2016, a Star Qld customer, Person 5, deposited \$160,000 in cash to his FMA. Person 5 immediately transferred the sum to Customer 46. Customer 46 withdrew the funds as chips, played for several hours and left with \$197,000. However, Star Qld had no record of the chips being cashed out. Star Qld noted that Customer 46 appeared to have easy access to large amounts of cash: SMR dated 13 December 2016.

On 12 December 2016, Customer 46 deposited \$250,006 in cash into his FMA at Star Qld.

On 13 December 2016, Star Qld received a telegraphic transfer of \$500,000 for a customer with instructions to provide the funds to Customer 46. Star Qld was advised that the customer was Customer 46's personal assistant. The funds were deposited into Customer 46's FMA. He used them to continue play on an individual rebate program: SMR dated 13 December 2016.

On 14 December 2016, Customer 46 partially settled his individual rebate program. The chips and rebate proceeds totalled \$872,954 and were deposited into his account. Customer 46 withdrew the funds in cash. The balance of the account was \$72,954. Star Qld noted that Customer 46 had been the recipient of large sums of cash via third parties. Star Qld considered the cash to be a large amount to carry on oneself: SMR dated 15 December 2016.

On 13 December 2016, Customer 46's personal assistant deposited \$500,000 in cash into Customer 46's account.

On 15 December 2016, a customer opened an account at Star Qld. Later that day, the customer deposited \$870,000 in cash into his FMA. He was accompanied by another person who Star Qld identified to be Customer 46's personal assistant. Star Qld noted that it was unusual for a walk-in customer to deposit such a large amount. Star Qld was later advised that the new customer was also Customer 46's

personal assistant. Star Qld noted that the cash had been presented by the new customer in the exact same manner as it had originally been handed to Customer 46. The cash was bundled in Star straps with staff signatures and the dates matched the cash provided on 14 December 2016. Star Qld noted that it was unusual that the funds would be deposited when Customer 46 was apparently offsite. Later that day, the new customer transferred the entire balance of \$870,000 to Customer 46 who used it to play: SMR dated 16 December 2016.

On 30 December 2016, Customer 46 deposited chips to his account and then withdrew \$1,500,000 in cash. Star Qld staff had been advised that Customer 46 would use the funds to purchase a house. Star Qld considered that the large amount of cash taken was unusual: SMR dated 4 January 2017.

Large and unusual transactions in 2017

On 4 January 2017, staff at Treasury Brisbane were advised that another player, Person 5, would fund Customer 46 with \$2,000,000 in front money. Star Qld was later informed that Person 5 had experienced issues with his bank, who would not issue the bank cheque. Instead, later that day, one of Customer 46's assistants arrived with two bank cheques worth \$1,000,000 each. The cheques were deposited into the assistant's FMA and then immediately transferred to Customer 46. Customer 46 used the funds to play on an individual rebate program. Later in the night, Customer 46 had another \$1,000,000 transferred from his account at Star Gold Coast to Treasury Brisbane which he used to play: SMR dated 5 January 2017.

On 6 January 2017, Customer 46 deposited an Australian bank cheque for \$2,000,000 into his FMA. Customer 46 transferred another \$1,700,000 from his account at Star Gold Coast to Treasury Brisbane. Customer 46's total front money on the individual rebate program was \$6,700,000. Star Qld noted that Customer 46 had taken two partial settlements totalling \$658,000, and used those funds to play with. By 10 January 2017, Customer 46 had recorded a loss of \$1,867,975. Star Qld noted that there had been a large increase in funds available to Customer 46: SMR dated 10 January 2017.

Between 4 January 2017 and 15 January 2017, Customer 46 had lost around \$3,000,000 of the available \$6,700,000 in his account. By 18 January 2017, Customer 46 had won back approximately \$1,900,000 such that his overall losses were approximately \$1,100,000.

On 18 January 2017, Customer 46 withdrew \$1,000,000 and \$700,000 in cash from his FMA. Customer 46 said that he would return with a new bank cheque in the afternoon. Later that day Customer 46 returned with a bank cheque of \$1,700,000. The cheque was drawn at a Melbourne bank's branch but appeared to have been issued in Brisbane. The funds were deposited into Customer 46's

account and he withdrew \$700,000 in chips: SMR dated 18 January 2017.

On 23 January 2017, Customer 46 withdrew \$161,654 in cash from his FMA at Star Qld.

On 8 February 2017, Customer 46 deposited a bank cheque from an Australian bank for \$3,960,000. Star Qld noted that Customer 46 had been playing at both Treasury Brisbane and Star Gold Coast since December 2016. The last trip had concluded on 24 January 2017 when Customer 46 had lost all of the front money he had provided, totalling \$9,000,000. Customer 46 had withdrawn three substantial amounts of cash from Star Qld which totalled \$3,200,000. Staff at Treasury Brisbane had overheard that on one occasion Customer 46 had taken \$1,700,000 in cash to a bank and deposited it into a safe deposit box. Customer 46 had requested that security staff escort him to the bank. Star Qld noted that Customer 46 had started playing with funds deposited on 8 February 2017. Star Qld noted that Customer 46 was still able to provide substantial amounts of funds despite his recent significant loss: SMR dated 9 February 2017.

On 9 February 2017, Customer 46 presented gaming staff with a cheque for \$3,960,000. He then informed gaming staff at Star Qld that he intended to settle in Australia and was going to purchase a block of land nearby. On 11 February 2017, Customer 46 exchanged \$100,000 in chips for cash. Star Qld noted that there had been very substantial cash transactions made by Customer 46 across both Star Qld casinos: SMR dated 13 February 2017.

On 21 February 2017, Star Qld identified that on 13 February 2017, Customer 46 had deposited another bank cheque for \$2,000,000. Between 1 January 2017 and 21 February 2017, Customer 46 had provided \$12,660,000 in front money and had lost \$6,885,358 at Treasury Brisbane. Between 29 November 2016 and 21 February 2017, Customer 46 had provided \$3,748,299 in funds and lost \$9,328,704 at Star Gold Coast. At the time of reporting, Customer 46 had \$4,435,625 remaining in his FMA at Treasury Brisbane and no funds remaining at Star Gold Coast. Star Qld noted that the difference between the losses and funds provided amounted to incentive and commission payments made, gambled and lost. Star Qld confirmed that Customer 46 was a foreign PEP: SMR dated 21 February 2017.

On 28 February 2017, Customer 46 withdrew the balance of funds in his FMA, totalling \$1,135,625, in cash and left the premises. Star Qld noted that he had not been seen for the past ten days. Star Qld further noted that Customer 46 had lost \$6,333,050 in the month of February alone: SMR dated 28 February 2017.

Large and unusual transactions in 2022

Between 24 September 2022 and 29 September 2022, Customer 46 and another customer, Person 5, were observed conducting the following transactions:

- a. Person 5 presented \$20,000 cash from a bag to purchase chips. Person 5 gave the chips to Customer 46. Star Qld asked for Customer 46's identification. Customer 46 and Person 5 became 'irate' before Customer 46 presented his foreign passport.
 - b. Person 5 made three chip purchases totalling \$85,000. When Person 5 was questioned on the source of funds for one of these transactions, he said the money was from a previous visit to the casino in 2016, but showed reluctance to sign a declaration form.
 - c. Person 5 made multiple chip purchases at multiple tables, in lots of \$2,500 and \$5,000, for a total of \$80,000 in cash. Person 5 then gave the chips to Customer 46 in larger amounts. When Person 5 was asked for identification at a buy-in, Star Qld reported that he acted worried and suspicious, before returning to Customer 46 for discussions and to pass him more chips. Star Qld suspected that Person 5 was attempting to avoid reporting by reducing buy-in amounts to below reporting thresholds.
 - d. Person 5 presented an estimated \$220,000 in cash between 24 and 26 September 2022, with the cash presented for larger buy-ins wrapped in straps with stamp 'soft count Dec 2016', which appeared to be from Star Gold Coast.
 - e. on 29 September 2022, Person 5 presented \$50,000 in cash to purchase chips. The cash was all in \$100 notes and wrapped in \$5,000 bundles, with straps stamped with a date in 2016. Person 5 claimed to have had won the money at Treasury Brisbane in 2016. Person 5 did not play with the chips, instead placing them on a table next to Customer 46, who picked them up and commenced play.
 - f. Star Qld noted that Star Gold Coast's records showed large payments to Customer 46 in 2016 and 2017, but not to the other customer.
 - g. Customer 46 and Person 5 were both issued with a formal warning by Star Qld in respect of these transactions.
- SMRs dated 27 September 2022 and 30 September 2022. Star Qld suspected that Customer 46 was attempting to avoid reporting by having the customer transact on his behalf.

- g. in December 2016, Star Qld provided information in respect of Customer 46 to a law enforcement agency;

Particulars

On 12 and 13 December 2016, Star Qld provided information to a law enforcement agency in respect of Customer 46.

- h. in January 2017, law enforcement advised Star Qld that it considered Customer 46 to be a foreign PEP with possible involvement in corruption;

Particulars

On 16 January 2017, Star Qld were advised that law enforcement considered Customer 46 to be a POI and a foreign PEP with possible involvement in corruption.

On 17 January 2017, Star Qld received a request for information from a law enforcement agency in respect of Customer 46.

- i. Customer 46 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 46 had access to private gaming rooms at Star Qld, including The Club Conrad, the Suite, the Sovereign Room, Pit 8, Pit 9 and Pit 10.

- j. media reports named Customer 46 as a person against whom another Australian casino had launched legal action in respect of an outstanding debt; and

Particulars

In 2014, media reports named Customer 46 as a person against whom another Australian casino had launched legal action in respect of a very large outstanding debt incurred by Customer 46 in a single day of gambling.

It was not until 29 August 2019 that Star Qld became aware of this report.

- k. Star Qld did not have adequate reason to believe that Customer 46's source of wealth or source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 46 at Star Qld.

Particulars

See paragraph 808 above.

Star Qld understood that Customer 46 had business interests in a foreign country and that he was a foreign PEP.

Between 29 November 2016 and 8 February 2017, Customer 46 recorded a very high turnover on individual rebate programs exceeding \$820 million. Customer 46 appeared to have access to significant volumes of Australian currency despite continued high losses. Star Qld was aware that Customer 46 was using funds passed through the casino to purchase property in Australia.

In September 2022, Customer 46 returned to Star Qld with an associate, Person 5. Person 5 appeared to conduct cash to chip transactions on behalf of Customer 46 in a manner which indicated the customers were attempting to avoid reporting thresholds, including by using cash which appeared to have been issued by Star Qld in 2016 and 2017.

While Star Qld understood that Customer 46 had foreign business interests, it did not take steps to verify the source of his funds, and in

particular the source of cash and telegraphic transfers which ultimately benefited him.

Star Qld's determination of the ML/TF risks posed by Customer 46

1592. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 46 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 46.

- a. On and from 30 November 2016, Customer 46 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 46's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 46 rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

At no time did Star Qld allocate Customer 46 with a risk rating.

Monitoring of Customer 46's transactions

1593. At no time did Star Qld apply appropriate transaction monitoring to Customer 46's transactions because:

- a. where Star Qld conducted any transaction monitoring of transactions involving Customer 46, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

From February 2017, the Star Qld investigations team conducted ongoing reviews of play history, wins and losses on a daily basis, despite Customer 46 not attending Star Qld after February 2017.

- b. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 46 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 46's KYC information

1594. Star Qld did not review, update and verify Customer 46's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 46's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 46's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 46's source of wealth and source of funds were not legitimate: see *Customer 46's risk profile*.

- d. to the extent that Star Qld reviewed Customer 46's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 46.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 46

1595. Star Qld was required to apply the ECDD Programs to Customer 46 following any ECDD triggers in respect of Customer 46. In particular, because Customer 46 was a foreign PEP, Star Qld was required to:

- a. undertake detailed analysis of Customer 46's KYC information including taking reasonable measures to identify the source of Customer 46's wealth and the source of Customer 46's funds; and
- b. seek senior management approval for continuing a business relationship with Customer 46 and whether Star Qld should continue to provide a designated service to Customer 46.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3), 15.10(2), 15.10(6) and 15.11 of the Rules.

1596. Customer 46:

- a. at all times was a foreign PEP; and

Particulars

See *Customer 46's risk profile*.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 2 December 2016 and 30 September 2022, Star Qld gave the AUSTRAC CEO 16 SMRs with respect to Customer 46.

- 1597. Each matter pleaded in paragraph 1596 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

- 1598. It was not until 19 February 2017 that Star Qld identified that Customer 46 was a foreign PEP.

- 1599. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 46 following the ECDD triggers:

- a. on each occasion that Star Qld conducted ECDD in respect of Customer 46 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 46, the provision of designated services to Customer 46 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite. In particular, Star Qld failed to monitor Customer 46 as a foreign PEP because:
 - i. Star Qld's analysis of Customer 46's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 46;
 - ii. Star Qld's analysis of Customer 46's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 46;

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 105, 797, 800, 807 and 810 above.

On 17 October 2019, 30 November 2020 and 20 August 2021, Star Qld conducted ECDD in respect of Customer 46, but did not have appropriate regard to his higher ML/TF risks: see *Customer 46's risk profile* above.

On 17 October 2019 and 30 November 2020, the ECDD screening in respect of Customer 46 confirmed that Customer 46 was a foreign PEP.

On 20 August 2021, the ECDD screening in respect of Customer 46 identified that:

- a. Customer 46 was an inactive foreign PEP;
- b. Customer 46 had substantial business holdings in a foreign country; and

- c. no other adverse information was available in respect of Customer 46.

Star Qld understood that Customer 46 had business interests in a foreign country and that he was a foreign PEP.

Between 29 November 2016 and 8 February 2017, Customer 46 recorded a very high turnover on individual rebate programs exceeding \$820 million. Customer 46 appeared to have access to significant volumes of Australian currency despite continued high losses. Star Qld was aware that Customer 46 was using funds passed through the casino to purchase property in Australia. While Star Qld understood that Customer 46 had foreign business interests, it did not take steps to verify the source of his funds, and in particular the source of cash and telegraphic transfers which ultimately benefited him.

The ECDD conducted by Star Qld did not have appropriate regard to their higher ML/TF risks: see *Customer 46's risk profile*.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 46's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 46's source of wealth and source of funds were not legitimate: see *Customer 46's risk profile*.

- iii. Customer 46 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- iv. any senior management approval regarding Customer 46 failed to give appropriate consideration to the ML/TF risks posed by Customer 46 and the provision of designated services to Customer 46 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810 above.

On 21 August 2021, following an ECDD screening, the Due Diligence Program Manager determined to maintain a business relationship with Customer 46.

The Due Diligence Program Manager noted that Customer 46 was an inactive foreign PEP in respect of whom a number of SMRs had been submitted.

In determining that a business relationship could be continued, the Due Diligence Program Manager did not have regard to:

- a. Customer 46's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high turnover and access to large amounts of cash;
- b. Customer 46's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting high ML/TF risks as to their source of funds as a result of their status as a foreign PEP: see *Customer 46's risk profile* above.

Contravention of s36 of the Act in respect of Customer 46

1600. By reason of the matters pleaded from paragraphs 1588 to 1599 above, on and from 30 November 2016, Star Qld:
- a. did not monitor Customer 46 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1601. By reason of the matters pleaded at paragraph 1600, Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 46.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 47

1602. Customer 47 was a customer of Star Sydney during the relevant period. Between 2016 and 2021, Star Sydney recorded turnover exceeding \$6 million for Customer 47.

Particulars

Customer 47 was a customer of Star Sydney from at least 22 August 1998.

On 22 December 2021, Star Sydney issued a WOL in respect of Customer 47.

1603. Star Sydney provided Customer 47 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 11 November 2008, Star Sydney opened an FMA and SKA for Customer 47 which were closed on 14 November 2008 (item 11, table 3, s6 of the Act).

Between 2016 and 2021, Star Sydney recorded individual rated turnover exceeding \$6 million for Customer 47 (table 3, s6 service).

See *Customer 47's risk profile* below.

1604. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 47.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 47's risk profile

1605. On and from 30 November 2016, Customer 47, and the provision of designated services to Customer 47 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 47's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 47 had the following risk history:
- i. Customer 47 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 31 May 2013 and 27 July 2016, Star Sydney gave the AUSTRAC CEO nine TTRs totalling \$164,110 in chip exchanges.

On 22 March 2014, Customer 47 purchased \$9,900 in chips.

- ii. in October 2015, media reported named Customer 47 as a person wanted by an international law enforcement agency;

Particulars

In October 2015, media reported named Customer 47 as a person wanted by an international law enforcement agency for embezzling millions of dollars from an overseas company.

The media report identified that Customer 47 ran a café in Sydney.

- iii. Star Sydney was aware that, in June 2016, Star Qld had contacted a law enforcement agency to alert them to an upcoming flight that it had booked for Customer 47. Star Qld was informed that Customer 47 had been met by police, arrested and released on bail; and
- iv. by July 2016, Star Sydney was aware that Customer 47 was the subject of an active arrest warrant in Australia and from an international law enforcement agency;

Particulars

In July 2016, Customer 47 was discussed at a JRAMM. The minutes of the meeting noted that:

- a. Customer 47 had been identified as having active arrest warrants in Australia and overseas;
- b. Customer 47 had been arrested at an Australian airport on fraud charges;

- c. Customer 47 had returned to Star Qld following his release on bail; and
- d. Customer 47's risk rating would be raised to critical as a result.

Customer 47's risk profile from 30 November 2016

- b. Customer 47 received high value gaming services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2021, Star Sydney recorded high individual rated turnover totalling \$6,583,311 for Customer 47;

Particulars

See paragraph 752 above.

In 2016, Customer 47's individual rated turnover was \$2,180,205.

In 2017, Customer 47's individual rated turnover was \$2,065,755.

In 2018, Customer 47's individual rated turnover was \$438,674.

In 2019, Customer 47's individual rated turnover was \$23,239.

From 2020, when COVID-19 pandemic closures commenced, Customer 47's turnover remained high.

In 2020, Customer 47's individual rated turnover was \$106,642.

In 2021, Customer 47's individual rated turnover escalated to \$1,768,795.

- c. Customer 47 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

On 21 February 2017 and 7 March 2017, Star Sydney gave the AUSTRAC CEO a TTR reporting \$10,000 in chip exchanges.

- d. Customer 47 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 47 had access to private gaming rooms at Star Sydney, including Lakes Salons, Oasis, Chairman's and the Sovereign Room.

- e. by 2019, Star Sydney was aware that Customer 47 was wanted by an international law enforcement agency for alleged corruption;

Particulars

In October 2019, a risk intelligence search of Customer 47 returned that:

- a. in 1998, Customer 47 fled from a foreign country, possibly to Australia;

- b. in 2001, Customer 47 was reportedly investigated by a foreign country for alleged corruption and misappropriation of public funds; and
- c. in 2015, Customer 47 was wanted by an international law enforcement agency for alleged corruption.
- f. in March 2017, media reports named Customer 47 as a person targeted by a foreign country for corruption; and

Particulars

In March 2017, media reports named Customer 47 as a 'fugitive' living in Australia who was wanted by a foreign country on allegations of corruption.

Star Sydney was aware of these reports by at least September 2021.

- g. Star Sydney did not have adequate reason to believe that Customer 47's source of wealth or source of funds was sufficient to explain the high value gaming services (table 3, s6 of the Act) received by Customer 47 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood that Customer 47 was a chef.

Between 2016 and 2021, Star Sydney recorded high and escalating individual rated turnover exceeding \$6.5 million for Customer 47. At no point was Customer 47's stated source of wealth commensurate with the high value designated services provided to him by Star Sydney.

By 30 November 2016, Star Sydney was aware that Customer 47 was wanted by an international law enforcement agency in connection with allegations of serious financial crime. This presented real ML/TF risks in respect of Customer 47's source of funds.

Star Sydney's determination of the ML/TF risks posed by Customer 47

- 1606. On and from 27 May 2016, Customer 47 was rated by Star Sydney as a high risk customer for the purpose of the Act and Rules.

Particulars

On 14 May 2015 and 27 May 2016, Customer 47 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 47 was rated very high risk, being high risk for the purpose of the Act and Rules.

- 1607. Nevertheless, for the reasons pleaded below, Star Sydney failed to monitor the high ML/TF risks posed by Customer 47 appropriately on an ongoing basis because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by it with respect to Customer 47.

Monitoring of Customer 47's transactions

1608. At no time did Star Sydney apply appropriate transaction monitoring to Customer 47's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 47, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney provided designated services to Customer 47 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 47's KYC information

1609. Star Sydney did not review, update and verify Customer 47's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 47's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 47's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 47's source of wealth and source of funds were not legitimate: see *Customer 47's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 47's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 47.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 47

1610. Star Sydney was required to apply the ECDD Programs to Customer 47 following any ECDD triggers in respect of Customer 47.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1) and 15.10 of the Rules

1611. Customer 47 was determined to be high risk for the purpose of the Act and Rules by 30 November 2016 by Star Sydney.

Particulars

On 27 May 2016, Star Sydney determined that the ML/TF risks posed by Customer 47 was high risk for the purpose of the Act and Rules:
see Star Sydney's determination of the ML/TF risks posed by Customer 47 above.

1612. The matter pleaded in paragraph 1611 was an ECDD trigger.

Particulars

See paragraphs 792, 798 and 799 above.

1613. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 47 following an ECDD trigger because:

- a. on each occasion prior to 22 December 2021 that Star Sydney conducted ECDD in respect of Customer 47 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 47 and the provision of designated services to Customer 47 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rule 15.10, 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 to 810 above.

On 21 October 2019 and 28 September 2020, Star Sydney conducted ECDD in respect of Customer 47.

On 21 October 2019, the ECDD screening in respect of Customer 47 identified that there was adverse media in respect of Customer 47 and that he would be escalated to the AML/CTF Compliance Officer. There is no evidence that this escalation occurred.

On 28 September 2020, the ECDD screening in respect of Customer 47 identified that there was adverse media in respect of Customer 47 and that he had been removed from an international watchlist.

Star Sydney understood that Customer 47 was a chef. Between 2016 and 2021, Star Sydney recorded high and escalating individual rated turnover exceeding \$6.5 million for Customer 47. At no point was Customer 47's stated source of wealth commensurate with the high value designated services provided to him by Star Sydney.

By 30 November 2016, Star Sydney was aware that Customer 47 was wanted by an international law enforcement agency in connection with allegations of serious financial crime. This presented real ML/TF risks in respect of Customer 47's source of funds which Star Sydney did not address.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 47's higher ML/TF risks: see *Customer 47's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 47's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 47's source of wealth and source of funds were not legitimate: see *Customer 47's risk profile*.

However, it was not until 22 December 2021 that Star Sydney issued a WOL in respect of Customer 47.

- b. Customer 47 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to September 2021 that Customer 47 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 47 and the provision of designated services to Customer 47 by Star Sydney, and whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 17 September 2021, the Due Diligence Program Manager escalated Customer 47 to the AML/CTF Compliance Officer and recommended a WOL be issued in respect of him. The Due Diligence Program Manager:

- a. identified that Customer 47 had been the subject of an international arrest warrant in respect of charges of embezzlement in a foreign country; and

- b. took cognisance of the fact that Customer 47 was implicated in serious financial crime related matters.

On 25 October 2021, the AML/CTF Compliance Officer determined to cease the business relationship with Customer 47.

On 22 December 2021, Star Sydney issued a WOL in respect of Customer 47.

Contravention of s36 of the Act in respect of Customer 47

1614. By reason of the matters pleaded from paragraphs 1602 to 1613 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 47 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1615. By reason of the matters pleaded at paragraph 1614, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 22 December 2021 with respect to Customer 47.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 48

1616. Customer 48 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$1.1 billion for Customer 48.

Particulars

Customer 48 was a customer of Star Sydney from at least May 2005.

1617. Star Sydney provided Customer 48 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 4 March 2009, Star Sydney opened an FMA and SKA for Customer 48 which were closed on 17 February 2020 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 48 remitted funds from his FMA to his bank account (items 31 and 32, table 1, s6 of the Act).

See *Customer 48's risk profile* below.

1618. Customer 48 was a customer of Star Qld during the relevant period. In 2018, Star Qld recorded turnover exceeding \$350,000 for Customer 48.

Particulars

Customer 48 was a customer of Star Qld from at least 2013.

1619. Star Qld provided Customer 48 with designated services within the meaning of tables 1 and 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

In 2018, Star Qld provided Customer 48 with gaming services (table 3, s6 of the Act).

While a customer of Star Qld, Customer 48 remitted funds from his FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 48's risk profile below.

1620. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 48.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 48's risk profile

1621. On and from 30 November 2016, Customer 48, and the provision of designated services to Customer 48 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 48's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 48 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 48;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 8 November 2007.

The SMR reported that Customer 48 had engaged in a transaction indicative of the ML/TF typology of structuring: see paragraph 1621.a.vi below.

- ii. between 2015 and 2016, Customer 48 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 5 July 2015 and 10 October 2016, Customer 48 was a player on seven junkets at Star Sydney operated by one junket operator.

Between 5 July 2015 and 10 October 2016, Star Sydney recorded high turnover totalling \$778,971,960 with wins of \$18,243,475 for Customer 48's gaming activity on junket programs.

All of the junkets were funded by a person other than the junket operator.

- iii. Customer 48 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded individual rated turnover totalling \$737,444 for Customer 48;
- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 48 by remitting large amounts of money out of the casino environment via his accounts;

Particulars

Remittances out of the casino environment

See paragraph 327 above.

For example, on 3 December 2015, Star Sydney sent a telegraphic transfer of \$1,540,784 from Customer 48's account to an Australian bank account.

This transaction was conducted through the Star Patron account channel.

- v. Customer 48 transacted using large amounts of cash at Star Sydney; and

Particulars

See paragraphs 611 to 618 above.

Between 22 December 2008 and 6 July 2016, Star Sydney gave the AUSTRAC CEO 231 TTRs in respect of Customer 48 totalling \$12,984,869, which were comprised of:

- a. 220 outgoing TTRs totalling \$11,993,569;
 - b. 11 incoming TTRs totalling \$991,300;
 - c. \$9,679,531 in chip or cash exchanges;
 - d. \$3,189,653 in account deposits or withdrawals; and
 - e. \$26,041 in EGM payouts.
- vi. Customer 48 engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Sydney, including structuring;

Particulars

See paragraph 25 above.

On 8 November 2007, Customer 48 sought to exchange \$9,500 cash for gaming chips at Star Sydney. Star Sydney noted the transaction was suspicious as the transaction amount was just below the reporting threshold: SMR dated 9 November 2007.

Customer 48's risk profile from 30 November 2016

- b. Customer 48 was a foreign PEP;

Particulars

See paragraph 115 above.

During the relevant period, Customer 48 was an immediate relative of a member of a foreign national government.

On 20 October 2017, Star Sydney and Star Qld became aware that Customer 48 was a foreign PEP.

- c. Customer 48 was a junket player who received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
- i. between 2016 and 2020, Customer 48 was a player on 23 junkets at Star Sydney operated by two junket operators, including a corporate junket operator, Company 6; and

Particulars

In 2016, 2017 and 2020, Customer 48 was one of the top ten junket players who had the highest turnover at Star Sydney.

- ii. between 2016 and 2020, Star Sydney recorded high and escalating turnover totalling \$1,108,348,150 with losses of \$7,496,750 for Customer 48's gaming activity on junket programs;

Particulars

In 2016, Customer 48's turnover on junket programs was \$23,602,800 with losses of \$1,986,250.

In 2017, Customer 48's turnover on junket programs escalated to \$379,899,000 with losses of \$1,432,200.

In 2018, Customer 48's turnover on junket programs was \$125,147,880 with losses of \$5,188,450.

In 2019, Customer 48's turnover on junket programs was \$134,058,600 with wins of \$5,211,850.

Between January 2020 and March 2020, Customer 48's turnover on junket programs escalated to \$218,149,100 with losses of \$9,439,100.

- d. Customer 48 was a junket player who received high value gaming services (table 3, s6) at Star Qld through junket programs;
- i. in 2018, Customer 48 was a player on two junkets at Star Qld operated by one junket operator, Company 6; and
- ii. in 2018, Star Qld recorded high turnover totalling \$353,600 with losses of \$4,996,900 for Customer 48's gaming activity on junket programs;
- e. designated services provided to Customer 48 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- f. Customer 48 was connected to other customers at Star Sydney, including players who posed higher ML/TF risks such as Customer 79;

Particulars

See paragraph 1621.o.

- g. Customer 48 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2019, Star Sydney recorded turnover totalling \$26,358 for Customer 48;

Particulars

See paragraph 752 above.

In 2016, Customer 48's individual rated turnover was \$5,974.

In 2018, Customer 48's individual rated turnover was \$7,496.

In 2019, Customer 48's individual rated turnover was \$12,888.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 48 by remitting large amounts of money out of the casino environment via his accounts;

Particulars

Remittances out of the casino environment

See paragraph 327 above.

See paragraph 1621.i below.

Between 10 January 2017 and 9 January 2020, Star Sydney sent five telegraphic transfers totalling \$8,960,786 from Customer 48's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

- i. Customer 48 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose at Star Sydney;

Particulars

On 27 December 2018, a bank cheque for \$3,000,000 was presented for deposit into a junket operator's FMA. The proceeds of the cheque were used to buy into a junket program and allocated to Customer 48, a player on the program, however, Star Sydney was not aware if the bank cheque had been issued to Customer 48 with funds from Customer 48's account. Customer 48 recorded a turnover of \$34,633,700 with a loss of \$1,744,000 on the program.

Following the conclusion of the junket program, a junket representative instructed Star Sydney to transfer \$3,000,000 from the junket operator's account to Customer 48's Australian bank account,

which Star Sydney did, despite Customer 48 recording a loss on the program of \$1,744,000: SMR dated 8 January 2019.

- j. Customer 48 requested that Star Sydney prepare letters purportedly confirming his winnings;

Particulars

See paragraph 337 and 338 above.

On 13 July 2019 and 11 October 2019, Star Sydney issued a letter of comfort purportedly confirming Customer 48's winnings totalling \$4,795,050.

- k. in 2016 and 2017, Customer 48 was the subject of law enforcement enquiries at Star;

Particulars

On 23 December 2016, Star Qld received a request from a law enforcement agency seeking details in respect of Customer 48, which Star Qld provided.

On 13 February 2017, Star Sydney received a request from a law enforcement agency seeking details in respect of Customer 48, which Star Sydney provided.

Interactions and information shared between Star Sydney, Star Qld and law enforcement agencies were stored on Star's investigations database. Star Sydney and Star Qld had access to the investigations database: see paragraph 49 above.

- l. Customer 48 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616.

Customer 48 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Rivers Salons, Lakes Salons, Springs Salons and Jade.

- m. Customer 48 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616.

Customer 48 had access to private gaming rooms at Star Qld, including Salon 98, Salon 69 and Pit 8.

- n. by 30 November 2016, Star was aware of media articles which reported of allegations that Customer 48 was involved in bribery;

Particulars

By 30 January 2015, Star was aware that publicly accessible media articles between March 2001 to August 2007 reported that Customer was alleged to be involved in multiple instances of bribery.

- o. between April 2010 and April 2017, media reports named Customer 48 as a high value individual whose source of wealth and source of funds was unknown; and

Particulars

In April 2010, publicly accessible media articles reported that Customer 48:

- a. was a businessperson in the resources industry;
- b. was an immediate relative of a member of a foreign political body; and
- c. had purchased a large and very high value property in Sydney.

In October 2010, publicly accessible media articles reported that:

- a. it was not possible to determine Customer 48's source of wealth or source of funds;
- b. Customer 48's wife had significant business interests; and
- c. both Customer 48 and his spouse were associated with Customer 79.

In June 2015, publicly accessible media articles reported that Customer 48:

- a. had used his influence to support Customer 79 in gaining development permits; and
- b. was connected to financial irregularities in a foreign country.

In February and April 2017, publicly accessible media articles reported that Customer 48:

- a. was involved in a controversial privatisation of a foreign state-owned business; and
- b. Customer 48, together with a business partner, had purchased the business for significantly less than its market valuation.

Star's due diligence records did not contain details of these reports.

- p. Star Sydney and Star Qld did not have adequate reason to believe that Customer 48's source of wealth and source of funds was sufficient to explain the high value financial and gaming services (tables 1 and 3, s6 of the Act) received by Customer 48 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

During the relevant period, Star Sydney and Star Qld recorded Customer 48's occupation to be as a junket representative.

From 30 November 2016, Customer 48's turnover was not consistent with Star's understanding of his source of wealth.

By 2017, Customer 48's turnover had escalated significantly at the same time that Star Sydney and Star Qld had identified that Customer 48 was a foreign PEP.

Between January and March 2020, Customer 48's turnover on junket programs escalated significantly.

Publicly accessible media reports since 2010 identified Customer 48 as a high value individual with connections to a member of a foreign political body, whose source of wealth and source of funds was unknown, but Star's due diligence records did not contain details of these reports.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 48

1622. On and from 30 January 2015, Customer 48 was recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

On 30 January 2015, Star Sydney and Star Qld determined that Customer 48's ML/TF risk was critical, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Star Sydney and Star Qld determined that Customer 48's ML/TF risk was very high, being high risk for the purpose of the Act and Rules.

1623. Nevertheless, for the reasons pleaded below, Star Sydney and Star Qld failed to monitor the high ML/TF risks posed by Customer 48 appropriately on an ongoing basis because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by them with respect to Customer 48.

Monitoring of Customer 48's transactions

1624. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 48's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 48, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 48 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel;

Particulars

See paragraph 783 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 48 through the junket channel; and

Particulars

See paragraph 783 above.

- e. Star Qld provided designated services to Customer 48 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 48's KYC information

- 1625. Star Sydney and Star Qld did not review, update and verify Customer 48's KYC information, having regard to the high ML/TF risks posed by Customer 48, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney or Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rules 15.2 to 15.3 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 48's business with it, including the nature, extent and purpose of his transactions, having regard to the high ML/TF risks;

- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 48's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 48's source of wealth and source of funds were not legitimate: see *Customer 48's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 48's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 48.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rules 15.2 to 15.3 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 48

1626. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 48 following any ECDD triggers in respect of Customer 48. In particular, because Customer 48 was a foreign PEP, Star Sydney and Star Qld were required to:
- a. undertake detailed analysis of Customer 48's KYC information including taking reasonable measures to identify the source of Customer 48's wealth and the source of Customer 48's funds; and
 - b. seek senior management approval for continuing a business relationship with Customer 48 and whether Star Sydney and Star Qld should continue to provide a designated service to Customer 48.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(2), 15.9(3), 15.10, 15.10(2), 15.10(6) and 15.11 of the Rules.

1627. Customer 48:

- a. at all times from 30 November 2016 was a foreign PEP;

Particulars

See *Customer 48's risk profile* above.

- b. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 8 January 2019, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 48.

- c. was determined to be high risk for the purpose of the Act and Rules prior to the relevant period by Star Sydney and Star Qld.

Particulars

On 30 January 2015, Star Sydney and Star Qld determined that Customer 48 was high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 48* above.

1628. Each matter pleaded in paragraph 1627 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1629. It was not until 20 October 2017 that Star Sydney and Star Qld identified that Customer 48 was a foreign PEP.

1630. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 48 following an ECDD trigger:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 48 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 48, the provision of designated services to Customer 48 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite because:
- i. Star Sydney's and Star Qld's analysis of Customer 48's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 48;
 - ii. Star Sydney's and Star Qld's analysis of Customer 48's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 48; and

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 810 above.

On 1 July 2016, 28 September 2019, 11 November 2019 and 8 October 2020, Star Sydney and Star Qld conducted ECDD in respect of Customer 48, but did not have appropriate regard to his higher ML/TF risks: see *Customer 48's risk profile*.

Each of the ECDD screenings in respect of Customer 48 included information suggesting that he was a foreign PEP. Star Sydney and Star Qld did not record that Customer 48 was a foreign PEP until 20 October 2017.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to his higher ML/TF risks: see *Customer 48's risk profile*.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 48's source of funds or source of wealth.

- iii. Customer 48 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 817 above.

- iv. any senior management approval regarding Customer 48 failed to give appropriate consideration to the ML/TF risks posed by Customer 48, the provision of designated services to Customer 48 by Star Sydney and Star Qld, and whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810 above.

On 11 December 2018, the Chief Risk Officer and General Manager Risk were alerted to Customer 48's anticipated arrival with a junket program in mid-December 2018. Advice was sought from the Chief Risk Officer and General Manager Risk in respect of any actions to take in respect of Customer 48's arrival.

Between January 2019 and February 2019, Customer 48 was discussed at JRMM and PAMMs.

The minutes of the meetings noted that:

- a. Customer 48's occupation was unknown;
- b. Customer 48 was a foreign PEP; and
- c. Customer 48 had been raised for consideration due to unspecified 'historic issues'.

On 8 January 2019, the General Manager Compliance and Responsible Gambling and the Chief Risk Officer determined to continue a business relationship with Customer 48 having considered that:

- a. they had previously been advised that Star could continue a business relationship with Customer 48 in the absence of an arrest or charge in a foreign country; and
- b. current searches suggested that Star was still within the scope of that advice.

In determining that a business relationship could be continued, no regard was had to:

- a. Customer 48's source of wealth (r15.10(2)(a) of the Rules), having regard to his turnover; and
- b. Customer 48's source of funds, having regard to the publicly available information suggesting that there were higher

ML/TF risks as to his source of funds: see *Customer 48's risk profile*.

Contravention of s36 of the Act in respect of Customer 48

1631. By reason of the matters pleaded from paragraphs 1616 to 1630 above, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 48 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1632. By reason of the matters pleaded at paragraph 1631, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 48.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 49

1633. Customer 49 was a customer of Star Sydney during the relevant period. Between 2016 and 2021, Star Sydney recorded turnover exceeding \$140 million for Customer 49.

Particulars

Customer 49 was a customer of Star Sydney from at least 6 June 2008.

On 11 November 2021, Star Sydney issued a WOL in respect of Customer 49.

1634. Star Sydney provided Customer 49 with designated services within the meaning of table 1 and 3, s6 of the Act during the relevant period, including services as a junket representative.

Particulars

On 12 May 2013, Star Sydney opened an FMA and SKA for Customer 49 which were closed on 4 February 2022 (item 11, table 3, s6 of the Act).

While a junket representative for Customer 8, Customer 49 instructed remittances of funds to be made from Customer 49's account and accepted funds remitted to Customer 49's account (items 31 and 32, table 1, s6 of the Act).

See *Customer 49's risk profile* below.

1635. Customer 49 was a customer of Star Qld during the relevant period. Between 2018 and 2019, Star Qld recorded turnover exceeding \$30,000 for Customer 49.

Particulars

Customer 49 was a customer of Star Qld from at least 11 December 2013.

1636. Star Qld provided Customer 49 with designated services within the meaning of table 3, s6 of the Act during the relevant period, including services as a junket representative.

Particulars

On 22 April 2013, 10 December 2013 and 11 August 2018 Star Qld opened FMAs for Customer 49, which were closed on 4 February 2022 (item 11, table 3, s6 of the Act).

See *Customer 49's risk profile* below.

1637. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 49.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 49's risk profile

1638. On and from 30 November 2016 Customer 49, and the provision of designated services to Customer 49 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 49's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 49 had the following risk history:
- i. Customer 49 was connected to other customers at Star Sydney, including junket operators in respect of whom Star Sydney had formed suspicions such as Customer 7 and Customer 8;

Particulars

Between 1 April 2016 and 30 November 2016, Customer 49 was a representative for eight junkets operated by Customer 8 at Star Sydney.

Between 22 July 2015 and 30 November 2016, Customer 49 was a representative for 12 junkets operated by Customer 7 at Star Sydney.

- ii. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 49;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 40 occasions between 28 May 2013 and 29 November 2016.

The SMRs reported that, by 30 November 2016, Customer 49 engaged in many large and suspicious cash transactions at Star Sydney, often in quick succession, and often on the same or

following days. These transactions amounted to at least 61 transactions with a total value exceeding \$10,400,000.

At Star Sydney, Customer 49 presented cash that was:

- a. mostly comprised of \$50 notes;
- b. bundled in elastic bands;
- c. contained in different types of bags, including plastic bags and shopping bags; and/or
- d. sourced from activity on junkets for which she was a representative, or from other Star Sydney customers.

The transactions where Customer 49 received cash or chips from Star Sydney included transactions where:

- a. Cash was subsequently placed into different types of bags, including paper bags and handbags;
- b. Customer 49 engaged in minimal or no gaming activity after the transaction;
- c. Star Sydney considered that the transactions were not supported by Customer 49's gaming activity, or the gaming activity of the junkets that she represented;
- d. Customer 49 subsequently handed the cash to a person who was unknown to Star Sydney, or to a person who was not a player on the junkets she represented; and/or
- e. Customer 49 departed Star Sydney in a range of different vehicles immediately after the transaction.

The SMRs reported a number of suspicious transactions.

- a. Between 24 May 2013 and 28 November 2016, Customer 49 withdrew a total of \$5,460,660 in cash from Customer 7's account at Star Sydney, on 26 separate occasions: SMRs dated 28 May 2013; 9 October 2013; 3 February 2014; 6 February 2014; 6 February 2014; 11 February 2014; 12 February 2014; 14 February 2014; 18 February 2014; 16 July 2014; 14 October 2014; 14 October 2014; 19 February 2015; 25 February 2015; 17 June 2015; 17 June 2015; 24 July 2015; 6 August 2015; 10 August 2015; 7 September 2015; 19 February 2016; 29 February 2016; 29 February 2016; 27 October 2016; 29 November 2016.
- b. Between 6 February 2014 and 10 October 2016, Customer 49 deposited a total of \$1,560,000 in cash into Customer 7's account at Star Sydney, on eight separate occasions: SMRs dated 7 February 2014, 14 October 2014, 1 June 2015, 24 July 2015, 28 July 2015, 21 September 2015, 8 February 2016.

- c. Between 6 February 2014 and 7 February 2016, Customer 49 exchanged a total of \$583,200 of chips for cash in her capacity as a representative for Customer 7's junket at Star Sydney, on four separate occasions: SMRs dated 7 February 2014, 11 February 2014, 29 May 2015, 8 February 2016.
 - d. On 22 February 2015, Customer 49 exchanged \$108,000 in cash for chips in her capacity as a representative for Customer 7's junket at Star Sydney: SMR dated 25 February 2015.
 - e. Between 25 November 2016 and 28 November 2016, Customer 49 withdrew a total of \$350,000 in cash from Customer 8's account at Star Sydney, on two separate occasions: SMRs dated 29 November 2016.
- iii. in 2015, Customer 49 received high value financial and gaming services (table 1 and 3, s6 of the Act) at Star Sydney. In 2015, Star Sydney recorded high individual rated turnover totalling \$10,248,930;

Particulars

See paragraph 752.

- iv. designated services provided to Customer 49 included EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

On 26 July 2013, Star Sydney gave the AUSTRAC CEO one TTR detailing EGM payouts to Customer 49 totalling \$10,281.

- v. Customer 49, and persons associated with the junkets for which she was a representative, transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

TTRs

Between 18 June 2016 and 29 November 2016, Star Sydney gave the AUSTRAC CEO 271 TTRs involving Customer 49 totalling \$12,109,915, including:

- a. 208 TTRs detailing chip and cash exchanges, totalling \$6,582,490; and
- b. 62 TTRs detailing account deposits or account withdrawals, totalling \$5,527,425.

Large cash transactions in 2014

On 13 June 2014, Customer 49 withdrew \$100,000 in cash from her personal FMA at Star Sydney: SMR dated 17 June 2014.

On 8 September 2014, Customer 49 exchanged \$100,000 in chips for cash at Star Sydney. Customer 49 then handed the cash to another customer, who exchanged \$100,000 and \$60,000 in chips for cash in two transactions occurring within 15 minutes: SMR dated 9 September 2014.

Large cash transactions in 2015

On 14 August 2015, Customer 49 transferred \$100,000 from Customer 7's account to her personal FMA at Star Sydney. Customer 49 then withdrew these funds in cash from her account: SMR dated 17 August 2015.

Large cash transactions in 2016

Between 26 January 2016 and 13 September 2016, Customer 49 exchanged a total of \$1,000,000 of cash for chips at Star Sydney, on 10 separate occasions, and on each occasion exchanged \$100,000 of cash for chips: SMRs dated 28 January 2016; 20 July 2016; 21 July 2016; 25 July 2016; 10 August 2016; 16 August 2016; 1 September 2016; 2 September 2016; 12 September 2016; 14 September 2016.

On 19 February 2016, Customer 49 accessed Customer 7's safe deposit box at Star Sydney and withdrew \$420,000 in cash. The cash was comprised of \$50 notes. Customer 49 then requested that Star Sydney exchange the \$50 notes for \$100 notes: SMR dated 19 February 2016.

Between 24 May 2016 and 25 May 2016, Star Sydney's internal records noted that Customer 49 exchanged \$200,000 in cash for chips at Star Sydney, on two separate occasions, and on each occasion exchanged \$100,000 in cash for chips.

Between 15 September 2016 and 25 November 2016, Customer 49 exchanged \$300,000 in chips for cash at Star Sydney on three separate occasions, and on each occasion exchanged \$100,000 in chips for cash: SMR dated 16 September 2016; 17 November 2016; 29 November 2016.

On 14 October 2016, a Star Sydney customer transferred \$460,000 from a junket account to her own account at Star Sydney. The customer then withdrew \$460,000 in chips from her account and handed at least two gaming plaques worth \$100,000 each to Customer 49. Shortly after this transaction, Customer 49 exchanged these plaques for cash and placed the cash into a black bag: SMR dated 17 October 2016.

On 23 November 2016, Customer 49 exchanged \$115,000 in chips for cash at Star Sydney. Customer 49 obtained \$100,000 of the chips from another Star Sydney customer and the remaining \$15,000 in chips were from Customer 8's junket. After this transaction, Customer 49 was observed handing \$100,000 in cash to an unknown person: SMR dated 24 November 2016.

- vi. Customer 49, and persons associated with the junkets that she represented, engaged in transactions indicative of ML/TF typologies and vulnerabilities, including refining and cashing-in large value chips with no evidence of play;

Particulars

See paragraph 25 above.

For example, on 19 February 2016, Customer 49 engaged in a transaction indicative of refining. Customer 49 withdrew \$420,000 in \$50 notes from the Customer 7 junket account at Star Sydney and requested that Star Sydney exchange these notes for \$100 notes: SMR dated 19 February 2016.

Between 19 July 2016 and 13 September 2016, Customer 49 exchanged chips for cash at Star Sydney in circumstances where Star Sydney noted that she had recorded no or only minimal play. These transactions consisted of eight transactions of \$100,000 each, totalling \$800,000: SMR dated 20 July 2016; 21 July 2016; 10 August 2016; 16 August 2016; 1 September 2016; 2 September 2016; 12 September 2016; 14 September 2016.

- vii. in 2016, Customer 49 was the subject of law enforcement queries on two occasions at Star Sydney; and

Particulars

On 27 May 2016, Star Sydney received a request from a law enforcement agency in respect of Customer 49.

On 29 July 2016, Star Sydney received a request from a law enforcement agency in respect of Customer 49.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- viii. in 2015, Star Sydney requested information from law enforcement agencies on one occasion in respect of Customer 49;

Particulars

On 7 September 2015, Star Sydney's investigations team requested information from law enforcement regarding Customer 49.

Customer 49's risk profile from 30 November 2016

- b. designated services provided to junket operators and junket players through Customer 49 in her capacity as a junket representative lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- c. Customer 49 was connected to other customers at Star Sydney and Star Qld, including junket operators in respect of whom Star Sydney and Star Qld had formed suspicions such as Customer 7 and Customer 8;

Particulars

Between 1 December 2016 and 20 March 2020, Customer 49 was a representative for 38 junkets operated by Customer 7 at Star Sydney.

Between 1 December 2016 and 17 August 2020, Customer 49 was a representative for 39 junkets operated by Customer 8 at Star Sydney.

Between 10 August 2018 and 20 January 2019, Customer 49 was a representative for two junkets operated by Customer 8 at Star Qld.

In her capacity as a junket representative for the Customer 7 junket, Customer 49 facilitated the transfer of funds to Customer 59 at Star Sydney, who was a player on junkets operated by Customer 7.

- d. Customer 49 received high value financial and gaming services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2021, Star Sydney recorded high individual rated turnover totalling \$145,719,807;

Particulars

See paragraph 752 above.

In 2016, Customer 49's individual rated turnover was \$23,975,611.

In 2017, Customer 49's individual rated gaming turnover escalated to \$43,195,685.

In 2018, Customer 49's individual rated gaming turnover was \$33,209,937.

In 2019, Customer 49's individual rated gaming turnover was \$26,084,192.

In 2020, Customer 49's individual rated gaming turnover was \$16,489,714.

In 2021, Customer 49's individual rated gaming turnover was \$2,764,667.

- e. Customer 49 received high value gaming services (table 3, s6 of the Act) at Star Qld other than through junket programs. Between 2018 and 2019, Star Qld recorded individual rated turnover totalling \$30,570 for Customer 49;

Particulars

In 2018, Customer 49's individual rated turnover was \$13,907.

In 2019, Customer 49's individual rated gaming turnover of \$16,663.

- f. in 2018, Star Sydney recorded a cumulative turnover of \$114,478 for Customer 49 as a junket player on junkets operated by Customer 8, despite Customer 49 not a junket player on those particular junkets;

Particulars

See paragraph 670 above.

- g. Customer 49, in her capacity as a junket representative for numerous junkets, including junkets operated by Customer 7 and Customer 8, engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 20 November 2017, Customer 49 presented \$90,000 in chips at a Star Sydney cashier and deposited the chips into Customer 7's account. Customer 49 then immediately withdrew the funds in cash and requested Star Sydney to deposit the cash into Customer 59's Star Sydney account. Customer 59 was a player on Customer 7's junket. She had recorded winnings of \$494,275 and turnover of \$1,663,900. However, Star Sydney noted that Customer 59 was not due to settle with the Customer 7 junket until 29 November 2017 and advised Customer 49 that it could not conduct this transaction without an authority. Customer 49 then departed the cashier.

Later in the afternoon, Customer 49 returned with Customer 59 to the Star Sydney cashier. Customer 49 requested that the \$90,000 in cash be deposited into Customer 59's Star Sydney account.

Customer 49 also deposited a further \$310,000 in chips into Customer 7's account, then withdrew these funds and immediately transferred the funds to Customer 59's Star Sydney account.

Immediately after this transaction, Customer 59 requested that \$300,000 be transferred to her personal bank account: SMR dated 21 November 2017.

On 22 August 2019, a Star Sydney customer, Person 33, presented \$75,000 in plaques at Star Sydney. Person 33 was accompanied by Customer 49 who requested the plaques to be deposited into the Customer 8 junket account. Star Sydney processed this transaction. Customer 49 then transferred the funds to Person 33's Star Sydney account. After this transaction, Star Sydney conducted a review which identified that:

- a. Person 33 was not recorded as a junket player on any junket program for which Customer 49 was a representative; and
- b. Star Sydney had observed Person 33 previously accompanying a Customer 8 junket player during his play, and receiving three plaques worth \$25,000 from this second customer.

Star Sydney considered that this activity was unusual. It noted that Person 33 was not recorded on any junket program and it was unusual for one customer to receive plaques from another customer and then attempt to deposit them into her own account: SMR dated 23 August 2019.

Customer 49 then requested to transfer \$236,953 from Customer 8's account to Person 33's account. Star Sydney noted that there was no apparent reason for this transfer as the last time that Person 33 had been a junket player on a Customer 8 junket was in August 2019: SMR dated 30 December 2019.

- h. designated services provided to Customer 49 included EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

Between 29 January 2018 and 9 February 2018, Star Sydney gave the AUSTRAC CEO two TTRs detailing EGM payouts to Customer 49 totalling \$24,000.

- i. Customer 49, and persons associated with the junkets she represented, transacted using large amounts of cash and cash that appeared suspicious at Star Sydney, including large volumes of cash in small denominations, cash bundled in elastic bands, and cash presented in a range of different bags;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 9 December 2016 and 11 November 2021, Star Sydney gave the AUSTRAC CEO 404 TTRs totalling \$13,128,728 including:

- a. 298 TTRs detailing chip and cash exchanges involving Customer 49, totalling \$6,747,435; and
- b. 106 TTRs detailing account deposits and account withdrawals involving Customer 49, totalling \$6,381,293.

SMRs and Star Sydney's internal records

Between 5 January 2017 and 4 March 2020, Customer 49 engaged in many large and suspicious cash transactions at Star Sydney, often in quick succession, and often on the same or following days. These transactions amounted to 51 transactions with a total value of \$9,088,499.

The transactions where Customer 49 presented cash at Star Sydney included transactions where:

- a. Customer 49 presented cash that was mostly or entirely comprised of \$50 notes;
- b. Customer 49 presented cash that was bundled in elastic bands or straps that had not been issued by Star;
- c. Customer 49 presented cash that was contained in different types of bags, including shopping bags and backpacks;
- d. Customer 49 advised that she had received the cash from players on other junkets at Star Sydney; and/or

- e. Star Sydney repeatedly noted that the transactions involved excessive amounts of cash given the activity and losses that it had recorded for Customer 49 and the junkets she represented.

The transactions where Customer 49 received cash or chips from Star Sydney included transactions where:

- a. Customer 49 subsequently gave the cash to a Star Sydney customer, or a person unknown to Star Sydney, who was not associated with the junkets that Customer 49 represented;
- b. Customer 49 departed Star Sydney in a range of different vehicles immediately after the transaction; and/or
- c. Star Sydney considered that the transactions were unusual.

Transactions in a personal capacity

Between 9 June 2017 and 6 September 2017, Customer 49 exchanged a total of \$200,000 in chips for cash in a personal capacity at Star Sydney, on two separate occasions, and on each occasion exchanged \$100,000 of chips for cash: SMR dated 7 September 2017.

Transactions as a junket representative

Between 5 January 2017 and 28 January 2019, as a Customer 8's junket representative:

- a. Customer 49 withdrew a total of \$2,490,960 in cash from Customer 8's account at Star Sydney on 12 separate occasions: SMRs dated 27 February 2017; 23 March 2017; 18 April 2017; 11 December 2017; 27 February 2018; 11 May 2018;
- b. Customer 49 exchanged a total of \$173,625 of chips for cash on behalf of Customer 8 at Star Sydney on two separate occasions: SMR dated 27 February 2017; and
- c. Customer 49 deposited a total of \$2,605,000 in cash into Customer 8's account at Star Sydney on 16 separate occasions: SMR dated 6 November 2017; 6 February 2018; 8 February 2018; 9 February 2018.

Between 24 February 2017 and 22 February 2020, as Customer 7's junket representative:

- a. Customer 49 exchanged a total of \$706,500 of chips for cash on behalf of the Customer 7 junket at Star Sydney on four separate occasions: SMR dated 30 January 2017;
- b. Customer 49 withdrew a total of \$700,510 in cash from Customer 7's account at Star Sydney on five separate occasions: SMR dated 1 April 2019; and

- c. Customer 49 deposited a total of \$100,000 in chips into Customer 7's account at Star Sydney.

Other large and suspicious transactions

On 11 March 2018, a Star Sydney customer presented \$100,000 in cash at Star Sydney and requested that it be exchanged for chips. The cash presented was comprised of \$100 notes bound together with Star casino straps. Star Sydney noted that there was no record of Star having ever paid out this amount to the customer and that this transaction was the customer's largest single cash transaction in its records. Immediately after the transaction, the customer was observed giving the chips to Customer 49: SMR dated 12 March 2018. Star Sydney did not record whether the customer was a player on a junket which Customer 49 represented.

On 25 June 2018, a Star Sydney customer exchanged \$100,000 in cash for chips in two transactions within one hour of each other at Star Sydney. After minimal play, the customer then exchanged \$100,000 in chips for cash. Shortly after this transaction, Star Sydney observed the customer handing the cash to Customer 49. Customer 49 then deposited the cash into Customer 8's account at Star Sydney. Star Sydney noted that the customer was not a player on Customer 8's junket and that it was unaware of any link between the customer and Customer 8's junket: SMR dated 26 June 2018.

On 15 September 2019, Customer 49 presented \$100,000 in cash at a Star Sydney cashier and requested Star Sydney to deposit it into Customer 7's account. Customer 49 claimed that the funds were designated for a player on the Customer 7 junket. The cash was comprised of \$50 notes bundled in lots of \$10,000 with elastic bands and was contained in a black backpack. Star Sydney counted the cash twice and identified that one of the \$10,000 bundles contained one less \$50 note than Customer 49 expected. After this discovery, an associate of Customer 49 produced a single \$50 note and gave it to the Star Sydney cashier to bring the actual total of cash to \$100,000. Star Sydney subsequently deposited the cash into the Customer 7 junket account. Star Sydney did not consider that this transaction was suspicious as the player had recorded active play at Star Sydney and the amount of cash Customer 49 presented was not excessive for a junket.

On 27 January 2020, Customer 49 withdrew \$100,000 in cash from the junket account of another junket operator at Star Sydney during cultural holiday celebrations.

On 4 March 2020, a personal assistant to a player on Customer 7's junket transferred \$1,052,853 from an undisclosed account to Star Sydney. That afternoon, Customer 49 and the assistant attended a Star Sydney cashier. The assistant then withdrew \$1,000,000 in two plaques of \$500,000 each and departed the cashier with Customer 49. 16 minutes later, Customer 49 returned to the Star Sydney cashier with the same two plaques of \$500,000 each and completed

the junket player's buy-in to Customer 7's junket program. Star Sydney noted that the player had a recorded losses of \$2,591,450 from his contemporaneous play on Customer 7's junket.

- j. Customer 49 transacted using large amounts of cash at Star Qld;

Particulars

Between 29 November 2018 and 21 January 2019, Star Qld gave the AUSTRAC CEO three TTRs detailing chip and cash exchanges involving Customer 49 totalling \$50,270.

- k. between 2018 and 2021, Customer 49 was the subject of law enforcement enquiries at Star;

Particulars

In March 2018, a law enforcement agency requested information in respect of Customer 49.

On 16 November 2018, a law enforcement agency requested information in respect of Customer 49.

On 14 May 2019, Star Sydney responded to queries from a law enforcement agency in respect of Customer 49.

On 20 February 2020, Star Sydney responded to queries from a law enforcement agency in respect of Customer 49.

On 16 February 2021, a law enforcement agency sent a request for information to Star Sydney in respect of Customer 49. The request advised that Customer 49 was a person of interest in an investigation into a drug syndicate. Star Sydney responded to this request.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- l. Customer 49 had access to private gaming rooms at Star Sydney and Star Qld; and

Particulars

See paragraph 616 above.

Customer 49 had access to private gaming rooms at Star Sydney, including the Sovereign Room, the Chairman's Room, the Jade Room, the Oasis Room, the Lakes Salon, the Rivers Salon, the Harbours Salon, the Springs Salon, the Sovereign Room Cage, and the Springs Salon Cage.

Customer 49 had access to private gaming rooms at Star Qld, including Pit 8, Salon 22, Salon 90, Salon 96 and the Sovereign Room.

- m. Star Sydney and Star Qld did not have adequate reason to believe that Customer 49's source of wealth or source of funds was sufficient to explain the high value financial and

gaming services (tables 1 and 3, s6 of the Act) received by Customer 49 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

At times, Star Sydney's and Star Qld's due diligence recorded Customer 49's occupation as junket representative and as retired.

By September 2022, Star Sydney's and Star Qld's due diligence recorded Customer 49's source of wealth and source of funds as 'savings from junket rep / property investment'.

At no time did Star Sydney or Star Qld take appropriate steps to verify Customer 49's source of wealth or source of funds in circumstances where:

- a. in 2017, Customer 49's individual rated turnover escalated significantly;
- b. in addition, Customer 49 engaged in cash transactions worth millions of dollars both in her own capacity and in her role as junket representative for Customer 8 and Customer 7, that Star Sydney regarded as suspicious;
- c. during the relevant period, law enforcement agencies expressed interest in Customer 49's financial and gaming activities on multiple occasions; and
- d. by 2021, Star Sydney and Star Qld were advised that Customer 49 was a person of interest in an investigation into a drug syndicate.

See *Customer 49's risk profile* above.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 49

1639. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 49 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 49.

- a. On and from 30 November 2016, Customer 49 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 49's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 49 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

On 6 April 2014, Customer 49 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 49's transactions

1640. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 49's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 49, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket representatives; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 49 through the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 49's KYC information

1641. Star Sydney and Star Qld did not review, update and verify Customer 49's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 49's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;

- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 49's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 49's source of wealth and source of funds were not legitimate: see *Customer 49's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 49's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 49.

Particulars

See paragraph 155 above.

Between 13 June 2017 and 23 June 2021, Star Sydney and Star Qld conducted ongoing customer due diligence in respect of Customer 49: see *Customer 49's risk profile* above.

- a. Between 13 June 2017 and 23 June 2021, Star Sydney and Star Qld conducted periodic open source media searches in respect of Customer 49 that identified no adverse matches.
- b. On 5 August 2019, Star Sydney reviewed junket activity for the Customer 7 junket after Customer 49 exchanged \$103,000 in chips for cash on behalf of the junket. Star Sydney concluded that the transaction was supported by the winnings of a player on the junket, Person 60, at the time.
- c. On 23 August 2019, Star Sydney conducted a review of Customer 49's gaming activity, along with the activity of her associates. This was prompted by its observations that Customer 49 had assisted a Star Sydney customer, who was not a player on any junket that she represented, to deposit \$75,000 in plaques received from a Customer 8 junket player into her personal account: SMR dated 23 August 2019.
- d. On 27 January 2020, Star Sydney conducted a review of the activity of players on a Star Sydney junket after Customer 49 withdrew \$200,000 in cash from the junket operator's account at Star Sydney.
- e. On 22 February 2020, Star Sydney conducted a review of the activity on the Customer 7 junket after Customer 49 withdrew \$200,000 in cash from the Customer 7 junket account on behalf of the junket.

The reviews did not have appropriate regard to Customer 49's high ML/TF risks: see *Customer 49's risk profile* above.

It was not until 11 November 2021 that Star Sydney issued a WOL in respect of Customer 49.

Failure to apply appropriate due diligence suited to Customer 49's high ML/TF risks

1642. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 49 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 49; and
- c. reviewing and updating Customer 49's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 49 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 49*.

1643. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 49 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 49; and
- c. reviewing and updating Customer 49's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would likely have rated Customer 49 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1644. Had Star Qld rated Customer 49 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 49.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 49

1645. Star Sydney was required to apply the ECDD Programs to Customer 49 following any ECDD triggers in respect of Customer 49.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1646. Customer 49 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 30 January 2017 and 1 April 2019, Star Sydney gave the AUSTRAC CEO 13 SMRs with respect to Customer 49.

1647. The matter pleaded in paragraph 1646 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1648. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 49 following an ECDD trigger because:

- a. on each occasion prior to 11 November 2021 that Star Sydney conducted ECDD in respect of Customer 49 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 49 and the provision of designated services to Customer 49 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

Between 12 February 2019 and 16 September 2019, Star Sydney conducted ECDD in respect of Customer 49.

The ECDD screening during this period consisted of open source media searches in respect of Customer 49 that identified no adverse matches.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 49's higher ML/TF risks: see *Customer 49's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 49's source of funds or source of wealth, in circumstances where Star Sydney took no steps to verify her occupation, which was recorded as variously 'retired' or 'junket representative', and where Customer 49 conducted large and suspicious transactions involving cash both on her own behalf as well as on behalf of junket operators Customer 8 and Customer 7.

By reason of the matters set out above, there were real risks that Customer 49's source of wealth and source of funds were not legitimate: see *Customer 49's risk profile* above.

It was not until 11 November 2021 that Star Sydney issued a WOL in respect of Customer 49.

- b. Customer 49 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite.

Particulars

See paragraph 810 above.

Rules 15.10(6) and (7) of the Rules.

Contravention of s36 of the Act in respect of Customer 49

1649. By reason of the matters pleaded from paragraphs 1633 to 1648, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 49 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1650. By reason of the matters pleaded at paragraph 1649, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 11 November 2021 with respect to Customer 49.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1651. By reason of the matters pleaded from paragraphs 1633 to 1648, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 49 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1652. By reason of the matters pleaded at paragraph 1651, Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 49.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 50

1653. Customer 50 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$48 million for Customer 50.

Particulars

Customer 50 was a customer of Star Sydney from at least 3 January 2016.

On 15 June 2022, Star Sydney issued a WOL in respect of Customer 50.

1654. Star Sydney provided Customer 50 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 12 January 2017, Star Sydney opened an FMA and SKA for Customer 50 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 50 remitted funds to and from their FMA and SKA (items 31 and 32, table 1, s6 of the Act).

See Customer 50's risk profile below.

1655. Customer 50 was a customer of Star Qld during the relevant period. In 2019, Star Qld recorded turnover exceeding \$19 million for Customer 50.

Particulars

Customer 50 was a customer of Star Qld from at least 17 January 2017.

On 15 June 2022, Star Qld issued a WOL in respect of Customer 50.

1656. Star Qld provided Customer 50 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 16 January 2017, Star Qld opened an FMA for Customer 50 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 50 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 50's risk profile below.

1657. At all times from 30 November 2016 in respect of Star Sydney and 17 January 2017 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 50.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 50's risk profile

1658. On and from 30 November 2016 in respect of Star Sydney and 17 January 2017 in respect of Star Qld, Customer 50, and the provision of designated services to Customer 50 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 50's risk history as at 30 November 2016

a. by 30 November 2016 Customer 50 had the following risk history at Star Sydney:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 50;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 5 January 2016.

The SMR reported that Customer 50 had engaged in a large cash transaction: see paragraph 1658.a.iii below.

- ii. Customer 50 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 4 January 2016 and 8 January 2016, Customer 50 was a junket player at Star Sydney on a junket operated by Customer 31.

Star Sydney recorded high turnover totalling \$45,207,760 with losses of \$574,745 for Customer 50's gaming activity on the junket program.

- iii. Customer 50 transacted using large amounts of cash at Star Sydney; and

Particulars

See paragraphs 611 to 618 above.

Between 3 January 2016 and 8 January 2016, Star Sydney gave the AUSTRAC CEO four TTRs detailing incoming payments to Customer 50 totalling \$105,000 in chip exchanges.

Between 3 January 2016 and 8 January 2016, Star Sydney gave the AUSTRAC CEO 14 TTRs detailing outgoing payments from Customer 50 which comprised:

- a. \$385,050 in chip exchanges;
 - b. \$62,800 in EGM payouts; and
 - c. \$27,225 in sales of foreign currency.
- iv. designated services provided to Customer 50 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

See paragraph 1658.iii above.

Customer 50's risk profile from 30 November 2016

- b. Customer 50 was a foreign PEP;

Particulars

See paragraph 115 above.

Customer 50 was a member of a foreign political body and had been involved in foreign political activities since at least 2001.

- c. Customer 50 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
- i. between 7 January 2017 and 3 January 2020, Customer 50 was a player on ten junkets at Star Sydney operated by Customer 31; and
 - ii. between 7 January 2017 and 3 January 2020, Star Sydney recorded high and escalating turnover totalling \$24,892,335 with losses of \$1,726,510 for Customer 50's gaming activity on junket programs;

Particulars

In 2017, Customer 50's turnover on junket programs was \$2,245,360 with losses of \$613,500.

In 2018, Customer 50's turnover on junket programs significantly escalated to \$18,092,607 with wins of \$45,630.

In 2019, Customer 50's turnover on junket programs was \$1,391,858 with losses of \$575,540.

In 2020, despite the COVID-19 pandemic closures, Customer 50's turnover on junket programs was \$3,162,510 with losses of \$583,100.

- d. Customer 50 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
- i. between 21 January 2019 and 20 July 2019, Customer 50 was a player on two junkets at Star Gold Coast operated by Customer 31 and Customer 18;
 - ii. one of the junkets was funded by a person other than the junket operator; and
 - iii. between 21 January 2019 and 20 July 2019, Star Qld recorded high turnover totalling \$4,868,630 with losses of \$453,150 for Customer 50's gaming activity on junket programs;

Particulars

On 16 July 2019, Customer 50 arrived at Star Gold Coast to play under Customer 31's junket program. Customer 31 had supplied the front money by drawing down \$1,500,000 on his CCF.

Customer 50 made small exchanges of three different foreign currencies and proceeded to play. At settlement, Star Qld recorded a loss for Customer 50 of \$481,357. Star Qld was unaware of how

Customer 50, who was known to be a foreign PEP, would repay
Customer 31 for the loss incurred: SMR dated 23 July 2019.

- e. designated services provided to Customer 50 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- f. Customer 50 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2019, Star Sydney recorded high and escalating individual rated turnover totalling \$23,777,580 for Customer 50;

Particulars

See paragraph 752 above.

In 2016, Customer 50's individual rated turnover was \$2,550,041.

In 2017, Customer 50's individual rated turnover significantly
escalated to \$4,502,277.

In 2018, Customer 50's individual rated turnover significantly
escalated again to \$15,548,049.

In 2019, Customer 50's individual rated turnover was \$1,177,213.

- g. Customer 50 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2019, Star Qld recorded high individual rated turnover totalling \$14,562,611 for Customer 50;

Particulars

See paragraph 752 above.

- h. designated services provided to Customer 50 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

On 29 January 2018 and 2 May 2018, Customer 50 received EGM
payouts totalling \$370,784.

- i. Customer 50 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 50 had access to private gaming rooms at Star Sydney,
including the Sovereign Room.

- j. Customer 50 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 50 had access to private gaming rooms at Star Qld, including the Sovereign Room, Salon 98 and Pit 8.

- k. Customer 50 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 10 January 2017 and 1 September 2018, Star Sydney gave the AUSTRAC CEO 15 TTRs detailing incoming payments to Customer 50 totalling \$294,000 in chip exchanges.

Between 26 August 2017 and 31 December 2019, Star Sydney gave the AUSTRAC CEO 34 TTRs detailing outgoing payments from Customer 50 totalling \$1,316,215 which were comprised of:

- a. \$454,715 in chip exchanges;
- b. \$418,063 in EGM payouts; and
- c. \$443,438 in sales of foreign currency.

On 30 August 2017, Customer 31's junket representative, Person 46, removed \$175,000 in chips from Customer 31's safe deposit box. Person 46 exchanged the chips for cash and handed the cash to Customer 50. Customer 50 exchanged \$75,000 of the cash for chips and proceeded to record a turnover of \$600,450 with a loss of \$150,050. Customer 50 was not recorded as a player on Customer 31's junket and, at that time, Star failed to identify any links between Customer 50 and Customer 31's junket despite Customer 50 having played on Customer 31's junket in 2016 and 2017. Star Sydney considered this transaction to be highly unusual: SMR dated 31 August 2017.

On 30 January 2018, Customer 50 cashed out \$100,090 in chips at Star Sydney. Customer 50 had recorded a turnover of \$1,657,650 with a win of \$797,435 that day.

- l. Customer 50 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

On 20 January 2019 and 23 January 2019, Star Qld gave the AUSTRAC CEO a TTR detailing outgoing payments from Customer 50 totalling \$39,135 which were comprised of:

- a. \$25,095 in chip exchanges; and
- b. \$14,040 in sales of foreign currency.

- m. by October 2020, Star Sydney and Star Qld were aware of media articles which reported that Customer 50 was implicated in a graft case involving the reported misuse of public funds, corruption commission investigations and allegations of voter intimidation; and

Particulars

Between 2005 and 2019, publicly accessible media articles reported that Customer 50:

- a. was called on by a corruption commission in a foreign country as a suspect in a graft case and later named as a witness in a graft case involving the misappropriation of funds;
- b. had been charged with voter intimidation and had refused to comply with a summons for questioning as a witness in a graft case; and
- c. had been reported to the relevant Ministry for numerous travels abroad not related to his duties.

It was not until October 2020 that Star Sydney and Star Qld became aware of these reports.

- n. Star Sydney and Star Qld did not have adequate reason to believe that Customer 50's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) recorded by Customer 50 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood Customer 50 to be a member of a foreign political body at all times and that he was an executive in respect of a mining operation.

However, by August 2021, the latter position had not been confirmed by Star.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 50

1659. On and from 30 November 2016 Customer 50 was rated by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules.

Particulars

On 5 January 2016, Customer 50 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 50 was rated very high risk, being high risk for the purpose of the Act and Rules.

1660. Nevertheless, for the reasons pleaded below, Star Sydney and Star Qld failed to monitor the high ML/TF risks posed by Customer 50 appropriately on an ongoing basis because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by them with respect to Customer 50.

Monitoring of Customer 50's transactions

1661. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 50's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 50, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a), (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 50 through the junket channel;

Particulars

See paragraph 783 above.

- d. Star Sydney and Star Qld provided designated services to Customer 50 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a), (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- e. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 50.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incident involving Customer 50 on 30 August 2017: see *Customer 50's risk profile*.

The review, update and reverification of KYC information

- 1662. Star Sydney and Star Qld did not review, update and verify Customer 50's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney or Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 50's business with them, including the nature, extent and purpose of Customer 50's transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update or verify Customer 50's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 50's source of wealth or source of funds: see *Customer 50's risk profile*.

On and from 2017, Customer 50's turnover was very high and escalated significantly. This turnover was not proportionate to his source of wealth.

Between 2005 and 2019, publicly accessible media articles identified that Customer 50 was a foreign PEP together with information suggesting there were real ML/TF risks as to Customer 50's source of funds.

- d. to the extent that Star Sydney or Star Qld reviewed Customer 50's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney or Star Qld to Customer 50.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 50

1663. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 50 following any ECDD triggers in respect of Customer 50. In particular, because Customer 50 was a foreign PEP, Star Sydney and Star Qld were required to:
- a. undertake detailed analysis of Customer 50's KYC information including taking reasonable measures to identify the source of Customer 50's wealth and the source of Customer 50's funds; and
 - b. seek senior management approval for continuing a business relationship with Customer 50 and whether Star Sydney and Star Qld should continue to provide a designated service to Customer 50.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3), 15.10 and 15.11 of the Rules.

1664. Customer 50:

- a. at all times from 30 November 2016 was a foreign PEP;

Particulars

See Customer 50's risk profile.

- b. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 31 August 2017, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 50.

- c. was determined to be high risk for the purpose of the Act and Rules by 30 November 2016 by Star Sydney and Star Qld.

Particulars

On 5 January 2016, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 50 was high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 50* above.

1665. Each matter pleaded in paragraph 1664 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1666. On 5 January 2016, Star Sydney and Star Qld identified that Customer 50 was a foreign PEP. On 24 June 2021, Star Sydney and Star Qld understood that Customer 50 became an inactive PEP.

1667. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 50 following the ECDD triggers:

- a. on each occasion prior to 15 June 2022 that Star Sydney or Star Qld conducted ECDD in respect of Customer 50 in response to an ECDD trigger, they failed to give appropriate consideration to whether the ML/TF risks posed by Customer 50 and the provision of designated services to Customer 50 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite. In particular, Star Sydney and Star Qld failed to monitor Customer 50 as a foreign PEP because:
 - i. Star Sydney's and Star Qld's analysis of Customer 50's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 50;
 - ii. Star Sydney's and Star Qld's analysis of Customer 50's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 50;

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 810 above.

On 4 March 2019, 17 July 2019, 4 September 2019 and 20 October 2020, Star conducted ECDD in respect of Customer 50, but did not have appropriate regard to his higher ML/TF risks: see *Customer 50's risk profile*.

The ECDD screenings did not identify adverse information, despite the matters set out above: see *Customer 50's risk profile*.

On and from 2017, Customer 50's turnover was very high and escalated significantly. This turnover was not proportionate to his source of wealth. Between 2005 and 2019, publicly accessible media articles identified that Customer 50 was a foreign PEP together with information suggesting there were real ML/TF risks as to Customer 50's source of funds.

On 15 June 2022, Star issued a WOL in respect of Customer 50.

- iii. Customer 50 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- iv. any senior management approval regarding Customer 50 failed to give appropriate consideration to the ML/TF risks posed by Customer 50 and the provision of designated services to Customer 50 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810 above.

There was no senior management consideration of Customer 50 until August 2021.

On or about 2 August 2021, the Due Diligence Program Manager determined that a business relationship with Customer 50 could be maintained by Star given:

- a. Customer 50 was an inactive foreign PEP; and
- b. no adverse information was found in respect of Customer 50.

In determining that a business relationship could be continued, the Due Diligence Program Manager did not have regard to:

- a. Customer 50's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high and escalating turnover;

- b. Customer 50's source of funds (r 15.10(2)(b) of the Rules), having regard to the publicly available information suggesting high ML/TF risks as to their source of funds.

In determining that a business relationship could be continued, the Due Diligence Program Manager did not have appropriate regard to Customer 50's higher ML/TF risks: see *Customer 50's risk profile* above.

On 15 June 2022, Star issued a WOL in respect of Customer 50.

Contravention of s36 of the Act in respect of Customer 50

1668. By reason of the matters pleaded from paragraphs 1653 to 1667, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 50 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1669. By reason of the matters pleaded at paragraph 1668, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 15 June 2022 with respect to Customer 50.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1670. By reason of the matters pleaded from paragraphs 1653 to 1667, on and from 17 January 2017, Star Qld:

- a. did not monitor Customer 50 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1671. By reason of the matters pleaded at paragraph 1670, Star Qld contravened s36(1) of the Act on and from 17 January 2017 to 15 June 2022 with respect to Customer 50.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 51

1672. Customer 51 was a customer of Star Sydney during the relevant period. In 2017, Star Sydney recorded turnover exceeding \$49 million for Customer 51.

Particulars

Customer 51 was a customer of Star Sydney from at least 8 August 2015.

On 15 February 2018, Star Sydney issued a WOL in respect of Customer 51.

1673. Star Sydney provided Customer 51 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 3 October 2012, Star Sydney opened an FMA and SKA for Customer 51 which were closed on 12 December 2018 (item 11, table 3, s6 of the Act).

Between 5 December 1996 and 9 May 2017, Star Sydney approved CCFs for Customer 51 on nine occasions ranging from \$9,000 to \$124,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 51 (items 31 and 32, table 1, s6 of the Act).

See Customer 51's risk profile below.

1674. Customer 51 was a customer of Star Qld during the relevant period. Between 2017 and 2018, Star Qld recorded turnover exceeding \$9 million for Customer 51.

Particulars

Customer 51 was a customer of Star Qld from at least 1996.

On 15 February 2018, Star Qld issued a WOL in respect of Customer 51.

1675. Star Qld provided Customer 51 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 20 February 2003, Star Qld opened an FMA for Customer 51 which remains open (item 11, table 3, s6 of the Act).

On 10 February 2017, Star Qld opened an FMA and SKA for Customer 51 which remain open (item 11, table 3, s6 of the Act).

See Customer 51's risk profile below.

1676. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 51.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 51's risk profile

1677. On and from 30 November 2016, Customer 51, and the provision of designated services to Customer 51 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 51's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 51 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 51;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on seven occasions between 26 February 2006 and 17 October 2012.

The SMRs reported that Customer 51 engaged in large cash transactions and disputes between Star and Customer 51 in respect of dishonoured cheques: see paragraphs 1677.a.iii and 1677.a.iv below.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 51;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 25 November 2008.

The SMR reported that Customer 51 engaged in transactions involving a cheque: see paragraph 1677.a.v below.

- iii. Customer 51 transacted using large amounts of cash and cheques at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

On 25 February 2006, Customer 51 cashed out \$1,000,000 at a private gaming room: SMR dated 26 February 2006.

On 13 March 2006, Customer 51 bought into a program using \$998,630 from his FMA. Customer 51 then deposited \$250,000 in chips into his account and requested a cash withdrawal of \$73,630, which was refused. Customer 51 ultimately took a casino cheque for \$1,229,405: SMR dated 14 March 2006.

On 6 September 2006, Customer 51 deposited a cheque for \$988,142 and requested to withdraw \$300,000 in cash: SMR dated 7 September 2006.

On 4 October 2012, Customer 51 exchanged \$190,000 in chips for cash and withdrew a further \$50,000 in cash from his FMA. Later that day, Customer 51 deposited \$200,000 in cash into his FMA. Star Sydney considered the transactions to be suspicious due to the large amount of cash involved: SMR dated 9 October 2012.

On 6 October 2012, Customer 51 exchanged \$115,000 in chips for cash. Star Sydney considered the transactions to be suspicious due to the large amount of cash involved: SMR dated 9 October 2012.

On 17 October 2012, Customer 51 deposited \$1,000,000 in cash into his FMA. The funds were used as a buy-in on a premium program.

Later that day, Customer 51 withdrew \$100,000 in cash from his account. Customer 51 had two partial cash settlements during the day and took the rebate earned from the program in cash. Star Sydney considered it highly suspicious that Customer 51 had four unusually large cash transactions in the same day: SMR dated 17 October 2012.

Between 13 March 2012 and 17 October 2012, Star Sydney gave the AUSTRAC CEO 15 TTRs in respect of Customer 51 totalling \$2,033,266, which comprised:

- a. ten outgoing TTRs totalling \$666,266;
 - b. five incoming TTRs totalling \$1,367,000;
 - c. \$347,000 in chip or cash exchanges; and
 - d. \$1,686,266 in account deposits or withdrawals.
- iv. in July 2007, Customer 51 presented two cheques in a foreign currency to Star Sydney which were dishonoured;

Particulars

On 2 July 2007, Customer 51 presented two cheques in a foreign currency to be deposited into his account at Star Sydney. Both cheques were dishonoured.

Star Sydney brought an action in an Australian court against Customer 51 and received judgment in its favour in June 2008: SMR dated 26 February 2009.

- v. Customer 51 engaged in a large and suspicious transaction which had no visible lawful purpose;

Particulars

On 18 November 2008, Customer 51 deposited \$280,000 into his account at Star Qld. Customer 51 claimed that the deposit was a telegraphic transfer, however, it was in fact a cheque. Star Qld informed Customer 51 that it would wait for the cheque to clear before depositing the funds in his account.

Customer 51 determined to stop payment on the cheque and advised Star Qld that he would bring a bank cheque instead. Customer 51 did

not arrive at Star Qld. Star Qld was aware that Customer 51 had attempted cheque fraud at other Australian casinos recently: SMR dated 25 November 2008.

- vi. Customer 51 was the subject of law enforcement enquiries at Star; and

Particulars

On 12 July 2013, 24 April 2015 and 29 April 2016, Star Sydney received requests from a law enforcement agency in respect of Customer 51.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- vii. in September 2016, Star became aware of open source media articles which reported that Customer 51 was suspected to be a money launderer;

Particulars

In September 2016, open source media articles reported that:

- a. Customer 51 was under investigation in a foreign country for his alleged involvement in large-scale money laundering at casinos in Australia and overseas;
- b. Customer 51 had turned over hundreds of millions of dollars at another Australian casino;
- c. Customer 51 had access to multiple Australian passports;
- d. law enforcement agencies alleged that properties linked to Customer 51 were the proceeds of crime; and
- e. an Australian judge had found that Customer 51's known source of income could not explain his very high stakes gambling.

Customer 51's risk profile from 30 November 2016

- b. Customer 51 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 7 April 2017 and 5 June 2017, Customer 51 was a player on two junkets at Star Sydney operated by Customer 34; and
 - ii. between 7 April 2017 and 5 June 2017, Star Sydney recorded high turnover totalling \$1,478,196 with losses of \$25,853 for Customer 51's gaming activity on junket programs;
- c. designated services provided to Customer 51 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 51 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2017, Star Sydney recorded high turnover totalling \$48,044,096 for Customer 51;
 - i. in 2017, Star Sydney recorded high individual rated turnover totalling \$43,733,712 for Customer 51; and

Particulars

See paragraph 752 above.

- ii. in 2017, Star Sydney recorded high turnover on individual rebate programs totalling \$4,310,384 for Customer 51, with losses of \$501,075;

Particulars

See paragraph 623 above.

- e. Customer 51 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2018, Star Qld recorded high turnover totalling \$9,933,986 for Customer 51;
 - i. in 2017, Star Qld recorded high individual rated turnover totalling \$9,610,000 for Customer 51; and

Particulars

See paragraph 752 above.

In 2017, Customer 51's individual rated turnover was \$6,176,922.

In 2018, Customer 51's individual rated turnover was \$3,433,078.

- ii. in 2017, Star Qld recorded high turnover on individual rebate programs totalling \$323,986;

Particulars

See paragraph 623 above.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 51 by remitting large amounts of money into the casino environment via his accounts, including through an international remittance channel which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 16 February 2017 and 9 May 2017, Customer 51 transacted \$258,000 through the Hotel Card channel in eight separate transactions and was provided a temporary CCF while waiting for the funds to clear.

See particulars to paragraph 1677.i below.

Other remittances into the casino environment

See paragraph 327 above.

On 2 March 2017, Star Sydney received a telegraphic transfer totalling \$40,000, which was made available to Customer 51's account.

The above transaction was conducted through the Star Patron account channel.

- g. Customer 51 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 8 February 2017 and 3 May 2017, Star Sydney gave the AUSTRAC CEO 18 TTRs in respect of Customer 51 totalling \$706,934, which comprised:

- a. four outgoing TTRs totalling \$82,034;
- b. 14 incoming TTRs totalling \$624,900;
- c. \$201,934 in chip or cash exchanges; and
- d. \$505,000 in account deposits or withdrawals.

On 22 April 2017, Customer 51 presented \$150,000 in cash to be deposited into his account at Star Sydney. The cash was comprised of \$100 notes issued by Star Sydney in the previous week. Star Sydney noted that Customer 51 had not recorded any large transactions that would justify having this amount of cash in the previous week, which indicated that the funds had come from an unknown third party: SMR dated 26 April 2017.

- h. Customer 51 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 17 November 2017 and 8 February 2018, Star Qld gave the AUSTRAC CEO 54 TTRs in respect of Customer 51 totalling \$1,270,340, which comprised:

- a. 24 outgoing TTRs totalling \$614,040;
- b. 30 incoming TTRs totalling \$656,300; and
- c. \$1,270,340 in chip or cash exchanges.

On 10 December 2017, a Star Qld customer, Person 43, deposited \$55,000 in cash into his FMA while playing on a domestic premium program. After settlement, Person 43 withdrew \$47,913 in cash and \$20,000 in chips from his FMA. On 17 December 2017, Customer 51 opened an FMA at the casino. Person 43 returned to the casino and deposited \$67,025 into his FMA before transferring the funds to Customer 51. Customer 51 then deposited \$50,000 in chips into his FMA: SMR dated 18 December 2017.

On 21 and 22 December 2017, Customer 51 presented \$158,000 in cash at Star Qld. Customer 51 gambled and recorded a loss of \$256,000. Star Qld was unaware of Customer 51's current occupation or source of funds: SMR dated 29 December 2017.

On 14 February 2018, Person 43 advised Star Qld that he had sent a \$100,000 telegraphic transfer to Customer 51. The transaction receipt indicated that the transaction originated from a cash deposit. Star Qld noted that this was not the first time Person 43 had given funds to Customer 51. On 15 February 2018, Star issued a WOL in respect of Customer 51. On 16 February 2018, Customer 51 asked about the telegraphic transfer. Person 43 visited Star Qld and had the funds released into his account. Person 43 took \$80,000 in cash and \$20,000 in chips. Person 43 then met Customer 51, and handed him the cash: SMR dated 16 February 2018.

- i. between 16 February 2017 and 9 May 2017, Star Sydney provided Customer 51 with significant amounts of credit upon request, up to limits of \$124,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 16 February 2017, Star Sydney senior management, including the General Manager VIP Credit & Collections and the Chief Executive Officer, approved a single trip CCF limit of \$100,000, which was then increased to \$124,000 for Customer 51.

Between 1 March 2017 and 9 May 2017, Star Sydney senior management, including the General Manager VIP Credit & Collections, approved single trip CCFs on six occasions with limits ranging from \$9,000 to \$53,000 for Customer 51.

On each occasion, the CCF was provided on a "temporary" basis while funds obtained through the Hotel Card channel were cleared, and was approved by senior management at Star.

- j. Customer 51 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 51 had access to private gaming rooms at Star Sydney, including Rivers Salons, Lakes Salons, Oasis and the Sovereign Room.

- k. Customer 51 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 51 had access to private gaming rooms at Star Qld, including the Suite, the Sovereign Room and the Club.

- l. by December 2017, Star Qld was aware that Customer 51 had convictions in a foreign country for obtaining benefit by deception and dealing in proceeds of crime, and had been excluded from other international and Australian casinos;

Particulars

Star Qld was also aware that Customer 51 was reported as being a money launderer and gambler, having had his assets frozen in a foreign country in respect of proceeds of crime charges: SMR dated 18 December 2017.

- m. in June 2017, Star Sydney and Star Qld determined to issue a WOL in respect of Customer 51. However, Customer 51 was not issued with a WOL until February 2018. Between June 2017 and January 2018, Customer 51 recorded significant turnover at Star Qld including losses exceeding \$500,000; and

Particulars

See ECDD triggers in respect of Customer 51 below.

- n. Star Sydney and Star Qld did not have adequate reason to believe that Customer 51's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 51 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By 30 November 2016, Star Sydney and Star Qld were aware of open source media articles which alleged that Customer 51 was under investigation in a foreign country for his alleged involvement in large-scale money laundering at casinos in Australia and overseas and that an Australian judge had found that Customer 51's source of wealth could not explain his high value gaming activity.

By 30 November 2016, Star Sydney had questioned Customer 51 regarding his access to and use of large amounts of cash.

By 30 November 2016, Star did not know Customer 51's occupation. By January 2017, Star suspected that Customer 51 might be in an overseas jail. By February 2017, the General Counsel Corporate, the Chief Executive Officer and Chief Financial Officer were aware that Customer 51 was under investigation for money laundering offences and presented a serious reputational risk to Star. Despite this, in 2017, Customer 51 recorded a cumulative turnover at Star Sydney and Star Qld exceeding \$50 million.

In April 2017, Star understood Customer 51 to be a property developer. By June 2017, Star had determined to issue a WOL in respect of Customer 51. However, it was not until February 2018 that Customer 51 was issued with a WOL. Between June 2017 and February 2018, Customer 51 recorded a loss at Star Qld exceeding \$500,000.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 51

1678. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 51 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 51.

- a. On and from 30 November 2016, Customer 51 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 51's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 18 December 2017 that Customer 51 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 11 August 2016, Customer 51 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 18 January 2017, Customer 51 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 18 December 2017, Customer 51 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 51's transactions

1679. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 51's transactions because:

- a. where Star Sydney or Star Qld conducted any transaction monitoring of transactions involving Customer 51, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 51 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. an international remittance channel, specifically the Hotel Card channel;

Particulars

See paragraphs 777 and 790 above.

- d. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 51.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 51 on 17 December 2017, 22 December 2017, 16 February 2018: See *Customer 51's risk profile*.

The review, update and verification of Customer 51's KYC information

- 1680. Star Sydney and Star Qld did not review, update and verify Customer 51's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 51's business with Star Sydney and Star Qld including the nature, extent and purpose of his transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 51's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 51's source of wealth and source of funds were not legitimate: see *Customer 51's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 51's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 51.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 51's high ML/TF risks

1681. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 51 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 51; and
 - c. reviewing and updating Customer 51's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 51 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 51*.

ECDD triggers in respect of Customer 51

1682. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 51 following any ECDD triggers in respect of Customer 51.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3), 15.10 of the Rules.

1683. Customer 51:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

On 16 April 2017, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 51.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 18 December 2017 and 16 February 2018, Star Qld gave the AUSTRAC CEO three SMRs with respect to Customer 51.

- c. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 18 December 2017, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 51 was high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 51* above.

1684. Each matter pleaded in paragraph 1683 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1685. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 51 following an ECDD trigger because:

a. at no time did Star Sydney and Star Qld apply the ECDD Programs to Customer 51;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

By reason of the matters set out above, there were real risks that Customer 51's source of wealth and source of funds were not legitimate: see *Customer 51's risk profile*.

However, at no time did Star Sydney or Star Qld conduct ECDD in respect of Customer 51.

It was not until 15 February 2018 that Star Sydney and Star Qld issued a WOL in respect of Customer 51.

b. Customer 51 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

c. on any occasion prior to June 2017 that Customer 51 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 51 and the provision of designated services to Customer 51 by Star Sydney and Star Qld, and whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite. Despite a senior management decision to issue Customer 51 with a WOL in June 2017, that decision was not implemented until February 2018.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between 15 October 2016 and February 2018, Customer 51 was discussed regularly at JRAMM and PAMMs and considered by Star senior management.

Consideration in 2016

In October and December 2016, the minutes of the meetings noted that:

- a. Customer 51's occupation was unknown; and
- b. Customer 51 was suspected of laundering hundreds of millions of dollars at another Australian casino.

Consideration in 2017

In January and February 2017, the minutes of the meetings noted that Customer 51 had not attended Star Sydney for some time and that he might be in an international jail.

On 7 February 2017, the General Counsel Corporate prepared a note regarding Customer 51 which identified that:

- a. Customer 51 intended to attend Star Sydney that day;
- b. Customer 51 had been the subject of media reports alleging that he was under investigation for money laundering offences;
- c. Customer 51 intended to buy-in using a \$100,000 Hotel Card transaction;
- d. the General Counsel Corporate had spoken to the Chief Executive Officer and highlighted the reputational risk regarding Customer 51 together with risks surrounding Hotel Card transactions;
- e. the Chief Executive Officer said that, for \$100,000, it was probably not worth the reputational risk, but since Customer 51 was already on his way to the casino it was not necessary to prevent his attendance;
- f. the General Counsel Corporate had spoken to the General Manager VIP Credit & Collections and alerted him to the proposed Hotel Card transaction swipe and possible risks. The General Manager VIP Credit & Collections noted that Customer 51 had been 'blacklisted' by 17 casinos for his abuse of casino credit in the past. However, the General Manager VIP Credit & Collections said that he had no concerns from a credit perspective if Customer 51 used the Hotel Card channel; and
- g. the General Counsel Corporate reverted to the Chief Executive Officer together with the Chief Financial Officer who noted the additional information but suggested that they 'keep this low profile'.

In March 2017, the minutes of the meeting noted that Customer 51 had recently banked a \$75,000 cheque.

In April 2017, the minutes of the meeting noted that Customer 51 was a property developer currently playing at Star Sydney and that

information would be prepared for the AML/CTF Compliance Officer to consider a possible exclusion in respect of Customer 51.

In June 2017, the minutes of the meeting noted that the Cage would contact the Star investigations team for any cash buy-ins by Customer 51 above \$100,000.

In June 2017, JRAMM notes identified that Customer 51 was formally to be excluded. However, it was not until 15 February 2018 that Star Sydney and Star Qld issued a WOL in respect of Customer 51.

Consideration in 2018

It was not until 15 February 2018 that Star Sydney and Star Qld issued a WOL in respect of Customer 51.

In February and March 2018, the minutes of the meeting noted that a decision had been made in June 2017 to exclude Customer 51 and that, since June 2017, Customer 51 had recorded losses at Treasury Brisbane of \$511,000.

Contravention of s36 of the Act in respect of Customer 51

1686. By reason of the matters pleaded from paragraphs 1672 to 1685 above, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 51 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1687. By reason of the matters pleaded at paragraph 1686, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 15 February 2018 with respect to Customer 51.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 52

1688. Customer 52 was a customer of Star Sydney during the relevant period. Between 2016 and 2022, Star Sydney recorded turnover exceeding \$350 million for Customer 52.

Particulars

Customer 52 was a customer of Star Sydney from at least 18 January 2009.

1689. Star Sydney provided Customer 52 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 4 September 2009, Star Sydney opened an FMA and SKA for Customer 52, both of which remain open (item 11, table 3, s6 of the Act).

Between 30 November 2016 and 2 March 2020, Star Sydney approved CCFs for Customer 52 on 225 occasions ranging from \$10,000 to \$500,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 52 (items 31 and 32, table 1, s6 of the Act).

See particulars to *Customer 52's risk profile* below.

1690. Customer 52 was a customer of Star Qld during the relevant period. Between 2018 and 2019, Star Qld recorded turnover exceeding \$1 million for Customer 52.

Particulars

Customer 52 was a customer of Star Qld from at least 20 July 2012.

1691. Star Qld provided Customer 52 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 17 December 2018, Star Qld opened an FMA for Customer 52 which remains open (item 11, table 3, s6 of the Act).

See particulars to *Customer 52's risk profile* below.

1692. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 52.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 52's risk profile

1693. On and from 30 November 2016, Customer 52, and the provision of designated services to Customer 52 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 52's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 52 had the following risk history:
 - i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 52;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 11 occasions between 27 August 2009 and 18 February 2016.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 52;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 25 July 2012.

- iii. Customer 52 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high turnover totalling \$9,633,014 for Customer 52;

Particulars

In 2015, Customer 52's individual rated turnover was \$3,652,333.

In 2015, Customer 52's turnover on individual rebate programs was \$5,980,679.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6) to Customer 52 by remitting large amounts of money into the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

See paragraphs 356 to 357 above.

Between 15 July 2015 and 30 November 2016, Customer 52 transacted \$1,675,500 through the Hotel Card channel in 42 separate transactions, and was given a temporary CCF while waiting for the funds to clear.

- v. between 15 July 2015 and 8 June 2016, Star Sydney provided Customer 52 with significant amounts of credit upon request, up to limits of \$205,000;

Particulars

Between 15 July 2015 and 8 June 2016, Star Sydney provided Customer 52 with at least \$2,851,000 in CCFs, the limits of which ranged between \$3,500 and \$205,000, on 40 occasions.

On each occasion, the CCF was provided on a "temporary" basis while funds obtained through the Hotel Card channel were cleared, and was approved by senior management at Star, including the Chief Executive Officer, the Chief Financial Officer, Star Sydney Managing Director, and Star General Manager VIP Credit and Collections.

- vi. between 1 November 2015 and 8 June 2016, Star Sydney was aware that Customer 52 had been using the Hotel Card channel inappropriately and was withdrawing large amounts of cash to play;

Particulars

On 1 November 2015, Star Sydney identified that Customer 52 was withdrawing Hotel Card channel funds in cash and recording no play despite being issued significant amounts of Hotel Card channel credit.

Star Sydney warned Customer 52 that he must ensure his membership card was inserted in the EGM machine when he played or otherwise risk being cut off from further Hotel Card channel transactions.

Despite this, Star Sydney continued to facilitate Customer 52 accessing significant amounts of funds via the Hotel Card channel and temporary CCFs.

Between 3 November 2015 and 8 June 2016, Star Sydney was aware that Customer 52 continued to use the Hotel Card channel to access large amounts of money.

- vii. designated services provided to Customer 52 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

TTRs

Between 12 March 2010 and 10 June 2016, Star Sydney gave the AUSTRAC CEO 864 TTRs detailing EGM payouts to Customer 52 totalling \$15,662,913.

Suspicious transactions involving EGMs

On 30 November 2016, Customer 52 cashed in an EGM ticket for \$112,000 at Star Sydney, taking \$100,000 in cash and \$12,000 in EGM tickets.

- viii. Customer 52 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 19 January 2009 and 8 November 2016, Star Sydney gave the AUSTRAC CEO 335 TTRs totalling \$8,288,099, including:

- a. 26 TTRs detailing account deposits made by Customer 52 totalling \$970,000;
- b. 51 TTRs detailing account withdrawals made by Customer 52 totalling \$2,220,634;
- c. one TTR detailing a cheque made by Customer 52 totalling \$10,025;
- d. 235 TTRs detailing chip and cash exchanges made by Customer 52 totalling \$4,608,226;

- e. one TTR detailing other monetary value in made by Customer 52 totalling \$72,000;
- f. 20 TTRs detailing other monetary value out made by Customer 52 totalling \$393,078; and
- g. one TTR detailing purchase of foreign currency made by Customer 52 totalling \$14,136.

Large transactions in 2015 and 2016

Between 26 February 2015 and 1 June 2016, Customer 52 withdrew a total of \$310,000 in cash from his FMA at Star Sydney, in a series of transactions ranging from \$100,000 to \$110,000.

On 30 November 2016, Customer 52 withdrew \$125,000 in cash from his FMA at Star Sydney.

- ix. Customer 52 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 30 August 2011 and 20 July 2012, Star Qld gave the AUSTRAC CEO seven TTRs totalling \$325,176, including:

- a. three TTRs detailing account deposits made by Customer 52 totalling \$190,000;
- b. two TTRs detailing account withdrawals made by Customer 52 totalling \$96,171; and
- c. two TTRs detailing chip and cash exchanges made by Customer 52 totalling \$39,005.

- x. Customer 52 and his associates engaged in transactions indicative of ML/TF typologies and vulnerabilities at Star Sydney, including refining;

Particulars

On 17 May 2012, Customer 52 and his associates exchanged large quantities of \$50 notes for \$100 notes at Star Sydney, totalling \$40,000.

On 1 February 2014, Customer 52 and his associates exchanged large quantities of \$50 notes for \$100 notes at Star Sydney, totalling \$8,800.

- xi. between 18 February 2016 and 8 June 2016, Star notified a law enforcement agency about suspicious transactions involving Customer 52 on three occasions; and

Particulars

Between 18 February 2016 and 8 June 2016, Star Sydney lodged suspicious transaction reports involving Customer 52 with a law enforcement agency on three occasions.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- xii. in 2011 and 2012, senior management at Star Sydney and Star Qld added Customer 52 to the PAMM for consideration as part of ongoing customer due diligence;

Particulars

In December 2011 and January 2012, Customer 52 was listed for consideration at Star Sydney's and Star Qld's monthly PAMMs.

Customer 52's risk profile from 30 November 2016

- b. Customer 52 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2022, Star Sydney recorded high and escalating turnover totalling \$352,545,199 for Customer 52;
 - i. between 2016 and 2022, Star Sydney recorded high and escalating individual rated turnover totalling \$192,613,204 for Customer 52; and

Particulars

See paragraph 752 above.

In 2016, Customer 52's individual rated turnover was \$14,225,005.

In 2017, Customer 52's individual rated turnover was \$28,243,197.

In 2018, Customer 52's individual rated turnover was \$95,248,724.

In 2019, Customer 52's individual rated turnover was \$24,809,646.

In 2020, Customer 52's individual rated turnover was \$18,396,600.

In 2021, Customer 52's individual rated turnover was \$11,492,317.

In 2022, Customer 52's individual rated turnover was \$17,716.

- ii. between 2016 and 20219 Star Sydney recorded high and escalating turnover on individual rebate programs totalling \$159,931,995 for Customer 52;

Particulars

See paragraph 623 above.

In 2016, Customer 52's turnover on individual rebate programs was \$31,824,288.

In 2017, Customer 52's turnover on individual rebate programs was \$51,479,569.

In 2018, Customer 52's turnover on individual rebate programs was \$47,462,240.

In 2019, Customer 52's turnover on individual rebate programs was \$29,165,898.

- c. Customer 52 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2018 and 2019, Star Qld recorded individual rated turnover totalling \$1,136,610 for Customer 52;

Particulars

See paragraph 752 above.

In 2018, Customer 52's individual rated turnover was \$1,000,478.

In 2019, Customer 52's individual rated turnover was \$136,132.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 52 by remitting large amounts of money into and within the casino environment via his accounts:

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 3 December 2016 and 1 March 2020, Customer 52 transacted \$13,600,450 through the Hotel Card channel in 226 separate transactions and on each occasion was given a temporary CCF while waiting for the funds to clear. *Other remittances into the casino environment*

See paragraph 327 above.

Between 28 September 2020 and 11 March 2021, Star Sydney received five telegraphic transfers totalling \$84,000, each of which was made available to Customer 52's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 16 December 2018 and 8 October 2019, Star Sydney sent two transfers totalling \$24,000 from Customer 52's account to Star Qld.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 52 by remitting large amounts of money within the casino environment via his accounts:

Particulars

See paragraphs 347 to 349 above.

On 16 December 2018, Star Qld received a transfer of \$15,000 from Star Sydney, which it made available to Customer 52's account at Star Gold Coast.

On 8 October 2019, Star Qld received a transfer of \$9,000 from Star Sydney, which it made available to Customer 52's account at Treasury Brisbane.

- f. Star Sydney was aware that Customer 52 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

For example, on 23 September 2017, Customer 52 attended the cashier at Star Sydney with another patron, Person 44. Customer 52 presented a bank cheque for \$20,000 and requested to use the funds. When questioned about the origins of the cheque, Customer 52 advised that the cheque belonged to Person 44 and Person 44 presented a receipt as support. The Star Sydney cashier declined Customer 52's request and advised that Person 44 would have to open an account himself. Person 44 refused to open an account, advised that he did not want one, and claimed that, by law, the Star could not force him to open one. The Star Sydney cashier advised that it did not have to accept the cheque and returned it to Person 44: SMR dated 25 September 2017.

- g. designated services provided to Customer 52 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

TTRs

Between 1 December 2016 and 7 February 2022, Star Sydney gave the AUSTRAC CEO 1,995 TTRs detailing EGM payouts to Customer 52 totalling \$48,389,345.

Suspicious transactions involving EGMs

Between 15 December 2016 and 5 December 2021, Customer 52 recorded a turnover of \$51,878,566 and an overall loss of \$389,205 in EGM play at Star Sydney.

On 31 January 2017, Customer 52 withdrew \$100,000 in cash to play at EGMs and later exchanged an EGM voucher of \$120,050 for cash.

- h. Customer 52 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and shopping bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 1 December 2016 and 7 February 2022, Star Sydney gave the AUSTRAC CEO 1,098 TTRs made by Customer 52 totalling \$35,446,442, including:

- a. 29 TTRs detailing account deposits totalling \$3,244,010;
- b. 528 TTRs detailing account withdrawals totalling \$18,073,125;
- c. one TTR detailing a cheque cashing transaction totalling \$145,000;
- d. 242 TTRs detailing chip and cash exchanges totalling \$6,180,216;
- e. 241 other incoming TTRs totalling \$6,388,640; and
- f. 57 other outgoing TTRs totalling \$1,415,451.

Large and suspicious cash transactions in 2016

On 4 December 2016, Customer 52 deposited \$125,000 in cash into his FMA at Star Sydney. The cash had been paid out by Star the previous day.

On 11 December 2016, Customer 52 deposited \$144,000 in cash into his FMA at Star Sydney. The cash was comprised entirely of \$100 notes with straps issued by Star.

Large and suspicious cash transactions in 2017

On 17 January 2017, Customer 52 presented \$500,000 in \$100 notes at Star Sydney and deposited it into his Star Sydney account. Star Sydney observed that Customer 52 had withdrawn the cash from Star Sydney over the previous days. He then withdrew \$400,000 in cash from his Star Sydney account and proceeded to play at EGMs: SMR dated 18 January 2017.

On 25 January 2017, Customer 52 deposited \$200,000 in cash into his FMA at Star Sydney and then withdrew \$100,000 in cash to play at EGMs.

On 31 January 2017, Customer 52 deposited \$200,000 in cash into his Star Sydney account. The cash was entirely comprised of \$100 notes issued by Star. Customer 52 then withdrew \$100,000 in cash to play at EGMs.

Large and suspicious cash transactions in 2018

On 24 January 2018, Customer 52 withdrew \$150,000 in cash from his account at Star Sydney. The next day, a Star Sydney patron, Person 44, handed \$125,000 in cash to a second patron. Shortly afterwards, the second patron deposited the cash into his Star Sydney account. 15 minutes later, the second patron withdrew \$110,000 in cash from his account and placed it in a Sovereign Room bag issued by Star. The second patron then handed the bag to Customer 52. Star Sydney considered that the cash withdrawn by Customer 52 was the same cash being exchanged between the players. It suspected that Customer 52 provided the cash to the second patron so that the patron could buy-in on a program and take advantage of its benefits, even though the patron did not have any actual play recorded: SMR dated 25 January 2018.

On 7 February 2018, Customer 52 withdrew \$197,000 in cash from his Star Sydney account. Prior to this, Customer 52 had transferred the funds into his account. Following the withdrawal, Customer 52 recorded a turnover of \$48,800 and a loss of \$8,600 on the gaming tables: SMR dated 7 February 2018.

On 1 March 2018, a Star Sydney patron transferred \$100,000 to Customer 52's Star Sydney FMA. Customer 52 then withdrew the funds as \$90,000 in cash and \$10,000 in TITO receipts.

Between 7 May 2018 and 13 May 2018, Star Sydney gave the AUSTRAC CEO eight TTRs detailing transactions made by Customer 52 totalling \$302,494.

On 11 May 2018, Customer 52 deposited \$350,000 in cash into his FMA at Star Sydney. The cash was bundled in straps issued by Star. Star Sydney then issued Customer 52 with a cheque for that amount.

On 1 November 2018, Customer 52 deposited \$100,000 into his Star Sydney FMA for a slot rebate buy-in. The cash was comprised of \$100 notes issued by Star.

On 10 November 2018, Customer 52 cashed in a Star casino cheque worth \$145,000 at Star Sydney.

On 17 December 2018, a Star Sydney patron presented a bank cheque for \$170,000 to deposit into her account and then withdrew the funds as chips. A short time later, Customer 52 presented the same \$170,000 in chips plus an extra \$30,000 in cash to open a rebate program. Star Sydney noted that there were no known links between the patron and Customer 52, and it did not know why the patron would have given the funds to Customer 52: SMR dated 18 December 2018.

Large and suspicious cash transactions in 2019

On 2 January 2019, Customer 52 deposited \$200,000 in cash into his FMA at Star Sydney. The cash was comprised of \$185,000 in \$100 notes and \$15,000 in \$50 notes. Most of the \$100 notes had straps issued by Star. Customer 52 then immediately withdrew the cash.

Star Sydney noted that Customer 52 recorded EGM payouts exceeding this amount, and had a recorded turnover of \$199,000 and a loss of \$42,000 for the day.

Between 10 May 2019 and 31 May 2019, Customer 52 withdrew a total of \$300,000 in cash from his FMA at Star Sydney in three separate transactions.

On 18 June 2019, Star Sydney observed that a Star Sydney patron handed a cooler bag containing \$200,000 in cash to Customer 52. The cash was comprised of \$150,000 in \$100 notes and \$50,000 in \$50 notes, and bundled in \$10,000 units tied together with two elastic bands. Customer 52 then deposited the \$200,000 in cash into his Star Sydney account. Customer 52 then withdrew \$200,000 in cash

from his Star Sydney account, requesting all \$100 notes. An hour later, the patron attended the Star Sydney cashier with the same \$200,000 in \$100 notes that Customer 52 had withdrawn and deposited the funds into his account. The cash was presented in a shopping bag. After the transaction, the patron recorded a turnover of \$259,000 and a win of \$3,200 on the gaming tables. Customer 52 recorded a turnover of \$13,500 and a win of \$45,500 on the gaming tables, and a turnover of \$249,478 and a win of \$9,679 on the EGMs. Star Sydney noted that it was not aware of any links between the patron and Customer 52: SMR dated 19 June 2019.

Large and suspicious cash transactions in 2020

Between 6 January 2020 and 1 March 2020, Customer 52 withdrew a total of \$480,000 in cash from his FMA at Star Sydney in three separate transactions.

On 5 December 2021, Star Sydney recorded that Customer 52 had withdrawn \$70,062 from his FMA at Star Sydney but considered that Customer 52's play supported the funds withdrawn.

- i. between December 2016 and March 2020, Star Sydney provided Customer 52 with significant amounts of credit upon request, up to limits of \$500,000;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 2 December 2016 and 2 March 2020, Star Sydney approved CCFs up to limits of \$500,000 on 225 occasions, including on a temporary basis while Hotel Card channel transactions were processed.

Between 2 December 2016 and 13 March 2017, the CCFs were approved by senior management at Star, including the Chief Executive Officer, the Chief Financial Officer, Star Sydney Managing Director, and the General Manager VIP Credit and Collections.

- j. Customer 52 and his associates engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including:

- i. refining;

Particulars

See paragraph 25 above.

On 2 January 2019, Customer 52 deposited \$200,000 in cash, including \$15,000 in \$50 notes, into his FMA at Star Sydney, then immediately withdrew the cash in \$100 notes.

On 18 June 2019, Customer 52 deposited \$200,000 in cash, including \$50,000 in \$50 notes, into his Star Sydney account, then immediately withdrew the cash in \$100 notes.

- ii. cashing in large value chips with no evidence of play;

Particulars

See paragraph 25 above.

On 17 December 2018, Customer 52 received \$170,000 worth of chips from a Star Sydney patron, then immediately cashed the chips in to open a rebate program with no evidence of play.

On 9 July 2019, Customer 52 deposited \$75,000 in cash into his Star Sydney account. The cash was comprised of \$100 notes which had been previously issued by Star. Customer 52 then withdrew the same \$75,000 deposited from his Star Sydney account, in addition to a further \$225,000, totalling \$300,000 in cash. Star Sydney considered that this amount was an excessive amount but that Customer 52's turnover and wins for the period supported the withdrawal. Customer 52 had recorded a turnover of \$668,230 and a win of \$185,840 in the period, with bets ranging from \$200 to \$5,000, which indicated to Star Sydney that he was actively playing: SMR dated 10 July 2019.

- k. between 30 November 2016 and June 2019, Star communicated with a law enforcement agency regarding Customer 52; and

Particulars

Between 30 November 2016 and July 2019, Star Sydney reported transactions involving Customer 52 to a law enforcement agency on a number of occasions.

In November 2018, Star Sydney received a request for information in respect of Customer 52 from a law enforcement agency.

In June 2019, Star Sydney received a request for further information in respect of suspicious transactions concerning Customer 52 and another Star Sydney customer from a law enforcement agency.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- l. Star Sydney and Star Qld did not have adequate reason to believe that Customer 52's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 52 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By December 2021, Star Sydney and Star Qld recorded that Customer 52 was employed as a sales representative.

By May 2022, Star Sydney and Star Qld recorded that Customer 52 was employed as a Managing Director and CEO. There are no records to indicate that Star Sydney or Star Qld were aware of the income Customer 52 derived from his stated occupation.

By 2022, Star Sydney and Star Qld recorded turnover exceeding \$351 million for Customer 52.

At no point was Star Sydney's and Star Qld's understanding of Customer 52's source of wealth or source of funds commensurate with his high recorded turnover.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 52

1694. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 52 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 52.
- a. On and from 30 November 2016, Customer 52 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 52's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 52 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 6 April 2014, Customer 52 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 9 June 2016, Customer 52 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 52's transactions

1695. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 52's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 52, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 52 through:
- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. an international remittance channel, specifically the Hotel Card channel.

Particulars

See paragraphs 777 and 790 above.

The review, update and verification of Customer 52's KYC information

1696. Star Sydney and Star Qld did not review, update and verify Customer 52's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 52's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 52's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 52's source of wealth and source of funds were not legitimate: see *Customer 52's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 52's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 52.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Between 2018 and 2020, Star Sydney reviewed five large cash transactions conducted by Customer 52 totalling over \$600,000 and identified that Customer 52 was known to be a regular EGM player with a significant amount of recorded play who withdrew large amounts of cash to play.

Failure to apply appropriate due diligence suited to Customer 52's high ML/TF risks

1697. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 52 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 52; and
- c. reviewing and updating Customer 52's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 52 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 52*.

1698. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 52 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 52; and
- c. reviewing and updating Customer 52's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would likely have rated Customer 52 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1699. Had Star Qld rated Customer 52 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 52.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 52

1700. Star Sydney was required to apply the ECDD Programs to Customer 52 following any ECDD triggers in respect of Customer 52.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3), 15.10 of the Rules.

1701. Customer 52 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 18 January 2017 and 10 July 2019, Star Sydney gave the AUSTRAC CEO seven SMRs with respect to Customer 52.

1702. The matter pleaded in paragraph 1701 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1703. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 52 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 52 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 52 and the provision of designated services to Customer 52 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

Between 20 July 2018 and 7 January 2020, Star Sydney conducted periodic watchlist screenings in respect of Customer 52 which identified no adverse matches.

On 17 December 2018, 19 June 2019 and 10 July 2019, Star Sydney conducted ECDD screenings in respect of Customer 52. These screenings consisted of reviews of:

- a. Customer 52's play records;
- b. Customer 52's connections with other Star Sydney customers with whom he conducted suspicious transactions, which concluded that Star Sydney was not aware of any known links between Customer 52 and the customers, and it could not determine why Customer 52 and one of the customers were exchanging chips;
- c. shopping bags that Customer 52 and the customer presented; and
- d. open source media and watchlist searches in respect of Customer 52, which identified no adverse matches.

The ECDD conducted by Star Sydney did not have appropriate regard to their higher ML/TF risks: see *Customer 52's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 52's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 52's source of wealth and source of funds were not legitimate: see *Customer 52's risk profile*.

As at 13 September 2022, Star Sydney had not issued a WOL in respect of Customer 52.

- b. Customer 52 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 52 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 52 and the provision of designated services to Customer 52 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 52

1704. By reason of the matters pleaded from paragraphs 1688 to 1703, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 52 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1705. By reason of the matters pleaded at paragraph 1704, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 52.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1706. By reason of the matters pleaded from paragraphs 1688 to 1703, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 52 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1707. By reason of the matters pleaded at paragraph 1706, Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 52.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 53

1708. Customer 53 was a customer of Star Sydney during the relevant period. Between 2016 and 2021, Star Sydney recorded turnover exceeding \$680 million for Customer 53.

Particulars

Customer 53 was a customer of Star Sydney from at least 5 September 2007.

1709. Star Sydney provided Customer 53 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 25 April 2008, Star Sydney opened an FMA and SKA for Customer 53 which remain open (item 11, table 3, s6 of the Act).

See Customer 53's risk profile below.

1710. Customer 53 was a customer of Star Qld during the relevant period. Between 2017 and 2019, Star Qld recorded turnover exceeding \$120 million for Customer 53.

Particulars

Customer 53 was a customer of Star Qld from at least 26 May 2017.

1711. Star Qld provided Customer 53 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 22 September 2018, Star Qld opened an FMA for Customer 53 which remains open (item 11, table 3, s6 of the Act).

See Customer 53's risk profile below.

1712. At all times from 30 November 2016 in respect of Star Sydney and 26 May 2017 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 53.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 53's risk profile

1713. On and from 30 November 2016 in respect of Star Sydney and 26 May 2017 in respect of Star Qld, Customer 53, and the provision of designated services to Customer 53 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 53's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 53 had the following risk history at Star Sydney:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 53;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on three occasions between 22 June 2010 and 20 June 2014. The SMRs reported that Customer 53 was involved in large and suspicious cash and chip transactions totalling \$246,000.

- a. On 19 June 2010, Customer 53 conducted a cash to chip exchange with Star Sydney totalling \$33,000, and presented \$25,000 in \$50 notes: SMR dated 22 June 2010.
 - b. On 31 March 2014, Customer 53 withdrew \$100,000 in cash from his FMA at Star Sydney: SMR dated 1 April 2014.
 - c. On 19 June 2014, Customer 53 deposited \$100,000 in cash in to his FMA at Star Sydney: SMR dated 20 June 2014.
- ii. Customer 53 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 9 August 2015 and 18 August 2016, Customer 53 was a player on seven junkets at Star Sydney operated by Customer 11.

Each of these junkets was funded by Customer 10.

Between August 2015 and August 2016, Star Sydney recorded high turnover totalling \$58,547,320 with losses of \$1,479,950 for Customer 53's gaming activity on junket programs.

- iii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 53 by remitting large amounts of money into and out of the casino environment via his accounts; and

Particulars

Remittances out of the casino environment

See paragraph 327 above.

Between 23 February 2016 and 5 October 2016, Star Sydney sent three telegraphic transfers totalling \$2,735,025 from Customer 53's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Parton account channel.

Remittances into the casino environment

See paragraph 327 above.

On 3 February 2016, Star Sydney received a telegraphic transfer of \$117,595 which it made available to Customer 53's SKA.

The above transaction was conducted through the Star Parton account channel.

- iv. Customer 53 transacted using large amounts of cash at Star Sydney;

Particulars

Between 26 April 2008 and 14 October 2016, Star Sydney gave the AUSTRAC CEO 221 TTRs detailing transactions made by Customer 53 totalling \$5,459,620:

- a. 50 detailed account deposits and withdrawals totalling \$2,169,442;
- b. 129 detailed cash and chip exchanges with Star Sydney totalling \$2,916,105;
- c. 13 detailed other transactions with Star Sydney totalling \$374,073;
- d. one detailed an account deposit with no value;
- e. 13 detailed buy-ins with no value;
- f. 14 detailed cash-outs with no value; and
- g. one detailed another transaction with Star Sydney with no value.

Customer 53's risk profile from 30 November 2016

- b. between 2017 and 2020, Customer 53 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 12 January 2017 and 21 July 2020, Customer 53 was a player on three junkets at Star Sydney operated by three junket operators including Customer 11, Customer 15 and Customer 3;
 - ii. each of these junkets was funded by a person other than the junket operator, including Customer 10 and Customer 1; and
 - iii. between 2017 and 2020, Star Sydney recorded high turnover totalling at least \$96,914,283 with losses of \$11,466,120 for Customer 53's gaming activity on the junket programs operated by Customer 11 and Customer 15;

Particulars

In 2017, Customer 53's turnover on junket programs operated by Customer 11 was recorded as \$86,113,313 with losses of \$11,026,170.

In 2018, Customer 53's turnover on junket programs operated by Customer 15 was recorded as \$5,650,970 with wins of \$65,050.

In 2020, Customer 53's turnover on Suncity junket program operated by Customer 3 was recorded as at least \$5,150,000 with losses of at least \$505,000: SMR dated 10 July 2020.

- c. between 2017 and 2018, Customer 53 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 26 May 2017 and 27 June 2018, Customer 53 was a player on four junkets at Star Gold Coast operated by two junket operators, Customer 16 and Customer 15;
 - ii. each of these junkets was funded by Customer 10; and
 - iii. between 2017 and 2018, Star Qld recorded high and escalating turnover totalling \$63,877,840 with wins of \$2,429,950 for Customer 53's gaming activity on junket programs;

Particulars

In 2017, Customer 53's turnover on junket programs was
\$11,801,400 with wins of \$462,950.

In 2018, Customer 53's turnover on junket programs escalated to
\$52,076,440 with wins of \$1,967,000.

- d. designated services provided to Customer 53 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- e. on 23 September 2018 and 9 July 2019, Customer 53 was referred to Star Qld by Customer 15;

Particulars

See paragraph 625 above.

On 23 September 2018 and 9 July 2019, Customer 53 was referred to Star Qld by Customer 15. On each occasion, Customer 53 attended Star Qld on a rebate program without Customer 15 or her junket representative being present.

Customer 15 received a commission on amounts wagered by Customer 53, who Star Qld dealt with directly.

- f. Customer 53 was connected to customers at Star Sydney and Star Qld, including junket funders, junket operators and junket representatives who posed higher ML/TF risks, customers who Star Sydney and Star Qld considered had acted suspiciously, and customers who were foreign PEPs, such as Customer 10, Customer 11, Customer 15, Customer 16 and Customer 3;

Particulars

See paragraphs 1713.b and 1713.c.

Suspicious CCF connections

On 12 January 2017, the Chief Executive Officer and the Chief Financial Officer approved a CCF of \$10,000,000 for Customer 10. At the time, Star senior management were aware that Customer 10

intended to use this CCF to fund Customer 53's play for \$1,000,000 on a junket operated by Customer 11 but that Customer 10 did not intend to play on this junket.

In January and February 2018, Star Qld recorded that Customer 53 and Customer 10 were the only players on a junket operated by Customer 15. Customer 10 funded the junket and Customer 16 was the junket representative for the junket. On 24 January 2018, Customer 10 provided front money of \$10 million for the junket program through a CCF. These funds were subsequently transferred to Customer 15's junket operator account at Star Qld. Over the coming days, Customer 10 provided another \$15 million in front money to the junket program, taking the total front money to \$25 million. Customer 10 recorded a loss of over \$18 million on the program. Customer 53 recorded a win of \$348,000 on the program and received \$175,000 of these winnings in cash: SMR dated 7 February 2018.

On 15 April 2019 and 7 June 2019, the General Manager VIP Credit and Collections approved a \$2,000,000 CCF for Customer 16. Star was aware that the CCF was proposed to fund Customer 53's play.

Suspicious remittance connections

On 7 February 2018, a Star Sydney customer remitted \$900,000 to Customer 16's account at Star Qld. Customer 16 then remitted the funds to his Star Sydney account, and then again to Customer 53's Star Sydney account. Star Qld was advised that Customer 53 was travelling to Star Sydney to play, but considered it was unusual for Customer 16 to transfer the funds to Customer 53 when he had recorded winnings on the junket and had already taken \$175,000 of those winnings in cash: SMR dated 7 February 2018.

On 9 July 2020, Customer 16 remitted \$500,000 to Customer 53's Star Sydney account for Customer 53 to play on a junket operated by Customer 3. Customer 53 then utilised these funds on the junket, recording a turnover of \$5,150,000 and a loss of \$505,000. Customer 53 subsequently withdrew \$100,000 in cash from his Star Sydney account. Star Sydney considered that this transaction was suspicious due to the large amount of cash, and given that Customer 16 had transferred the funds for the purpose of funding Customer 53's junket play and Customer 53 had recorded a loss of \$505,000: SMR dated 10 July 2020.

- g. Customer 53 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2021, Star Sydney recorded high and escalating turnover totalling \$589,891,425 for Customer 53;
 - i. between 2016 and 2021, Star Sydney recorded high individual rated turnover totalling \$10,767,776 for Customer 53; and

Particulars

See paragraph 752 above.

In 2016, Customer 53's individual rated turnover at Star Sydney was \$3,447,933.

In 2017, Customer 53's individual rated turnover at Star Sydney was \$2,418,328.

In 2018, Customer 53's individual rated turnover at Star Sydney was \$282,096.

In 2019, Customer 53's individual rated turnover at Star Sydney escalated to \$4,009,207.

From 2020, when closures due to the COVID-19 pandemic commenced, Customer 53 continued to record individual rated turnover at Star Sydney.

In 2020, Customer 53's individual rated turnover at Star Sydney was \$556,923.

In 2021, Customer 53's individual rated turnover at Star Sydney was \$53,289.

- ii. between 2016 and 2021, Star Sydney recorded high and escalating turnover on individual rebate programs totalling \$579,123,649 for Customer 53, with losses of \$9,773,245;

Particulars

See paragraph 623 above.

In 2016, Customer 53's turnover on individual rebate programs at Star Sydney was \$37,157,835 with wins of \$440,230.

In 2017, Customer 53's turnover on individual rebate programs at Star Sydney was \$25,641,304 with wins of \$118,290.

In 2018, Customer 53's turnover on individual rebate programs at Star Sydney was \$15,900,950 with losses of \$709,525.

In 2019, Customer 53's turnover on individual rebate programs at Star Sydney had escalated to \$221,119,340 with losses of \$4,239,940.

From 2020, when COVID-19 closures commenced, Customer 53 continued to record high and escalating turnover on individual rebate programs at Star Sydney.

In 2020, Customer 53's turnover on individual rebate programs at Star Sydney had further escalated to \$275,222,350 with losses of \$4,819,830.

In 2021, Customer 53's turnover on individual rebate programs at Star Sydney was \$4,081,870 with losses of \$562,470.

- h. Customer 53 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2019, Star Qld recorded high and escalating turnover totalling \$63,682,970 for Customer 53;
 - i. between 2017 and 2018, Star Qld recorded high individual rated turnover totalling \$57,070 for Customer 53; and

Particulars

See paragraph 752 above.

In 2017, Customer 53's individual rated turnover at Star Gold Coast was \$30,450.

In 2018, Customer 53's individual rated turnover at Star Gold Coast was \$26,620.

- ii. between 2018 and 2019, Star Qld recorded high and escalating turnover on individual rebate programs totalling \$63,625,900 for Customer 53, with wins of \$1,603,100;

Particulars

See paragraph 623 above.

In 2018, Customer 53's turnover on individual rebate programs was \$10,594,740 with losses of \$312,000.

In 2019, Customer 53's turnover on individual rebate programs was \$53,031,160 with wins of \$1,915,100.

- i. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 53 by remitting large amounts of money into, out of and within the casino environment via his accounts:

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 20 July 2017, Star Sydney received a telegraphic transfer of \$300,000 from Customer 53's personal bank account: SMR dated 7 February 2018.

On 2 December 2021, Star Sydney received a telegraphic transfer totalling \$600,000, which it made available to Customer 53's FMA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 13 February 2019 and 21 March 2019, Star Sydney sent three telegraphic transfers totalling \$3,198,620 from Customer 53's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349.

On 7 February 2018, Star Sydney facilitated a transfer of \$900,000 from Customer 16's account to Customer 53's account. Customer 16 had himself received the funds from the account of another Star Sydney customer: see paragraph 1713.f.

On 22 September 2018 and 8 July 2019, Star Sydney sent two transfers totalling \$1,400,000 from Customer 53's FMA to Star Qld.

On 9 July 2020, Star Sydney facilitated a transfer of \$500,000 from Customer 16's account to Customer 53's account: see paragraph 1713.f.

On 14 July 2019, Star Sydney received a transfer of \$2,315,342 from Star Qld, which it made available to Customer 53. The funds were transferred for the purpose of redeeming an outstanding CCF.

- j. Star Qld provided designated services (items 31 and 32, table 1, s6) to Customer 53 by remitting large amounts of money out of and within the casino environment via his accounts:

Particulars

Remittances out of the casino environment

See paragraph 327 above.

For example, on 15 July 2019, Star Qld facilitated a transfer of \$825,790 from Customer 53's FMA at Star Gold Coast to an Australian bank account.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraph 347 to 349 above.

On 22 September 2018 and 8 July 2019, Star Qld received two transfers totalling \$1,400,000 from Star Sydney, both of which were made available to Customer 53's FMA at Star Gold Coast.

On 14 July 2019, Star Qld facilitated a transfer of \$2,315,342 from Customer 53's FMA at Star Gold Coast to Star Sydney.

- k. Customer 53 transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

See paragraph 1713.f above.

Between 2 February 2017 and 10 December 2021, Star Sydney gave the AUSTRAC CEO 42 TTRs detailing transactions made by Customer 53 totalling \$1,397,621:

- a. nine detailed account deposits and withdrawals totalling \$373,445;
- b. 30 detailed cash and chip exchanges with Star Sydney totalling \$985,500; and
- c. three detailed other transactions with Star Sydney totalling \$38,675.

On 26 November 2017, Customer 53 deposited \$95,000 in cash chips into his Star Sydney account. This cash was sourced from play where Customer 53 had supplied a \$76,950 in cash: SMR dated 7 February 2018.

- I. Customer 53 transacted using large amounts of cash and cash that appeared suspicious at Star Qld;

Particulars

See paragraphs 611 to 618 above.

See paragraph 1713.f above.

Between 29 May 2017 and 27 September 2018, Star Qld gave the AUSTRAC CEO four TTRs detailing transactions made by Customer 53 at Star Gold Coast totalling \$161,641:

- a. one detailed an account deposit totalling \$40,000; and
- b. three detailed cash and chip exchanges with Star Gold Coast totalling \$121,641.

On 7 February 2018, Customer 53 withdrew \$150,000 in cash from Customer 15's FMA at Star Gold Coast: SMR dated 7 February 2018.

- m. between 2017 and 2020, Customer 53 was the subject of law enforcement enquiries at Star; and

Particulars

In June 2017, Star Qld became aware that a government agency was investigating Customer 53.

In September 2018, Star Sydney received a request from a law enforcement agency in respect of Customer 53.

On 10 July 2020, Star Sydney provided information about Customer 53 to a law enforcement agency.

Interactions and information shared between Star Sydney, Star Qld and law enforcement agencies were stored on Star's investigations database. Star Sydney and Star Qld had access to the investigations database: see paragraph 49 above.

- n. Star Sydney and Star Qld did not have adequate reason to believe that Customer 53's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 53 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

It was not until October 2019 that Star first recorded information about Customer 53's source of wealth and source of funds and identified that he was an import and export agent.

By October 2019, Customer 53's turnover at Star Sydney and Star Qld exceeded \$230 million, and Star was aware that Customer 53 was connected to, and had conducted suspicious transactions with, other customers who posed higher ML/TF risks, and customers who were foreign PEPs, such as Customer 10, Customer 11, Customer 15 and Customer 16.

After December 2021, Star recorded that Customer 53 was a business owner but Customer 53's gaming activity was still not commensurate with Star's understanding of his source of wealth.

By 2021, Customer 53's turnover at Star Sydney and Star Qld exceeded \$800 million. At no time did Star Sydney or Star Qld have adequate reason to believe that Customer 53's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6) provided to him.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 53

1714. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 53 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 53.
- a. On and from 30 November 2016, Customer 53 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 53's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. On and from 26 May 2017, Customer 53 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 53's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- c. At no time was Customer 53 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 24 July 2014, Customer 53 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 6 August 2014, Customer 53 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 7 February 2022, Customer 53 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 53's transactions

1715. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 53's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 53 Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 53 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 53's KYC information

1716. Star Sydney and Star Qld did not review, update and verify Customer 53's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC

information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 53's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 53's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 53's source of wealth or source of funds.

By November 2017, Star was aware that Customer 53 was a close associate of customers who posed higher ML/TF risks, including Customer 11, Customer 16 and Customer 15, and Customer 10, whom Star had identified as a foreign PEP. By July 2020, Star was also aware that Customer 53 was a close associate of Customer 3.

Between 2017 and 2020, Customer 53 was the subject of law enforcement enquiries on at least three occasions at Star.

During the relevant period, Customer 53's turnover at Star Sydney and Star Qld was over \$810 million.

See *Customer 53's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 53's KYC information on and from 30 November 2016 in respect of Star Sydney, and 26 May 2017 in respect of Star Qld, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 53.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 53's high ML/TF risks

1717. Had Star Sydney and Star Qld conducted ongoing customer due diligence, on and from 30 November 2016 in respect of Star Sydney, and 26 May 2017 in respect of Star Qld, by:
- a. identifying and assessing the ML/TF risks posed by Customer 53 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 53; and

- c. reviewing and updating Customer 53's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 53 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 53*.

ECDD triggers in respect of Customer 53

1718. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 53 following any ECDD triggers in respect of Customer 53.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1719. Customer 53:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 10 July 2020, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 53.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

On 7 February 2018, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 53.

1720. Each matter pleaded in paragraph 1719 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1721. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 53 following an ECDD trigger because:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 53 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 53 and the provision of designated services to Customer 53 by Star Sydney and Star Qld, and whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

In February 2018, Star Sydney and Star Qld reviewed Customer 53's transactions and gaming activity, including in connection with a junket group. This review identified that:

- a. Between July 2017 and February 2018, he received high value remittances at Star Sydney, including a remittance of \$900,000 from another customer that Star Qld considered to be suspicious: see paragraphs 1713.f and 1713.i above;
- b. Between April 2017 and October 2017, he recorded a win of \$574,000 at Star Sydney; and
- c. Between October 2017 and November 2017, he recorded a loss of \$480,000 at Star Sydney: SMR dated 7 February 2018.

Between September 2018 and July 2020, Star conducted open source watchlist searches in respect of Customer 53 which identified no adverse matches.

In July 2020, Star conducted ECDD screening in respect of Customer 53.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 53's higher ML/TF risks: see Customer 53's risk profile above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 53's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 53's source of wealth or source of funds: see *Customer 53's risk profile*.

However, as of 13 September 2022, Star Sydney and Star Qld had not issued a WOL in respect of Customer 53.

- b. Customer 53 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 53 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 53 and the provision of designated services to Customer 53 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

As of 13 September 2022, Star Sydney and Star Qld had not issued a WOL in respect of Customer 53.

Contravention of s36 of the Act in respect of Customer 53

1722. By reason of the matters pleaded from paragraphs 1708 to 1721 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 53 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1723. By reason of the matters pleaded at paragraph 1722, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 53.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1724. By reason of the matters pleaded from paragraphs 1708 to 1721 above, on and from 26 May 2017, Star Qld:

- a. did not monitor Customer 53 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1725. By reason of the matters pleaded at paragraph 1724, Star Qld contravened s36(1) of the Act on and from 26 May 2017 with respect to Customer 53.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 54

1726. Customer 54 was a customer of Star Sydney during the relevant period. Between 2017 and 2018, Star Sydney recorded turnover exceeding \$50 million for Customer 54.

Particulars

Customer 54 was a customer of Star Sydney from at least 24 August 2009.

On 23 August 2022, Star Sydney issued a WOL in respect of Customer 54.

1727. Star Sydney provided Customer 54 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 8 May 2018, Star Sydney opened an FMA and SKA for Customer 54 which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 54 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 54's risk profile.

1728. Customer 54 was a customer of Star Qld during the relevant period. Between 2016 and 2020, Star Qld recorded turnover exceeding \$1.2 billion for Customer 54.

Particulars

Customer 54 was a customer of Star Qld from at least 15 August 2009.

On 23 August 2022, Star Qld issued a WOL in respect of Customer 54.

1729. Star Qld provided Customer 54 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 15 August 2009, Star Qld opened an FMA and SKA for Customer 54 which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 54 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 54's risk profile.

1730. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 54.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 54's risk profile

1731. On and from 30 November 2016, Customer 54, and the provision of designated services to Customer 54 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 54's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 54 had the following risk history:
 - i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 54;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 63 occasions between 23 March 2010 and 30 August 2016.

The SMRs reported that Customer 54 engaged in large cash deposits, exchanged large amounts of chips for cash, provided large bank cheques to Star Qld, withdrew large amounts in the form of casino cheques and engaged in high levels of gameplay at the casino.

- ii. Customer 54 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney, other than through junket programs. In 2015, Customer 54 recorded individual rated turnover totalling \$247,800;

Particulars

See paragraph 752 above.

- iii. Customer 54 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld, other than through junket programs. In 2015, Customer 54 recorded individual rated turnover totalling \$138,006,720;

Particulars

See paragraph 752 above.

- iv. Customer 54 engaged in large and unusual transactions, which had no apparent economic or visible lawful purpose at Star Qld;

Particulars

2016

In April 2016, Customer 54 conducted a series of large and unusual transactions at Star Qld:

- a. on 5 April 2016, Customer 54 redeemed the \$2,000,000 balance in his FMA for a casino cheque;
- b. on 6 April 2016, Customer 54 exchanged \$80,000 cash for chips at Star Qld;
- c. on 10 April 2016, Customer 54 exchanged \$120,000 cash for chips at Star Qld. He commenced gameplay and won approximately \$600,000. Star Qld believed that he kept any remaining chips on him;
- d. on 12 April 2016, a third party, whom Star Qld understood was a business associate of Customer 54, attempted to withdraw a chip purchase voucher of \$185,000 from his account, to give to Customer 54. This was refused, but the third party then withdrew \$185,000 in chips, and gave them directly to Customer 54; and
- e. two days later, on 14 April 2016, Customer 54 commenced gameplay with \$400,000 in chips which Star Qld could not account for, but which Star Qld suspected had been provided by the third party in private.

On 13 July 2016:

- a. Customer 54 presented \$2,000,000 in cash, comprised of \$50 and \$100 notes bundled in rubber bands, which Star Qld deposited into Customer 54's FMA;
 - b. Customer 54 then engaged in gameplay for a short period of time, recording a win, then requested a casino cheque for \$4,000,000; and
 - c. at the time of the transaction, Star Qld was aware that enquiries had been made as to whether the Cage would accept a third party depositing a similar amount of cash into Customer 54's FMA without Customer 54 being present for the transaction.
- v. Customer 54 transacted using bank cheques drawn in large amounts;

Particulars

2014

On 3 July 2014, Customer 54 presented a \$200,000 bank cheque and \$100,000 in cash, which was used to buy-in to gameplay.

2015

On 4 May 2015, Customer 54 deposited a \$400,000 bank cheque at Star Qld, and obtained chips. Following gameplay in which he won \$515,000, Customer 54 deposited \$685,000 in chips into his FMA, exchanged \$100,000 in chips for cash, then provided the remaining \$203,000 chips to another patron, Customer 23. Customer 23 then deposited those chips into his account.

On 7 May 2015, a third party attempted to deposit a \$500,000 bank cheque suspected to belong to Customer 54 into the third party's account, which Star Qld refused to process. The bank cheque was then deposited to Customer 54's account, with the proceeds being used to purchase chips for gambling. Star Qld recorded that Customer 54 lost \$480,000.

On 6 October 2015, Customer 54 presented a bank cheque of \$300,000, purchased chips, then lost the entire amount during the course of gameplay.

On 28 November 2016, Customer 54 presented a bank cheque of \$1,000,000, which was used to purchase chips at Star Qld. Customer 54 then won \$428,000, repurchased the bank cheque, then deposited \$300,000 in winnings into his FMA and exchanged \$70,000 in chips for cash. Star Qld observed that it was unable to account for \$50,000 in chips.

- vi. Customer 54 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in \$50 notes and \$100 notes at Star Qld;

Particulars

TTRs

Between 17 August 2009 and 28 November 2016, Star Qld gave the AUSTRAC CEO:

- a. 315 TTRs detailing chip and cash exchanges made by Customer 54 totalling \$16,786,402;
- b. 42 TTRs detailing account deposits made by Customer 54 totalling \$7,025,329;
- c. 8 TTRs detailing account withdrawals made by Customer 54 totalling \$1,025,550; and
- d. 2 TTRs detailing purchases of foreign currency made by Customer 54 totalling \$23,312.

2014

Between 8 April 2014 and 17 October 2014, Customer 54:

- a. exchanged a total of \$2,336,945 in chips for cash, across eight transactions;
- b. deposited \$500,000 in chips into his FMA across three transactions; and
- c. presented \$900,000 in cash which was used to purchase chips across six transactions.

Between 6 July 2014 and 24 July 2014, Customer 54:

- a. presented \$550,000 in cash which was used to purchase chips across five transactions; and
- b. exchanged a total of \$403,085 in chips for cash across three transactions.

On 31 July 2014, Customer 54 exchanged \$400,000 in chips for cash, then placed the cash into three bags, and gave one of those bags to Customer 23.

2015

Between 22 April 2015 and 21 November 2015, Customer 54:

- a. presented at least \$1,015,000 in cash which was used to purchase chips across nine transactions; and
- b. exchanged at least \$642,684 in chips for cash across three transactions.

2016

Between 17 February 2016 and 15 October 2016, Customer 54:

- a. presented at least \$2,821,000 in cash which was used to purchase chips across 12 transactions;
- b. deposited at least \$1,400,000 in chips into his FMA in a single transaction; and

- c. exchanged at least \$100,000 in chips for cash in a single transaction.
- vii. Customer 54 transacted using large amounts of cash at Star Sydney;

Particulars

TTRs

Between 25 August 2009 and 15 September 2015, Star Sydney gave the AUSTRAC CEO four TTRs detailing chip and cash exchanges made by Customer 54 totalling at least \$25,000.

- viii. Customer 54 engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Qld, including structuring, the involvement of third parties in transactions and cashing in large value chips with no evidence of play;

Particulars

See paragraph 25 above.

Involvement of third parties in transactions

Between 2010 and 2016, persons that Star Qld suspected were acting on behalf of Customer 54 engaged in transactions indicative of the ML/TF vulnerability of involving third parties in transactions.

- a. On 22 December 2010, Star Qld observed Customer 54 hand two third parties cash which was used to buy chips, which were then collected by Customer 54 and used to play. Star Qld reported that a third party suspected to be acting on behalf of Customer 54 then cashed out \$5,000 in chips for cash on two occasions in quick succession.
- b. On 14 April 2014, Star Qld observed a third party exchanging \$117,000 chips belonging to Customer 54 for cash.
- c. On 6 May 2015, Star Qld observed a third party exchanging a total of \$94,000 in chips belonging to Customer 54 for cash, as well as purchasing \$70,000 in chips at the Cage on behalf of Customer 54.
- d. On two occasions in February 2016, Star Qld observed a third party exchanging a total of \$350,000 in cash for chips and then cashing out a total of \$52,850, in circumstances where Star Qld observed the third party and Customer 54 passing chips and cash to each other.
- e. On 22 February 2016, a third party presented a total of \$13,500 in chips to exchange for cash using Customer 54's rewards card in circumstances where Star Qld suspected that the chips belonged to Customer 54. Star Qld refused to process the transaction unless Customer 54 collected the cash. Customer 54 then attended the Cage but left before the transaction was completed, with the third party taking the cash.

- f. On 21 August 2016, Star Qld observed that a third party withdrew \$200,000 from his FMA in chips, which were then provided to Customer 54 who was seated at a gaming table. The third party had recently deposited two bank cheques totalling \$305,000 and \$100,000 in cash into his FMA.

Cashing-in large value chips with no evidence of play

On 15 August 2015, Star Qld recorded that Customer 54 and Customer 23 engaging in transactions indicative of the ML/TF typology of cashing-in large value chips with no evidence of play, when Customer 54 exchanged \$200,000 in chips for cash at the Star Qld cage. Star Qld suspected that at least \$100,000 in chips had been provided to Customer 54 by Customer 23 as it was aware that Customer 23 had sent a telegraphic transfer of \$100,000 to Star Qld and requested it be transferred to Customer 54. After Star Qld declined to process the transaction, Customer 23 then came to the casino to withdraw the funds in chips, which Star Qld observed were then provided to Customer 54.

- ix. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 54 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraph 347 to 349 above.

For example, between 22 April 2015 and 7 May 2015, Customer 54 received a total of \$1,200,000 into his Star Qld account from Customer 23's Star Qld account, across six transactions.

- x. designated services provided to Customer 54 involved the provision by Star Qld of casino cheques on at least four occasions;

Particulars

2014

On 13 April 2014, Customer 54 bought into a commission program using \$100,000 in his FMA at Star Qld, and won \$620,000. Customer 54 obtained a casino cheque for \$600,000 and a further \$100,000 in cash.

On 14 June 2014, Customer 54 obtained a \$1,000,000 casino cheque and \$211,000 from Star Qld after playing on a commission program. The following day, Customer 54 deposited \$100,000 in his FMA.

On 23 July 2014, Customer 54 exchanged \$700,000 in chips for a \$600,000 casino cheque and \$100,000 in cash while in the company of Customer 23, who was insisting that Customer 54 take the full amount in cash.

- xi. by April 2016, Star Qld senior management were aware that Customer 54 and his associates were displaying indicators of money-lending;

Particulars

On 14 April 2016, Customer 54 was added to the agenda of the PAMM, after Star Qld noticed that Customer 54 was playing with large amounts of cash and that there were indicators of money-lending between Customer 54 and a third party.

- xii. in 2016, Customer 54 was the subject of law enforcement enquiries on multiple occasions at Star;

Particulars

On at least five occasions between 28 January 2016 and 23 August 2016, Star Qld received requests in respect of Customer 54 from a law enforcement agency.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- xiii. in late 2016, Star provided information regarding his activities to law enforcement agencies on its own initiative; and

Particulars

In October and November 2016, Star Qld provided information in respect of Customer 54 to a law enforcement agency on two occasions, and noted that he was connected to Customer 23.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- xiv. by October 2016, Star senior management considered that Customer 54's risk rating should be raised from medium to high, which was not high for the purpose of the Act and Rules;

Particulars

On 13 October 2016, Customer 54 was added by Star Qld to the agenda of the PAMM and JRAM. On 14 October 2016, a JRAM meeting noted that Star Qld had provided information regarding Customer 54 to law enforcement on request and on its own initiative, and that he had recently conducted a transaction involving \$700,000 in old, damp notes.

Following the meeting, Star Sydney and Star Qld raised Customer 54's ML/TF risk rating to high, which was not high for the purpose of the Act and Rules at the time: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 54*.

Customer 54's risk profile from 30 November 2016

- b. Customer 54 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

- i. Customer 54 was a player on two junkets at Star Sydney operated by two junket operators including Customer 34; and
 - ii. in 2017, Star Sydney recorded a high turnover of \$19,278,272 for Customer 54's gaming activity on junket programs;
- c. designated services provided to Customer 54 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 54 was connected to other customers at Star Sydney and Star Qld, including junket operators such as Customer 35 and Customer 34 and other customers who posed high ML/TF risks, including Customer 23 and Customer 73;

Particulars

See particulars to paragraphs 1731.a.ix, 1731.a.x and 1731.h.

- e. Customer 54 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2017 and 2018, Star Sydney recorded high and escalating individual rated turnover totalling \$31,587,529 for Customer 54;

Particulars

In 2016, Customer 54's individual rated turnover was \$6,755,000.

In 2017, Customer 54's individual rated gaming turnover was \$24,832,529.

- f. Customer 54 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2020, Star Qld recorded high and escalating individual rated turnover totalling \$1,194,569,684 for Customer 54;

Particulars

In 2016, Customer 54's individual turnover was \$667,458,978.

In 2017, Customer 54's individual rated turnover was \$350,674,492.

In 2018, Customer 54's individual rated gaming turnover was \$175,120,682.

In 2019, Customer 54's individual rated turnover was \$1,208,254.

In 2020, Customer 54's individual rated turnover was \$107,278.

- g. Star Sydney and Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 54 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraph 347 to 349 above.

For example, on 2 May 2018, Customer 54 received \$1,231,690 into his Star Qld FMA from another customer's FMA at Star Qld.

Customer 54 then used the funds to purchase \$200,000 in chips:
SMR dated 3 May 2018.

By 8 May 2018, Customer 54 transferred \$1,700,000 from his FMA
at Star Gold Coast to his FMA at Star Sydney.

See particulars to paragraph 1731.h.

h. Star Qld was aware that Customer 54 and his associates had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose, including:

i. between 25 January 2017 and 29 January 2017, Star Qld suspected that Customer 54 was passing chips to another player, Customer 73;

Particulars

On 25 January 2017, Customer 54 presented a bank cheque of \$200,000 in exchange for chips. Customer 54 then provided \$100,000 in chips to Customer 73 before engaging in gameplay. Shortly afterwards, Customer 54 deposited \$600,000 in chips to his FMA and repurchased the \$200,000 cheque.

Between 25 January 2017 and 30 January 2017, Customer 73 engaged in gameplay, buying in with \$145,000 in chips, which Star Qld suspected came from Customer 54. During this period Customer 73 exchanged a total of \$705,000 in chips for cash across at least four transactions: SMR dated 31 January 2017.

ii. over the course of three days in March 2017, Star Qld recorded that Customer 54 was funding his gameplay using bank cheques and suspicious cash and recording large wins and losses;

Particulars

On 13 March 2017, Customer 54 exchanged a \$100,000 bank cheque and \$10,000 cash for chips at Star Qld. He recorded a loss of \$109,000: SMR dated 17 March 2017;

On 14 March 2017, Customer 54 presented a bank cheque for \$100,000 at a private gaming room at Star Qld and recorded a loss of \$88,200: SMR dated 17 March 2017;

On 16 March 2017, Customer 54 presented \$300,000 in bank cheques and \$250,000 in cash, comprised of two bundles of \$100,000 in \$100 notes in black plastic bags and \$50,000 in \$100 notes in rubber bands, at Star Qld. He recorded a win of \$990,500 and used the funds to repurchase the \$300,000 in bank cheques, cash-out \$200,000, and obtained a \$500,000 casino cheque: SMR dated 17 March 2017.

iii. in August 2017, Customer 54 gamed with funds which had originally been deposited as cash by a third party at Star Sydney;

Particulars

On 2 August 2017, a third party, Person 11, exchanged \$430,000 in mixed denominations for \$100 notes at Star Sydney, leaving the premises with the cash in a shopping bag.

In the early hours of 3 August 2017, a second third party deposited \$433,900 cash, consisting of \$100 notes and presented in a shopping bag, into her FMA at Star Sydney. She then requested the funds be transferred to her FMA at Star Qld.

The second third party then transferred the full amount of \$433,820 to Customer 54's Star Gold Coast FMA. Customer 54 used these funds for gameplay and recorded a loss of \$504,700.

Star Qld was aware that the third parties were representatives for a junket operator, Customer 35: SMR dated 4 August 2017.

- iv. by 5 October 2018, Star Qld was aware that Customer 54 was part of a group of customers who were moving funds between each other with no visible lawful purpose;

Particulars

On 3 and 4 October 2018, Star Qld recorded the following series of transactions:

- a. Customer 23 deposited \$200,000 into his FMA by telegraphic transfer;
- b. Customer 23 and Customer 54 attended the Star Qld cage and Customer 23 purchased \$120,000 in chips, which he provided to Customer 54;
- c. Customer 54 exchanged \$33,250 chips for cash and handed \$120,000 chips to Customer 23 who deposited them back into his FMA;
- d. Customer 23 then transferred \$100,000 to the FMA of a third party, Person 56, who used them to purchase \$100,000 in chips;
- e. Person 56 then deposited a \$150,000 bank cheque into his FMA, accompanied by Customer 23, and provided the chips to Customer 73 who used them to engage in gameplay;
- f. Customer 23 then withdrew \$120,000 from his FMA and used it to purchase chips, which he provided to Person 56, who then provided them to Customer 73 who used them to engage in gameplay;
- g. Following gameplay, Customer 73 provided Customer 23 with any unidentified number of chips and exchanged \$30,000 in chips for cash; and
- h. Customer 23 deposited \$140,000 in chips into his FMA: SMR dated 12 October 2018.

By 5 October 2018, Star Qld staff contacted the General Manager, Risk and Chief Risk Officer advising of possible money lending

between Customer 54's associates, including Customer 73 and Person 56.

- v. by 17 July 2019, Star Qld was aware that a third party was purchasing chips for Customer 54, in circumstances where the third party did not intend to play with the chips and where Customer 54 subsequently recorded large losses;

Particulars

On 16 July 2019, a third party exchanged a \$200,000 bank cheque for chips at Star Qld. Shortly after this transaction, Customer 54 arrived at a gaming table with \$200,000 chips despite having no record of purchase. Star Qld suspected that the chips came from the third party. Customer 54 lost the entire amount, as well as an additional \$9000.

On 17 July 2019, exchanged a \$490,000 bank cheque for chips, advising Star Qld that the entire amount would be given to Customer 54. Customer 54 recorded a loss of \$485,300: SMR dated 17 July 2019.

- i. designated services provided to Customer 54 included EGM activity at Star Qld;

Particulars

On 8 October 2017 and 27 July 2018, Star Qld gave the AUSTRAC CEO two TTRs detailing EGM payouts to Customer 54 totalling \$28,100.

- j. Customer 54 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

For example, on 8 May 2018, Customer 54 presented \$100,000 in cash in \$100 notes for chips at Star Sydney.

- k. Customer 54 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands, plastic bags and butchers' paper at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 28 December 2016 and 28 February 2020, Star Qld gave the AUSTRAC CEO 90 TTRs totalling \$11,540,050:

- a. 68 TTRs detailing chip and cash exchanges made by Customer 54 totalling \$4,225,075;
- b. 4 TTRs detailing account withdrawals made by Customer 54 totalling \$1,270,725; and
- c. 18 TTRs detailing account deposits made by Customer 54 totalling \$6,044,250.

Large and suspicious cash transactions in 2016

On two occasions in December 2016, Customer 54 presented a total of a total of \$445,000 at Star Qld, some of which was wrapped in rubber bands, which he used to gamble. Star Qld recorded that he lost all the funds: SMR dated 29 December 2016.

Large and suspicious cash transactions in 2017

In February 2017, Customer 54 engaged in the following cash transactions at Star Qld:

- a. On 2 February 2017, Customer 54 deposited \$150,000, consisting of \$100,000 in straps and \$50,000 in rubber bands, into his FMA at Star Qld: SMR dated 3 February 2017;
- b. On 5 February 2017, Customer 54 exchanged \$700,000 chips for \$300,000 cash. Customer 54 also repurchased two bank cheques worth a total of \$200,000 at Star Qld: SMR dated 7 February 2017;
- c. On 6 February 2017, Customer 54 arrived at Star Qld with a third party who presented \$150,000 cash in a black bag with Star Qld straps dated 31 January 2017, in circumstances where Star Qld had no record of Customer 54 cashing out that amount: SMR dated 7 February 2017; and
- d. On 10 February 2017, Customer 54 presented \$200,000 cash in a carry bag with Star Qld straps dated 31 January 2017: SMR dated 13 February 2017.

On 28 July 2017, Customer 54 presented a bank cheque for \$100,000 at Star Qld and lost the full amount. He then exchanged \$240,000 cash presented in a black shopping bag for chips. The cash was wrapped in butchers' paper, pressed tightly together, was dirty to touch, creaked slightly when touched, and consisted of \$100 notes banded in \$5000, \$10,000, \$40,000, and \$50,000 bundles. The \$5000 bundles had various casinos' straps: SMR dated 31 July 2017.

In August 2017, Customer 54 presented a total of \$1,495,000 at Star Qld.

- a. On 2 August 2017, Customer 54 exchanged \$100,000 cash consisting of \$50 notes held with rubber bands in \$5000 bundles for chips at Star Qld. He engaged in gameplay and won \$690,000 however Star did not have any record of Customer 54 cashing out or depositing the chips: SMR dated 3 August 2017.
- b. On 8 August 2017, Customer 54 presented \$400,000 cash, consisting of \$100 notes bundled with rubber bands, in a blue plastic bag which was inside a brown paper bag at Star Qld. Customer 54 lost \$488,500 in chips this day. Star Qld was unable to ascertain the source of the other funds lost: SMR dated 11 August 2017.

- c. On 9 August 2017, Customer 54 exchanged \$300,000 cash consisting of \$200,000 in black plastic bags and \$100,000 wrapped in white butchers' paper in a green bag, for chips at Star Qld. He lost the full amount: SMR dated 11 August 2017.
- d. On 10 August 2017, Customer 54 presented \$695,000, consisting of all \$50 notes bundled using rubber bands and presented in black plastic bags inside of a box, at Star Qld. Customer 54 used the entire amount for gameplay and recorded a win of \$1,857,750. Star Qld had no record of Customer 54 depositing or exchanging his winnings on this night: SMR dated 11 August 2017.

Large and suspicious cash transactions in 2018

See particulars to paragraph 1731.h.

On 22 February 2018, Star Qld staff observed that a third party gave Customer 54 cardboard boxes containing \$1,000,000 cash, bundled in lots of \$5,000, in the carpark of the Star Qld. Customer 54 took the boxes to a private gaming room and exchanged the cash for chips. Following gameplay, Star Qld recorded that Customer 54 had won \$888,500: SMRs dated 23 and 27 February 2018.

On 12 March 2018, Customer 54 presented \$189,900 cash, \$45,000 comprised loose notes in rubber bands and the balance of \$135,000 was in Star Qld straps dated 12 and 13 February 2022. Star Qld's records did not support a payout of that amount. Customer 54 exchanged the cash for chips and lost the entire sum during gameplay: SMR dated 13 March 2018.

On 21 March 2018, Customer 54 presented \$45,000 in cash in exchange for chips. Star Qld reviewed Customer 54's prior transactions, including exchanges of cash and chips over the course of the previous days with two third parties, in order to trace where the cash may have come from, but was unable to account for part of the cash held by Customer 54: SMR dated 21 March 2018.

On 2 August 2018, Customer 54 arrived at Star Qld with \$100,000 cash in \$100 notes, half of which was loose in bands the other half of which was in Star Qld straps dated April, May, and July 2018: SMR dated 3 August 2018.

- I. Customer 54 transacted using bank cheques drawn in large amounts at Star Qld;

Particulars

2017

See particulars to paragraphs 1731.h and 1731.k.

2018

By 14 May 2018, Customer 54 presented a bank cheque for \$200,000 in exchange for chips at Star Qld. Following gameplay, Star Qld recorded that Customer 54 had lost \$134,350 and

exchanged \$53,000 in chips for cash. Star Qld observed that it appeared Customer 54 had changed to presenting bank cheques, instead of cash, to facilitate gameplay at Star Qld: SMR dated 17 May 2018.

By July 2018, Star Qld formed suspicions that Customer 54 and a third party were using bank cheques to shift large amounts of funds between one another. On 19 July 2018, Star Qld recorded that the third party had presented a \$200,000 bank cheque for deposit into his FMA, purchased \$50,000 in chips, which he later deposited back into his FMA. The following day, on 20 July 2018, Star Qld recorded that Customer 54 bought into a game using \$200,000 in chips, which it suspected came from the third party, who had withdrawn \$200,000 in chips from his FMA shortly before. Two days later, on 23 July 2022, Customer 54 exchanged another \$200,000 bank cheque for chips, and lost all the funds: SMR dated 26 July 2018.

On 31 July 2018, Customer 54, accompanied by a third party, exchanged an \$800,000 bank cheque for chips, which he lost in two minutes of play: SMR dated 3 August 2018.

m. Customer 54 engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Qld, including:

i. the involvement of third parties in transactions;

Particulars

See paragraph 25 above.

On 25 January 2017, a third party attended the cage within a private gaming room at Star Qld and presented \$200,000 in cash to exchange for chips. After the chips were placed on the counter, Customer 54 attended the cage and took possession of the chips: SMR dated 2 February 2017.

On 1 January 2018, Customer 54 arrived at a private gaming room at Star Qld with two associates. The associates exchanged \$20,000 in cash for chips presenting Customer 54's membership card, but the cage refused to redeem the chips unless Customer 54 was present. The following day, Customer 54's associates exchanged a further \$25,500 using Customer 54's membership card but on this occasion, he left the chips for the associates to pick up. Star Qld did not record any gameplay by the associates, only Customer 54: SMR dated 4 January 2018.

ii. offsetting; and

Particulars

See paragraph 25 above.

For example, on 27 February 2018, Customer 54 and an individual he referred to as "the boss" presented a suitcase of \$1,199,750 in cash wrapped in deteriorating rubber bands. Approximately \$30,000

of the cash was in \$100 notes, with the remainder in \$50 notes.
Customer 54 exchanged the cash for chips.

A senior manager at Star Qld approached Customer 54 after gameplay. Customer 54 greeted them and commented that “the boss came and I lost”. The manager queried the source of funds for the cash, noting that Customer 54 usually used bank cheques. Customer 54 advised the senior manager that he exchanged money with a friend which meant he used a money exchange to get cash in Australia: SMR dated 10 March 2018.

- iii. cashing-in large value chips with no evidence of play;

Particulars

See paragraph 25 above.

For example, on 12 May 2018, Customer 54 and a third party, known to Star Qld as Customer 54’s driver and personal assistant attended the cage and presented \$37,500 in chips for cash. When the cash was presented, Customer 54 took the cash and as he was walking away from the counter, gave the cash to the third party: SMR dated 17 May 2018.

- n. Customer 54 had access to private gaming rooms at Star Sydney and Star Qld;

Particulars

See paragraph 616 above.

Customer 54 had access to private gaming rooms at Star Sydney and Star Qld, including the Sovereign Room, Lakes Salons, Rivers Salons and Springs Salons.

- o. on 18 March 2017, Star Qld was aware that risk intelligence screening raised a possible match with Customer 54’s name;

Particulars

On 18 March 2017, Star Qld became aware that Customer 54’s name matched with a risk intelligence screening result to an individual involved in a fraud ring in a foreign country. Star Qld asked a law enforcement agency if it was able to confirm that the person was Customer 54.

By 6 December 2018, Star Qld was unable to confirm if the match was in fact related to Customer 54.

- p. throughout 2017 and 2019, Star provided information to law enforcement regarding Customer 54’s activities at Star Qld;

Particulars

On multiple occasions between January 2017 and December 2017, a law enforcement agency requested information about the activities of Customer 54 and his associates. Star Qld responded to these requests.

In May 2018, Star Qld provided information to law enforcement pursuant to a warrant.

On 29 June 2018, Star Qld was advised that Customer 54 was being investigated in connection with money laundering.

Between July 2018 and November 2018, Star Qld responded to several requests for information in respect of Customer 54 from a law enforcement agency.

On 3 July 2019, Star Qld was advised that:

- a. reports alleged that Customer 54 was involved in fraud, organised crime and money laundering between 2016 and 2019;
- b. Customer 54 was currently under investigation by an Australian government agency; and
- c. it was open to Star to cease doing business with Customer 54.

Despite this information, it was not until 23 August 2022 that Star Sydney and Star Qld issued a WOL in respect of Customer 54.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- q. in 2018, Customer 54 was the subject of law enforcement enquiries at Star; and

Particulars

On 16 November 2018, Star Sydney received a request from a law enforcement agency in respect of Customer 54.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database.

Star Qld had access to the investigations database: see paragraph 49 above.

- r. Star Sydney and Star Qld did not have adequate reason to believe that Customer 54's source of wealth and source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 54 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star Sydney and Star Qld recorded that Customer 54's occupation was a property developer.

From 2016 and escalating in 2017, Customer 54 presented large amounts of cash, and cash that appeared suspicious at Star Qld, with Star Qld giving the AUSTRAC CEO 90 TTRs with respect to threshold cash transactions exceeding \$11 million. Customer 54's cash transactions were indicative of ML/TF typologies and vulnerabilities.

Between 2016 and 2020, Customer 54's individual rated turnover was significant, exceeding \$1.1 billion at Star Qld and \$31 million at Star Sydney.

Between 2016 and 2019, Star Qld was contacted by law enforcement agencies for information in respect of Customer 54's activity at the casinos.

By February 2018, Star Qld was aware that Customer 54's source of funds was suspicious, after Customer 54 disclosed that he used informal money-changing services in Australia in order to access large amounts of cash.

By June 2018, Star Qld was aware that Customer 54 was being investigated for money laundering.

Despite the matters outlined above, at no time did Star Sydney or Star Qld take appropriate steps to verify its assumptions regarding Customer 54's source of wealth or source of funds.

It was not until March 2020, when Customer 54 sought to return to Star Qld to gamble, that the Star Qld AML/CTF administrator identified that further questions should be asked of Customer 54's source of funds, including his use of bank cheques to fund his gambling activity: see *ECDD triggers in respect of Customer 54*.

It was not until 23 August 2022 that Star Sydney and Star Qld issued a WOL in respect of Customer 54.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 54

1732. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 54 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 54.
1733. At no time was Customer 54 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 15 April 2016, Customer 54 was rated high risk, not being high risk for the purpose of the Act and Rules, which was recorded against Customer 54's first account number.

On 9 November 2016, Customer 54 was rated high, not being high risk for the purpose of the Act and Rules, recorded against his second account number.

Monitoring of Customer 54's transactions

1734. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 54's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 54, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 54 through the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 54's KYC information

1735. Star Sydney and Star Qld did not review, update and verify Customer 54's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 54's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 54's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 54's source of wealth and source of funds were not legitimate: see *Customer 54's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 54's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 54.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See *ECDD triggers in respect of Customer 54*.

Failure to apply appropriate due diligence suited to Customer 54's high ML/TF risks

1736. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 54 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 54; and
 - c. reviewing and updating Customer 54's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 54 as a high risk customer for the purpose of the Act and Rules at a time before Customer 54 was issued with a WOL at Star Sydney.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1737. Had Star Sydney rated Customer 54 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 54 at a time before Customer 54 was issued with a WOL at Star Sydney.

Particulars

Rule 15.9 of the Rules.

1738. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 54 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 54; and
 - c. reviewing and updating Customer 54's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 54 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 54*.

ECDD triggers in respect of Customer 54

1739. Star Qld was required to apply the ECDD Programs to Customer 54 following any ECDD triggers in respect of Customer 54.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1740. Customer 54 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 29 December 2016 and 29 January 2020, Star Qld gave the AUSTRAC CEO 35 SMRs with respect to Customer 54.

1741. The matter pleaded in paragraph 1740 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1742. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 54 following an ECDD trigger because:

- a. on each occasion prior to 23 August 2022 that Star Qld conducted ECDD in respect of Customer 54 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 54 and the provision of designated services to Customer 54 by Star Qld, and whether those risks were within Star Qld's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

On 18 March 2017, Star Qld performed a risk intelligence screening, which reported that Customer 54's name matched to an individual involved in a fraud ring in a foreign country.

Star Qld asked a law enforcement agency if it was able to confirm that the person was Customer 54. By 6 December 2018, Star Qld was still unable to confirm that the match related to Customer 54.

In March 2018, Star's investigations team noted in a monthly report that in respect of Customer 54:

- a. it was receiving ongoing requests for information in respect of Customer 54 from different law enforcement agencies; and
- b. Customer 54 had been placed on the PAMM minutes for ongoing customer due diligence.

On 17 July 2019, Star Qld conducted ECDD in respect of Customer 54.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 54's higher ML/TF risks including:

- a. from 2016 and escalating in 2017, Customer 54 presented large amounts of cash, and cash that appeared suspicious at Star Qld,

with Star Qld giving the AUSTRAC CEO 90 TTRs with respect to threshold cash transactions exceeding \$11 million. Some of these cash transactions were also indicative of ML/TF typologies and vulnerabilities;

- b. between 2016 and 2020, Customer 54's individual rated turnover was significant, exceeding \$1.1 billion at Star Qld and \$31 million at Star Sydney; and
- c. between 2016 and 2019, Star Qld was aware that law enforcement agencies suspected that Customer 54 and his associates were involved in money laundering and had commenced investigations into his financial and gaming activities.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 54's source of funds or source of wealth, including that by February 2018, Star Qld was aware that Customer 54's source of funds was suspicious, after Customer 54 disclosed that he used informal money-changing services in Australia in order to access large amounts of cash.

By reason of the matters set out in *Customer 54's risk profile*, there were real risks that Customer 54's source of wealth and source of funds were not legitimate.

On 23 August 2022, Star issued a WOL in respect of Customer 54.

- b. Customer 54 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 23 August 2022 that Customer 54 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 54 and the provision of designated services to Customer 54 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

2017

In February 2017, Customer 54 was added to the agenda of the JRAM. The minutes of the meeting recorded that Customer 54:

- a. was on a watch list; and
- b. had been identified as a big winner, potentially engaging in advantage play.

Star Qld's due diligence records did not contain any details of decisions made following the JRAM.

2018

On 21 March 2018, Customer 54 was added to the agenda of the JRAM. The minutes of the meeting recorded that:

- a. had been monitored since 2010; and
- b. was the subject of approximately 100 SMRs.

The minutes record that the JRAM determined to "Retain/Monitor" Customer 54.

In determining to retain and monitor Customer 54, the JRAM did not have regard to the higher ML/TF risks associated with Customer 54's source of wealth and source of funds, in circumstances where it was on notice of:

- a. law enforcement agencies were investigating Customer 54 for money laundering;
- b. Star's own suspicions regarding Customer 54's source of wealth; and
- c. Customer 54's large value financial and gaming activities at Star Sydney and Star Qld.

2020

On 2 March 2020, Customer 54 indicated that he wished to return to Star Qld to gamble. The General Manager, Gaming Operations asked Star Qld's AML/CTF administrator whether there were any concerns with Customer 54.

On 3 March 2020, Star Qld's AML/CTF administrator indicated that there were AML concerns with respect to Customer 54 in 2019, particularly around his source of funds and the use of bank cheques to fund his gambling activity. She indicated that Star Qld should ask the patron to provide details on the source of funds used for gambling prior to arrival, advise the patron that he will be questioned about the source of funds if he presents large amounts of cash or if third parties are involved in giving Customer 54 bank cheques or funds without evidence or little evidence of play.

There are no records in Star's due diligence records that Customer 54 was advised of these matters.

On 23 August 2022, Star issued a WOL in respect of Customer 54.

Contravention of s36 of the Act in respect of Customer 54

1743. By reason of the matters pleaded from paragraphs 1726 to 1742, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 54 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and

- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1744. By reason of the matters pleaded from paragraphs 1726 to 1742, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 54 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1745. By reason of the matters pleaded at paragraphs 1743 and 1744, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 23 August 2022 with respect to Customer 54.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 55

1746. Customer 55 was a customer of Star Sydney during the relevant period. Between 2016 and 2021, Star Sydney recorded turnover exceeding \$96 million for Customer 55.

Particulars

Customer 55 was a customer of Star Sydney from at least 14 April 2016.

On 23 May 2021, Star Sydney issued a WOL in respect of Customer 55.

1747. Star Sydney provided Customer 55 with designated services within the meaning of tables 1 and 3, s6 of the Act during the relevant period.

Particulars

On 23 July 2018, Star Sydney opened an FMA and SKA for Customer 55, which were closed on 4 February 2022.

While a customer of Star Sydney, Customer 55 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 55's risk profile* below.

1748. Customer 55 was a customer of Star Qld during the relevant period. Between 2018 and 2021, Star Qld recorded turnover exceeding \$1.1 million for Customer 55.

Particulars

Customer 55 was a customer of Star Qld from at least 21 July 2018.

On 24 May 2021, Star Qld issued a WOL in respect of Customer 55.

1749. Star Qld provided Customer 55 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 21 July 2018, Star Qld opened an FMA for Customer 55 which was closed on 4 February 2022.

See Customer 55's risk profile below.

1750. At all times from 30 November 2016 and 21 July 2018 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 55.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 55's risk profile

1751. On and from 30 November 2016 in respect of Star Sydney, and 21 July 2018 in respect of Star Qld, Customer 55, and the provision of designated services to Customer 55 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 55's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 55 had the following risk history at Star Sydney:
- i. designated services provided to Customer 55 included substantial EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

On 21 April 2016, Star Sydney gave the AUSTRAC CEO a TTR detailing an EGM payout to Customer 55 totalling \$23,770.

- ii. Customer 55 transacted using large amounts of cash at Star Sydney; and

Particulars

See paragraphs 611 to 618 above.

Between 3 May 2013 and 29 November 2016, Star Sydney gave the AUSTRAC CEO 15 TTRs detailing cash and chip exchange transactions made by Customer 55 totalling \$329,825.

- iii. By October 2016, Star Sydney was aware of reports that Customer 55 was involved in international goods smuggling and illegal transmission of funds;

Particulars

On 30 October 2016, Star identified an exact name match for Customer 55 after conducting a risk intelligence search.

On 4 November 2016, Star's AML team reviewed this record and identified that it related to a media article published in 2010 which reported that:

- a. Customer 55 was an airline employee in Australia;
- b. Customer 55 was involved in an international smuggling network that, between August 2002 and May 2010, smuggled electronic consumer goods and illegally remitted funds between Australia and a foreign jurisdiction, and paid employees in a foreign airport to smuggle goods past customs officials;
- c. employees of the airline had been arrested in Australia for illegally transporting electronic consumer goods to the foreign jurisdiction; and
- d. these employees were suspected to be involved in an electronic consumer goods smuggling ring in Australia.

The AML team forwarded this article to Star's Investigations team to confirm these reports but Star's records do not record any response.

Customer 55's risk profile from 30 November 2016

- b. Customer 55 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2021, Star Sydney recorded high and escalating individual rated turnover totalling \$96,473,442 for Customer 55;

Particulars

See paragraph 752 above.

In 2016, Customer 55's individual rated turnover at Star Sydney was \$5,688,665.

In 2017, Customer 55's individual rated turnover at Star Sydney was \$9,108,468.

In 2018, Customer 55's individual rated turnover at Star Sydney escalated to \$26,227,345.

In 2019, Customer 55's individual rated turnover at Star Sydney was \$7,416,124.

From 2020, when closures due to the COVID-19 pandemic, Customer 55's rated turnover remained high.

In 2020, Customer 55's individual rated turnover at Star Sydney escalated to \$31,466,345.

In 2021, Customer 55's individual rated turnover at Star Sydney was \$16,566,496.

- c. Customer 55 received high value gambling services (table 3, s6 of the Act) at Star Qld other than through junket programs. Between 2018 and 2021, Star Qld recorded high turnover totalling \$1,138,859 for Customer 55;
- i. between 2018 and 2021, Star Qld recorded high individual rated turnover totalling \$1,039,851 for Customer 55; and

Particulars

See paragraph 752 above.

In 2018, Customer 55's individual rated turnover at Star Qld was \$104,714.

In 2019, Customer 55's individual rated turnover at Star Qld was \$296,593.

In 2021, Customer 55's individual rated turnover at Star Qld was \$638,544.

- ii. in 2018, Star Qld recorded turnover on individual rebate programs totalling \$99,008 for Customer 55, with wins of \$2,200;

Particulars

See paragraph 623 above.

In 2018, Customer 55's turnover on individual rebate programs at Star Qld was \$99,008 with wins of \$2,200.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 55 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances out of the casino environment

See paragraph 327 above.

On 25 March 2021, Star Sydney sent a telegraphic transfer of \$70,000 from Customer 55's account to an Australian bank account.

The above transaction was conducted through the Star Parton account channel.

Remittances into the casino environment

See paragraph 327 above.

Between 5 December 2020 and 5 May 2021, Star Sydney received 16 telegraphic transfers totalling \$270,800, each of which was made available to Customer 55's FMA.

Each of the above transactions was conducted through the Star Patron account channel.

- e. designated services provided to Customer 55 included EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

On 3 June 2020, Star Sydney gave the AUSTRAC CEO a TTR detailing an EGM payout to Customer 55 totalling \$70,000.

- f. Star Sydney was aware that:
- i. Customer 55 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small denomination notes and in rubber bands; and
 - ii. Customer 55 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring and purchasing large value chips with little or no evidence of play;

Particulars

See paragraphs 25, and 611 to 618 above.

TTRs

Between 8 June 2017 and 6 May 2021, Star Sydney gave the AUSTRAC CEO 202 TTRs detailing transactions made by Customer 55 totalling \$4,603,800 including:

- a. three TTRs detailing account deposits and withdrawals totalling \$90,000;
- b. 183 TTs detailing cash and chip exchange transactions totalling \$4,493,800; and
- c. One TTR detailing a cheque deposit totalling \$20,000.

Transactions indicative of structuring

Between 21 March 2018 and 30 June 2020, Customer 55 conducted at least 81 transactions indicative of the ML/TF typology of structuring at Star Sydney, totalling at least \$660,000: SMRs dated 29 March 2018, 30 April 2018, 27 July 2018, 3 September 2018, 14 November 2018, 16 November 2018, 3 June 2019, 14 August 2019, 29 October 2019, 20 January 2020, 16 March 2020, 22 June 2020 and 1 July 2020.

On several occasions, the cash was presented in \$50 notes bundled in units of \$10,000 with elastic bands.

During this period, Star Sydney repeatedly recorded its suspicions that Customer 55's transactions were indicative of an attempt to avoid the threshold reporting obligation.

Transactions indicative of purchasing large value chips with little or no evidence of play

On 13 March 2020, Customer 55 conducted a transaction indicative of the ML/TF typology of purchasing large value chips with little or no evidence of play at Star Sydney, totalling \$100,000.

- g. Star Qld was aware that Customer 55 transacted using large amounts of cash and cash that appeared suspicious;

Particulars

Between 23 July 2018 and 5 August 2019, Star Qld gave the AUSTRAC CEO six TTRs detailing transactions made by Customer 55 at Star Gold Coast totalling \$109,526, including:

- a. one TTR detailing an account deposit of \$25,000;
- b. four TTRs detailing cash and chip exchange transactions totalling \$56,923; and
- c. one TTR detailing another cash transaction totalling \$27,603.

On 21 July 2018, Customer 55 deposited \$25,000 in cash into his FMA at Treasury Brisbane and withdrew the same value in chips. After playing for 30 minutes and recording a win of approximately \$2,700, Customer 55 withdrew \$27,603 in cash as the program settlement. Around this time, Customer 55 purchased another \$6,700 in chips with cash, engaged in play in which he recorded a win of approximately \$10,000, and cashed out for this amount: SMR dated 23 July 2018.

- h. between 2018 and 2020, Customer 55 was the subject of enquiries and correspondence between law enforcement and Star;

Particulars

On 29 March 2018, Star Sydney informed a law enforcement agency that it had identified a possible match between Customer 55 and a person who was related to an electronic smuggling ring in Australia operating between 2002 and 2010 and enquired whether the agency could confirm these details.

Star Sydney had first identified these reports in October 2016: see paragraph 1751.a.iii.

The law enforcement agency did not confirm these reports but Star Sydney became aware during this time that Customer 55 had been charged by another law enforcement agency for failing to declare cash on entry to Australia.

On 1 May 2018, Star Sydney received a request for information in respect of Customer 55 from a law enforcement agency.

On 20 July 2018, Star Sydney received a request from a law enforcement agency requesting further information in respect of Customer 55 including his gaming history. Star Sydney provided information to the agency in response to this request.

On 3 July 2020, Star Sydney informed a law enforcement agency that Customer 55 had conducted transactions just below the reporting threshold and that it had previously identified reports possibly showing a connection between Customer 55 and the supply of drugs in a foreign jurisdiction. It enquired as to whether the agency had any further information in respect of these reports.

On 14 July 2020, Star Sydney received a request from the agency seeking further information with respect to Customer 55.

On 18 August 2020, Star Sydney received a request from the agency seeking updated documents with respect to Customer 55.

On 19 August 2020, Star Sydney received a request from the agency seeking patron documents with respect to Customer 55. Star provided information to the agency in response to this request.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database.

Star Qld had access to the investigations database: see paragraph 49 above.

- i. by March 2018, Star was aware that Customer 55 was linked to money laundering, smuggling and had been the subject of criminal charges, prosecutions and arrest warrants;

Particulars

In March 2018, Star's AML team conducted a risk intelligence search in respect of Customer 55 which returned results indicating that:

- a. Customer 55 was linked to drug supply, money laundering and the distribution of stolen property;
- b. Customer 55 had laundered money through smuggling Australian cash to a foreign jurisdiction via an airline;
- c. Customer 55 had been charged by a law enforcement agency for travelling into Australia with more than \$10,000 in cash and not declaring it: SMR dated 29 March 2018;
- d. in July 2010, Customer 55 was involved in the smuggling of electronic goods and cash from Australia to a foreign jurisdiction;
and
- e. in March 2011, Customer 55 had been prosecuted on a charge of smuggling in a foreign jurisdiction: SMR dated 29 March 2018.

By July 2018, Star Qld reported to the AUSTRAC CEO that it and Star Sydney had confirmed this information: SMR dated 23 July 2018.

By July 2020, Star's AML team was also aware of risk intelligence reports indicating that a foreign law enforcement agency had issued a warrant for Customer 55's arrest in connection with alleged smuggling between August 2002 and May 2010.

- j. in May 2021, Star Sydney asked Customer 55 to leave one of the facilities adjoining its casino due to his conduct towards staff; and

Particulars

On 16 May 2021, Star Sydney recorded that Customer 55 had been asked to leave from one of the facilities adjoining its casino premises due to his conduct towards staff.

- k. Star Sydney and Star Qld did not have adequate reason to believe that Customer 55's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 55 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By November 2016, Star was aware of reports that Customer 55 was involved in international goods smuggling and illegal transmission of funds: see paragraph 1751.a.iii.

By July 2020, Star acknowledged that it did not have any source of wealth or occupation details in respect of Customer 55. Between 30 November 2016 and July 2020, Customer 55's individual rated gaming activity at Star Sydney and Star Qld was over \$48 million.

Between 3 July 2020 and 12 February 2021, Star and Customer 55 engaged in correspondence in which Star attempted to verify Customer 55's source of wealth. On multiple occasions, Customer 55 identified that he was the director of various companies and provided an Australian Business Number. On each occasion, Star identified that the Australian Business Number had been deregistered or could not find a connection between Customer 55 and the company.

During that time, Star Sydney and Star Qld continued to provide designated services to Customer 55. Between 2020 and 2021, Customer 55's turnover at Star Sydney and Star Qld was over \$48 million.

At no time was Star Sydney or Star Qld's understanding of Customer 55's source of wealth or source of funds commensurate with his gaming activity.

On 14 April 2021, Star recorded that Customer 55 had provided a screenshot of bank details from the recent sale of his house and it had verified this sale from a land title search. Star noted that Customer 55's source of wealth was satisfied. However, while the sale of a property could be sufficient to explain Customer 55's recent source of funds, it was not sufficient to explain the high value financial and gambling services provided to him by April 2021, which included turnover of over \$79 million.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 55

1752. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 55 appropriately because the risk-

based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 55.

- a. On and from 30 November 2016, Customer 55 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see Customer 55's risk profile.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 16 November 2018 that Customer 55 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 4 November 2016, Customer 55 was rated low risk, being low risk for the purpose of the Act and Rules.

On 29 March 2018, Customer 55 was rated medium risk, being medium risk for the purpose of the Act and Rules.

On 16 November 2018, Customer 55 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 55 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 55's transactions

1753. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 55's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 55, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 55 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 55's KYC information

1754. Star Sydney and Star Qld did not review, update and verify Customer 55's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 55's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 55's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 55's source of wealth and source of funds were not legitimate.

During the relevant period:

- a. from at least March 2018, Star was aware that Customer 55 was linked to money laundering, smuggling and had been the subject of criminal charges, prosecutions and arrest warrants: see paragraph;
- b. Customer 55's individual rated turnover at Star Sydney and Star Qld was over \$97 million;
- c. Customer 55 conducted at least 81 transactions indicative of the ML/TF typology of structuring at Star Sydney, totalling at least \$660,000;
- d. Customer 55 was the subject of law enforcement enquiries and correspondence on at least six occasions; and
- e. Star Sydney and Star Qld did not have adequate reason to believe that the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 55 at Star Sydney and Star Qld was commensurate with Customer 55's source of wealth or source of funds.

See Customer 55's risk profile.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 55's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 55.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 55's high ML/TF risks

1755. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 55 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 55; and
 - c. reviewing and updating Customer 55's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 55 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 55*.

ECDD triggers in respect of Customer 55

1756. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 55 following any ECDD triggers in respect of Customer 55.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1) and (3) and 15.10 of the Rules.

1757. Customer 55:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

Between 29 March 2018 and 1 July 2020, Star Sydney gave the AUSTRAC CEO 14 SMRs with respect to Customer 55.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period; and

Particulars

On 23 July 2018, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 55.

- c. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 16 November 2018, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 55 were high risk for the purpose

of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 55* above.

1758. Each matter pleaded in paragraph 1757 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1759. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 55 following an ECDD trigger because:

- a. on each occasion prior to May 2021 that Star Sydney and Star Qld conducted ECDD in respect of Customer 55 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 55 and the provision of designated services to Customer 55 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

By 2016, Star's AML team had identified reports that Customer 55 was involved in international goods smuggling and illegal transmission of funds from 2002 to 2010. These reports had been publicly available since 2010: see paragraph 1751.a.iii.

By March 2018, Star had also conducted a risk intelligence search in respect of Customer 55 which returned results indicating that he was linked to smuggling, the supply of drugs, money laundering and the distribution of stolen property, and had been charged and prosecuted for at least two offences: see paragraph 1751.i.

Between 2019 and 2020, Star conducted ECDD in respect of Customer 55.

In August 2019, the ECDD screening identified that:

- a. adverse media reported that Customer 55 was a high-risk individual;
- b. between May 2019 and August 2019, Customer 55 recorded individual rated turnover of over \$4.8 million with losses of over \$360,000; and
- c. Star had submitted multiple SMRs concerning Customer 55's avoidance of reporting obligations.

By July 2020, Star's AML team was also aware of risk intelligence reports indicating that a foreign law enforcement agency had issued a warrant for Customer 55's arrest in connection with alleged smuggling between August 2002 and May 2010.

In December 2020, the ECDD screening identified that:

- a. adverse media reported that Customer 55 was a high-risk individual; and
- b. between December 2019 and December 2020, Customer 55 recorded individual rated turnover of over \$4.2 million and an overall loss of \$13,295. Star's AML team concluded that this gaming activity did not raise concerns.

The ECDD conducted by Star did not have appropriate regard to Customer 55's higher ML/TF risks: see *Customer 55's risk profile* above.

Between 2016 and 2021:

- a. Star was aware that Customer 55 was linked to money laundering, smuggling and had been the subject of criminal charges, prosecutions and arrest warrants, at least from March 2018 onwards;
- b. Customer 55's individual rated turnover at Star Sydney and Star Qld was over \$97 million;
- c. Customer 55 conducted at least 81 transactions indicative of the ML/TF typology of structuring at Star Sydney, totalling at least \$660,000;
- d. Customer 55 was the subject of law enforcement enquiries and correspondence on at least six occasions;
- e. Star Sydney and Star Qld did not have adequate reason to believe that the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 55 at Star Sydney and Star Qld was commensurate with Customer 55's source of wealth or source of funds; and
- f. by reason of the matters set out above, there were real risks that Customer 55's source of wealth and source of funds were not legitimate: see *Customer 55's risk profile*.

The ECDD conducted by Star did not have appropriate regard to the higher ML/TF risks posed by Customer 55's source of funds or source of wealth: see *Customer 55's risk profile* above.

However, it was not until May 2021 that Star Sydney and Star Qld issued a WOL in respect of Customer 55. Customer 55 was issued with a WOL following the discovery of an illicit substance in a room where Customer 55 was the registered guest.

- b. Customer 55 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to May 2021 that Customer 55 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 55 and the provision of designated services to Customer 55 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

See paragraph 810 above.

Rules 15.10(6) and (7) of the Rules.

In January 2020, Star's AML team conducted ECDD screening in respect of Customer 55 and escalated him to the Group Investigations Manager to follow up on further adverse media identified.

Star's records do not indicate whether the Group Investigations Manager responded to this escalation. Star continued to provide designated services to Customer 55.

On 1 July 2020, Star's AML team again escalated Customer 55 for consideration by the Group Investigations Manager. This escalation noted that:

- a. Customer 55 was rated critical risk, being high risk for the purpose of the Act and Rules;
- b. reports from April 2011 indicated that a foreign law enforcement agency had issued a warrant for Customer 55's arrest in connection with alleged smuggling between 2002 and 2010;
 - c. in June 2020:
 - i. Customer 55 recorded 15 buy-ins between \$9,000 and \$9,999;
 - ii. these transactions had resulted in Star Sydney submitting two SMRs to the AUSTRAC CEO for structuring;
 - iii. Customer 55 recorded individual rated turnover of over \$1.6 million with wins of over \$150,000; and
 - iv. Customer 55 conducted chip to cash exchanges with Star Sydney totalling over \$540,000;
- d. a law enforcement agency advised that Customer 55 had been charged for failing to declare cash on entry to Australia;
- e. Customer 55 was suspicious because he appeared to be avoiding reporting obligations; and
- f. Star did not have any source of wealth or occupation details in respect of Customer 55.

The AML/CTF Administrator proposed that Star seek further information about Customer 55's occupation and source of wealth

details, refer Customer 55 to a law enforcement agency again, and revisit Customer 55's AML rating depending on the result.

On 3 July 2020, the Group Investigations Manager approved this approach.

In July 2020, Customer 55 was listed for discussion at PAMM and JRAMMs.

By July 2020, Customer 55 conducted at least 81 transactions indicative of the ML/TF typology of structuring at Star Sydney, totalling at least \$660,000: see *Customer 55's risk profile*.

Between July 2020 and April 2021, Customer 55 was discussed at PAMM and JRAMMs.

The minutes of the meetings noted that:

- a. between July 2020 and March 2021 on multiple occasions, in response to Star's enquiries, Customer 55 identified that he was the director of various companies and provided an Australian Business Number. On each occasion, Star identified that the Australian Business Number had been deregistered or could not find a connection between Customer 55 and the company;
- b. by March 2021, Star intended to remove Customer 55's private gaming room access if he did not provide evidence of his source of wealth by April 2021; and
- c. by April 2021, Customer 55's source of wealth was satisfied as he had provided copies of the recent sale of his property and Star had confirmed this sale through a relevant title search.

At no point did the PAMM and JRAMMs have regard to:

- a. Customer 55's source of wealth (r15.10(2)(a) of the Rules), having regard to his high and escalating turnover; and
- b. Customer 55's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting that there were higher ML/TF risks as to his source of funds and the fact that while the sale of his property could be sufficient to explain Customer 55's recent source of funds, it was not sufficient to explain the high value financial and gambling services provided to him by April 2021, which included turnover of over \$79 million: see *Customer 55's risk profile* above.

It was not until 23 May 2021 that Star Sydney issued a WOL in respect of Customer 55, and it was not until 24 May 2021 that Star Qld issued a WOL in respect of Customer 55. Customer 55 was issued with a WOL following the discovery of an illicit substance in a room where Customer 55 was the registered guest.

Contravention of s36 of the Act in respect of Customer 55

1760. By reason of the matters pleaded from paragraphs 1746 to 1759 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 55 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1761. By reason of the matters pleaded at paragraph 1760, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 23 May 2021 with respect to Customer 55.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1762. By reason of the matters pleaded from paragraphs 1746 to 1759 above, on and from 21 July 2018, Star Qld:

- a. did not monitor Customer 55 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1763. By reason of the matters pleaded at paragraph 1762, Star Qld contravened s36(1) of the Act on and from 21 July 2018 to 24 May 2021 with respect to Customer 55.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 56

1764. Customer 56 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$150 million for Customer 56.

Particulars

Customer 56 was a customer of Star Sydney from at least 4 June 2009.

On 4 December 2020, Star Sydney issued a WOL in respect of Customer 56 at the direction of the General Manager Financial Crime and Investigations for undesirable behaviour.

1765. Star Sydney provided Customer 56 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 2 March 2016, Star Sydney opened an FMA and SKA for Customer 56 both of which were closed on 7 December 2020 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 56 remitted funds from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 56's risk profile below.

1766. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 56.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 56's risk profile

1767. On and from 30 November 2016, Customer 56, and the provision of designated services to Customer 56 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 56's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 56 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 56;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 56 on 28 January 2016. The SMR reported that Customer 56 exchanged \$121,245 worth of chips for cash at Star Sydney. Star Sydney noted that Customer 56 had a large amount of play the day prior, nevertheless it still considered this large cash out to be excessive: SMR dated 28 January 2016.

- ii. Customer 56 had received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded individual rated turnover totalling \$9,318,548 for Customer 56;

Particulars

See paragraph 752 above.

- iii. Customer 56 had transacted using large amounts of cash at Star Sydney; and

Particulars

Paragraphs 611 to 618 above.

Between 12 April 2011 and 28 October 2016, Star Sydney gave the AUSTRAC CEO 166 TTRs totalling \$3,189,713, including:

- a. three TTRs detailing account deposits made by Customer 56 totalling \$150,000;
 - b. one TTR detailing account withdrawals made by Customer 56 totalling \$25,000; and
 - c. 162 TTRs detailing chip and cash exchanges made by Customer 56 totalling \$2,974,458.
- iv. designated services provided to Customer 56 included EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

Between 30 August 2016 and 10 October 2016, Star Sydney gave the AUSTRAC CEO four TTRs detailing EGM payouts to Customer 56 totalling \$40,255.

Customer 56's risk profile from 30 November 2016

- b. Customer 56 was an international junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
- i. between 2018 and 2019, Customer 56 was a player on five junkets at Star Sydney operated by three junket operators including Customer 14 and Customer 27;
 - ii. at least two of the junkets were funded by a person other than the junket operator, including Customer 13; and
 - iii. between 13 July 2018 and 15 March 2019, Star Sydney recorded high turnover totalling \$16,127,033 with losses of \$671,340 for Customer 56's gaming activity on junket programs;

Particulars

In 2018, Customer 56's turnover on junket programs was \$15,016,061 with losses of \$638,285.

In 2019, Customer 56's turnover on junket programs was \$1,110,912 with losses of \$33,055.

- c. designated services provided to Customer 56 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 56 was connected to other customers at Star Sydney, including junket operators, junket representatives, and junket players in respect of whom Star Sydney had formed suspicions such as Customer 94;

Particulars

For example, in 2019, Customer 94 was a junket player and junket representative on two junket programs that Customer 56 played on at Star Sydney.

- e. Customer 56 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2020, Star Sydney recorded high and escalating turnover totalling \$136,867,103 for Customer 56;
 - i. between 2016 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$135,459,214 for Customer 56; and

Particulars

See paragraph 752 above.

In 2016, Customer 56's individual rated turnover was \$46,749,657.

In 2017, Customer 56's individual rated turnover was \$4,452,021.

In 2018, Customer 56's individual rated turnover was \$16,409,033.

In 2019, Customer 56's individual rated turnover was \$15,230,000.

In 2020, despite the COVID-19 pandemic closures, Customer 56's individual rated turnover was \$52,618,502.

- ii. in 2016, Star Sydney recorded turnover on individual rebate programs totalling \$1,407,889 for Customer 56;

Particulars

See paragraph 623 above.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 56 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraphs 347 to 349 above.

On 1 January 2020, Star Sydney sent a transfer of \$95,002 from Customer 56's account to Star Qld.

On 3 January 2020, Star Sydney received a transfer of \$60,057 from Star Qld, which it made available to Customer 56's FMA.

- g. designated services provided to Customer 56 included EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

Between 27 July 2017 and 7 August 2019, Star Sydney gave the AUSTRAC CEO six TTRs detailing EGM payouts to Customer 56 totalling \$64,746.

- h. Customer 56 and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in mixed denominations in rubber bands and backpacks, and cash supplied by third parties, at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 16 January 2017 and 27 November 2020, Star Sydney gave the AUSTRAC CEO 217 TTRs totalling \$4,082,468, including:

- a. 18 TTRs detailing account deposits made by Customer 56 totalling \$741,345;
- b. seven TTRs detailing account withdrawals made by Customer 56 totalling \$226,258;
- c. 189 TTRs detailing chip and cash exchanges made by Customer 56 totalling \$2,078,045;
- d. two TTRs detailing other monetary value in made by Customer 56 totalling \$20,000; and
- e. one TTR detailing other monetary value out made by Customer 56 totalling \$16,820.

Large and suspicious cash transactions in 2018

On 25 April 2018, Customer 56 deposited \$100,000 in cash into his account at Star Sydney. The cash was comprised of \$100 notes bound together with straps issued by Star Sydney in April 2018. Star Sydney noted that Customer 56 had not had any prior transactions with Star Sydney that explained him having this amount of cash. Star Sydney suspected that the cash had come from an unknown third party: SMR dated 26 April 2018.

Large and suspicious cash transactions in 2019

On 8 July 2019, Customer 56 presented \$195,000 in cash at Star Sydney to be deposited into his account. The cash was comprised of \$8,500 in \$100 notes, \$171,150 in \$50 notes, \$15,340 in \$20 notes and one \$10 note. The notes were bundled with elastic bands and carried by Customer 56 in a black backpack. Prior to the transaction, Star Sydney identified that the cash had been couriered on-site in a vehicle and carried into Star Sydney by an unknown individual, who then met Customer 56 at the lobby. Star Sydney considered that the amount of cash in mixed denominations, supplied by a third party, was suspicious: SMR dated 9 July 2019.

On 13 December 2019, Customer 56 presented \$100,000 in cash to the cashier at Star Sydney. The notes were bundled with elastic bands and carried in a designer bag. The cash was comprised of \$79,600 in \$100 notes and \$20,400 in \$50 notes. Customer 56 was

accompanied by another Star Sydney customer, and the cash was used as a buy-in on a program for the other customer. Star Sydney considered that this transaction was unusual as it did not know of any relationship between Customer 56 and the other Star Sydney customer. Following the deposit, the other customer recorded a turnover of \$227,490 with a win of \$23,175: SMR dated 17 December 2019.

Large and suspicious cash transactions in 2020

On 18 March 2020, Customer 56 deposited \$100,000 in cash into his account at Star Sydney, for a VIP program. The cash was comprised of \$93,900 in \$50 notes and \$6,100 in \$100 notes, and it was bundled in lots of \$10,000 with rubber bands. Following the transaction, Customer 56 recorded a turnover of \$417,326 with a loss of \$1,640.

On 3 July 2020, a Star Sydney customer exchanged \$99,000 in cash for chips. The cash was comprised of \$25,000 in \$100 notes and \$74,000 in \$50 notes. The cash was contained in a green paper bag with the Star logo and was bundled in \$5,000 and \$10,000 units with elastic bands and individually wrapped in black plastic bags. Star Sydney later reviewed the transaction and identified that Customer 56 had been involved in handing the cash to the other customer. Customer 56 had received the bag from an unknown person in a vehicle. Customer 56 had then handed the bag to another Star Sydney customer who then handed the bag to the customer who conducted the exchange transaction. Following the exchange transaction, the customer recorded a turnover of \$1,036,425 with a loss of \$197,595. Star Sydney considered the number of people who had handled the cash to be unusual and suspicious: SMR dated 6 July 2020.

On 18 July 2020, Customer 56 exchanged \$20,000 in cash for chips at Star Sydney. The cash was comprised of \$20 notes. Around the same time, another Star Sydney customer presented \$10,000 in cash. The cash was also comprised of \$20 notes and was bundled with elastic bands. When Star Sydney asked for the customer's identification, the customer advised that the money was not his. A second customer approached the cashier counter as the first customer walked away, and advised that the cash was hers. The second customer stated that she had asked the first customer to exchange the cash whilst she went to the bathroom. The second customer initially stated that the \$20 notes came from an ATM, before changing her mind and stating that the cash came from the bank. Star Sydney subsequently reviewed the two customers' movements, which indicated that Customer 56 had arrived at the casino and had handed the cash to the second customer. Star Sydney considered it quite unusual for a customer to present \$30,000 in \$20 notes in a short period: SMR dated 20 July 2020.

- i. Customer 56 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring, at Star Sydney;

Particulars

See paragraph 25 above.

Between 9 September 2020 and 20 November 2020, Star Sydney gave SMRs to the AUSTRAC CEO on six occasions due to its suspicions that Customer 56 was involved in transactions indicative of the ML/TF typology of structuring.

- a. Between 11 August 2020 and 9 September 2020, Customer 56 exchanged cash for chips on six occasions at Star Sydney, with each transaction being between \$9,000 and \$9,999. In the same period, Star Sydney recorded Customer 56's turnover to be \$1,202,705 with a loss of \$129,575: SMR dated 9 September 2020.
 - b. Between 19 September 2020 and 5 October 2020, Customer 56 exchanged cash for chips on seven occasions at Star Sydney, with each transaction being between \$9,000 and \$9,999. In one exchange for \$9,500, the cash was comprised of \$5,300 in \$50 notes, \$4,140 in \$20 notes and \$60 in \$10 notes: SMR dated 6 October 2020.
 - c. On 22 October 2020, Customer 56 exchanged \$9,900 in cash for chips at Star Sydney. The cash was comprised of \$20 notes, and was presented in good condition in two bundles bound with rubber bands. Star Sydney considered the large amount of \$20 notes to be unusual: SMR dated 23 October 2020.
 - d. Between 12 October 2020 and 24 October 2020, Customer 56 exchanged cash for chips on five occasions at Star Sydney, with each transaction being between \$9,000 and \$9,999: SMR dated 26 October 2020.
 - e. Between 4 November 2020 and 12 November 2020, Customer 56 exchanged cash for chips on five occasions at Star Sydney, with each transaction being between \$9,000 and \$9,999. Star Sydney noted that Customer 56 also had a transaction in the amount of \$10,000 during this period: SMR dated 16 November 2020.
 - f. Between 16 November 2020 and 20 November 2020, Customer 56 exchanged cash for chips on four occasions at Star Sydney, with each transaction being between \$9,000 and \$9,999: SMR dated 20 November 2020.
- j. between 2019 and 2020, Customer 56 was the subject of law enforcement enquiries at Star Sydney;

Particulars

In July 2019, Star Sydney received a request from a law enforcement agency in respect of Customer 56.

On 17 December 2019, Star Sydney received a request from a law enforcement agency in respect of Customer 56.

In July 2020, Star Sydney received two requests from a law enforcement agency in respect of Customer 56.

Between October 2020 and November 2020, Star Sydney received multiple requests from a law enforcement agency regarding Customer 56's involvement in suspicious cash transactions.

- k. on 23 November 2020, a law enforcement agency informed Star Sydney that it would issue a NSW exclusion order formally excluding Customer 56 from Star Sydney;

Particulars

On 23 November 2020, a law enforcement agency advised Star Sydney that it would shortly issue a NSW exclusion order excluding Customer 56 from its casino, and sought that Star Sydney exclude Customer 56 in the interim.

- l. Customer 56 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 56 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Chairman's, Oasis, Vantage, Sovereign Harbourside, Lakes Salons, Sovereign (Cage), Chairman's (Cage), Oasis (Cage) and the Springs Salon (Cage).

- m. Star Sydney did not have adequate reason to believe that Customer 56's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 56 at Star Sydney.

Particulars

See paragraph 808 above.

At no time before July 2019 did Star Sydney make enquiries regarding Customer 56's source of wealth or source of funds.

By July 2019, Star Sydney had:

- a. recorded turnover exceeding \$66 million for Customer 56 at Star Sydney; and
- b. given the AUSTRAC CEO 67 TTRs totalling \$1,475,535 in respect of threshold cash transactions involving Customer 56.

By at least 9 July 2019, Star Sydney gave the AUSTRAC CEO an SMR that reported Customer 56's occupation to be technician – production. Star Sydney did not have an adequate basis to consider that Customer 56's occupation explained the high value financial and

gambling services received by Customer 56. No further action was taken by Star Sydney to verify Customer 56's source of wealth or source of funds.

From July 2019 onwards, Star Sydney:

- a. formed suspicions that Customer 56 was involved in transactions indicative of the ML/TF typology of structuring on multiple occasions; and
- b. recorded that Customer 56 was presenting for deposit large amounts of cash in mixed denominations, totalling at least \$495,000.

On 4 December 2020, Star Sydney issued a WOL in respect of Customer 56 following a NSW exclusion order. By that time, Customer 56's gaming activity had escalated from turnover exceeding \$15 million in 2019 to turnover exceeding \$52 million in 2020.

It was not until after the WOL was issued that a Star Sydney staff member made enquiries of Customer 56 regarding his source of wealth and source of funds. In response, Customer 56 claimed that:

- a. he owned a restaurant in Sydney;
- b. he owned two investment properties in Sydney;
- c. he earned income from logistics arrangements and exports to a foreign jurisdiction;
- d. he had a manufacturing and exports business in a foreign jurisdiction; and
- e. the sub-\$10,000 transactions at Star related to cash flow from his Australian businesses.

Star Sydney's determination of the ML/TF risks posed by Customer 56

1768. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 56 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 56.

- a. On and from 30 November 2016, Customer 56 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons above: see *Customer 56's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 56 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 2 December 2016, Customer 56 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 28 January 2016, Customer 56 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 4 December 2020, Star Sydney issued a WOL in respect of Customer 56 following a NSW exclusion order.

On 7 February 2022, after Star Sydney issued a WOL in respect of Customer 56, Customer 56 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 56's transactions

1769. At no time did Star Sydney apply appropriate transaction monitoring to Customer 56's transactions, because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 56, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 56 through the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 56's KYC information

1770. Star Sydney did not review, update and verify Customer 56's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 56's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 56's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 56's source of wealth and source of funds were not legitimate: see *Customer 56's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 56's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 56 until 4 December 2020.

Particulars

See paragraph 155 above.

Section 36(1)(a), (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

On 4 December 2020, Star Sydney issued a WOL in respect of Customer 56 following a NSW exclusion order.

Failure to apply appropriate due diligence suited to Customer 56's high ML/TF risks

1771. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 56 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 56; and
- c. reviewing and updating Customer 56's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 56 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 56*.

ECDD triggers in respect of Customer 56

1772. Star Sydney was required to apply the ECDD Programs to Customer 56 following any ECDD triggers in respect of Customer 56.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1773. Customer 56 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 26 April 2018 and 20 November 2020, Star Sydney gave the AUSTRAC CEO 11 SMRs with respect to Customer 56.

1774. The matter pleaded in paragraph 1773 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1775. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 56 following an ECDD trigger because:

- a. on each occasion prior to 4 December 2020 that Star Sydney conducted ECDD in respect of Customer 56 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 56 and the provision of designated services to Customer 56 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, and 807 to 809 above.

On 8 July 2019, 18 December 2019, 3 July 2020, 21 July 2020, 9 September 2020, 7 October 2020, 23 October 2020, 3 November 2020, 18 November 2020 and 23 November 2020, Star Sydney conducted ECDD in respect of Customer 56.

The ECDD screenings did not disclose any material adverse to Customer 56.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 56's higher ML/TF risks, including the large amounts of cash in mixed denominations presented by Customer 56, the transactions made by Customer 56 that were indicative of ML/TF typologies such as structuring, and the fact that Customer 56's turnover from gaming activity other than on junket programs exceeded \$136 million between 2016 and 2020: see *Customer 56's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 56's source of funds or source of wealth.

It was not until after Star Sydney issued a WOL in respect of Customer 56 that it made enquiries with Customer 56 regarding his source of wealth and source of funds, which he claimed originated from businesses in Australia and overseas, and income from investment properties.

By reason of the matters set out above, there were real risks that Customer 56's source of wealth and source of funds were not legitimate: see Customer 56's *risk profile*.

- b. Customer 56 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 23 November 2020, Star Sydney was informed by a law enforcement agency that it would seek a formal exclusion order in respect of Customer 56.

On 4 December 2020, Star Sydney issued a WOL in respect of Customer 56 at the direction of the General Manager Financial Crime and Investigations for undesirable behaviour.

Contravention of s36 of the Act in respect of Customer 56

1776. By reason of the matters pleaded from paragraphs 1764 to 1775 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 56 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1777. By reason of the matters pleaded at paragraph 1776, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 4 December 2020 with respect to Customer 56.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 57

1778. Customer 57 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$270 million for Customer 57.

Particulars

Customer 57 was a customer of Star Sydney from at least 26 June 2016.

1779. Star Sydney provided Customer 57 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 26 June 2016, Star Sydney opened an FMA and SKA for Customer 57 which remain open (item 11, table 3, s6 of the Act).

Between 26 June 2016 and 2 September 2019, Star Sydney approved CCFs for Customer 57 on 16 occasions ranging from \$80,000 to \$1,300,000 (items 31 and 32, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 57 (items 31 and 32, table 1, s6 of the Act).

See Customer 57's risk profile below.

1780. Customer 57 was a customer of Star Qld during the relevant period. Between 2017 and 2019, Star Qld recorded turnover exceeding \$150 million for Customer 57.

Particulars

Customer 57 was a customer of Star Qld from at least 18 November 2016.

1781. Star Qld provided Customer 57 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 19 November 2016, Star Qld opened an FMA for Customer 57 which remains open (item 11, table 3, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 57 (items 31 and 32, table 1, s6 of the Act).

See Customer 57's risk profile below.

1782. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 57.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 57's risk profile

1783. On and from 30 November 2016, Customer 57, and the provision of designated services to Customer 57 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 57's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 57 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 57;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 29 June 2016.

The SMR reported that Customer 57 transacted in large amounts of cash: see paragraph 1783.a.vi below.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 57;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 22 November 2016.

The SMR reported that Customer 57 transacted in large amounts of cash: see paragraph 1783.a.vii below.

- iii. Customer 57 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. By 30 November 2016, Star Sydney recorded high turnover on individual rebate programs totalling \$6,363,250 for Customer 57, with wins of \$350,100;

Particulars

See paragraph 623 above.

- iv. Customer 57 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. By 30 November 2016, Star Qld recorded high turnover on individual rebate programs totalling \$6,568,120 for Customer 57, with wins of \$109,600;

Particulars

See paragraph 623 above.

- v. on 26 June 2016, Star Sydney provided Customer 57 with a significant amount of credit upon request, up to a limit of \$500,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 26 June 2016, Star Sydney senior management, including the Chief Executive Officer, approved a single trip CCF limit of \$500,000 for Customer 57.

The CCF was provided on a “temporary” basis while funds obtained through the Hotel Card channel were cleared.

- vi. Customer 57 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

For example, on 28 June 2016, Customer 57 took \$920,884 in cash on settlement of an individual rebate program. Later that night, Customer 57 returned \$100,000 of the cash to be deposited into his account for a new program. On settlement of that new program, Customer 57 took \$216,495 in cash: SMR dated 29 June 2016.

- vii. Customer 57 transacted using large amounts of cash at Star Qld; and

Particulars

See paragraphs 611 to 618 above.

On 19 November 2016, Customer 57 played at Star Qld for the first time. Customer 57 presented \$200,000 in cash at Star Qld which he deposited into his FMA and used on a premium program. While playing, Customer 57 exchanged \$217,000 in chips for cash. At settlement, Customer 57 withdrew \$102,136 in cash from his FMA. Star Qld considered these sums to be unusually large amounts of cash: SMR dated 22 November 2016.

- viii. Star Sydney provided designated services (items 31 and 32, table 1, s6) to Customer 57 by remitting large amounts of money into the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

See paragraphs 356 to 357 above.

On 26 June 2016, Customer 57 transacted \$500,000 through the Hotel Card channel and was given a temporary CCF while waiting for the funds to clear.

See paragraph 1783.a.v above.

Customer 57's risk profile from 30 November 2016

- b. Customer 57 was a junket player who received high value financial and gambling services (table 3, s6 of the Act) at Star Sydney through a Suncity junket program;
- i. between 1 August 2019 and 4 September 2019, Customer 57 was a player on a Suncity junket at Star Sydney operated by Customer 3;
 - ii. the Suncity junket was funded by a person other than the junket operator, Customer 1; and
 - iii. between 1 August 2019 and 4 September 2019, Star Sydney recorded high turnover totalling \$14,747,330 with losses of \$719,250 for Customer 57's gaming activity on the Suncity junket program;
- c. designated services provided to Customer 57 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 57 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2019, Star Sydney recorded high and escalating turnover totalling \$197,899,527 for Customer 57;
- i. between 2017 and 2019, Star Sydney recorded high and escalating individual rated turnover totalling \$3,454,003 for Customer 57; and

Particulars

See paragraph 752 above.

In 2016, Customer 57's individual rated turnover was \$577,699.

In 2017, Customer 57's individual rated turnover escalated to \$1,429,996.

In 2019, Customer 57's individual rated turnover was \$1,446,307.

- ii. between 2017 and 2019, Star Sydney recorded high and escalating turnover on individual rebate programs totalling \$194,445,524 for Customer 57 with losses of \$6,780,955;

Particulars

See paragraph 623 above.

In 2017, Customer 57's turnover on individual rebate programs was \$34,383,180 with losses of \$398,425.

In 2018, Customer 57's turnover on individual rebate programs was \$11,688,800 with wins of \$844,150.

In 2019, Customer 57's turnover on individual rebate programs escalated to \$148,393,544 with losses of \$7,226,680.

- e. Customer 57 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2019, Star Qld recorded high and escalating turnover totalling \$150,223,075 for Customer 57;
 - i. in 2019, Star Qld recorded high individual rated turnover totalling \$1,103,800 for Customer 57; and

Particulars

See paragraph 752 above.

- ii. between 2017 and 2019, Star Qld recorded high and escalating turnover on individual rebate programs totalling \$149,119,275 for Customer 57, with losses of \$1,951,755;

Particulars

See paragraph 623 above.

In 2017, Customer 57's turnover on individual rebate programs was \$5,923,021 with losses of \$446,400.

In 2019, Customer 57's turnover on individual rebate programs escalated to \$143,196,254 with losses of \$1,505,355.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 57 by remitting large amounts of money into, out of and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 30 May 2017 and 30 August 2019, Customer 57 transacted \$6,525,000 through the Hotel Card channel and was given a temporary CCF while waiting for the funds to clear at Star Sydney.

Between 1 January 2019 and 8 March 2020, Customer 57 was one of the top ten customers by transaction volume through the Hotel Card channel at Star Sydney.

See paragraph 1783.j below.

Remittances out of the casino environment

See paragraph 327 above.

On 31 July 2019, Star Sydney sent two telegraphic transfers totalling \$3,910,000 from Customer 57's account to an Australian bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 7 July 2019 and 4 September 2019, Star Sydney sent two transfers totalling \$800,000 from Customer 57's SKA to Star Qld.

On 25 July 2019, Star Sydney received a transfer of \$3,700,000 from Star Qld, which it made available to Customer 57's account.

- g. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 57 by remitting large amounts of money into, out of, and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 11 August 2017 and 30 November 2019, Customer 57 transacted \$4,788,000 through the Hotel Card channel in 58 separate transactions at Star Gold Coast.

On 27 August 2019, a representative of an Australian bank made enquiries with Star Qld in respect of a number of Hotel Card channel transactions which had been flagged as suspicious, including transactions involving Customer 57. On 28 August 2019, the Star Qld Senior Treasury Manager informed the bank that the funds had been used to purchase hotel accommodation. However, in an SMR dated 11 July 2019, Star Qld identified that the funds were used to play on a commission program.

Remittances out of the casino environment

See paragraph 327 above.

On 22 September 2019, Star Qld facilitated a telegraphic transfer of \$1,524,108 from Customer 57's FMA at Star Gold Coast to an Australian bank account.

On 9 December 2019, Customer 57 transferred \$2,200,000 from his Star Qld account to his personal bank account in Australia: SMR dated 12 December 2019.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraph 347 to 349 above.

On 8 July 2019 and 4 September 2019, Star Qld received two transfers totalling \$800,000 from Star Sydney, both of which were made available to Customer 57's FMA at Star Gold Coast.

On 26 July 2019, Star Qld facilitated a transfer of \$3,700,000 from Customer 57's FMA at Star Gold Coast account to Star Sydney.

See paragraph 1783.i below.

- h. Customer 57 transacted using large amounts of cash, including cash with suspicious provenance at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 6 January 2017 and 4 September 2019, Star Sydney gave the AUSTRAC CEO 17 TTRs detailing incoming payments to Customer 57 totalling \$815,000 which comprised chip exchanges and account deposits.

Between 4 January 2017 and 5 September 2019, Star Sydney gave the AUSTRAC CEO 28 TTRs detailing outgoing payments from Customer 57 totalling \$3,956,868 which comprised account withdrawals, chip exchanges and other monetary values out.

Large and suspicious cash transactions in 2017

On 3 January 2017, Customer 57 withdrew \$810,000 in cash from his account at Star Sydney. Customer 57 was accompanied by another Star Sydney customer who stated that Customer 57 intended to use the cash to buy a property: SMR dated 4 January 2017.

On 4 June 2017, Customer 57 settled a program and took \$100,000 together with a chip cash out of \$150,700. Customer 57 had recorded a turnover of \$2,941,000 with a win of \$41,000.

On 18 July 2017, Customer 57 settled a program for \$150,000 having recorded a turnover of \$7,530,000 with a loss of \$812,850.

On 5 August 2017, Customer 57 settled a program for \$100,000.

On 11 September 2017, Customer 57 and another Star Sydney customer attended a cashier desk at Star Sydney. The other customer exchanged \$582,000 in chips for cash. Customer 57 exchanged \$365,500 in chips for cash. Customer 57 and the other customer advised Star Sydney staff that they would use the cash to 'conduct some business'. They stated that they would likely return the cash later in the day. In the week prior to these transactions, Customer 57 had recorded a turnover of \$1,075,550 with winnings of \$75,200 and the other customer had recorded a turnover of \$1,478,250 with winnings of \$82,000. Star Sydney considered that the transactions were excessive when compared to Customer 57's and the other customer's gaming activity and recorded winnings:
SMR dated 11 September 2017.

On 11 December 2017, Customer 57 settled a program for \$245,500.

Large and suspicious cash transactions in 2018

On 9 March 2018, Customer 57 conducted a chip cash-out of \$111,300.

On 30 November 2018 and 1 December 2018, Customer 57 conducted two very large cash transactions at Star Sydney. The transactions related to Customer 57's rebate program. Customer 57 had recorded a turnover of \$4,413,750 with winnings of \$546,750:
SMR dated 3 December 2018.

Large and suspicious cash transactions in 2019

In August 2019, Customer 57 was a player on a junket program at Star Sydney. On 14 August 2019, Customer 57 presented \$320,000 in chips to be exchanged for cash in two transactions. Earlier that day, Customer 57 had met with another Star Sydney customer, Person 21, and the pair had then met with two unidentified persons. The unidentified persons were observed using their phones to scan codes on Person 21's and Customer 57's mobile phones before leaving the casino. Shortly afterwards, Customer 57 met with a third unidentified person who also scanned a code on Customer 57's mobile phone. Person 21 was nearby at the time, carrying a black backpack containing cash. Person 21 and Customer 57 then left the casino. Shortly afterwards, Customer 57 returned to the casino and exchanged \$115,000 in chips for cash. Star Sydney noted that, between 11 August 2019 and 14 August 2019, Customer 57 had recorded a turnover of \$12,327,500 with losses of \$1,878,000. Star Sydney considered that Customer 57's gaming activity did not support the chip exchange transactions that he conducted:
SMR dated 15 August 2019.

On 21 August 2019, Customer 57 presented \$100,000 in cash at Star Sydney to be deposited into his account. Customer 57 was accompanied by another Star Sydney customer. The other customer had brought the \$100,000 in cash into the casino in a bag while accompanied by a third Star Sydney customer, Person 21. The cash

comprised \$100 notes bound together with Star straps in units of \$5,000. Star Sydney was unaware of the relationship between the three customers. Star Sydney considered it unusual that the first customer was in possession of a bag containing the \$100,000 in cash: SMR dated 21 August 2019.

On 26 August 2019, Customer 57 was a player on the Suncity junket operated by Customer 3. A junket representative for that junket presented \$480,750 in chips for deposit into Customer 3's account. The junket representative then withdrew the funds in cash for the benefit of Customer 57, who had recorded a turnover of \$1,200,000 with winning of \$480,750. The cash was transported in a large coloured bag to a nearby hotel. Star Sydney considered the cash transaction to be excessive: SMR dated 26 August 2019.

On 28 August 2019, Customer 57 presented \$200,000 in cash at Star Sydney to be deposited into his account. The cash was contained in a multi-coloured shopping bag and comprised \$100,000 in \$50 notes and \$100,000 in \$100 notes. The \$50 notes were bound together with elastic bands and the \$100 notes were bound together with Star straps. Star Sydney considered the large amount of cash and the mixed denominations to be suspicious: SMR dated 28 August 2019.

On 29 August 2019, Customer 57 presented \$200,000 in cash at Star Sydney to be deposited into his account. Customer 57 received the cash from another Star Sydney customer who was Customer 57's guest. The cash comprised \$150,000 in \$100 notes and \$50,000 in \$50 notes. The \$50 notes were bound together with elastic bands and the \$100 notes were bound together with Star straps. Star Sydney was unaware of the relationship between Customer 57 and the other customer. Star Sydney considered it suspicious that Customer 57 was given cash by the customer to deposit into Customer 57's own account: SMR dated 30 August 2019.

- i. Star Qld was aware that:
 - i. Customer 57 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;
 - ii. Customer 57 and persons associated with him transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 11 August 2017 and 7 December 2019, Star Qld gave the AUSTRAC CEO six TTRs detailing incoming payments to Customer 57 totalling \$875,000 which comprised chip exchanges and account deposits.

Between 23 July 2019 and 6 December 2019, Star Qld gave the AUSTRAC CEO ten TTRs detailing outgoing payments from

Customer 57 totalling \$649,200 which comprised account withdrawals and chip exchanges.

On 10 July 2019, Customer 57 transferred a total of \$400,000 to Star Qld in four transactions of \$100,000 each through the Hotel Card channel. Customer 57 also transferred \$300,000 to Star Qld from his Star Sydney account. Customer 57 used the funds on a commission program and by 10 July 2019 had recorded winnings of \$268,000. After settlement, Customer 57 presented \$160,000 in cash at Star Qld which comprised \$100 notes contained in a hotel laundry bag. Customer 57 used the funds for gambling. Star Qld considered the \$160,000 cash transaction to be unusual: SMR dated 11 July 2019.

On 4 September 2019 and 5 September 2019, over the course of nine hours, Customer 57 recorded a loss of \$1,157,600 at Star Qld. Star Qld understood that Customer 57's losses at Star Sydney was significantly higher than his losses at Star Qld. On 5 September 2019, another Star Qld customer, Person 21, presented \$300,000 in cash at a private gaming room to be deposited into Customer 57's account.

The cash comprised \$100 notes and was bound with straps from another casino. The straps were dated July 2019. Star Qld records showed that Person 21 had not played at its properties between June 2019 and September 2019. Star Qld was unaware of the source of the cash or the relationship between Customer 57 and Person 21.

However, Star Qld recorded that Person 21's source of funds was from his work as a construction manager and Customer 57's source of funds was from his directorship of an import/export company: SMR dated 6 September 2019.

On 13 September 2019, Customer 57 cashed out \$375,000 in chips. At the time, he was recording a win of \$929,000.

On 16 September 2019, Customer 57 withdrew \$102,500 in cash from his FMA. At the time, he was recording a win of \$185,000.

On 18 November 2019, Customer 57 arrived at Star Gold Coast with eight other Star Qld customers. Customer 57 advised Star Gold Coast that the customers had played with him at another casino prior to arriving. The customers were also booked to stay at a nearby hotel under Customer 57's name. Customer 57 advised Star Gold Coast that he would be transferring funds through the Hotel Card channel.

Star Gold Coast was aware that Customer 57 could only access \$100,000 per day from the Hotel Card channel and that only \$50,000 could be transferred per transaction. However, on 19 November 2019, Customer 57 received a total of \$200,000 into his FMA. The funds had been transferred by two of the customers who had arrived at Star Gold Coast with Customer 57. The customers each transacted \$100,000 through the Hotel Card channel to their FMAs and then transferred the funds to Customer 57's FMA. Neither customer recorded any play on 18 November 2019. The customers verbally intimated that the funds were given to them by Customer 57 and that the transaction was arranged so that Customer 57 could avoid the

Hotel Card channel limits. The customers advised Star Gold Coast that they were involved in real estate and property development. On 20 November 2019, Customer 57 presented \$255,000 in cash at Star Gold Coast to be exchanged for chips. The cash was bound with straps not sourced from Star Gold Coast. Recent Star Sydney records did not support the cash coming from that property. Star Gold Coast noted that the straps were not dated. Customer 57 used the chips for gaming at Star Gold Coast. The other customers recorded minimal or no play. Star Gold Coast noted that since the beginning of 2019, Customer 57 had recorded losses of \$1,098,235 at Star Gold Coast: SMR dated 20 November 2019.

On 20 November 2019, a Star Qld customer presented \$100,000 in cash to be exchanged for chips. Star Qld understood that the customer was Customer 57's guest. The cash comprised \$100 notes and was contained in a glossy red bag. When asked, the customer stated that the cash was sourced from another Australian casino. The customer used the chips for gaming. By 21 November 2019, the customer had recorded winnings of \$320,000: SMR dated 21 November 2019.

On 22 November 2019, Customer 57 presented \$100,000 in cash to be exchanged for chips. The cash comprised \$100 notes bound with casino straps. When asked, Customer 57 stated that the cash was sourced from another Australian casino. Between 22 November 2019 and 25 November 2019, Customer 57 recorded a loss of \$736,500: SMR dated 25 November 2019.

On 28 November 2019, Customer 57 and another Star Qld customer, Person 21, transferred funds through the Hotel Card channel to their FMAs. These funds were then distributed to other Star Qld customers between 21 November 2019 and 27 November 2019:

- a. Person 21 transferred \$300,000 in six units of \$50,000 through the Hotel Card channel to his FMA. Of this, approximately \$100,000 was transferred to Customer 57 and \$100,000 was transferred to a second customer. Star Qld could not determine where the balance was transferred. Person 21 did not record any play over this period.
- b. Customer 57 transferred \$200,000 in four units of \$50,000 through the Hotel Card channel to his FMA. Of this, Customer 57 gamed with \$100,000 and transferred \$100,000 to a second Star Qld customer. Customer 57 recorded losses of \$788,400. Customer 57 then transferred a further \$100,000 to the second customer.
- c. The second customer did not make transactions through the Hotel Card channel. The second customer recorded a loss of \$242,600 during this period.
- d. Another Star Qld customer transferred \$200,000 in four units of \$50,000 through the Hotel Card channel to his FMA. The

customer was believed to be related to Customer 57. Of these funds, \$100,000 was transferred to Customer 57. Star Qld could not determine where the balance was transferred. The customer did not record any play over this period.

On 28 November 2019, Star Qld received information that Customer 57 had purchased real estate during his time on the Gold Coast. Star Qld noted that Customer 57 was due to leave the property on 30 November 2019 and that he appeared eager to travel to another Australian casino: SMR dated 28 November 2019.

On 10 December 2019, a Star Qld customer presented \$100,000 cash at Star Qld. The cash comprised \$100 notes bound in Star Qld straps. When asked, the customer stated that the cash was sourced from Customer 57. The customer used the cash for gaming. Since 18 November 2019, the customer had recorded losses of \$300,000. Star Qld knew that Customer 57 and the customer were at Star Qld together. However, Star Qld was unaware of the nature of their relationship or the reason why Customer 57 had given the customer the cash: SMR dated 12 December 2019.

- j. between 30 May 2017 and 2 September 2019, Star Sydney provided Customer 57 with significant amounts of credit upon request, up to limits of \$1,300,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 30 May 2017 and 2 September 2019, Star Sydney provided Customer 57 with at least \$7,885,000 in CCFs, the limits of which ranged between \$80,000 and \$1,300,000, on 15 occasions.

On each occasion, the CCF was provided on a “temporary” basis while funds obtained through the Hotel Card channel were cleared, and on several occasions was approved by senior management at Star, including the Chief Executive Officer, the Chief Financial Officer and the General Manager VIP Credit and Collections.

- k. Customer 57 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 57 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Springs Salons, Lakes Salons, Rivers Salons and Jade.

- l. Customer 57 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 57 had access to private gaming rooms at Star Qld, including the Club, the Sovereign Room, Salon 98, Salon 96, Salon 89, Salon 69, Salon 66, Pit 9, Pit 8 and the Club Conrad.

- m. in 2019, Customer 57 was the subject of law enforcement enquiries at Star; and

Particulars

On 23 September 2019 and 4 December 2019, Star Sydney received a request from a law enforcement agency for information concerning Customer 57.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- n. Star Sydney and Star Qld did not have adequate reason to believe that Customer 57's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 57 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 57 was a company director.

Between 2017 and 2019, Star Sydney and Star Qld recorded high and escalating turnover for Customer 57. Customer 57 transacted significant volumes of money through the high risk Hotel Card channel. Customer 57, and persons associated with him, took active steps to circumvent transaction limits in respect of the high risk Hotel Card channel.

On several occasions, Customer 57 and persons associated with him indicated that the funds transacted through the high risk Hotel Card channel, and through the casino environment, were to be used for reasons other than gaming, including purchasing property and conducting business.

Customer 57, and persons associated with him, appeared to have access to large volumes of cash.

At no time was Customer 57's source of funds or source of wealth commensurate with the high value financial and gambling services provided to him by Star Sydney and Star Qld.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 57

1784. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 57 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 57.
- a. On and from 30 November 2016, Customer 57 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 57's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 57 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 29 June 2016, Customer 57 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 7 February 2022, Customer 57 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 57's transactions

- 1785. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 57's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 57 Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 57 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. an international remittance channel, specifically the Hotel Card channel;

Particulars

See paragraphs 777 and 790 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 57 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. an international remittance channel, specifically the Hotel Card channel; and

Particulars

See paragraphs 777 and 790 above.

- e. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 57.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 57 on 10 July 2019, 26 August 2019, 5 September 2019, 20 November 2019, 22 November 2019 and 10 December 2019: See *Customer 57's risk profile*.

The review, update and verification of Customer 57's KYC information

1786. Star Sydney and Star Qld did not review, update and verify Customer 57's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 57's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 57's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 57's source of wealth or source of funds: see *Customer 57's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 57's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 57.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 57's high ML/TF risks

1787. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 57 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 57; and
 - c. reviewing and updating Customer 57's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 57 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 57*.

ECDD triggers in respect of Customer 57

1788. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 57 following any ECDD triggers in respect of Customer 57.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3) and 15.10 of the Rules.

1789. Customer 57:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

Between 4 January 2017 and 30 August 2019, Star Sydney gave the AUSTRAC CEO eight SMRs with respect to Customer 57.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 11 July 2019 and 12 December 2019, Star Qld gave the AUSTRAC CEO eight SMRs with respect to Customer 57.

- c. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 7 February 2022, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 57 were high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 57* above.

1790. Each matter pleaded in paragraph 1789 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1791. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 57 following an ECDD trigger because:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 57 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 57 and the provision of designated services to Customer 57 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 11 July 2019, 12 August 2019, 14 August 2019, 20 August 2019, 26 August 2019, 29 August 2019, 20 November 2019, 25 November 2019 and 28 November 2019, Star Sydney and Star Qld conducted ECDD in respect of Customer 57.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 57's higher ML/TF risks: see *Customer 57's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 57's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 57's source of wealth or source of funds: see *Customer 57's risk profile*.

- b. Customer 57 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 57 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 57 and the provision of designated services to Customer 57 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 57

1792. By reason of the matters pleaded from paragraphs 1778 to 1791, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 57 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1793. By reason of the matters pleaded at paragraph 1792, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 57.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 58

1794. Customer 58 was a customer of Star Sydney during the relevant period. Between 2016 and 2018, Star Sydney recorded turnover exceeding \$7.3 million for Customer 58.

Particulars

Customer 58 was a customer of Star Sydney from at least 20 October 2014.

1795. Star Sydney provided Customer 58 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket representative and junket player.

Particulars

On 20 October 2014, Star Sydney opened an FMA and SKA for Customer 58 which were closed on 9 September 2021 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 58 remitted funds to and from her FMA and SKA (items 31 and 32, table 1, s6 of the Act).

See Customer 58's risk profile.

1796. Customer 58 was a customer of Star Qld during the relevant period.

Particulars

Customer 58 was a customer of Star Qld from at least 4 March 2015.

1797. Star Qld provided Customer 58 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket representative.

Particulars

On 24 February 2015, Star Qld opened an FMA for Customer 58 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 58 remitted funds to and from her FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 58's risk profile.

1798. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 58.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 58's risk profile

1799. On and from 30 November 2016, Customer 58, and the provision of designated services to Customer 58 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 58's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 58 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 58;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on two occasions between 22 October 2014 and 21 October 2016.

The SMRs reported that Customer 58 and persons associated with her were involved in cash transactions at Star Sydney totalling at least \$3,760,000: see paragraph 1799.a.iii below.

- ii. Customer 58 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 1 February 2016 and 2 March 2016, Customer 58 was a junket player on a junket operated by a corporate junket operator, Company 6.

Star Sydney recorded that Customer 58's turnover on the junket program was \$6,851,000.

- iii. Customer 58, and persons associated with her, transacted using large amounts of cash and cash that appeared suspicious at Star Sydney; and

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 17 December 2014 and 28 November 2016, Star Sydney gave the AUSTRAC CEO 18 TTRs detailing incoming payments to Customer 58 totalling \$2,011,748 which were comprised of:

- a. \$1,899,366 in account deposits;
- b. \$95,140 in chip exchanges; and
- c. \$17,242 in foreign currency exchanges.

Between 27 November 2014 and 10 November 2016, Star Sydney gave the AUSTRAC CEO 117 TTRs detailing outgoing payments from Customer 58 totalling \$9,891,641 which were comprised of:

- a. \$6,408,246 in account withdrawals;
- b. \$2,227,395 in chip exchanges; and
- c. \$1,256,000 in other monetary values out.

Large and suspicious cash transactions

Between 20 October 2014 and 20 October 2016, Customer 58 was a junket representative. Customer 58 and persons associated with her were involved in cash transactions at Star Sydney totalling at least \$7,571,046, \$3,760,000 of which was reported in SMRs:

- a. between 20 October 2014 and 30 September 2015, Customer 58 withdrew large amounts of cash totalling at least \$2,091,671 from a junket operator's account on ten occasions: SMRs dated 22 October 2014, 12 November 2014, 29 December 2014, 5 May 2015, 12 June 2015, 4 August 2015, 31 August 2015, 25 September 2015 and 1 October 2015;
- b. on 23 December 2014, Customer 58 transferred \$600,000 from a junket operator's account to her own account. Customer 58 then withdrew the \$600,000 in cash from her account: SMR dated 29 December 2014;
- c. on 29 January 2015, Customer 58 exchanged \$100,000 in chips for cash on behalf of a junket operator: SMR dated 29 January 2015;
- d. on 4 May 2015, Customer 58 placed a large amount of cash withdrawn from a junket operator's account into the junket operator's safe deposit box: SMR dated 5 May 2015;
- e. on 30 July 2015, a junket representative, Person 11, took \$200,000 from a safe deposit box. The safe deposit box belonged to a junket operator. Shortly after, Customer 58, who was also a junket representative, deposited \$200,000 into an

account in the name of a junket funder: SMR dated 30 July 2015;

- f. between 24 November 2015 and 29 September 2016, Customer 58 withdrew large amounts of cash totalling at least \$1,678,325 from a corporate junket operator's account, Company 6, on six occasions: see for example SMRs dated 25 November 2015, 21 December 2015, 5 May 2016;
 - g. on 8 December 2015, a junket representative for a corporate junket operator, Company 6, withdrew \$200,000 from the junket operator's account. Later that day, Customer 58 exchanged \$200,000 in chips for cash on behalf of the same junket operator: SMR dated 9 December 2015;
 - h. on 9 December 2015, Customer 58 exchanged \$100,000 in chips for cash on behalf of a corporate junket operator, Company 6.: SMR dated 10 December 2015;
 - i. between 1 December 2015 and 20 October 2016, Customer 58 deposited large amounts of cash totalling at least \$1,993,050 into a corporate junket operator's account, Company 6, on five occasions. Some of the cash was presented suspiciously, in small notes, contained in envelopes or with straps from another Australian casino: SMRs dated 6 October 2016, 10 October 2016, 21 October 2016.
 - j. on 16 April 2016 and 17 April 2016, Customer 58 made several large cash transactions totalling \$465,000 on behalf of a corporate junket operator, Company 6: SMR dated 18 April 2016; and
 - k. on 19 July 2016, another customer opened an account with Star Sydney. The customer transferred \$150,000 to the newly opened account. The customer withdrew \$150,000 cash from that account and gave it to Customer 58. Shortly after, Customer 58 placed the cash in a safe deposit box belonging to a corporate junket operator, Company 6: SMR dated 20 July 2016.
- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 58 by remitting large amounts of money within the casino environment via her accounts;

Particulars

See paragraph 347 to 349 above.

For example, on 23 December 2014, Customer 58 transferred \$600,000 from a junket operator's Star Sydney account to her Star Sydney account: see paragraph 1799.a.ii above.

Customer 58's risk profile from 30 November 2016

- b. Customer 58 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 2 January 2019 and 1 March 2019, Customer 58 was a player on two Suncity junkets at Star Sydney operated by Customer 3;
 - ii. each junket was funded by a person other than the junket operator, being Customer 1; and
 - iii. Star Sydney recorded high turnover totalling \$6,851,000 for Customer 58's gaming activity on Suncity junket programs;
- c. Customer 58 was a junket representative for:
 - i. three junket operators at Star Sydney, including Customer 34; and
 - ii. a junket operator at Star Qld;
- d. designated services provided to Customer 58 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- e. Customer 58 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2018, Star Sydney recorded high and escalating individual rated turnover totalling \$508,139 for Customer 58;

Particulars

See paragraph 752 above.

In 2016, Customer 58's individual rated turnover was \$22,289.

In 2017, Customer 58's individual rated turnover escalated to \$432,544.

In 2018, Customer 58's individual rated turnover was \$53,307.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 58 by remitting large amounts of money within the casino environment via her accounts;

Particulars

See paragraph 347 to 349 above.

For example, on 4 April 2017, Star Sydney transferred from \$350,000 from Customer 58's Star Sydney account which it made available to another Star Sydney customer's account. Customer 58 and the customer then left together. However, the customer returned shortly afterwards and requested that \$230,000 be transferred to his personal bank account by telegraphic transfer. The funds were not used for gaming purposes: SMR dated 4 April 2017.

- g. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 58 by remitting large amounts of money within the casino environment via her accounts;

Particulars

See paragraph 347 to 349 above.

On 3 August 2017, Star Qld transferred \$433,820 from Customer 58's Star Qld account which it made available to Customer 54's Star Qld account: see paragraph 1799.i below.

- h. Customer 58, and persons associated with her, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes, cash contained in shopping bags, and cash that was sticky and wet at Star Sydney:
- i. in her capacity as Customer 34's junket representative;

Particulars

See paragraphs 611 to 618 above.

See paragraph 1799.j below.

Between 21 December 2016 and 15 October 2017, Customer 58 exchanged chips for cash on nine occasions on behalf of Customer 34 totalling \$1,213,000. On one occasion, Customer 58 was observed placing the cash into a black bag and handing the bag to a junket player on Customer 34's junket. The junket player used the funds for gaming activity not related to the junket program: SMR dated 19 September 2017.

Between 22 December 2016 and 18 October 2017, Customer 58 withdrew cash on 26 occasions on behalf of Customer 34 totalling \$4,857,824. On one occasion, Customer 58 told Star Sydney staff that the funds were to be used by a junket player to purchase a property. On another occasion, Customer 58 placed the cash in a black bag and handed it to another Star Sydney customer playing on the junket: see for example SMRs dated 6 February 2017, 26 April 2017, 15 May 2017, 24 July 2017, 14 August 2017, 16 August 2017.

Between 6 March 2017 and 6 October 2017, Customer 58 deposited cash on five occasions on behalf of Customer 34 totalling \$1,280,000.

A significant amount of the cash was in small notes. Some of the cash was contained in travel or shopping bags and bundled together with elastic bands: see for example SMRs dated 7 March 2017, 2 August 2017, 16 August 2017.

- ii. in her capacity as Company 6's junket representative; and

Particulars

See paragraphs 611 to 618 above.

Between 31 March 2017 and 1 April 2017, Customer 58 was a junket representative for a corporate junket operator, Company 6. Customer

58 made several high value transactions within a 24-hour period. The transactions did not appear to be linked to the junket program:

- a. Customer 58 and another Star Sydney customer presented \$200,000 to be deposited into the corporate junket operator's account. The cash comprised \$100 and \$50 notes, bundled with elastic bands in \$10,000 units and contained in a white plastic bag. One bundle of \$10,000 was wet, stuck together and had an unpleasant odour;
 - b. several hours later, Customer 58 presented a further \$200,000 to be deposited into the corporate junket operator's account. The cash comprised mostly \$50 notes;
 - c. several hours later, another junket representative, Person 11, presented \$100,000 cash to be deposited into the corporate junket operator's account. The cash comprised mostly \$50 notes bundled with elastic bands in \$10,000 units. The notes were in good condition. However, the notes were damp and emitted a musty odour. One bundle of \$10,000 was wet; and
 - d. later, Person 11 withdrew \$231,000 in cash from the corporate junket operator's account: SMR dated 3 April 2017.
- iii. in her own right;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 12 December 2016 and 9 July 2018, Star Sydney gave the AUSTRAC CEO 23 TTRs detailing incoming payments to Customer 58 totalling \$2,354,228 which were comprised of:

- a. \$2,121,728 in account deposits; and
- b. \$232,500 in chip exchanges.

Between 12 December 2016 and 7 July 2018, Star Sydney gave the AUSTRAC CEO 73 TTRs detailing outgoing payments from Customer 58 totalling \$6,143,181 which were comprised of:

- a. \$4,498,751 in account withdrawals;
- b. \$1,634,430 in chip exchanges; and
- c. \$10,000 in other monetary values out.

Large and suspicious cash transactions

On 10 March 2017, Customer 58 presented \$175,000 in cash to be deposited into her account. The cash comprised \$100 and \$50 notes. After the deposit, Customer 58 withdrew \$175,000 in chips. However, Customer 58 did not record any play after the chips were purchased: SMR dated 13 March 2017.

On 2 August 2017, another Star Sydney customer, Person 11, presented \$430,000 in cash which comprised \$50 notes. The cash was bundled with elastic bands and contained in a shopping bag. Person 11 requested that the cash be exchanged from \$50 notes to \$100 notes. After the exchange, Person 11 left the property. The following morning, Customer 58 presented \$430,000 in cash to be deposited into her account at Star Sydney. The cash was contained in a shopping bag and comprised \$100 notes bound with Star straps. Customer 58 also deposited a further \$1,400 cash. After the deposit, Customer 58 requested that those funds be transferred to his account at Star Gold Coast: SMR dated 3 August 2017.

- i. Customer 58, and persons associated with her, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes and cash contained in shopping bags at Star Qld;

Particulars

See paragraphs 611 to 618 above.

On 6 February 2017, Customer 58 presented \$100,000 in cash at Star Qld to be deposited into her account. The cash was presented in a green shopping bag. At this time, Customer 58 was a junket representative for a junket operator. Several other Star Qld customers were with Customer 58 when she presented the cash: SMR dated 6 February 2017.

On 12 February 2017, Customer 58 withdrew \$200,000 cash from a junket operator's account. Star Qld considered this to be a large amount of cash to have been carried by Customer 58: SMR dated 13 February 2017.

On 3 August 2017, Customer 58 was a junket representative for a junket operator. Customer 58 presented \$431,400 in cash contained in a shopping bag at Star Sydney to be deposited into her account.

Customer 58 then transferred \$431,388 from her Star Sydney account to her Star Gold Coast account. Later that day, Customer 58 presented another \$2,500 in cash to be deposited into her account at Star Sydney. Customer 58 then transferred \$2,432 to her Star Gold Coast account. Shortly after, Customer 58 transferred \$433,820 to a Star Qld customer, Customer 54, from her Star Gold Coast account. Prior to the above transactions, another junket representative, Person 11, presented \$429,400 cash at Star Sydney. The cash was all in \$50 notes. Person 11 requested that the cash be exchanged to \$100 notes. Person 11 took these funds and another \$600 (totalling \$430,000) in a shopping bag: SMR dated 4 August 2017.

- j. Star Sydney was aware that Customer 58, and persons associated with her, had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

See paragraph 1799.h above.

On 1 April 2017, while a junket representative for Customer 34's junket, Customer 58 withdrew \$325,458 in cash from Customer 34's account. After this transaction was completed, Customer 58 presented another \$83,000 in cash to be deposited into another Star Sydney customer's account. Star Sydney declined this request. Customer 58 then requested that the \$83,000 in cash be deposited into her account and then transferred to the customer via telegraphic transfer. Star Sydney advised Customer 58 that it did not send telegraphic transfers to third parties. Customer 58 then requested that the \$83,000 in cash be deposited into her account. Customer 58 was observed making several telephone calls and pacing. Shortly afterwards, Customer 58 deposited another \$350,000 into her own account. This included the amount withdrawn from Customer 34's account. Customer 58 advised Star Sydney staff that she would send the money to her own bank account in the coming days. Customer 58 asked Star Sydney staff whether the bank would call the casino to ask about the source of the funds: SMR dated 3 April 2017.

On 12 August 2017, Customer 58 presented \$200,000 in cash at Star Sydney to be deposited into Customer 34's account. Later that evening, Customer 58 deposited another \$200,000 into Customer 34's account. The cash comprised \$100 notes which had been issued by Star. Early the following morning, Customer 58 withdrew \$400,000 and \$90,000 in cash from Customer 34's account. Star Sydney was aware that the junket often conducted large cash transactions. However, Star Sydney considered it unusual that Customer 58 would deposit and withdraw cash in this way, without any apparent reason: SMR dated 14 August 2017.

On 15 September 2017, Customer 58 withdrew \$400,000 in cash from Customer 34's account. Customer 58 handed the cash to a second Star Sydney customer, Person 54. Person 54 left the venue in a vehicle. Later in the evening, Person 54 returned with a third customer. The customers deposited \$200,000 each into their respective accounts at Star Sydney. Person 54 and the third customer then left Star Sydney in separate vehicles: SMR dated 18 September 2017.

- k. Customer 58 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 58 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Rivers Salons, Harbour Salons, Springs Salons, Lakes Salons, Vantage, Oasis and Chairman's.

- l. Customer 58 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 58 had access to private gaming rooms at Star Qld, including the Club Conrad.

- m. Star Sydney and Star Qld did not have adequate reason to believe that Customer 58's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 58 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 58's occupation was as a junket representative.

Customer 58 transacted in high volumes of cash and cash that appeared suspicious. On several occasions, cash transactions conducted by Customer 58 or persons associated with her were not for the purpose of junket activity.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 58

- 1800. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 58 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 58.
 - a. On and from 30 November 2016, Customer 58 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 58's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. On and from February 2017, Customer 58 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 58's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- c. At no time was Customer 58 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 30 December 2014, Customer 58 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 58's transactions

- 1801. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 58's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 58, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep appropriate records of designated services provided to junket players and junket representatives;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 58 through the junket channel;

Particulars

See paragraph 783 above.

- d. Star Sydney and Star Qld provided designated services to Customer 58 through multiple accounts and were not able to collate information from those accounts; and

Particulars

Section 36(1)(a), (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- e. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 58.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 58 on 48 occasions between 21 December 2016 and 16 October 2017: See *Customer 58's risk profile*.

The review, update and verification of Customer 58's KYC information

1802. Star Sydney and Star Qld did not review, update and verify Customer 58's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 58's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 58's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 58's source of wealth or source of funds: see *Customer 58's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 58's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 58.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 58's high ML/TF risks

1803. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 58 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 58; and
 - c. reviewing and updating Customer 58's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 58 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 58*.

ECDD triggers in respect of Customer 58

1804. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 58 following any ECDD triggers in respect of Customer 58.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1805. Customer 58:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 6 February 2017 and 19 September 2017, Star Sydney gave the AUSTRAC CEO 16 SMRs with respect to Customer 58.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 6 February 2017 and 4 August 2017, Star Qld gave the AUSTRAC CEO three SMRs with respect to Customer 58.

1806. Each matter pleaded in paragraph 1805 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1807. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 58 following an ECDD trigger because:

- a. at no time did Star Sydney and Star Qld apply the ECDD Programs to Customer 58;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

- b. Customer 58 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 58 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 58 and the provision of designated services to Customer 58 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 58

1808. By reason of the matters pleaded from paragraphs 1794 to 1807 above, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 58 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1809. By reason of the matters pleaded at paragraph 1808, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 58.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 59

1810. Customer 59 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$53 million for Customer 59.

Particulars

Customer 59 was a customer of Star Sydney from at least 19 June 2016.

1811. Star Sydney provided Customer 59 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 10 October 2017, Star Sydney opened an FMA and SKA for Customer 59 which remain open (item 11, table 3, s6 of the Act).

Between 10 November 2017 and 14 February 2018, Star Sydney approved CCFs for Customer 59 on 10 occasions ranging from \$50,000 to \$400,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 59.

See Customer 59's risk profile below.

1812. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 59.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 59's risk profile

1813. On and from 30 November 2016, Customer 59, and the provision of designated services to Customer 59 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 59's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 59 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 59;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on two occasions between 8 November 2016 and 15 November 2016.

Both SMRs reported two transactions where Customer 59 had exchanged chips for cash in circumstances where she did not have any recorded turnover. The first transaction was an exchange of \$100,000 in chips for cash. The second transaction was an exchange of two \$500,000 cash plaques, which allegedly belonged to Customer 70, for \$1,000,000 in cash at Star Sydney. Due to the large amount of cash requested, Customer 59 was offered a cheque or a telegraphic transfer. However, Customer 70 was present and insisted on cash. Customer 70 stated that he intended to purchase property that day.

- ii. Customer 59 was connected to other customers at Star Sydney, including Customer 70, who was a player Star Sydney considered had acted suspiciously; and

Particulars

See particulars to paragraph 1813.a.i above.

- iii. Customer 59 transacted using large amounts of cash at Star Sydney.

Particulars

See paragraphs 611 to 618 above.

See particulars to paragraph 1813.a.i.

Transactions recorded by Star Sydney in 2016

Between 16 June 2016 and 15 November 2016, Star Sydney gave the AUSTRAC CEO 15 TTRs in respect of Customer 59 detailing transactions totalling \$1,604,639, including:

- a. 11 chip cash outs totalling \$1,490,015;
- b. three chip purchases totalling \$80,900; and
- c. one EGM payout of \$33,724.

Customer 59's risk profile from 30 November 2016

- b. Customer 59 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

- i. between 21 January 2017 and 31 May 2018, Customer 59 was a player on twelve junkets at Star Sydney operated by three junket operators, Customer 7, Customer 8 and Customer 3;
- ii. ten of the junkets were partly or fully funded by a person other than the junket operator, including Customer 1 and Customer 7; and
- iii. between 21 January 2017 and 31 May 2018, Star Sydney recorded high turnover totalling \$51,851,186 with losses of \$949,780 for Customer 59's gaming activity on junket programs;

Particulars

In 2017, Customer 59's turnover on junket programs was
\$26,409,003 with wins of \$409,225.

In 2018, Customer 59's turnover on junket programs was
\$25,442,183 with losses of \$1,359,005.

- c. designated services provided to Customer 59 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 59 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2019, Star Sydney recorded high individual rated turnover totalling \$1,178,437 for Customer 59;

Particulars

See paragraph 752 above.

In 2016, Customer 59's individual rated turnover was \$829,389.

In 2017, Customer 59's individual rated turnover was \$335,503.

In 2018, Customer 59's individual rated turnover was \$6,187.

In 2019, Customer 59's individual rated turnover was \$7,356.

- e. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 59 by remitting large amounts of money into, out of, and within the casino environment via her accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 10 November 2017 and 14 February 2018, Customer 59 transacted \$2,029,000 through the Hotel Card channel at Star Sydney and was given a temporary CCF while waiting for the funds to clear.

Remittances out of the casino environment

See paragraph 327 above.

On 20 November 2017, Customer 59 transferred \$300,000 from her Star Sydney account to her personal bank account in Australia: SMR dated 21 November 2017.

On 22 November 2017, Star Sydney sent a telegraphic transfer of \$300,000 from Customer 59's SKA to an Australian bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraph 347 to 349 above.

On 20 November 2017, Customer 59 received \$300,000 from Customer 7's junket account into her Star Sydney account: SMR dated 21 November 2017.

- f. designated services provided to Customer 59 included substantial EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

Between 29 December 2016 and 22 January 2018, Star Sydney gave the AUSTRAC CEO 11 TTRs detailing EGM payouts to Customer 59 totalling \$209,992.10.

- g. Customer 59 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 29 December 2016 and 22 January 2018, Star Sydney gave the AUSTRAC CEO 50 TTRs detailing transactions involving Customer 56 totalling \$2,099,241, including:

- a. 26 chip cash outs totalling \$1,504,249;
- b. 10 chip purchases totalling \$205,000;
- c. one cash deposit of \$90,000;
- d. one cash withdrawal of \$90,000; and
- e. 11 EGM payouts totalling \$209,992.

Large and suspicious cash transactions

On 11 November 2017, a junket representative Customer 56 withdrew \$100,000 in cash on behalf of junket operator Customer 8. The cash was then given to Customer 59.

On 15 January 2018, a junket representative Customer 49 made a chip cash out of \$201,500 on behalf of junket operator Customer 7.

Customer 49 gave the cash to Customer 59. Customer 59 was a player on the Customer 7 junket and had recorded a turnover of \$1,061,250 and a win of \$304,250 for the junket.

See particulars to paragraph 1813.i.

- h. Star Sydney provided Customer 59 with significant amounts of credit upon request, up to limits of \$400,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 10 November 2017 and 14 February 2018, Star Sydney provided Customer 59 with at least \$2,272,000 in CCFs, the limits of which ranged between \$50,000 and \$400,000, on ten occasions.

On each occasion, the CCF was provided on a “temporary” basis while funds obtained through the Hotel Card channel were cleared, and was approved by senior management at Star, including the Chief Financial Officer.

- i. Customer 59 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including cashing-in large value chips with no evidence of play, and quick turnover of money (without betting);

Particulars

See paragraph 25 above.

On the following occasions, Customer 59 was involved in transactions indicative of the ML/TF typology of cashing-in large value chips with no evidence of play:

- a. on 6 February 2017, Customer 59 exchanged \$100,000 in chips for cash. However, Star Sydney noted that she had no recorded play in the previous week. Customer 59 delivered the cash to Customer 70 who had recorded winnings of \$199,300 that day: SMR dated 7 February 2017.
- b. on 9 February 2017, Customer 59 requested to exchange \$200,000 in plaques for cash. When asked where she got the plaques, Customer 59 advised Star Sydney that they belonged to her partner, Customer 70. Customer 59 returned to the cashier with Customer 70 to complete the transaction. Star Sydney noted that Customer 70’s recorded play showed a win of \$300,000 in the days prior: SMR dated 10 February 2017.
- c. on 23 February 2017, Customer 59 exchanged \$100,000 in plaques for cash. Star Sydney noted that Customer 59 had no recorded play in the month prior to explain the plaques. Soon after the transaction, another Star Sydney customer presented the same cash to purchase chips at a different cashier: SMR dated 23 February 2017.

- d. on 9 March 2017, Customer 59 exchanged a \$100,000 plaque for cash. Following the transaction, Customer 59 moved from the Sovereign Room to the Oasis Cage and exchanged another \$50,000 in chips for cash. When Customer 59 then returned to the Sovereign Room, she met with Customer 70. Customer 70 then exchanged \$200,000 in plaques for cash. Star Sydney noted that Customer 59 had no play recorded in the last week but that Customer 70 had a large amount of play and winnings in recent days: SMR dated 10 March 2017.
- e. on 25 July 2017, Customer 59 exchanged \$100,070 in chips for cash. Customer 59 placed the cash in a bag before meeting with Customer 70. However, Customer 59 was not observed giving the cash to Customer 70. Star Sydney noted that Customer 59 did not have any play recorded to support the large transaction, but that Customer 70 had recorded a large amount of play and that such a transaction would not be unusual for him. Star Sydney noted that it seemed likely Customer 59 had completed the transaction on Customer 70's behalf: SMR dated 25 July 2017.
- f. on 17 October 2017, Customer 59 exchanged \$300,000 in chips for cash. Star Sydney noted that Customer 59 had no recorded play in the days prior to the transaction. After collecting the cash, Customer 59 met another Star Sydney customer. The two left the property together. The other customer had no play recorded at Star Sydney in the 12 months prior: SMR dated 18 October 2017.

On 20 November 2017, Customer 59 was involved in transactions indicative of the ML/TF typology of quick turnover of money (without betting). Customer 49 deposited \$90,000 in chips into Customer 7's junket account. Customer 49 immediately withdrew the funds for cash and then requested to deposit the \$90,000 in cash into Customer 59's account. Customer 49 was advised that the transfer could not occur without an authority. Later, Customer 49 returned with Customer 59 and deposited a further \$310,000 in chips into Customer 7's junket account. Customer 49 then withdrew the \$310,000 from Customer 7's account and transferred it to Customer 59. In addition, Customer 49 deposited the original \$90,000 into Customer 7's account and also transferred that sum to Customer 59. Customer 59 then requested that \$300,000 be transferred to her personal bank account. Star Sydney noted that Customer 59 was a player on Customer 7's junket and had recorded a turnover of \$1,663,900 and a win of \$495,275: SMR dated 21 November 2017.

- j. in 2017 and 2018, Customer 59 was the subject of law enforcement enquiries on three occasions at Star Sydney;

Particulars

On 7 February 2017, Star Sydney contacted a law enforcement agency in relation to Customer 59.

On 21 March 2018, Star Sydney received a request from a law enforcement agency for information regarding Customer 59.

On 16 November 2018, Star Sydney received a request from a law enforcement agency for information regarding Customer 59.

- k. Customer 59 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 59 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Oasis, Vantage, Lakes Salons, Sovereign Cage, Lakes Salon Cage and Springs Salon Cage.

- l. Star Sydney did not have adequate reason to believe that Customer 59's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 59 at Star Sydney.

Particulars

See paragraph 808 above.

Between 2016 and 2019, Customer 59 had a cumulative turnover of \$53 million, and engaged in cash transactions totalling more than \$2,099,241.

Customer 59 was connected to other customers whom Star Sydney considered had acted suspiciously, including Customer 7, Customer 49, Customer 8, Customer 56 and Customer 70.

Customer 59 frequently exchanged in high value chip and cash exchanges in circumstances where Customer 59 had recorded no gaming activity or winnings.

From February 2017 until 21 September 2022, Star Sydney understood Customer 59's occupation to be "Manager".

Star Sydney did not request any further information in relation to Customer 59's source of wealth or source of funds; nor did Star Sydney have any evidence to suggest that Customer 59's turnover was commensurate with her source of wealth or source of funds.

See particulars to paragraphs 1813.g and 1813.i.

Star Sydney's determination of the ML/TF risks posed by Customer 59

1814. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 59 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 59.

- a. On and from early 2017, Customer 59 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 59's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 59 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 2 December 2016, Customer 59 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 59's transactions

- 1815. At no time did Star Sydney apply appropriate transaction monitoring to Customer 59's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 59, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep appropriate records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 59 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. an international remittance channel, specifically the Hotel Card channel; and

Particulars

See paragraphs 777 and 790 above.

- d. Star senior management were not specifically informed of a large and suspicious cash incident involving Customer 59.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incident involving Customer 59 on 20 November 2017: See *Customer 59's risk profile*.

The review, update and verification of Customer 59's KYC information

- 1816. Star Sydney did not review, update and verify Customer 59's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 59's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 59's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 59's source of wealth and source of funds were not legitimate: see *Customer 59's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 59's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 59.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 59's high ML/TF risks

- 1817. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 59 appropriately;

- b. applying appropriate risk-based transaction monitoring to Customer 59; and
- c. reviewing and updating Customer 59's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 59 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 59*.

ECDD triggers in respect of Customer 59

1818. Star Sydney was required to apply the ECDD Programs to Customer 59 following any ECDD triggers in respect of Customer 59.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1819. Customer 59 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 7 February 2017 and 21 November 2017, Star Sydney gave the AUSTRAC CEO seven SMRs with respect to Customer 59.

1820. The matter pleaded in paragraph 1819 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1821. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 59 following an ECDD trigger because:

- a. at no time did Star Sydney apply the ECDD Programs to Customer 59; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

- b. Customer 59 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite.

Particulars

See paragraph 810 above.

Rules 15.10(6) and (7) of the Rules.

Contravention of s36 of the Act in respect of Customer 59

1822. By reason of the matters pleaded from paragraphs 1810 to 1821 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 59 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1823. By reason of the matters pleaded at paragraph 1822, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 59.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 60

1824. Customer 60 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$100 million for Customer 60.

Particulars

Customer 60 was a customer of Star Sydney from at least 7 March 2011.

On 29 September 2016, Star Sydney issued a WOL in respect of Customer 60. On 13 April 2018, the General Corporate Counsel revoked the WOL.

On 14 January 2019, Star Sydney issued a second WOL in respect of Customer 60.

1825. Star Sydney provided Customer 60 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

Between 2016 and 2019, Star Sydney recorded turnover totalling \$102,331,502 for Customer 60 (table 3, s6 of the Act).

See *Customer 60's risk profile* below.

1826. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 60.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 60's risk profile

1827. On and from 30 November 2016, Customer 60, and the provision of designated services to Customer 60 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 60's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 60 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 60;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 33 occasions between 17 January 2013 and 28 April 2016.

The SMRs reported that Customer 60 and persons associated with him transacted using large amounts of cash and cash that appeared suspicious at Star Sydney: see paragraph 1827.a.v below.

- ii. Customer 60 was a junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

Between 25 June 2015 and 22 September 2016, Customer 60 operated eight junkets at Star Sydney. Customer 60 was one of the top ten junket operators by turnover in 2015.

On four occasions, Customer 60 was the only player on the junket. Customer 60 played on each of the eight junkets.

By 30 November 2016, the total cumulative turnover of junkets operated by Customer 60 at Star Sydney was \$1,120,616,468 with losses of \$13,186,355.

- iii. Customer 60 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 25 June 2015 and 22 September 2016, Customer 60 was a player on eight junkets at Star Sydney operated by himself. On four junkets, Customer 60 was the only player.

By 30 November 2016, Customer 60's turnover on junket programs was \$1,040,689,055 with losses of \$12,432,200.

- iv. Customer 60 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high individual rated turnover totalling \$3,070,962 for Customer 60;

Particulars

See paragraph 752 above.

- v. Customer 60 and his associates transacted using large amounts of cash and chips and cash that appeared suspicious, including large volumes of cash in paper bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 8 March 2011 and 1 June 2016, Star Sydney gave the AUSTRAC CEO 234 TTRs in respect of Customer 60 totalling \$12,596,952, which were comprised of:

- a. 179 outgoing TTRs totalling \$10,177,872;
- b. 55 incoming TTRs totalling \$2,419,080;
- c. \$4,053,840 in chip or cash exchanges;
- d. \$8,522,992 in account deposits or withdrawals; and
- e. \$20,120 in EGM payouts.

Between January 2013 and 28 April 2016, Customer 60 engaged in large and suspicious cash transactions including:

- a. at least four exchanges of chips to cash totalling at least \$432,500 that were not consistent with recorded wins;
- b. at least two cash deposits into his FMA totalling at least \$450,000; and
- c. at least 27 cash withdrawals from his FMA, Star Sydney account, and junket program settlements, totalling at least \$2,587,726, including cash withdrawn and placed in paper bags.

On 8 April 2015, Customer 60 withdrew \$500,000 in cash from his account at Star Sydney. Customer 60 handed the cash to a third party in a vehicle before departing the casino. Later that day, a Star Sydney customer approached the cashier with Customer 60 and exchanged \$500,000 in cash for chips. The cash was bundled in straps issued by Star Sydney. The patron then exchanged \$500,000 in chips for a Star non-winnings cheque after a minimal amount of play: SMRs dated 8 April 2015 and 9 April 2015.

On 16 September 2015, Customer 60 withdrew \$136,000 in cash from his account at Star Sydney and placed the cash in a black paper bag. Customer 60 then handed the bag to a Star Sydney customer and left the gaming area with the customer: SMR dated 17 September 2015.

On 22 February 2016, a junket player, Person 62, was issued a Star non-winnings cheque for \$1,096,982. Person 62 returned to Star Sydney with Customer 60. Customer 60 advised Star Sydney that Person 62 wanted to exchange the cheque for chips. Person 62 then opened an account at Star Sydney, deposited the cheque, and withdrew the funds as chips. After receiving the chips, Person 62 gave \$96,982 in chips to Customer 60: SMR dated 23 February 2016.

On 26 April 2016, a junket player won \$1,715,000 and transferred the amount to his account. The following day, the junket player withdrew the funds as chips and immediately handed the chips to Customer 60. Customer 60 then deposited \$1,600,000 in chips into his account: SMR dated 29 April 2016.

On 28 April 2016, a Star Sydney customer exchanged \$100,000 in chips for cash. Star Sydney considered that this transaction was not supported by the customer's play in the month prior to the transaction. After the transaction, the customer handed the cash to Customer 60 in the lobby. Customer 60 then departed Star Sydney with the cash in a private vehicle: SMR dated 29 April 2016.

- vi. between 30 July 2013 and 8 October 2015, Star Sydney provided Customer 60 and his junket programs with significant amounts of credit upon request, up to limits of \$5,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 30 July 2013 and 8 October 2015, Star Sydney approved CCFs for Customer 60 and his junket programs ranging from \$1,000,000 to \$5,000,000.

- vii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 60 by remitting large amounts of money into and out of the casino environment via his accounts; and

Particulars

Remittances into the casino environment

See paragraphs 278 and 327 above.

On 5 December 2015, Star Sydney received a telegraphic transfer of \$500,000 from an Australian bank account, which it made available to Customer 60's SKA.

Between 25 January 2013 and 15 March 2016, Star Sydney gave the AUSTRAC CEO 11 incoming IFTIs detailing deposits to Customer 60's account totalling \$5,976,276 which comprised:

- a. between 24 January 2013 and 26 February 2013, six incoming deposits from five third party companies totalling \$3,131,546; and
- b. between 26 February 2013 and 14 March 2016, five incoming deposits from Customer 60 totalling \$2,844,730.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 9 April 2016 and 23 September 2016, Star Sydney sent three telegraphic transfers totalling \$2,080,157 from Customer 60's FMA to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

- viii. Customer 60 was the subject of law enforcement enquiries at Star Sydney;

Particulars

In June 2016, Star Sydney received requests from a law enforcement agency for information about Customer 60 in relation to a stabbing incident.

Customer 60's risk profile from 30 November 2016

- b. on 26 September 2016, Star Sydney issued a WOL in respect of Customer 60. On 13 April 2018, the General Counsel revoked the WOL;
- c. Customer 60 was connected to other customers at Star Sydney, including junket funders, junket operators, junket representatives and players who posed higher ML/TF risks and players who Star Sydney considered had acted suspiciously such as Customer 11, Customer 10, Customer 16 and Customer 27;

Particulars

In August 2014, Customer 60 and Customer 10 arrived at Star Sydney together. Star suspected that Customer 60 arrived with funds from Customer 10.

In May 2015, Customer 10 used his CCF to fund a Customer 11 junket represented by Customer 16. In applying to renew his CCF, Customer 10 indicated that his junket representative, Customer 16, intended to buy-in to the junket with \$5,000,000 and then withdraw \$2,000,000 to transfer to Customer 60. Customer 60 was not a junket player on Customer 11's junket. This arrangement was approved by the Chief Executive Officer and the Chief Financial Officer.

After Star Sydney issued a WOL in respect of Customer 60 on 29 September 2016, Customer 27 commenced operating junkets at Star Sydney.

After Star Sydney revoked Customer 60's WOL on 13 April 2018, it conducted a review of Customer 60's conduct and held discussions with him. Star Sydney suspected that Customer 60 had been funding Customer 27's junkets while Customer 60's WOL was in effect despite not being recorded as a junket financier for Customer 27. Between 22 December 2017 and 8 September 2018, Customer 27 operated eleven junkets at Star Sydney with a cumulative turnover of \$748,625,575. Junket players on Customer 27's junkets included Customer 62 and Customer 56.

- d. Customer 60 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2019, Star Sydney recorded high and escalating individual rated turnover totalling \$102,331,502 for Customer 60;

Particulars

See paragraph 752 above.

In 2016, prior to being issued with a WOL on 29 September 2016, Customer 60's individual rated turnover escalated to \$22,723,175.

In 2018, after having his WOL revoked on 13 April 2018, Customer 60's individual rated turnover escalated significantly to \$75,643,680.

In 2019, prior to being issued with a WOL on 14 January 2019, Customer 60's individual rated turnover was \$3,964,647.

- e. Star Sydney was aware that:
- i. Customer 60 and persons associated with him had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
 - ii. Customer 60 and persons associated with him transacted using large amounts of cash in suspicious circumstances at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 4 June 2018 and 3 December 2018, Star Sydney gave the AUSTRAC CEO seven outgoing TTRs in respect of Customer 60 totalling \$90,120, which comprised chip or cash exchanges.

On 26 September 2018, Customer 60 gave \$200,000 in plaques to a Star Sydney customer, Person 35. Person 35 then exchanged the plaques for cash. Star Sydney considered that this transaction was excessive given that Person 35 only recorded a turnover of \$633,350 and a win of \$36,850 in the days leading up to the transaction. After the transaction, Person 35 met with Customer 60, who was accompanied by two other individuals. Person 35 handed the cash to one of the individuals, who placed the cash into a bag. The individuals accompanying Customer 60 then departed Star Sydney with the cash: SMR dated 27 September 2018.

On 11 January 2019, Customer 60 attended Star Sydney early in the morning and sat at a gaming table next to a Star Sydney patron. Around this time, a second Star Sydney patron redeemed two chip purchase vouchers for Person 18's junket at the table for \$200,000 and \$300,000 respectively. The chips were passed from the dealer to the first patron seated next to Customer 60 but Customer 60 intercepted them and kept them in front of himself. Over the next three hours, Customer 60 gave out the chips in \$50,000 lots to the first patron when his stack began to run low, to a total of \$250,000 in chips. During this period, Customer 60 made numerous phone calls and walked outside to a balcony area before returning to the gaming table. Star Sydney identified that the second patron who redeemed the chip purchase voucher was one of Customer 60's associates and that Customer 60 was the de facto controller of Person 18's junket.

- f. by January 2019, Star Sydney suspect that Customer 60 was the leader of a group of customers engaging in loan sharking behaviour;

Particulars

Between 4 January 2019 and 14 January 2019, Star Sydney identified that:

- a. Customer 60 was the leader of a group of patrons conducting loan sharking;
- b. Customer 60 funded and effectively controlled two junkets, including Customer 27's junket, despite not being recorded as a financier for these junkets;
- c. Customer 60 recruited patrons to play on these junkets; and
- d. on 11 January 2019, Customer 60 engaged in proxy betting by providing chips to these patrons and directing their bets.

On 14 January 2019, Star Sydney issued a WOL in respect of Customer 60.

- g. between 2016 and 2021, Customer 60 was the subject of law enforcement enquiries at Star Sydney;

Particulars

Between 21 March 2017 and 27 April 2017, while Customer 60's first WOL was in place, Star Sydney received requests from a law enforcement agency for information about Customer 60's movements.

On 8 February 2018, Star Sydney received a request from a law enforcement agency in connection with Customer 60. Customer 60 was still subject to the first WOL at this time.

On 27 July 2018, Star Sydney received a request from a law enforcement agency for information about Customer 60 and his associates.

On 4 January 2019, Star Sydney contacted a law enforcement agency about alleged loan sharking in its casino.

- h. Customer 60 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 60 had access to private gaming rooms at Star Sydney, including the Sovereign, Chairman, Jade and Oasis Rooms.

- i. Star Sydney did not have adequate reason to believe that Customer 60's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 60 at Star Sydney.

Particulars

See paragraph 808 above.

On 18 May 2015, Star Sydney recorded that Customer 60 had been a partner of a company since 2010. From 9 August 2018, Star Sydney recorded that Customer 60 was employed as a public servant.

In 2018 alone, Customer 60's turnover exceeded \$75 million. Customer 60's stated source of wealth was not commensurate with the high value designated services provided to him by Star Sydney.

Star Sydney's determination of the ML/TF risks posed by Customer 60

1828. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 60 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 60.
- a. On and from 30 November 2016, Customer 60 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 60's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 25 February 2019, after he had been issued with a WOL for the second time, that Customer 60 was rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 7 April 2014, Customer 60 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 5 August 2014, Customer 60 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 16 August 2018, Customer 60 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 14 January 2019, Star Sydney issued a WOL in respect of Customer 60.

On 25 February 2019, Customer 60 was rated critical risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 60's transactions

1829. At no time did Star Sydney apply appropriate transaction monitoring to Customer 60's transactions because:
- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 60 Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney provided designated services to Customer 60 through multiple accounts and was not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- c. Star senior management were not specifically informed of a large and suspicious cash incident involving Customer 60.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incident involving Customer 60 on 26 September 2018: See *Customer 60's risk profile*.

The review, update and verification of Customer 60's KYC information

- 1830. Star Sydney did not review, update and verify Customer 60's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 60's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 60's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 60's source of wealth or source of funds: see *Customer 60's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 60's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 60.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Between 27 January 2015 and 22 May 2018, Star Sydney conducted ongoing customer due diligence in respect of Customer 60.

On 22 May 2018, a staff member at Star Sydney held discussions with Customer 60 and Customer 27 shortly after Customer 60's first WOL was revoked. After these discussions, the staff member formed suspicions that Customer 60 was an undeclared funder of junkets operated by Customer 27 and that Customer 60 was the target of an unsuccessful murder attempt for failing to pay money owed to another junket.

Failure to apply appropriate due diligence suited to Customer 60's high ML/TF risks

1831. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- identifying and assessing the ML/TF risks posed by Customer 60 appropriately;
 - applying appropriate risk-based transaction monitoring to Customer 60; and
 - reviewing and updating Customer 60's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 60 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 60*.

ECDD triggers in respect of Customer 60

1832. Star Sydney was required to apply the ECDD Programs to Customer 60 following any ECDD triggers in respect of Customer 60.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3), 15.10 of the Rules.

1833. Customer 60 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

On 27 September 2018, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 60.

1834. The matter pleaded in paragraph 1833 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1835. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 60 following an ECDD trigger because:

- a. on each occasion prior to January 2019 that Star Sydney conducted ECDD in respect of Customer 60 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 60 and the provision of designated services to Customer 60 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 22 October 2018, Star Sydney conducted ECDD in respect of Customer 60.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 60's higher ML/TF risks: see *Customer 60's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 60's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 60's source of wealth or source of funds: see *Customer 60's risk profile*.

It was not until 14 January 2019 that Star Sydney issued a WOL in respect of Customer 60.

- b. Customer 60 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to January 2019 that Customer 60 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 60 and the provision of designated services to Customer 60 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between 9 August 2018 and 8 November 2018, Star Sydney listed Customer 60 for consideration at PAMMs. Star Sydney did not take

any action in relation to Customer 60 at these meetings, noting only that Customer 60 had applied for bankruptcy on 12 October 2018.

Between 16 August 2018 and 17 January 2019, Star Sydney listed Customer 60 for consideration at JRAM meetings:

- a. at the 16 August 2018 meeting, Star Sydney determined to maintain Customer 60's risk rating at medium for the purpose of the Act and Rules;
- b. at the 20 September 2018 meeting, Star Sydney determined to remove Customer 60 from consideration; and
- c. at the 22 October 2018 JRAM meeting, Star Sydney resolved to conduct ECDD in respect of Customer 60.

On 14 January 2019, Star Sydney issued a WOL in respect of Customer 60.

At the 17 January 2019 JRAM meeting, Star Sydney noted that it had issued a WOL to Customer 60 for his involvement in loan sharking at Star Sydney. Star Sydney also resolved to elevate Customer 60's risk rating to high for the purpose of the Act and Rules.

Contravention of s36 of the Act in respect of Customer 60

1836. By reason of the matters pleaded from paragraphs 1824 to 1835 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 60 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1837. By reason of the matters pleaded at paragraph 1836, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 14 January 2019 with respect to Customer 60.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 61

1838. Customer 61 was a customer of Star Qld during the relevant period. Between 2016 and 2020, Star Qld recorded turnover exceeding \$4 million for Customer 61.

Particulars

Customer 61 was a customer of Star Qld from at least August 2012.

1839. Star Qld provided Customer 61 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 21 January 2004, Star Qld opened an FMA for Customer 61, which remains open (item 6, table 1, s6 of the Act).

While a customer of Star Qld, Customer 61 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 61's risk profile below.

1840. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 61.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 61's risk profile

1841. On and from 30 November 2016, Customer 61, and the provision of designated services to Customer 61 by Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 61's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 61 had the following risk history:
 - i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 61;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 13 July 2010 and 1 February 2014.

The SMRs reported that Customer 61 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose: see paragraph 1841.a.ii below.

- ii. Star Qld was aware that Customer 61 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 13 July 2010, Customer 61 exchanged \$5,000 in cash for chips at a gaming table at Star Qld. Immediately after, Customer 61 exchanged another \$5,000 in cash for chips. Customer 61 advised Star Qld staff that the chips were for his children. Customer 61 stated that he did not want his children to be asked for identification every time they transacted. Customer 61 did not give the chips to his children or another person following the transaction. Star Qld considered that Customer 61 was trying to avoid threshold transaction reporting and lodged a TTR: SMR dated 13 July 2010.

On 1 February 2014, Customer 61 and his wife approached the Star Qld cashier with a large amount of foreign currency. Customer 61 handed half of the foreign currency to his wife. Customer 61 and his wife separately presented half of the foreign currency each to be exchanged into Australian dollars. Customer 61's wife then handed Customer 61 the Australian dollars she had exchanged. Star Qld staff considered that Customer 61 was attempting to avoid reporting obligations: SMR dated 1 February 2014.

- iii. Customer 61 and his wife engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring; and

Particulars

See paragraph 25 above.

See paragraph 1841.a.ii above.

- iv. Customer 61 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 26 April 2010 and 26 September 2016, Star Qld gave the AUSTRAC CEO 14 TTRs detailing incoming payments to Customer 61 totalling \$140,814 in chip exchanges.

Between 21 April 2010 and 23 September 2016, Star Qld gave the AUSTRAC CEO 27 TTRs detailing outgoing payments from Customer 61 totalling \$351,962 which were comprised of:

- a. \$326,683 in chip exchanges;
- b. \$10,000 in account withdrawals; and
- c. \$15,279 in foreign currency exchanges.

Customer 61's risk profile from 30 November 2016

- b. Customer 61 was a foreign PEP;

Particulars

See paragraph 115 above.

Customer 61 was a member of a foreign political body.

- c. Customer 61 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 7 December 2017 and 9 December 2017, Customer 61 was a player on a Suncity junket at Star Qld operated by Customer 3;
 - ii. the Suncity junket was funded by a person other than the junket operator, being Customer 1; and
 - iii. at no time did Star Qld record Customer 61's individual gaming activity on junket programs he attended as a junket player;

- d. Customer 61 was referred to Star Qld by Customer 3;

Particulars

See paragraph 625 above.

On 11 February 2018, Customer 61 was referred to Star Gold Coast by Customer 3.

Customer 3 received a commission on the amounts wagered by Customer 61, who Star Qld dealt with directly.

- e. designated services provided to Customer 61 lacked transparency as the services were provided through the junket channel at Star Qld;

Particulars

See paragraph 650 above.

- f. Customer 61 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2020, Star Qld recorded high and escalating turnover totalling \$4,011,235 for Customer 61;

- i. between 2016 and 2020, Star Qld recorded high and escalating individual rated turnover totalling \$3,483,708 for Customer 61; and

Particulars

In 2016, Customer 61's individual rated turnover was \$477,879.

In 2017, Customer 61's individual rated turnover escalated to \$741,332.

In 2018, Customer 61's individual rated turnover significantly escalated to \$1,859,142.

In 2019, Customer 61's individual rated turnover was \$391,077.

In 2020, Customer 61's individual rated turnover was \$14,278.

- ii. on 11 February 2018, Star Qld recorded high turnover on individual rebate programs totalling \$527,527 for Customer 61;

- g. Customer 61 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 3 April 2018 and 27 February 2020, Star Qld gave the AUSTRAC CEO 12 TTRs detailing incoming payments to Customer 61 totalling \$143,000 which comprised:

- a. \$120,000 in chip exchanges; and
b. \$23,000 in account deposits.

Between 12 February 2018 and 27 February 2020, Star Qld gave the AUSTRAC CEO 18 TTRs detailing outgoing payments from Customer 61 totalling \$273,485 which comprise:

- a. \$260,685 in chip exchanges; and

- b. \$12,800 in account withdrawals.

On 18 August 2017, Customer 61 presented \$10,000 in cash at the Star Qld cashier to be exchanged for chips. The cash comprised \$100 notes. Customer 61 removed \$300 of the cash before making the exchange so that the total amount exchanged was \$9,700. Star Qld records show that Customer 61 had performed similar transactions in the past: SMR dated 21 August 2017

Between 6 October 2017 and 10 October 2017, Customer 61 conducted three cash transactions at Star Gold Coast and one transaction at Treasury Brisbane. The transactions appeared to involve structuring to avoid reporting obligations: SMR dated 18 October 2017.

- h. Customer 61 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring;

Particulars

See paragraph 25 above.

See paragraph 1841.g above.

- i. Customer 61 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 61 had access to private gaming rooms at Star Qld, including the Suite, the Sovereign Room and the Club Conrad.

- j. Star Qld did not have adequate reason to believe that Customer 61's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 61 at Star Qld.

Particulars

See paragraph 808 above.

By 30 November 2016, Star Qld understood that Customer 61 had significant business interests in a foreign country.

Customer 61 was a foreign PEP who recorded high and escalating junket turnover and had engaged in transactions indicative of the ML/TF typology of structuring at Star Qld. Despite this, Star Qld did not take steps to verify the Customer 61's source of funds.

Star Qld's determination of the ML/TF risks posed by Customer 61

- 1842. On and from 15 July 2016, Customer 61 was rated by Star Qld as a high risk customer for the purpose of the Act and Rules.

Particulars

On 15 July 2016, Customer 61 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 61 was rated very high risk, being high risk for the purpose of the Act and Rules.

1843. Nevertheless, for the reasons pleaded below, Star Qld failed to monitor the high ML/TF risks posed by Customer 61 appropriately on an ongoing basis because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by it with respect to Customer 61.

Monitoring of Customer 61's transactions

1844. At no time did Star Qld apply appropriate transaction monitoring to Customer 61's transactions because:
- a. where Star Qld conducted any transaction monitoring of transactions involving Customer 61, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 61 through the junket channel; and

Particulars

See paragraph 783 above.

- d. Star Qld provided designated services to Customer 61 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 61's KYC information

1845. Star Qld did not review, update and verify Customer 61's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 61's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 61's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 61's source of wealth or source of funds: see *Customer 61's risk profile*.

- d. to the extent that Star Qld reviewed Customer 61's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 61.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 61

1846. Star Qld was required to apply the ECDD Programs to Customer 61 following any ECDD triggers in respect of Customer 61. In particular, because Customer 61 was a foreign PEP, Star Qld was required to:
- a. undertake detailed analysis of Customer 61's KYC information including taking reasonable measures to identify the source of Customer 61's wealth and the source of Customer 61's funds; and
 - b. seek senior management approval for continuing a business relationship with Customer 61 and whether Star Qld should continue to provide a designated service to Customer 61.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15(3), 15.10(2), 15.10(6) and 15.11 of the Rules.

1847. Customer 61:

- a. at all times 30 November 2016 was a foreign PEP;

Particulars

See *Customer 61's risk profile* above.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period; and

Particulars

On 21 August 2017 and 18 October 2017, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 61.

- c. was determined to be high risk for the purpose of the Act and Rules by 30 November 2016 by Star Qld.

Particulars

On 15 July 2016, Star Qld determined that the ML/TF risks posed by Customer 61 was high risk for the purpose of the Act and Rules: see *Star Qld's determination of the ML/TF risks posed by Customer 61* above.

1848. Each matter pleaded in paragraph 1847 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1849. At all times, Star Qld was aware that Customer 61 was a foreign PEP.

1850. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 61 following the ECDD triggers:

- a. on each occasion that Star Qld conducted ECDD in respect of Customer 61 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 61 and the provision of designated services to Customer 61 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite. In particular, Star Qld failed to monitor Customer 61 as a foreign PEP because:
- i. Star Qld's analysis of Customer 61's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 61;
- ii. Star Qld's analysis of Customer 61's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 61;

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 810 above.

On 23 October 2019 and March 2020, Star Qld conducted ECDD in respect of Customer 61.

In March 2020, the ECDD screening in respect of Customer 61 identified that:

- a. Customer 61 had been the subject of four SMRs between 21 August 2017 and 7 October 2019;
- b. Customer 61 was a foreign PEP; and
- c. no other adverse information was available in respect of Customer 61.

On 8 May 2020, Customer 61 was included in a list of VIP Suncity junket participants. The March 2020 ECDD screening conducted in respect of Customer 61 was included in an ECDD screening of the Suncity junket.

The ECDD conducted by Star Qld did not have appropriate regard to their higher ML/TF risks: see *Customer 61's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 61's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 61's source of wealth or source of funds: see *Customer 61's risk profile*.

- iii. Customer 61 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- iv. any senior management approval regarding Customer 61 failed to give appropriate consideration to the ML/TF risks posed by Customer 61 and the provision of designated services to Customer 61 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810 above.

Contravention of s36 of the Act in respect of Customer 61

1851. By reason of the matters pleaded from paragraphs 1838 to 1850 above, on and from 30 November 2016, Star Qld:
- a. did not monitor Customer 61 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1852. By reason of the matters pleaded at paragraph 1851, Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 61.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 62

1853. Customer 62 was a customer of Star Sydney during the relevant period. Between 2017 and 2021, Star Sydney recorded turnover exceeding \$26 million for Customer 62.

Particulars

Customer 62 was a customer of Star Sydney from at least 27 September 2015.

1854. Star Sydney provided Customer 62 with designated services within the meaning of table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 17 September 2015, Star Sydney opened an FMA and SKA for Customer 62 which were closed on 29 July 2021 (item 11, table 3, s6 of the Act).

See Customer 62's risk profile below.

1855. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 62.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 62's risk profile

1856. On and from 30 November 2016, Customer 62, and the provision of designated services to Customer 62 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 62's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 62 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 62;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 8 October 2015.

This SMR reported that, on 7 October 2015, Customer 62 conducted a chip to cash exchange with Star Sydney totalling \$200,000. Star Sydney noted that this was a large transaction, and that Customer 62 was a representative for a junket, but he did not complete the transaction on the junket's behalf: SMR dated 8 October 2015.

- ii. Customer 62 was a junket representative for two junket operators at Star Sydney;
- iii. Customer 62 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2015 and 2016, Star Sydney recorded escalating individual rated turnover totalling \$400,809 for Customer 62; and

Particulars

In 2015, Customer 62's individual rated turnover at Star Sydney was \$42,906.

In 2016, Customer 62's individual rated turnover at Star Sydney was \$357,902.

- iv. in 2015, Star Sydney was aware that Customer 62 was subject to an AML complaint;

Particulars

On 11 May 2015, Star Sydney recorded that Customer 62 was subject to an AML complaint, with no further details.

Customer 62's risk profile from 30 November 2016

- b. Customer 62 was a junket player who received high value gambling services (table 3, s6 of the Act) at Star Sydney through junket programs;
 - i. in 2018, Customer 62 was a player on eight junkets at Star Sydney operated by two junket operators, including Customer 14 and Customer 27;
 - ii. each of Customer 14's junkets on which Customer 72 was a player were funded by Customer 13; and
 - iii. in 2018, Star Sydney recorded high turnover totalling \$4,761,279 with losses of \$45,380 for Customer 62's gaming activity on junket programs;
- c. designated services provided to Customer 62 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 62 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2021, Star Sydney recorded high and escalating individual rated turnover totalling \$21,914,604 for Customer 62;

Particulars

See paragraph 752 above.

In 2017, Customer 62's individual rated turnover at Star Sydney was \$283,715.

In 2018, Customer 62's individual rated turnover at Star Sydney escalated to \$2,192,768.

In 2019, Customer 62's individual rated turnover at Star Sydney further escalated to \$6,958,598.

From 2020, when closures due to the COVID-19 pandemic, Customer 62's rated turnover remained high.

In 2020, Customer 62's individual rated turnover at Star Sydney was \$5,529,600.

In 2021, Customer 62's individual rated turnover at Star Sydney was \$6,949,923.

- e. Customer 62 was connected to other customers at Star Sydney, including junket operators and junket funders, including players who posed higher ML/TF risks Customer 13, Customer 14 and Customer 27;

Particulars

Customer 62 was a player on junkets that were operated by Customer 27.

Customer 62 was a player on junkets that were operated by Customer 14 and funded by Customer 13.

See paragraph 1856.b.

- f. Star Sydney was aware that Customer 62 had engaged in large and unusual transactions, and patterns of transactions involving large amounts of cash and cash that appeared suspicious, including large volumes of cash in small denomination notes and in plastic bags, and transactions conducted in concert with Person 2;

Particulars

Large and suspicious cash transactions in 2020

On 4 November 2020, Customer 62 exchanged \$18,400 in cash, which was contained in a black plastic bag, for chips in three separate transactions, each of which was below the reporting threshold. Customer 62 was observed handing the chips to another Star Sydney customer, Person 2. However, Star Sydney recorded Person 2 had a turnover of \$317,992 with a win of \$20,150 for the day. Star Sydney considered that this activity was suspicious due to the large volume of small cash denominations presented and because this was the second time in a week that Person 2 had been observed organising another person to purchase chips on his behalf: SMR dated 5 November 2020.

On 5 November 2020, Customer 62 conducted two cash to chip exchanges with Star Sydney totalling \$14,960, presenting \$5,560 and \$9,400 in cash. The cash was mainly comprised of \$20 notes and Customer 62 removed the cash from a black plastic bag. Star Sydney considered that these transactions were suspicious as Customer 62 appeared to be attempting to avoid reporting obligations. Star Sydney asked Customer 62 to identify the source of the funds. Customer 62 initially did not answer but then later stated that the funds were from his home. Customer 62 then handed the chips to Person 2: SMR dated 6 November 2020.

On 9 November 2020, Star Sydney observed that Person 2 handed \$9,700 in cash to Customer 62. Customer 62 then presented the cash at a cashier and exchanged it for chips. The cash was comprised of \$200 in \$100 notes, \$9,250 in \$50 notes, \$240 in \$20 notes and \$10 in \$10 notes. After the transaction, Star Sydney observed that Customer 62 did not play, and 20 minutes later returned to a cashier

with the same chips and \$300 in \$50 notes and exchanged these for \$10,000 in cash. Customer 62 then departed Star Sydney. Star Sydney considered that this activity was suspicious as Customer 62 had received the cash from Person 2 and did not record play before cashing out: SMR dated 10 November 2020.

On 29 December 2020, Customer 62 completed three cash to chip exchanges below the reporting threshold with Star Sydney totalling \$12,850. The cash was comprised of \$1,900 in \$100 notes, \$7,650 in \$50 notes, \$3,000 in \$20 notes, \$140 in \$10 notes and \$160 in \$5 notes, and was bundled with rubber bands. The supervisor observed that Customer 62 counted the three bundles of cash before handing them over and considered that this was why Customer 62 recorded multiple transactions. When Star Sydney asked where the funds came from, Customer 62 stated that the cash came from his shop. He subsequently played at Star Sydney and recorded a turnover of \$69,820 and a loss of \$20,709.

Large and suspicious cash transactions in 2021

Between 26 December 2020 and 26 January 2021, Customer 62 conducted five cash to chip exchanges with Star Sydney between the value of \$9,000 and \$9,999 at Star Sydney. Star Sydney considered that this activity gave the appearance of structuring transactions to avoid reporting obligations: SMR dated 29 January 2021.

On 21 November 2021, Customer 62 conducted a cash to chip exchange with Star Sydney totalling \$11,000. The cash was comprised of \$4,000 in \$50 notes and \$7,000 in \$20 notes. Customer 62 advised that the cash was sourced from his home. Star Sydney noted that the cash mainly consisted of low denomination notes.

Large and suspicious cash transactions in 2022

Between 23 March 2022 and 31 March 2022, Customer 62 conducted three cash to chip exchanges below the reporting threshold with Star Sydney totalling \$28,400. The cash was comprised of \$14,500 in \$100 notes and \$13,900 in \$50 notes.

On 8 April 2022, Customer 62 conducted five cash to chip exchanges with Star Sydney within 12 minutes totalling \$30,000. The cash was produced from a black plastic bag and consisted of \$5,900 in \$100 notes, \$20,100 in \$50 notes and \$4,000 in \$20 notes. When Star Sydney asked whether Customer 62 wished to complete the exchanges in a single transaction, Customer 62 insisted that there be separate transactions one after another: SMR dated 14 April 2022.

By mid-April Star Sydney was concerned that Customer 62 was producing a large amount of cash in small denominations for his transactions. It noted that his behaviour indicated red flags, including avoiding reporting obligations and unusual use and exchanges of cash: SMR dated 14 April 2022.

g. in 2020, law enforcement and Star communicated regarding Customer 62;

Particulars

On 15 September 2020, Star Sydney received two requests from a law enforcement agency seeking information about Customer 62's account balances and patron records at Star Sydney. Star Sydney subsequently provided information in response to this request.

On 12 October 2020, Star Sydney received a notification from a law enforcement agency that Customer 62 was under review by the agency as a candidate for an exclusion order.

Between 6 November 2020 and 9 November 2020, Star Sydney sent three notifications to a law enforcement agency regarding Customer 62. Star Sydney also provided Customer 62's gaming records to the agency after further correspondence.

On 10 November 2020, Star Sydney received a request for information from a law enforcement agency. Star Sydney subsequently provided records in respect of Customer 62 as part of its response.

- h. Customer 62 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 62 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Chairman's Room, Oasis Room, Vantage Room and the Sovereign Harbourside Room.

- i. Star Sydney did not have adequate reason to believe that Customer 62's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 62 at Star Sydney.

Particulars

See paragraph 808 above.

Prior to November 2020, Star Sydney took no steps to obtain source of wealth or source of funds information from Customer 62. By November 2020, Star Sydney recorded turnover exceeding \$17 million for Customer 62.

In November 2020, Star Sydney recorded Customer 62's occupation as 'unknown' and that he was a property investor.

It was not until November 2021 that Star Sydney requested further information about Customer 62's source of wealth.

Between November 2020 and November 2021, Star Sydney recorded turnover exceeding \$6 million for Customer 62. During this period, Star Sydney frequently asked Customer 62 about the origin of the large amounts of cash he was presenting and he advised that it was sourced from his home or shop: see paragraph 1856.f above.

In April 2022, Customer 62 advised he was a self-employed tour guide who sub-contracted for travel companies, and he received income from overseas funds and property investments.

On and from November 2021, Star Sydney gave the AUSTRAC CEO 30 TTRs detailing transactions made by Customer 62 totalling over \$550,000.

At no time was Star Sydney's understanding of Customer 62's source of wealth or source of funds commensurate with the high and escalating gaming activity that he recorded.

Star Sydney's determination of the ML/TF risks posed by Customer 62

1857. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 62 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 62.

- a. On and from 2018, Customer 62 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 62's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 62 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 15 October 2015, Customer 62 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 1 February 2022, Customer 62 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 62's transactions

1858. At no time did Star Sydney apply appropriate transaction monitoring to Customer 62's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 62, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 62 through the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 62's KYC information

1859. Star Sydney did not review, update and verify Customer 62's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 62's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 62's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

It was not until November 2021 that Star Sydney requested information about Customer 62's source of wealth. In April 2022, Customer 62 advised he was a tour guide and also held investment properties.

However, at no point did Star Sydney take appropriate steps to verify Customer 62's stated source of wealth.

By reason of the matters set out above, there were real risks that Customer 62's source of wealth and source of funds were not legitimate: see *Customer 62's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 62's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 62.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 62's high ML/TF risks

1860. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 62 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 62; and
- c. reviewing and updating Customer 62's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 62 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 62*.

ECDD triggers in respect of Customer 62

1861. Star Sydney was required to apply the ECDD Programs to Customer 62 following any ECDD triggers in respect of Customer 62.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1862. Customer 62 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 5 November 2020 and 14 April 2022, Star Sydney gave the AUSTRAC CEO five SMRs with respect to Customer 62.

1863. The matter pleaded in paragraph 1862 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1864. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 62 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 62 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 62 and the provision of designated services to Customer 62 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

In January 2021 and February 2021, Star Sydney conducted ECDD screening in respect of Customer 62 which consisted of open source media and watchlist searches that identified no adverse matches.

Between April 2022 and June 2022, Star Sydney's Investigations team conducted enquiries into Customer 62 relating to his involvement in a number of SMRs and transactions performed on behalf of others.

The enquiries identified that:

- a. Customer 62 had repeatedly conducted unusual cash and chip transactions with Star Sydney between November 2020 and April 2022, including transactions on behalf of others and transactions below the reporting threshold; and
- b. a law enforcement agency had indicated in late 2020 that it was considering an exclusion order in respect of Customer 62, but that Customer 62 was not of interest as of June 2022.

Between 2017 and 2021, Star Sydney recorded turnover exceeding \$26 million for Customer 62. Between November 2020 and April 2022, Customer 62 repeatedly engaged in large and suspicious cash transactions indicative of ML/TF typologies totalling over \$140,000, including transactions involving large volumes of cash in small denomination notes and in plastic bags: see *Customer 62's risk profile*.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 62's higher ML/TF risks: see *Customer 62's risk profile*.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 62's source of funds or source of wealth: see paragraph 1856.i above.

By reason of the matters set out above, there were real risks that Customer 62's source of wealth and source of funds were not legitimate: see *Customer 62's risk profile*.

As of 13 September 2022, Star Sydney had not issued a WOL in respect of Customer 62.

- b. Customer 62 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 62 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 62 and the provision of

designated services to Customer 62 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

As of 13 September 2022, Star Sydney had not issued a WOL in respect of Customer 62.

Contravention of s36 of the Act in respect of Customer 62

1865. By reason of the matters pleaded from paragraphs 1853 to 1864 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 62 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1866. By reason of the matters pleaded at paragraph 1865, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 62.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 63

1867. Customer 63 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$45 million for Customer 63.

Particulars

Customer 63 was a customer of Star Sydney from 26 April 2006.

1868. Star Sydney provided Customer 63 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 26 April 2006, Star Sydney opened an FMA and SKA for Customer 63, which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 63 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 63's risk profile* below.

1869. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 63.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 63's risk profile

1870. On and from 30 November 2016, Customer 63, and the provision of designated services to Customer 63 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 63's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 63 had the following risk history:
- i. Customer 63 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 1 March 2016 and 5 May 2016, Customer 63 was a junket player on two junket programs operated by Customer 12.

- ii. Star Sydney did not record Customer 63's turnover on the junket programs. Customer 63's turnover was recorded against the junket operator, Customer 12.
- iii. Star Sydney provided Customer 63 with designated services (items 31 and 32, table 1, s6 of the Act) to Customer 63 by remitting large amounts of money into and out of the casino environment via his accounts; and

Particulars

Remittances into the casino environment

See paragraph 327 above.

In December 2007, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$5,000,000 where Customer 63 was named as the customer. The funds were deposited into his Star Sydney FMA.

The above transaction was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraphs 281 and 327 above.

In December 2007, Star Sydney gave the AUSTRAC CEO an outgoing IFTI totalling \$4,101,813 where Customer 63 was named as the customer, and the beneficiary was a third party overseas. The funds were withdrawn from Customer 63's Star Sydney FMA.

The above transaction was conducted through the Star Patron account channel.

- iv. between at least 2005 and 30 November 2016, media reports named Customer 63 as a person associated with persons connected to drug trafficking and money laundering;

Particulars

Publicly accessible media articles published between 2005 and 30 November 2016 identified:

- a. details of Customer 63's significant international business interests;
- b. reports that persons and monuments were relocated to give Customer 63 development rights;
- c. allegations that Customer 63's political connections with the leader of a foreign country were instrumental to his business success;
- d. allegations that Customer 63 was involved in organised crime and corruption; and
- e. allegations that over \$3.5 million had been embezzled from a casino in a foreign country owned by Customer 63's brother.

In March 2012, open source media reported that a person associated closely with Customer 63 had been targeted by law enforcement agencies in connection with a heroin trafficking and money laundering syndicate. Customer 63 was described as the richest man in a foreign country.

Customer 63's risk profile from 30 November 2016

- a. Customer 63 was a foreign PEP;

Particulars

See paragraph 115 above.

Customer 63 was a member of a foreign political body since at least 2011.

- b. Customer 63 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 31 August 2017 and 17 May 2019, Customer 63 was a player on four junkets at Star Sydney operated by Customer 12; and
 - ii. Star Sydney only recorded Customer 63's turnover in respect of one junket program. Between 10 August 2018 and 7 September 2018, Customer 63 recorded a turnover of \$8,840,000 with losses of \$1,154,500. The balance of Customer 63's turnover was recorded against the junket operator, Customer 12;
- c. designated services provided to Customer 63 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 63 received high value financial and gambling services (tables 1 and 3, s6) at Star Sydney other than through junket programs. In 2018, Star Sydney recorded high turnover on individual rebate programs totalling \$36,849,540 for Customer 63, with wins of \$1,390,750;

Particulars

See paragraph 623 above.

- e. Customer 63 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

For example, on 24 November 2018, while a player on a program at Star Sydney, Customer 63 recorded a turnover of \$2,000,000 with a win of \$300,250. Customer 63 deposited his winnings as chips and then took \$300,250 as cash at settlement: SMR dated 27 November 2018.

- f. in 2017, Customer 63 was the subject of law enforcement enquiries at Star;

Particulars

On 23 June 2017, Star Qld sent correspondence to a law enforcement agency in respect of Customer 63.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- g. Customer 63 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 63 had access to private gaming rooms at Star Sydney, including Lakes Salon.

- h. between 2019 and 2021, a number of widely accessible media reports were published in respect of Customer 63; and

Particulars

Publicly accessible media articles published between 2019 and 2021 reported that:

- a. Customer 63's brother had been arrested in respect of drug-related charges.
- b. Customer 63 was possibly the wealthiest person in a foreign country;
- c. Customer 63 was the chairman and chief executive of the largest business conglomerate of a foreign country; and

- d. Customer 63 had significant political connections in a foreign country.

Star Sydney was aware of the arrest of Customer 63's brother, and reports regarding Customer 63's business and political interests in a foreign country from at least 20 October 2020.

- i. Star Sydney did not have adequate reason to believe that Customer 63's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 63 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood that Customer 63 had significant business interests in a foreign country and was a foreign PEP.

Open source media articles alleged that Customer 63 was closely connected to a leader of a foreign country, was involved in organised crime and corruption and had a family member who operated a casino in a foreign country from which millions of dollars had been embezzled. While Customer 63's source of wealth was substantial, Star Sydney did not take steps to verify his source of funds given the real ML/TF risks associated with that source of funds.

Star Sydney's determination of the ML/TF risks posed by Customer 63

1871. On and from 23 September 2015, Customer 63 was rated by Star Sydney to be a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

On 23 September 2015, Star Sydney determined that Customer 63's ML/TF risk was critical, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Star Sydney determined that Customer 63's ML/TF risk was very high, being high risk for the purpose of the Act and Rules.

1872. Nevertheless, for the reasons pleaded below, Star Sydney failed to monitor the high ML/TF risks posed by Customer 63 appropriately on an ongoing basis because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by it with respect to Customer 63.

Monitoring of Customer 63's transactions

1873. At no time did Star Sydney apply appropriate transaction monitoring to Customer 63's transactions because:
 - a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 63, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 63 through the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 63's KYC information

- 1874. Star Sydney did not review, update and verify Customer 63's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 63's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 63's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 63's source of wealth and source of funds were not legitimate: see *Customer 63's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 63's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 63.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 63

1875. Star Sydney was required to apply the ECDD Programs to Customer 63 following any ECDD triggers in respect of Customer 63. In particular, because Customer 63 was a foreign PEP, Star Sydney was required to:

- a. undertake detailed analysis of Customer 63's KYC information including taking reasonable measures to identify the source of Customer 63's wealth and the source of Customer 63's funds; and
- b. seek senior management approval for continuing a business relationship with Customer 63 and whether Star Sydney should continue to provide a designated service to Customer 63.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3), 15.10(2), 15.10(6) and 15.11 of the Rules.

1876. Customer 63:

- a. at all times from 30 November 2016 was a foreign PEP;

Particulars

See *Customer 63's risk profile* above.

- b. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 27 November 2018, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 63.

- c. determined to be high risk for the purpose of the Act and Rules by 30 November 2016 by Star Sydney.

Particulars

On 23 September 2015, Customer 63 was determined to be high risk for the purpose of the Act and Rules: see *Star Sydney's determination of the ML/TF risks posed by Customer 63* above.

1877. Each matter pleaded in paragraph 1876 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

1878. On and from 30 November 2016, Star Sydney was aware that Customer 63 was a foreign PEP.

1879. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 63 following the ECDD triggers:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 63 in response to an ECDD trigger, it failed to give appropriate consideration to whether the ML/TF risks posed by Customer 63 and the provision of designated services to Customer 63 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite. In particular, Star Sydney failed to monitor Customer 63 as a foreign PEP because:
 - i. Star Sydney's analysis of Customer 63's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 63;
 - ii. Star Sydney's analysis of Customer 63's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 63; and

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 810 above.

On 2 October 2019, 20 October 2020 and August 2021, Star Sydney conducted ECDD in respect of Customer 63.

In August 2021, ECDD conducted in respect of Customer 63 identified:

- a. adverse information in connection with Customer 63's brother:
see *Customer 63's risk profile* above;
- b. Customer 63's business interests;
- c. that Customer 63 was an inactive foreign PEP (despite open source media articles which identified that Customer 63 continued to be a member of a foreign political body); and
- d. that Customer 63's identification document at Star Sydney was an expired passport.

Star Sydney understood that Customer 63 had significant business interests in a foreign country and was a foreign PEP.

Open source media articles dating back to 2005 alleged that Customer 63 was closely connected to a leader of a foreign country, was involved in organised crime and corruption and had a family member who operated a casino in a foreign country from which millions of dollars had been embezzled. While Customer 63's source of wealth was substantial, Star Sydney did not take steps to verify his source of funds given the real ML/TF risks associated with that source of funds.

The ECDD conducted by Star Sydney did not have appropriate regard to their higher ML/TF risks: see *Customer 63's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 63's source of funds.

By reason of the matters set out above, there were real risks that Customer 63's source of wealth and source of funds were not legitimate: see *Customer 63's risk profile*.

- iii. Customer 63 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- iv. any senior management approval regarding Customer 63 failed to give appropriate consideration to the ML/TF risks posed by Customer 63 and the provision of designated services to Customer 63 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810 above.

On 28 August 2021, the Due Diligence Program Manager considered the ECDD conducted in respect of Customer 63 and determined to maintain a business relationship with Customer 63.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to Customer 63's source of funds (r15.10(2)(b)), having regard to the publicly available information suggesting there were high ML/TF risks as to their source of funds: see *Customer 63's risk profile* above.

Contravention of s36 of the Act in respect of Customer 63

1880. By reason of the matters pleaded from paragraphs 1867 to 1879, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 63 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1881. By reason of the matters pleaded at paragraph 1880, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 63.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 64

1882. Customer 64 was a customer of Star Sydney during the relevant period. Between 2019 and 2020, Star Sydney recorded turnover exceeding \$18 million for Customer 64.

Particulars

Customer 64 was a customer of Star Sydney from at least 17 February 2006.

1883. Star Sydney provided Customer 64 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 11 November 2008, Star Sydney opened an FMA and SKA for Customer 64 which remain open (item 11, table 3, s6 of the Act).

On 1 July 2019, Star Sydney approved a CCF limit for Customer 64 on one occasion of \$200,000 (item 6, table 1, s6 of the Act). See *Customer 64's risk profile* below.

1884. Customer 64 was a customer of Star Qld during the relevant period. In 2019, Star Qld recorded turnover exceeding \$1.9 million for Customer 64.

Particulars

Customer 64 was a customer of Star Qld from at least 10 August 2019.

1885. Star Qld provided Customer 64 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 10 August 2019, Star Qld opened an FMA for Customer 64 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 64 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

While a customer of Star Qld, Customer 64 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 64's risk profile* below.

1886. At all times from 30 November 2016 in respect of Star Sydney and 10 August 2019 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 64.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 64's risk profile

1887. On and from 30 November 2016 in respect of Star Sydney and 10 August 2019 in respect of Star Qld, Customer 64, and the provision of designated services to Customer 64 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 64's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 64 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 64; and

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on two occasions between 4 June 2015 and 5 June 2015.

The SMRs reported that:

- a. on 3 June 2015, Customer 64 presented \$130,000 cash at Star Sydney and deposited it into his account. The cash comprised \$100 notes bound with straps from another Australian casino: SMR dated 4 June 2015; and
- b. on 5 June 2015, Customer 64 withdrew \$474,823 in cash from his Star Sydney account. SMR dated 5 June 2015.
- ii. in 2016, Customer 64 was the subject of law enforcement enquiries on at least one occasion at Star;

Particulars

On 15 January 2016, Star Sydney received a request from a law enforcement agency for information in respect of Customer 64.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

Customer 64's risk profile from 30 November 2016

- b. Customer 64 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2019 and 2020, Star Sydney recorded high and escalating turnover totalling \$18,889,835 for Customer 64;
- i. between 2019 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$1,900,681 for Customer 64; and

Particulars

See paragraph 752 above.

In 2019, Customer 64's individual rated turnover was \$651,744.

In 2020, when closures due to COVID-19 commenced, Customer 64's turnover nonetheless escalated.

In 2020, Customer 64's individual rated turnover escalated to \$1,248,938.

- ii. in 2019, Star Sydney recorded high turnover on individual rebate programs totalling \$16,989,154 for Customer 64, with wins of \$32,385;

Particulars

See paragraph 623 above.

- c. Customer 64 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2019, Star Qld recorded high turnover totalling \$1,407,648 for Customer 64;

- i. in 2019, Star Qld recorded high individual rated turnover totalling \$255,089 for Customer 64; and

Particulars

See paragraph 752 above.

- ii. in 2019, Star Qld recorded high turnover on individual rebate programs totalling \$1,152,559 for Customer 64, with losses of \$16,120;

Particulars

See paragraph 623 above.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 64 by remitting large amounts of money into and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 28 June 2019 and 6 March 2020, Star Sydney received two telegraphic transfers totalling \$300,000, both of which were made available to Customer 64's FMA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraph 347 to 349 above.

On 5 August 2019, Star Sydney sent a transfer of \$26,544 from Customer 64's FMA to Star Qld.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 64 by remitting large amounts of money into the casino environment via his accounts;

Particulars

See paragraph 327 above.

For example, on 5 August 2019, Star Qld received a telegraphic transfer of \$26,544, which it made available to Customer 64's FMA at Star Gold Coast.

The above transaction was conducted through the Star Patron account channel.

- f. Customer 64 transacted using large amounts of cash and cash that appeared suspicious including large volumes of cash in shopping bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 29 May 2019 and 11 November 2019, Star Sydney gave the AUSTRAC CEO 10 TTRs in respect of Customer 64 totalling \$1,272,140, which were comprised of:

- a. six outgoing TTRs totalling \$834,140;
- b. four incoming TTRs totalling \$438,000;
- c. \$230,560 in chip or cash exchanges; and
- d. \$1,041,580 in account deposits or withdrawals.

On 28 May 2019, Customer 64 presented at Star Sydney with a bag containing \$200,000 in cash. The cash comprised \$100 notes bundled with straps issued by Star Qld. Customer 64 used the funds for a program buy-in and recorded a turnover of \$972,000. Star Sydney considered that this transaction was not suspicious as the funds presented were not unusual for a junket and Customer 64 was actively playing. However, in fact, Customer 64 did not have any prior activity on premium programs. Star Sydney concluded that further monitoring of Customer 64 was required.

On 29 May 2019, Customer 64 settled a premium program with Star Sydney and withdrew \$626,580 in cash. Customer 64 recorded a win of \$475,000 for the program. Star Sydney considered the amount of cash Customer 64 withdrew to be excessive: SMR dated 30 May 2019.

On 3 July 2019, Customer 64 presented a shopping bag containing \$150,000 in cash at Star Sydney. The cash was comprised of notes in good condition that were bundled with straps issued by Star dated 26 June 2019 and 29 June 2019. Customer 64 subsequently deposited the funds into his FMA and used the funds on a premium program. Star Sydney considered that Customer 64 appeared to be recycling the funds that he had been provided, which did not raise suspicions.

- g. Customer 64 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 12 August 2019 and 14 August 2019, Star Qld gave the AUSTRAC CEO three TTRs in respect of Customer 64 totalling \$33,970, which were comprised of chip or cash exchanges.

- h. on 1 July 2019, Star Sydney provided Customer 64 with significant amounts of credit upon request, up to limits of \$200,000; and

Particulars

See paragraph 516 to 518 and 552 above.

On 1 July 2019, Star Sydney approved a single trip CCF limit of \$200,000 for Customer 64.

- i. Star Sydney and Star Qld did not have adequate reason to believe that Customer 64's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 64 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By 7 February 2022, Star Sydney and Star Qld understood that Customer 64's wealth was sourced from his employment as a sales representative. In 2019 alone, Star Sydney and Star Qld recorded a cumulative turnover exceeding \$17 million. At no time was Customer 64's source of wealth commensurate with the high value designated services provided to him by Star Sydney and Star Qld.

Moreover, on multiple occasions, Customer 64 presented a significant volume of cash at Star Sydney. Star Sydney did not verify the source of funds in respect of that cash.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 64

- 1888. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 64 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 64.
 - a. On and from 2019, Customer 64 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act or Rules for the reasons pleaded above: see *Customer 64's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 64 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 4 June 2015, Customer 64 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 5 June 2015, Customer 64 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 7 February 2022, Customer 64 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 64's transactions

1889. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 64's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 64, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 64 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 64's KYC information

1890. Star Sydney and Star Qld did not review, update and verify Customer 64's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 64's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 64's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 64's source of wealth or source of funds: see *Customer 64's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 64's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 64.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 64's high ML/TF risks

1891. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 64 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 64; and
 - c. reviewing and updating Customer 64's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 64 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 64*.

1892. Had Star Qld conducted ongoing customer due diligence on and from 10 August 2019 by:
- a. identifying and assessing the ML/TF risks posed by Customer 64 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 64; and
 - c. reviewing and updating Customer 64's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would likely have rated Customer 64 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1893. Had Star Qld rated Customer 64 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 64.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 64

1894. Star Sydney was required to apply the ECDD Programs to Customer 64 following any ECDD triggers in respect of Customer 64.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1895. Customer 64 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

On 30 May 2019, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 64.

1896. The matter pleaded in paragraph 1895 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1897. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 64 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 64 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 64 and the provision of designated services to Customer 64 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 29 May 2019 and 3 July 2019, Star conducted ECDD in respect of Customer 64.

On 29 May 2019, the ECDD screening in respect of Customer 64 identified that the cash presented by Customer 64 in connection with the premium programs on which he played was excessive and that no adverse media was identified.

On 3 July 2019, the ECDD screening did not identify any adverse media in respect of Customer 64.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 64's higher ML/TF risks: see *Customer 64's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 64's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 64's source of wealth or source of funds: see *Customer 64's risk profile*.

- b. Customer 64 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 64 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 64 and the provision of designated services to Customer 64 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 64

1898. By reason of the matters pleaded from paragraphs 1882 to 1897, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 64 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1899. By reason of the matters pleaded at paragraph 1898, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 64.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

1900. By reason of the matters pleaded from paragraphs 1882 to 1897, on and from 10 August 2019, Star Qld:

- a. did not monitor Customer 64 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1901. By reason of the matters pleaded at paragraph 1900, Star Qld contravened s36(1) of the Act on and from 10 August 2019 with respect to Customer 64.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 65

1902. Customer 65 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$6.2 million for Customer 65.

Particulars

Customer 65 was a customer of Star Sydney from at least 11 October 2015.

1903. Star Sydney provided Customer 65 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a domestic and international junket operator and as an international and domestic junket player. Between 2017 and 2019, Star Sydney recorded that junkets operated by Customer 65 had a turnover exceeding \$6.2 million.

Particulars

On 11 October 2015, Star Sydney opened an FMA and SKA for Customer 65 which remain open (item 11, table 3, s6 of the Act).

Between 1 November 2016 and 16 May 2019, Star Sydney approved CCFs for Customer 65 on 20 occasions ranging from \$20,000 to \$690,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 65 (items 31 and 32, table 1, s6 of the Act).

See Customer 65's risk profile below.

1904. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 65.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 65's risk profile

1905. On and from 30 November 2016, Customer 65, and the provision of designated services to Customer 65 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 65's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 65 had the following risk history:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 65;

Particulars

Between 12 October 2015 and 2 December 2015, Star Sydney gave the AUSTRAC CEO an SMR on two occasions, which reported that on 11 October 2015 and 1 December 2015, Customer 65 deposited \$500,000 and \$200,000 respectively in cash into his Star Sydney account. Star Sydney noted that the cash comprised \$100 notes that were in good condition, and appeared to be from another Australian casino: SMRs dated 12 October 2015, 2 December 2015.

- ii. Customer 65 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high turnover on individual rebate programs totalling \$7,038,343 for Customer 65, with losses of \$519,415;

Particulars

See paragraph 623 above.

- iii. by 30 November 2016, Star Sydney provided designated services (items 31 and 32, table 1, s6) to Customer 65 by remitting large amounts of money into the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks; and

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

On 1 November 2016, Customer 65 transacted \$57,000 through the Hotel Card channel and was given a temporary CCF while waiting for the funds to clear.

- iv. Customer 65 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 12 October 2015 and 4 December 2015, Star Sydney gave the AUSTRAC CEO four TTRs in respect of Customer 65 totalling \$734,900 which were comprised of chip or cash exchanges.

Customer 65's risk profile from 30 November 2016

- b. Customer 65 was a domestic junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 21 November 2017 and 23 May 2019, Customer 65 operated three domestic junkets at Star Sydney, one of which was partly funded by another customer;

- ii. between 21 November 2017 and 23 May 2019, Star Sydney recorded that the total cumulative turnover of domestic junkets operated by Customer 65 was \$6,249,935 with losses of \$154,716;

Particulars

In 2018, junkets operated by Customer 65 had a turnover of \$3,271,739 with losses of \$97,235.

In 2019, junkets operated by Customer 65 had a turnover of \$2,978,195 with losses of \$57,481.

- iii. between 21 November 2017 and 11 January 2018, Star Sydney recorded a cumulative turnover of \$552,500 for Customer 65 as a junket player on his own junkets despite not being a junket player on those particular junkets; and

Particulars

See paragraph 670 above.

- iv. Customer 65 facilitated the provision of high value designated services to five domestic junket players at Star Sydney;

Particulars

See paragraph 643 to 649 above.

- c. Customer 65 was an international and domestic junket player who received high value financial and gambling services (table 3, s6 of the Act) at Star Sydney through junket programs;

- i. between 30 November 2016 and 23 May 2019, Customer 65 was a player on 12 international and domestic junkets at Star Sydney operated by Customer 8 or himself;
- ii. eight of Customer 8's junkets were funded by a person other than the junket operator, being Customer 7. One of his own junkets was partly funded by another customer;
- iii. between 30 November 2016 and 23 May 2019, Star Sydney recorded high and escalating turnover totalling \$5,689,479 with losses of \$256,920 for Customer 65's gaming activity on junket programs; and

Particulars

In 2016, Customer 65's turnover on junket programs was \$218,790 with losses of \$5,980.

In 2017, Customer 65's turnover on junket programs escalated to \$2,458,459 with losses of \$51,840.

In 2018, Customer 65's turnover on junket programs was \$1,685,180 with losses of \$82,170.

In 2019, Customer 65's turnover on junket programs escalated to \$1,327,050 with losses of \$116,930.

- iv. between 14 December 2016 and 16 May 2019, Star Sydney provided Customer 65 with significant amounts of credit upon request, up to limits of \$690,000, to be used as front money to play on Customer 8's junket programs;

Particulars

See paragraph 516 to 518 and 552 above.

Between 14 December 2016 and 16 May 2019, Star Sydney provided Customer 65 with CCFs between \$20,000 and \$690,000 on 19 occasions as front money to play on Customer 8's junket programs.

On each occasion, the CCF was provided on a "temporary" basis while funds obtained through the Hotel Card channel were cleared.

On at least four occasions, the CCFs were directly approved by senior management at Star, including the Chief Executive Officer, the Chief Financial Officer and the Star Sydney Managing Director.

- d. designated services provided to Customer 65 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- e. Customer 65 was connected to other customers at Star Sydney, including junket funders, junket operators, junket representatives and junket players in respect of whom Star Sydney had formed suspicions such as Customer 49, Customer 8, Customer 7 and Customer 20;

Particulars

See paragraphs 1905.c and 1905.g.

Customer 49 was the junket representative for several of the junket programs that Customer 65 played on at Star Sydney.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 65 by remitting large amounts of money into and out of the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 14 December 2016 and 15 May 2019, Customer 65 transacted \$2,028,000 through the Hotel Card channel in 19 separate transactions and was given a temporary CCF while waiting for the funds to clear.

See paragraph 1905.c above.

Remittances out of the casino environment

See paragraph 327 above.

For example, on 24 March 2017, Star Sydney sent a telegraphic transfer of \$140,000 from Customer 65's account to an Australian bank account.

The above transaction was conducted through the Star Patron account channel.

- g. Customer 65 transacted using large amounts of cash and cash that appeared suspicious at Star Sydney, including large volumes of cash in small notes in rubber bands and contained in backpacks;

Particulars

See paragraphs 611 to 618 above.

Between 19 April 2017 and 24 May 2019, Star Sydney gave the AUSTRAC CEO 14 TTRs in respect of Customer 65 totalling \$775,199, which were comprised of:

- a. ten outgoing TTRs totalling \$500,199;
- b. four incoming TTRs totalling \$275,000;
- c. \$130,000 in chip or cash exchanges; and
- d. \$645,199 in account deposits or withdrawals.

On 18 April 2017, Customer 65 withdrew \$150,000 from his FMA at Star Sydney.

On 10 May 2017, Customer 65 withdrew \$123,674 from his FMA.

On 21 November 2017, Customer 65 and a junket representative for Customer 20's junket presented \$110,000 in cash for a buy-in to the junket at Star Sydney. The cash comprised \$3,200 in \$100 notes and \$106,800 in \$50 notes, and was bundled in \$10,000 units in a plastic bag. The cash was removed from Customer 65's backpack but was presented by the junket representative.

On 7 May 2019, Customer 65 deposited \$130,000 in cash into his Star Sydney account. The cash comprised of \$53,900 worth of \$100 notes and \$76,000 worth of \$50 notes, bundled with elastic bands in lots of \$5,000 and carried in a shopping bag: SMR dated 8 May 2019.

On 13 May 2019, Customer 65 exchanged \$100,000 in chips for cash.

- h. Customer 65 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 65 had access to private gaming rooms at Star Sydney, including the Sovereign room, Chairman's, Jade, Springs Salons, Lakes Salons, Oasis and the Springs Salon.

- i. in 2017, Customer 65 was the subject of law enforcement enquiries at Star; and

Particulars

On 30 November 2017, Star Sydney received a request from a law enforcement agency for details concerning Customer 71 together with a number of other customers.

- j. Star Sydney did not have adequate reason to believe that Customer 65's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 65 at Star Sydney.

Particulars

See paragraph 808 above.

By 30 November 2016, Star understood Customer 65's occupation to be a trader.

In 2017, Customer 65's turnover as a junket player, and the turnover recorded in respect of junkets that he operated, escalated. This coincided with a number of large and suspicious cash transactions at Star Sydney.

Customer 65's use of high risk international remittance channels, including the Hotel Card channel also escalated; in 2017 alone, Customer 65 transacted \$1,252,000 through the Hotel Card channel.

Despite this, Star Sydney did not take adequate steps to review, update and verify Customer 65's source of wealth or source of funds given the higher ML/TF risks associated with the provision to him of designated services.

Star Sydney's determination of the ML/TF risks posed by Customer 65

- 1906. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 65 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 65.
 - a. On and from 30 November 2016, Customer 65 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 65's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 65 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 2 December 2015, Customer 65 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 65's transactions

1907. At no time did Star Sydney apply appropriate transaction monitoring to Customer 65's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 65, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket operators and junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 65's junket as turnover was recorded against Customer 65 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 65 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. an international remittance channel, specifically the Hotel Card channel;

Particulars

See paragraphs 777 and 790 above.

- e. Star Sydney provided designated services to Customer 65 through multiple accounts and was not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- f. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 65.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 65 on 18 April 2017, 21 November 2017, 10 May 2017, 7 May 2019 and 13 May 2019: See *Customer 65's risk profile*.

The review, update and verification of Customer 65's KYC information

- 1908. Star Sydney did not review, update and verify Customer 65's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 65's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 65's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 65's source of wealth or source of funds: see *Customer 65's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 65's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 65.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 65's high ML/TF risks

1909. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 65 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 65; and
- c. reviewing and updating Customer 65's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 65 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 65*.

ECDD triggers in respect of Customer 65

1910. Star Sydney was required to apply the ECDD Programs to Customer 65 following any ECDD triggers in respect of Customer 65.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1911. Customer 65 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

On 8 May 2019, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 65.

1912. The matter pleaded in paragraph 1911 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1913. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 65 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 65 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 65 and the provision of designated services to Customer 65 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 7 May 2019, Star Sydney conducted ECDD in respect of Customer 65.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 65's higher ML/TF risks: see *Customer 65's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 65's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 65's source of wealth and source of funds were not legitimate: see *Customer 65's risk profile*.

- b. Customer 65 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 65 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 65 and the provision of designated services to Customer 65 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810.

Contravention of s36 of the Act in respect of Customer 65

1914. By reason of the matters pleaded from paragraphs 1902 to 1913, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 65 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1915. By reason of the matters pleaded at paragraph 1914, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 65.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 66

1916. Customer 66 was a customer of Star Sydney during the relevant period.

Particulars

Customer 66 was a customer of Star Sydney from at least 28 April 2015.

1917. Star Sydney provided Customer 66 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket representative for junkets operated by Customer 20.

Particulars

On 28 April 2015, Star Sydney opened an FMA and SKA for Customer 66 which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 66 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 66's risk profile below.

1918. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 66.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 66's risk profile

1919. On and from 30 November 2016, Customer 66, and the provision of designated services to Customer 66 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 66's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 66 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 66;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on three occasions between 15 May 2015 and 11 March 2016.

The SMRs reported that:

- a. on one occasion Customer 45 transferred large amounts to Customer 66, which Customer 66 withdrew from her FMA as non-winning cheques; and
- b. Customer 20 deposited, transferred or issued cheques for large amounts to Customer 66. On one of those occasions Customer 66 then withdrew the funds from her FMA as non-winning cheques.

See particulars to paragraph 1919.a.v.

- ii. Customer 66 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;

Particulars

Between 11 February 2016 and 22 September 2016, Customer 66, together with Customer 45, Customer 20 and Person 12, funded four junkets at Star Sydney operated by Customer 20.

Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 66 between 11 February 2016 and 22 September 2016 was \$838,453,613 with losses of \$21,918,909.

The junkets partly funded by Customer 66 had two junket representatives, including Person 12.

The junkets partly funded by Customer 66 facilitated the provision of high value designated services to junket operators, junket representatives and at least 13 junket players including players in respect of whom Star Sydney had formed suspicions such as Customer 45 and Customer 20.

See paragraphs 497 to 498 and 643 to 649 above.

- iii. Customer 66 was connected to other customers at Star Sydney, including junket funders, junket operators and junket players, including players who posed higher ML/TF risks such as Customer 45 and Customer 20 and players who Star Sydney considered had acted suspiciously;

Particulars

Between 31 May 2015 and 7 October 2016, Customer 66 was a junket representative for 14 junkets operated by Customer 20, one of which was funded by Customer 45.

By 14 May 2015, Star Sydney understood that Customer 66 was married to Customer 45: SMR dated 14 May 2015.

See particulars to paragraphs 1919.a.i and 1919.a.ii above.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 66 by remitting large amounts of money into the casino environment via her accounts, including through an international remittance channel which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 20 December 2013 and 25 August 2016, Customer 66 transacted a total of \$11,560,000 on 34 occasions through the Hotel Card channel.

Between 31 May 2015 and 25 August 2016, on nine occasions, Customer 66 was given temporary CCFs totalling \$1,160,000 while

funds obtained through the Hotel Card channel were cleared. The CCFs were approved by senior management at Star including the Chief Executive Officer and the Chief Financial Officer.

Other remittances into the casino environment

See paragraph 327 above.

On 31 July 2015, Star Sydney received a telegraphic transfer totalling \$200,000, which it made available to Customer 66's account for the purpose of repaying an outstanding CCF.

The above transaction was conducted through the Star Patron Account channel.

- v. Customer 66 transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 2 June 2016 and 7 September 2016, Star gave the AUSTRAC CEO 31 TTRs detailing chip and cash exchanges, account deposits and account withdrawals made by Customer 66 totalling \$2,550,094.

Large and suspicious cash transactions in 2015

On 14 May 2015, Customer 45 transferred \$4,000,000 to Customer 66's account at Star Sydney, which Customer 66 then withdrew as a Star Sydney non-winning cheque. The same day, Customer 45 transferred a further \$2,000,000 to Customer 66's Star Sydney account, which Customer 66 then withdrew as another Star Sydney non-winning cheque: SMR dated 14 May 2015.

Large and suspicious cash transactions in 2016

On 26 February 2016, Customer 20 withdrew \$510,000 in cash from his account. Customer 20 returned two hours later with Customer 66 and deposited the same cash into Customer 66's Star Sydney account. Customer 66 then requested to be issued with a Star Sydney non-winning cheque for \$510,000. Customer 20 then transferred a further \$1,000,000 from his account to Customer 66's account. Customer 66 was then issued with another non-winning cheque for \$1,000,000 from Star Sydney: SMR dated 26 February 2016.

On 9 March 2016, two cheques, one for \$2,700,000 and the other for \$3,000,000, were issued by Star Sydney from Customer 20's junket to Customer 66's account. Customer 66 was listed as a player on the junket, but had not recorded any play. Star Sydney noted that it had been advised that Customer 66 had an account in Australia but that

her husband, Customer 45, who had recorded play on the junket, did not have an account: SMR dated 11 March 2016.

- vi. on 31 May 2015, Star Sydney provided Customer 66 with a significant amount of credit upon request, up to a limit of \$200,000; and

Particulars

See paragraph 516 to 518 and 552 above.

On 31 May 2015 Star Sydney senior management approved a single trip CCF limit of \$200,000 for Customer 66 which was deactivated at the end of the trip.

- vii. designated services provided to Customer 66 involved the provision by Star Sydney of non-winning cheques on three occasions;

Particulars

See particulars to paragraph 1919.a.i.

Between 14 May 2015 and 9 March 2016, Star Sydney issued four non-winning cheques to Customer 66, totalling \$2,110,000.

Customer 66's risk profile from 30 November 2016

- b. Customer 66 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

Between December 2016 and 30 November 2016, Customer 66 had no recorded gaming activity at Star Sydney. Despite this, Customer 66 conducted a number of withdrawals from her Star Sydney accounts.

See particulars to paragraph 1919.h below.

- c. designated services provided to Customer 66 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 66 was connected to other customers at Star Sydney, including junket funders, and junket operators who posed higher ML/TF risks, and who Star Sydney considered had acted suspiciously, such as Customer 45 and Customer 20;

Particulars

Between 3 March 2017 and 17 June 2018, Customer 66 was a junket representative for 11 junket programs operated by junket operator Customer 20.

See particulars to paragraphs 1919.a and 1919.h.

- e. Star Sydney provided designated services within the meaning of items 31 and 32, table 1, s6 of the Act to Customer 66, including by remitting large amounts of money within the casino environment via her accounts;

Particulars

See paragraph 347 to 349 above.

See particulars to paragraph 1919.h.

On four occasions between 20 February 2017 and 13 October 2017 Customer 66 received amounts totalling \$1,619,181 into her Star Sydney FMA from Customer 20's Star Sydney account: SMRs dated 21 February 2017, 16 August 2017, 10 October 2017, 13 October 2017. Star Sydney had formed suspicions in relation to Customer 20, who was a junket operator.

On three occasions between 27 February 2021 and 31 March 2021, Customer 66 received amounts totalling \$1,500,000 into her Star Sydney FMA from her husband Customer 45's Star Qld account: SMRs dated 3 March 2021, 31 March 2021, 17 November 2021. Customer 45 was a junket funder and player, and Star Sydney had formed suspicions in relation to Customer 45.

- f. Customer 66 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 21 December 2016 and 10 November 2021, Star gave the AUSTRAC CEO 11 TTRs detailing account withdrawals made by Customer 66 totalling \$3,010,762.

See particulars to paragraph 1919.h below.

- g. designated services provided to Customer 66 involved the provision by Star Sydney of non-winning cheques on one occasion;

Particulars

On 13 October 2017, Star Sydney issued Customer 66 with a non-winning cheque for \$500,000: SMR dated 13 October 2017.

- h. Customer 66 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including quick turnover of money (without betting);

Particulars

See paragraph 25 above.

- a. On 20 February 2017, Customer 20 transferred \$148,001 from his account to Customer 66's account. Customer 66 then withdrew the funds as cash. Customer 20 had received the funds by telegraphic transfer. None of the funds had been used for gaming purposes at any time by either Customer 20 or Customer 66: SMR dated 21 February 2017.
- b. On 15 August 2017, Customer 20 transferred \$300,000 from his account to Customer 66's account. Customer 66 then withdrew the funds as cash. Customer 20 had received the funds by telegraphic transfer. None of the funds had been used for

gaming purposes at any time by either Customer 20 nor Customer 66: SMR dated 16 August 2017.

- c. On 10 October 2017, Customer 20 transferred \$600,000 from his account to Customer 66's account. Customer 66 then withdrew the funds as cash. Star Sydney noted that the funds had originally been received by Customer 20 by telegraphic transfer and were not utilised for gaming purposes at any time. Similarly, Customer 66 had no recorded gaming against her name in 2017: SMR dated 10 October 2017.
- d. On 13 October 2017, Customer 20 transferred \$571,180 from his account to Customer 66's account. Customer 66 then withdrew \$500,000 as a Star non-winning cheque in her favour. She then withdrew the remaining \$71,180 in cash. Star Sydney noted that Customer 66 had not utilised the funds for gaming at any time. In fact, she had not recorded any gaming activity in 2017. Star Sydney noted previous SMRs concerning Customer 20 and that the large telegraphic transfers referred to in those SMRs were the source of Customer 66's funds: SMR dated 13 October 2017.
- e. On 27 February 2021, Customer 45 provided a signed authority to Star Sydney to transfer \$500,000 from his account to Customer 66's account. Customer 45 had been excluded from Star Sydney since September 2020. The \$500,000 was transferred from Customer 45's FMA to Customer 66's FMA. Customer 66 then withdrew the funds in cash and left the casino without recording any gaming activity: SMR dated 3 March 2021.
- f. On 31 March 2021, Customer 66 transferred \$500,000 from Customer 45's FMA into her FMA. Customer 66 then withdrew the funds in cash and left the casino: SMR dated 31 March 2021.
- g. On 10 November 2021, Customer 66 transferred \$500,000 from Customer 45's FMA into her FMA. Customer 66 then withdrew the \$500,000 in cash in a private gaming room. Customer 66 placed the cash into a black backpack. Customer 66 then left the casino: SMR dated 17 November 2021.
- i. Customer 66 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 66 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Sovereign Cage and Springs Salon Cage.

- j. Star Sydney did not have adequate reason to believe that Customer 66's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 66 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney was aware that:

- a. by 22 September 2016, Customer 66 had funded four junkets;
- b. between 21 December 2016 and 10 November 2021, Customer 66 had engaged in transactions totalling \$3,010,762, including several large cash withdrawals;
- c. Customer 66 had no gaming turnover recorded at Star Sydney between 1 July 2015 and 11 January 2022; and
- d. Customer 66 was associated with a number of Star Sydney customers who Star Sydney considered had acted suspiciously, including Customer 45 (who was her husband).

On 20 February 2017, 15 August 2017, 10 October 2017, 13 October 2017 and 27 February 2021, Star Sydney noted that Customer 66 had engaged in large transactions despite not using any funds for gaming purposes or recording any gaming activity.

Star Sydney was aware that more than \$3,119,181 withdrawn by Customer 66 between 20 February 2017 and 10 November 2021 was sourced from other customers, namely Customer 20 and Customer 45.

Star Sydney understood Customer 66's occupation to be performing home duties as a housekeeper or housewife.

As at 21 September 2022, Star Sydney had no other information recorded in relation to Customer 66's source of wealth.

At no time was Customer 66's financial activity at Star Sydney consistent with her source of wealth or source of funds.

Star Sydney's determination of the ML/TF risks posed by Customer 66

1920. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 66 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 66.

- a. On and from 30 November 2016, Customer 66 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 66's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 66 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 15 May 2015, Customer 66 was rated medium, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 66's transactions

1921. At no time did Star Sydney apply appropriate transaction monitoring to Customer 66's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 66, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket representatives;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 66 through the junket channel; and

Particulars

See paragraph 783 above.

- d. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 66.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 66 on 20 February 2017, 15 August 2017, 10 October 2017, 13 October 2017, 27 February 2021, 31 March 2021 and 10 November 2021: See *Customer 66's risk profile*.

The review, update and verification of Customer 66's KYC information

1922. Star Sydney did not review, update and verify Customer 66's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 66's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 66's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 66's source of wealth and source of funds were not legitimate: see *Customer 66's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 66's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 66.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 66's high ML/TF risks

1923. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 66 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 66; and
 - c. reviewing and updating Customer 66's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 66 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 66*.

ECDD triggers in respect of Customer 66

1924. Star Sydney was required to apply the ECDD Programs to Customer 66 following any ECDD triggers in respect of Customer 66.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1925. Customer 66 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 21 February 2017 and 17 November 2021, Star Sydney gave the AUSTRAC CEO seven SMRs with respect to Customer 66.

1926. The matter pleaded in paragraph 1925 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1927. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 66 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 66 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 66 and the provision of designated services to Customer 66 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 27 February 2021, 31 March 2021 and 18 November 2021, Star Sydney conducted ECDD in respect of Customer 66.

On 27 February 2021, the ECDD screening in respect of Customer 66 identified that:

- a. Star Sydney had inadequate KYC information recorded in its CMS in respect of Customer 66; and
- b. Customer 66's passport had expired.

On 18 November 2021, the ECDD screening in respect of Customer 66 identified that Star Sydney had a current and valid identification document in respect of Customer 66.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 66's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 66's source of wealth and source of funds were not legitimate: see *Customer 66's risk profile*.

- b. Customer 66 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 66 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 66 and the provision of designated services to Customer 66 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 17 November 2021, Star Sydney's Due Diligence Manager determined that a business relationship could be continued with Customer 66. In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 66's source of wealth (r 15.10(2)(a) of the Rules), having regard to her large and unusual transactions; and
- b. Customer 66's source of funds (r15.10(2)(b)), having regard to the information suggesting that there were higher ML/TF risks as to her source of funds: see *Customer 66's risk profile* above.

Contravention of s36 of the Act in respect of Customer 66

1928. By reason of the matters pleaded from paragraphs 1916 to 1927 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 66 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1929. By reason of the matters pleaded at paragraph 1928, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 66.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 67

1930. Customer 67 was a customer of Star Qld during the relevant period. Between 2016 and 2020, Star Qld recorded turnover exceeding \$340 million for Customer 67.

Particulars

Customer 67 was a customer of Star Qld from at least 11 December 2016.

On 18 July 2022, Star Qld issued a WOL in respect of Customer 67. The commencement of the WOL was deliberately delayed at the instruction of the AML/CTF Compliance Officer to accommodate Customer 67's visit to Star Qld in early July 2022.

1931. Star Qld provided Customer 67 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 16 February 2017, Star Qld opened an FMA for Customer 67 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 67 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 67 (items 31 and 32, table 1, s6 of the Act).

See Customer 67's risk profile below.

1932. At all times from 11 December 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 67.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 67's risk profile

1933. On and from 11 December 2016, Customer 67, and the provision of designated services to Customer 67 by Star Qld, posed higher ML/TF risks because of the following red flags:
- a. Customer 67 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2020, Star Qld recorded high and escalating turnover totalling \$342,336,071 for Customer 67;
 - i. between 2016 and 2020, Star Qld recorded high and escalating individual rated turnover totalling \$331,249,993 for Customer 67; and

Particulars

See paragraph 752 above.

In 2016, Customer 67's individual rated turnover was \$316,988 at Star Gold Coast and \$129,598 at Treasury Brisbane.

In 2017, Customer 67's individual rated turnover escalated to \$15,254,919 at Treasury Brisbane.

In 2018, Customer 67's individual rated turnover further escalated to \$15,785,951 at Star Gold Coast and \$78,283,695 at Treasury Brisbane.

In 2019, Customer 67's individual rated turnover was \$13,642,991 at Star Gold Coast and further escalated to \$202,003,060 at Treasury Brisbane.

In 2020, when closures due to COVID-19 commenced, Customer 67's turnover dropped but remained high.

In 2020, Customer 67's individual rated turnover was \$3,649,500 at Star Gold Coast and \$2,186,965 at Treasury Brisbane.

- ii. in 2018, Star Qld recorded high turnover on individual rebate programs totalling \$11,086,078 for Customer 67, with losses of \$488,125;

Particulars

See paragraph 623 above.

- b. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 67 by remitting large amounts of money into and within the casino environment via his accounts, including through an international remittance channel which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 16 October 2019 and 17 October 2019, Customer 67 transacted \$310,000 through the Hotel Card channel at Star Qld.

Other remittances into the casino environment

See paragraph 327 above.

On 22 May 2018, Star Qld received two telegraphic transfers totalling \$40,000, both of which were made available to Customer 67's FMA at Treasury Brisbane.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraph 347 to 349 above.

See paragraph 1933.d below.

Between 5 July 2018 and 31 January 2020, Star Qld facilitated 12 transfers totalling \$1,079,077 from Treasury Brisbane to Star Gold Coast, each of which was made available to Customer 67's FMA at Star Gold Coast.

Between 21 July 2019 and 29 July 2019, Star Qld facilitated three transfers totalling \$451,000 from Star Gold Coast to Treasury Brisbane, each of which was made available to Customer 67's FMA at Treasury Brisbane.

- c. Star Qld was aware that Customer 67 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

2018

In May 2018, Star Qld recorded that Customer 67, who Star Qld understood was self-employed, had engaged in a number of large transactions between March 2018 and May 2018:

- a. Customer 67 recorded losses of \$49,561 in March 2018 and \$361,188 in April 2018;
- b. between 19 April 2018 and 21 May 2018, Customer 67 provided Star Qld with four bank cheques totalling \$210,000;
- c. on 21 May 2018, Customer 67 sent Star Qld two telegraphic transfers totalling \$40,000; and
- d. on 29 May 2018, Customer 67 presented \$99,900 in cash to Star Qld which comprised a mixture of \$50 notes and \$100 notes: SMR dated 30 May 2018.

2019

On 26 July 2019, Customer 67 deposited a bank cheque for \$165,000 into his account. On 1 August 2019, Customer 67 exchanged \$80,000 in cash for chips. Star Qld observed that the transaction was not supported by Customer 67's recorded play as he had lost all his funds: SMR dated 2 August 2019.

On 17 September 2019, Customer 67 deposited a bank cheque for \$369,830 into his FMA. Customer 67 then withdrew small amounts of the deposit, including one withdrawal of \$9,000 and another of \$10,000, but then redeposited those amounts back into his FMA. On 18 September 2019, Customer 67 withdrew \$200,000 in chips from his FMA, and lost \$150,000. Customer 67 then withdrew the remainder of his funds in chips, totalling \$170,830: SMR dated 18 September 2019.

On 25 October 2019, Customer 67 deposited a bank cheque for \$143,106 into his FMA. He used the funds to purchase chips which he then used for gaming. At the time Star Qld reported these transactions, Customer 67 had won approximately \$73,000 with the funds from the bank cheque. However, for the month of October 2019 to date, Customer 67 had recorded a total loss of \$483,000.

Star Qld noted that the value of the bank cheque was unusual. Further, the bank cheque had a different spelling of Customer 67's name to his passport: SMR dated 29 October 2019.

- d. by November 2018, Star Qld was aware that Customer 67 was involved in funding the gaming activity of third parties;

Particulars

On 20 November 2018, Customer 67 was observed handing another Star Qld customer \$50,000 in chips at Star Qld, which the customer then exchanged for cash and left the property. Star Qld subsequently reviewed transactions involving the customer and Customer 67 over the previous month and noted that:

- a. the customer had deposited two bank cheques totalling \$200,000 in late October 2018 in circumstances where the customer's gaming records did not support the amount deposited;
- b. the customer and Customer 67 had recorded chip and cash exchanges in similar amounts;
- c. on 21 November 2018, the customer exchanged \$50,000 in cash for chips. Customer 67 deposited \$50,000 in chips and transferred the balance of his FMA at Treasury Brisbane to his Star Gold Coast FMA. Customer 67 then withdrew \$50,000 in chips at Star Gold Coast;
- d. on 25 November 2017, Customer 67 deposited a bank cheque for \$132,662 to his FMA and then immediately withdrew \$132,600 in chips. Later that day, Customer 67 deposited \$150,000 in chips into his FMA then withdrew chips worth \$50,000 and \$100,062 in two separate transactions;
- e. between 19 October 2018 and 26 November 2018, Customer 67 had recorded substantial losses at Star Gold Coast and Treasury Brisbane; and
- f. Star Qld was unaware of the connection between Customer 67 and the customer: SMR dated 27 November 2018.

On two occasions on 15 April 2019, Customer 67 deposited a total of \$200,000 in cash into his FMA at Star Qld. Immediately after each cash deposit, Customer 67 transferred the entire amount to another Star Qld customer. On both occasions, the customer used the funds for gaming: SMR dated 24 April 2019.

On 30 May 2019, Customer 67 deposited a bank cheque for \$200,000 into his FMA at Star Qld. The bank cheque was drawn from an Australian bank and dated 30 May 2019. Customer 67 immediately transferred the funds to another Star Qld customer, Person 41. Star Qld noted that Person 41 intended to use the funds for gaming: SMR dated 30 May 2019.

On 2 June 2019, Customer 67 deposited \$180,000 in cash into his FMA at Star Qld. The cash comprised \$160,000 in \$50 notes and \$20,000 in \$100 notes. Customer 67 then withdrew \$20,000 in chips.

On 3 June 2019, Customer 67 deposited another \$20,000 in cash into his FMA before withdrawing \$180,000 in chips. Customer 67 gave the chips to Person 41, who deposited them into his own FMA.

At the time Star Qld reported these transactions, Person 41 appeared to have used the chips for play and had lost \$50,000: SMR dated 4 June 2019.

On 6 June 2019, Customer 67 deposited a bank cheque for \$200,000 into his FMA at Star Qld. The bank cheque had been drawn the same day from an Australian bank. Customer 67 then

immediately withdrew the funds and deposited them into Person 41's account. Person 41 then used the funds to purchase chips for gaming and quickly lost all of the funds. On 7 June 2019, Person 41 exchanged \$50,000 in premium chips for cash. He was in the presence of a second Star Qld customer. After completing the transaction, Person 41 gave \$10,000 to the second customer and kept the balance of the funds. Star Qld knew there was a connection between Customer 67, Person 41 and the second customer as they had been observed on 5 June 2019 standing close to each other and swapping \$100 notes that had just been paid out by Star Qld: SMR dated 7 June 2019.

On 12 June 2019, Customer 67 exchanged \$30,000 in chips for cash at Star Qld. Following the transaction, Customer 67 was observed giving the cash to another Star Qld customer, Person 19: SMR dated 12 June 2019.

On 24 June 2019, Star Qld noted that Customer 67 and Person 41 continually appeared together. When one completed a cash transaction, the other was close by. Consequently, Star Qld noted that it had become increasingly difficult to monitor the swapping of chips between each customer. Further, it was not clear who was the true owner of cash supplied to Star Qld. For example, on 24 June 2022, Star Qld observed that:

- a. Customer 67 deposited \$60,000 in \$50 notes wrapped in rubber bands into his account and also exchanged a further \$10,000 in \$100 notes for chips. Customer 67 then recorded a loss of \$83,300; and
- b. Person 41 deposited \$100,000 in \$100 notes into his FMA and then deposited a further \$87,500 in cash into his FMA a few hours later. Person 41 then withdrew all of the funds as chips and used them for gaming, losing \$173,000. Person 41 left the table with \$174,750 in premium chips and exchanged \$30,000 of those chips for cash chips. Customer 67 was within eyeshot during this exchange: SMR dated 25 June 2019.

On 27 June 2019, in the presence of Customer 67, Person 38 opened a new FMA and deposited \$50,000 in cash chips and \$100,000 from a bank cheque. Person 38 did not have any play to support the initial \$50,000 deposit of chips. Star Qld suspected that Customer 67 may have obtained the chips after making two cash and chip exchanges totalling \$170,000 on 24 June 2019: SMR dated 28 June 2019. Star Qld subsequently observed that Person 38 lost all of the funds on a rebate program: SMR dated 2 July 2019.

On 28 June 2019, Person 38 attended Star Qld with Customer 67 and Person 41. Person 38 deposited \$50,000 in cash chips into her FMA, despite not having recorded any cash play, as well as \$90,000 in premium chips, despite losing all the funds on a rebate program the previous day. Person 41 exchanged \$50,000 in premium chips

for cash chips. Star Qld believed that the premium chips presented by Person 41 had come from Person 38: SMR dated 2 July 2019.

- e. by 28 June 2019, Star Qld staff had formed suspicions that Customer 67 was conducting a junket operations business without a license or Star Qld's knowledge;

Particulars

On 28 June 2019, the AML Administrator formed suspicions that Customer 67 was conducting a junket operations business without a license or Star Qld's knowledge, and informed the General Manager, Gaming at Star Qld via email.

On or around 10 July 2019, Star Qld asked Customer 67 whether he was charging a commission or fee for the provision of funds to third parties for gaming. Customer 67 responded that his supply of funds to third parties for gaming was done "on the side" and no fee was charged: SMR dated 11 July 2019.

- f. notwithstanding the above, Star Qld continued to provide designated services to Customer 67 from July 2019 to October 2019, including in circumstances where Customer 67's activities were indicative of involvement in funding gaming activity of third parties;

Particulars

On 4 July 2019, Customer 67 arrived at Treasury Brisbane carrying a green shopping bag. He entered a private gaming room and showed the contents of the bag to several customers. He then removed a plastic bag from the green shopping bag and approached the cashier. Customer 67 emptied the plastic bag of cash and took some additional cash from the green bag. Customer 67 exchanged a total of \$200,000 in cash, comprising \$50 notes, and a bank cheque for \$100,000 drawn from an Australian bank, for \$300,000 in \$25,000 chips. Within 45 minutes, Customer 67 returned with the chips, deposited them back into his FMA, and requested that the funds be transferred to his FMA at Star Gold Coast. At the same time, he deposited another bank cheque for \$100,000 from a different Australian bank into his FMA. Customer 67 then withdrew all of the funds, gamed for a period of time, and then deposited \$500,000 in chips back into his FMA. Star Qld observed that of the \$500,000 in chips Customer 67 had presented, \$100,000 in chips could not be accounted for: SMRs dated 4 July 2019 and 5 July 2019.

On 5 July 2019, Customer 67 transferred \$200,000 each to two Star Qld customers. On 7 July 2019, Star Qld was advised that both customers were planning to move to Treasury Brisbane, and requested to move their funds there. Star Qld noted that the first customer had possibly exchanged \$100,000 of her premium chips for cash chips and then given them to Customer 67. Star Qld noted that its staff had all observed that Customer 67 appeared to be in control of "what goes on and how the funds are distributed", and that the

shifting of funds between people and Star properties was unusual:
SMR dated 11 July 2019.

On 10 July 2019, Customer 67 deposited \$200,000 in chips into his FMA, in circumstances where the volume of chips deposited was not supported by Customer 67's recorded play. The funds were transferred to another Star Qld customer who had just opened an FMA in order to play on a rebate program. The customer obtained a chip purchase voucher of \$200,000 and then obtained chips at a table: SMR dated 11 July 2019.

On 16 July 2019, a Star Qld customer opened an FMA with the intention to commence play on a rebate program. The next day, Customer 67 transferred \$200,000 to the customer's account. Star Qld was informed that the customer was Customer 67's relative, that they had a family tradition to game together around the world in unregulated places and that the customer's play was funded by her mother who had sent Customer 67 the money. Star Qld observed that the customer played at a table with a second Star Qld customer, and that Customer 67 instructed both customers on the bets made.

During the course of play, the customer who was apparently Customer 67's relative lost all of their funds and the other customer won \$334,250. That customer deposited \$200,000 of the chips that she had won into her FMA, exchanged three \$100,000 premium chips for three \$100,000 cash chips and gave two of these \$100,000 cash chips to Customer 67. Customer 67 deposited the \$200,000 in cash chips into his FMA: SMR dated 18 July 2019.

On 29 July 2019, Person 41 sought to exchange \$100,000 in premium cash chips for a \$100,000 cash chip. Person 41 was in the presence of Customer 67 at the time of the transaction. While the cashier was verifying that the chips belonged to Person 41, Customer 67 took the chips back and accused the staff of causing trouble for their guests. The cashier noted that Customer 67 had approximately another six \$100,000 premium plaques in his bag. However, gaming records did not support Customer 67 being the owner of these chips and Star Qld suspected that Customer 67 was swapping chips with Person 41: SMR dated 30 July 2019.

On 6 August 2019, Person 41 settled his commission play to receive a commission of \$57,985. This was paid as \$985 in cash and \$57,000 in chips. Person 41 was accompanied by Customer 67, who was a known associate of the customer, during this transaction. The cashier placed the cash and chips on the counter for Person 41. However, Customer 67 collected both the cash and the chips. On 7 August 2019, Customer 67 bought into play with \$57,000 in chips and lost all of the funds. Star Qld noted that the connection between Customer 67 and Person 41 remained unknown. Further, it was not known why Customer 67 had collected Person 41's commission:
SMR dated 7 August 2019.

On 9 July 2022, Customer 67 and another Star Qld customer gave approximately \$30,000 of chips to a third Star Qld customer, Person 19. Surveillance footage showed Customer 67 handing Person 19 a \$5,000 chip, which Person 19 then changed to cash, and later back to a chip. Person 19 put on two \$500 bets for Customer 67.

Customer 67 took a \$5,000 chip from Person 19 and placed a bet with it. An hour later, Customer 67 gave Person 19 \$100,000 in \$5,000 chips, which appeared to be from the bets placed by Person 19. Person 19 attempted to deposit the \$100,000 in chips to his FMA but Star Qld refused to complete the transaction because the chips were from Customer 67. Customer 67 deposited the chips into his account. Later, a cashier noticed the second customer pass \$8000 in chips to Customer 67. Customer 67 tried to deposit the chips into his FMA but Star Qld denied the transaction and returned the chips to the second customer. Customer 67's record of play indicated that he used approximately \$26,000 in chips. Customer 67 recorded a \$3,250 loss, and there were no records of Customer 67 cashing out any chips. Star Qld reported that the two other customers Customer 67 played with finished their trip with more funds than would be expected through records of play, and that it may be that the three customers were exchanging funds between themselves to disguise the origin and destination of the funds that they were using: SMR dated 15 July 2022.

- g. Customer 67, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small denominations at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 1 February 2017 and 12 July 2022, Star Qld gave the AUSTRAC CEO 171 TTRs involving Customer 67 totalling \$5,193,618, including:

- a. 154 TTRs detailing chip and cash exchanges totalling \$3,740,318;
- b. 17 TTRs detailing account deposits and withdrawals totalling \$1,453,000.

Large and suspicious cash transactions in 2017

On 17 March 2017, a Star Qld customer, who was not a member, presented \$20,000 in chips to be exchanged for cash, but advised the cage that the chips did not belong to her. The customer returned with Customer 67 who exchanged the chips for cash and then handed \$10,000 to the customer: SMR dated 22 March 2017.

Large and suspicious cash transactions in 2018

In June 2018 and July 2018, Star Qld observed that Customer 67 had presented large amounts of cash totalling \$460,000:

- a. on 12 June 2018, Customer 67 deposited \$110,000 in cash, comprising \$70,000 in \$50 notes and \$40,000 in \$100 notes, and \$10,000 in chips into his FMA. Later that day, Customer 67 withdrew the funds in chips and played on a commission program: SMR dated 13 June 2018;
- b. on 13 June 2018, Customer 67 exchanged \$100,000 in cash for chips, comprising \$90,000 in \$50 notes and \$10,000 in \$100 notes. The funds were used for gaming and the whole amount was lost: SMR dated 14 June 2018;
- c. on 14 June 2018, Customer 67 deposited \$100,000 in cash in \$100 notes into his FMA and used the funds for gaming. Customer 67 declined to provide information on the source of the cash: SMR dated 15 June 2018;
- d. on 18 June 2018, Customer 67 deposited \$50,000 in cash to his FMA and then withdrew the funds in chips. When asked about the source of the cash, Customer 67 advised that he had obtained the cash from a currency exchange service but did not disclose the name of the service: SMR dated 19 June 2018; and
- e. on 11 July 2018, Customer 67 exchanged \$100,000 in cash in \$100 notes for chips. Some of the cash was bundled in Star straps and the rest in rubber bands. Star Qld recorded that Customer 67 had lost \$205,000 on gaming in the previous two days. Star Qld was unaware of how Customer 67 had obtained the additional chips he had lost. At the time Star Qld reported these transactions, Customer 67 had recorded a total loss of \$1,484,501 on table games since January 2018: SMR dated 12 July 2018.

Large and suspicious cash transactions in 2019

On 19 June 2019, Customer 67 exchanged \$46,405 in chips for cash. He requested that the cash be comprised of \$50 notes: SMR dated 20 June 2019.

Large and suspicious transactions in 2022

On 6 July 2022, Customer 67 returned to Star Qld after being out of the country due to international border restrictions as a result of COVID-19 pandemic measures. Customer 67 presented \$100,000 in cash, comprised of \$100 notes wrapped in rubber bands and bundled in \$50,000 units. When asked about the source of funds, Customer 67 said that they were from his bank but could not provide the name of the bank: SMR dated 11 July 2022.

- h. between 2018 and 2019, Star Qld provided information in respect of Customer 67 to a law enforcement agency;

Particulars

On 20 June 2018 and 16 July 2019, Star Qld provided information in respect of Customer 67 to a law enforcement agency.

- i. in 2018, Customer 67 was the subject of law enforcement enquiries at Star Qld;

Particulars

On 7 December 2018, Star Qld received a request from a law enforcement agency in respect of Customer 67.

- j. Customer 67 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 67 had access to private gaming rooms at Star Qld, including Pit 9, Orchid Level 3, the Sovereign Room and The Suite at Treasury Brisbane and The Oasis and the Sovereign Room at Star Gold Coast.

- k. Star Qld did not have adequate reason to believe that Customer 67's source of wealth and source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 67 at Star Qld.

Particulars

See paragraph 808 above.

During the relevant period, Star Qld held inconsistent information regarding Customer 67's occupation in its records, including that he was a contract painter (iBase and Synkros), and a principal of a real estate agency (Trackvia).

From 2019, Star Qld recorded that Customer 67 was a property developer but had formed the view that the information provided by Customer 67 regarding his source of wealth was unsatisfactory. On multiple occasions, Customer 67 either refused to say where large amounts of cash and cash that appeared suspicious had come from, or said that it came from a currency exchange service, but refused to provide the name of the service. Despite its suspicions, at no time did Star Qld take appropriate steps to verify Customer 67's source of funds: see *Customer 67's risk profile*.

Between July 2019 and March 2022, Customer 67 was retained on the agendas of the JRAMM and PAMM for the purpose of obtaining further source of wealth information. Further, Customer 67 was placed on the Private Gaming Room Banned List from July 2020 until he provided further source of wealth information: see *ECDD triggers in respect of Customer 67* below.

In June 2022, Customer 67 indicated he would be making a trip to Star Qld from overseas. Prompted by this, Star Qld asked Customer 67 to provide source of wealth information.

On 4 July 2022, Star Qld's Due Diligence Program manager recommended that Star Qld issue a WOL in respect of Customer 67 on the basis that, among other things, that it was unable to verify the source of wealth information provided by Customer 67.

Despite this, Star Qld provided designated services to Customer 67 from at least 6 July 2022, in circumstances where the services provided posed higher ML/TF risks. In particular, on 6 July 2022, Customer 67 presented \$100,000 in cash, wrapped in rubber bands and bundled in \$50,000 units, and claimed that it came from his bank but could not provide the name of the bank. On 18 July 2022, Star Qld issued a WOL in respect of Customer 67. The commencement of the WOL was deliberately delayed at the instruction of the AML/CTF Compliance Officer to accommodate Customer 67's visit to Star Qld in early July 2022.

Star Qld's determination of the ML/TF risks posed by Customer 67

1934. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 67 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 67.
- a. On and from May 2018, Customer 67 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 67's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 67 rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 22 March 2017, Customer 67 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 13 June 2018, Customer 67 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 20 September 2019, Customer 67 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 67's transactions

1935. At no time did Star Qld apply appropriate transaction monitoring to Customer 67's transactions because:
- a. where Star Qld conducted any transaction monitoring of transactions involving Customer 67, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 67 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. an international remittance channel, specifically the Hotel Card channel.

Particulars

See paragraphs 777 and 790 above.

The review, update and verification of Customer 67's KYC information

1936. Star Qld did not review, update and verify Customer 67's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 67's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 67's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 67's source of wealth and source of funds were not legitimate: see *Customer 67's risk profile*.

- d. to the extent that Star Qld reviewed Customer 67's KYC information on and from 11 December 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 67.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 67's high ML/TF risks

1937. Had Star Qld conducted ongoing customer due diligence on and from 11 December 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 67 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 67; and
 - c. reviewing and updating Customer 67's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 67 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 67*.

ECDD triggers in respect of Customer 67

1938. Star Qld was required to apply the ECDD Programs to Customer 67 following any ECDD triggers in respect of Customer 67.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1939. Customer 67 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 22 March 2017 and 15 July 2022, Star Qld gave the AUSTRAC CEO 30 SMRs with respect to Customer 67.

1940. The matter pleaded in paragraph 1939 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1941. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 67 following an ECDD trigger because:
- a. on each occasion prior to July 2022 that Star Qld conducted ECDD in respect of Customer 67 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 67 and the provision of designated services to Customer 67 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, and 807 to 809 above.

On 24 April 2019, 30 May 2019, 28 June 2019, 2 July 2019, 9 July 2019, 23 July 2019, 1 July 2022, 15 July 2022 and 18 July 2022 Star Qld conducted ECDD in respect of Customer 67.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 67's higher ML/TF risks, including the risks of Customer 67 providing funds to third parties to facilitate gaming activity: see *Customer 67's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 67's source of funds or source of wealth, in circumstances where:

- a. Customer 67 presented large amounts of cash, including cash that appeared suspicious, as well as bank cheques drawn in large amounts;
- b. Star Qld had inconsistent information regarding Customer 67's occupation in its records, including that he was a contract painter and a property developer; and
- c. although Star Qld had identified that it needed further details regarding Customer 67's source of wealth and source of funds, it did not take any steps to investigate or verify his source of wealth or source of funds until June 2022.

ECDD screening in 2022

Between July 2019 and March 2022, Customer 67 was retained on the agendas of the JRAM and PAMM for the purpose of obtaining further source of wealth information. Further, Customer 67 was placed on the Private Gaming Room Banned List from July 2020 until he provided further source of wealth information: see *Customer 67's risk profile* above.

In late June 2022, Star Qld was informed that Customer 67 intended to return to Star Qld.

On or around 24 June 2022, Star Qld obtained source of wealth information from Customer 67. Customer 67 provided business cards in support of his claim that he was:

- a. the CEO of a property development company; and
- b. a shareholder in a family business.

Star Qld was unable to verify the source of wealth information provided by Customer 67.

As a result of further requests by Star Qld, on or around 29 June 2022, Customer 67 subsequently provided further source of wealth information, including:

- a. a screenshot of Customer 67's bank balance held at an overseas bank; and
- b. details of his shareholdings in an overseas company.

On or around 1 July 2022, Star Qld's ECDD analyst conducted ECDD in respect of Customer 67. The ECDD screening in respect of Customer 67 identified that:

- a. Star Qld had given 28 SMRs to the AUSTRAC CEO in respect of Customer 67;
- b. Customer 67 had been added to the JRAMM and PAMM agendas following suspicions that he was running unauthorised junket operations;
- c. action to obtain Customer 67's source of wealth had been delayed due to international border closures; and
- d. referrals had been made to law enforcement between 2018 and 2019 in respect of Customer 67.

Following the ECDD screening, Star Qld's ECDD analyst escalated Customer 67 to the AML/CTF Compliance Officer for consideration.

From at least 6 July 2022, Star Qld provided designated services to Customer 67 at its properties: see *Customer 67's risk profile*.

Further ECDD screenings were conducted by Star Qld following the submission of SMRs on 15 July 2022 and 18 July 2022.

By reason of the matters set out above, there were real risks that Customer 67's source of wealth and source of funds were not legitimate: see *Customer 67's risk profile*.

On 18 July 2022 Star Qld issued a WOL in respect of Customer 67. The commencement of the WOL was deliberately delayed at the instruction of the AML/CTF Compliance Officer to accommodate Customer 67's visit to Star Qld in early July 2022.

- b. Customer 67 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to July 2022 that Customer 67 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 67 and the provision of designated services to Customer 67 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

JRAMM/PAMM

Between July 2019 and March 2022, Customer 67 was retained on the agendas of the JRAMM and PAMMs for the purpose of obtaining further source of wealth information.

The minutes of the JRAM meeting dated 16 August 2019 noted that:

- a. Star Qld suspected that Customer 67 was running his own junket operations business at Star Qld without a license or approval;
- b. when questioned by Star Qld, Customer 67 claimed that he just provided funds, did not charge any fees for providing those funds and did this “on the side”; and
- c. further enquiries would be made to obtain details of Customer 67’s source of wealth due to the large amounts of cash he presented.

Following the September 2019 JRAM meeting, Customer 67’s risk rating was raised to high risk, not being high risk for the purposes of the Act and Rules until November 2019.

In November 2019, the minutes of the JRAMM recorded concerns that Customer 67 was still bringing in large bank cheques to fund his gaming, in circumstances where Star Qld did not know where the cheques had come from.

In December 2019, the minutes of the JRAMM recorded that Star Qld had obtained information that Customer 67 was a property developer.

In February 2020, JRAMM minutes recorded a decision to obtain further information regarding Customer 67’s source of wealth.

However, by March 2020, the minutes of the JRAM meeting noted that:

- a. Customer 67 would be discussed in an out-of-cycle JRAMM when Star Qld reopened following the COVID-19 pandemic; and
- b. Customer 67 would be added to the Private Gaming Room Banned List, subject to providing source of wealth information.

It was not until 17 July 2020 that Customer 67 was added to the Private Gaming Room Banned list at Star Qld.

Between July 2020 and February 2022, Customer 67 was retained on the agenda of the JRAMM and PAMM for ongoing monitoring.

By March 2022, the minutes of the JRAMM and PAMM recorded a Group decision to remove Customer 67 from the agendas of each meeting, subject to the Private Gaming Room ban remaining in place, and ongoing monitoring via the transaction monitoring program and ongoing customer due diligence.

Decision to issue a WOL in respect of Customer 67 by AML/CTF Compliance Officer

Prompted by ECDD screenings in July 2022 which occurred after Customer 67 indicated he was returning to Star Qld from overseas and after further information was obtained regarding Customer 67's source of wealth, Star Qld's ECDD analyst escalated Customer 67 to the Due Diligence Program Manager for consideration.

On 4 July 2022, the Due Diligence Program Manager considered the ECDD analyst's comments and the source of wealth information recommended that a Group Wide WOL be issued in respect of Customer 67 on the basis of the 28 SMRs given by Star Qld to the AUSTRAC CEO in respect of Customer 67,, Star Qld's suspicions held in 2019 that Customer 67 was operating unauthorised junket-style operations, Customer 67's reluctance to provide source of wealth information, and Star Qld's inability to verify initial source of wealth information for Customer 67.

On 6 July 2022, Customer 67 presented \$100,000 in cash, wrapped in rubber bands and bundled in \$50,000 units, and claimed that it came from his bank but couldn't provide the name of the bank: see *Customer 67's risk profile*.

On 8 July 2022, the AML/CTF Compliance Officer agreed with the recommendation to issue a WOL in respect of Customer 67, noting that it should have been actioned prior to Customer 67's arrival in Australia. The AML/CTF Compliance Officer stated that the WOL would take effect on Customer 67's departure on 15 July 2022, subject to monitoring for activity similar to that reported in previous SMRs in respect of Customer 67.

It was not until 18 July 2022 that Star Qld issued a WOL in respect of Customer 67, which was issued to Customer 67 after Star Qld learnt that he had extended his trip to Star Qld.

Contravention of s36 of the Act in respect of Customer 67

1942. By reason of the matters pleaded from paragraphs 1930 to 1941 above, on and from 11 December 2016, Star Qld:
- a. did not monitor Customer 67 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1943. By reason of the matters pleaded at paragraph 1942, Star Qld contravened s36(1) of the Act on and from 11 December 2016 until 18 July 2022 with respect to Customer 67.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 68

1944. Customer 68 was a customer of Star Sydney during the relevant period. In 2018, Star Sydney recorded turnover exceeding \$28 million for Customer 68.

Particulars

Customer 68 was a customer of Star Sydney at least 21 May 2005.

1945. Star Sydney provided Customer 68 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 4 March 2009, Star Sydney opened an FMA and SKA for Customer 68 which were closed on 5 December 2018 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 68 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 68's risk profile* below.

1946. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 68.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 68's risk profile

1947. On and from 30 November 2016, Customer 68, and the provision of designated services to Customer 68 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 68's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 68 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 68;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 10 October 2009.

The SMR reported that Customer 68 was involved in a large and suspicious cash transaction: see paragraph 1947.a.ii below.

- ii. Customer 68 transacted using large amounts of cash and cash that appeared suspicious at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 14 January 2009 and 14 July 2010, Star Sydney gave the AUSTRAC CEO four TTRs detailing incoming payments to Customer 68 totalling \$580,700 which comprised:

- a. \$560,700 in account deposits; and
- b. \$20,000 in chip exchanges.

Between 8 January 2009 and 23 February 2016, Star Sydney gave the AUSTRAC CEO 81 TTRs detailing outgoing payments from Customer 68 totalling \$4,635,220 which comprised:

- a. \$690,000 in account withdrawals;
- b. \$3,802,000 in chip exchanges;
- c. \$22,606 in cash exchanges; and
- d. \$120,613 in other monetary value out.

On 3 October 2009, Customer 68 left Star Sydney with a junket representative while carrying \$586,000 in cash: SMR dated 10 October 2009.

- iii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 68 by remitting large amounts of money into and out of the casino environment via his accounts; and

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 3 November 2006, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$600,000 where Customer 68 was named as the ordering customer and the beneficiary was a third party.

The above transaction was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 13 June 2008 and 6 November 2009, Star Sydney gave the AUSTRAC CEO outgoing IFTIs totalling \$2,000,000 where Customer 68 was named as the ordering customer and beneficiary.

Each of the above transactions was conducted through the Star Patron account channel.

- iv. in 2015, Customer 68 was the subject of a law enforcement enquiry at Star Sydney;

Particulars

In June 2015, Star Sydney received a request from a law enforcement agency for records in respect of Customer 68. The

reason for the enquiry was not known to Star Sydney, however a reference was made in the request to proceeds of crime.

Customer 68's risk profile from 30 November 2016

- b. Customer 68 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through the junket programs;
 - i. between 15 June 2018 and 3 July 2018, Customer 68 was a player on a junket at Star Sydney; and
 - ii. between 15 June 2018 and 3 July 2018, Star Sydney recorded high turnover totalling \$28,343,250 with wins of \$1,606,750 for Customer 68's gaming activity on the junket program;
- c. designated services provided to Customer 68 lacked transparency as the services were provided through the junket channel at Star Sydney; and

Particulars

See paragraph 650 above.

- d. Star Sydney did not have adequate reason to believe that Customer 68's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 68 at Star Sydney.

Particulars

See paragraph 808 above.

By 30 November 2016, a law enforcement agency had made enquiries at Star Sydney in respect of Customer 68 and had connected him with the proceeds of crime. Customer 68 recorded a turnover on a junket program exceeding \$28 million.

Despite this, Star Sydney did not record details of Customer 68's source of wealth or source of funds.

Star Sydney's determination of the ML/TF risks posed by Customer 68

1948. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 68 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 68.

- a. On and from 30 November 2016, Customer 68 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 68's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 68 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 14 November 2008, Customer 68 was rated low risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 68's transactions

1949. At no time did Star Sydney apply appropriate transaction monitoring to Customer 68's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 68, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 68 through the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 68's KYC information

1950. Star Sydney did not review, update and verify Customer 68's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 68's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;

- c. Star Sydney did not appropriately review, update and verify Customer 68's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 68's source of wealth or source of funds: see *Customer 68's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 68's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 68.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 68's high ML/TF risks

1951. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 68 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 68; and
- c. reviewing and updating Customer 68's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 68 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

1952. Had Star Sydney rated Customer 68 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 68.

Particulars

Rule 15.9 of the Rules.

Contravention of s36 of the Act in respect of Customer 68

1953. By reason of the matters pleaded from paragraphs 1944 to 1952 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 68 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1954. By reason of the matters pleaded at paragraph 1953, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 68.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 69

1955. Customer 69 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$8.7 million for Customer 69.

Particulars

Customer 69 was a customer of Star Sydney from at least 10 April 2012.

1956. Star Sydney provided Customer 69 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

Customer 69 received high value gambling services at Star Sydney (table 3, s6 of the Act). Between 2016 and 2019, Star Sydney recorded high and escalating turnover totalling \$8,767,396 for Customer 69.

See Customer 69's risk profile below.

1957. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 69.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 69's risk profile

1958. On and from 30 November 2016, Customer 69, and the provision of designated services to Customer 69 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 69's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 69 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 69;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 26 February 2015 and 3 March 2015.

The SMRs reported that Customer 69 and persons associated with him were involved in large cash transactions: see paragraph 1958.a.iii below.

- ii. Customer 69 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high individual rated turnover totalling \$391,100 for Customer 69; and

Particulars

See paragraph 752 above.

- iii. Customer 69, and persons associated with him, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 1 October 2013 and 7 November 2016, Star Sydney gave the AUSTRAC CEO 33 TTRs detailing incoming payments to Customer 29 totalling \$778,000 which comprised chip exchanges.

Between 11 April 2012 and 7 November 2016, Star Sydney gave the AUSTRAC CEO 20 TTRs detailing outgoing payments from Customer 29 totalling \$436,500 which were comprised of chip and cash exchanges.

On 24 February 2015, an unknown person presented \$100,000 in cash to purchase chips at Star Sydney. When asked for identification, she presented Customer 69's player card and said that she was his daughter. The person refused to provide any identification of her own.

Star Sydney refused to process the transaction: SMR dated 26 February 2015.

On 27 February 2015, within a 24-hour period, Customer 69 made four chip purchases with cash at Star Sydney. Star Sydney considered the chip purchases to be large when compared with Customer 69's transactional history: SMR dated 3 March 2015.

On 18 July 2016, Customer 69 purchased \$9,900 in chips with cash at Star Sydney.

Customer 69's risk profile from 30 November 2016

- b. Customer 69 was a foreign PEP;

Particulars

See paragraph 115 above.

Customer 69 was a member of a foreign political body.

- c. Customer 69 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2019, Star Sydney

recorded high and escalating individual rated turnover totalling \$8,767,396 for Customer 69;

Particulars

See paragraph 752 above.

In 2016, Customer 69's individual rated gaming turnover escalated to \$5,031,363.

In 2017, Customer 69's individual rated turnover was \$3,503,654.

In 2018, Customer 69's individual rated turnover was \$208,339.

In 2019, Customer 69's individual rated turnover was \$24,040.

- d. Customer 69 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 5 December 2016 and 22 November 2017, Star Sydney gave the AUSTRAC CEO 26 TTRs detailing incoming payments to Customer 69 totalling \$260,000 which comprised chip exchanges.

Between 5 December 2016 and 21 September 2018, Star Sydney gave the AUSTRAC CEO 16 TTRs detailing outgoing payments from Customer 69 totalling \$314,000 which were comprised of were comprised of chip and cash exchanges.

- e. Customer 69 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 69 had access to private gaming rooms at Star Sydney, including Oasis and the Sovereign Room.

- f. Star Sydney did not have adequate reason to believe that Customer 69's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 69 at Star Sydney.

Particulars

See paragraph 808 above.

From 30 November 2015, Star Sydney understood Customer 69's occupation to be as a mining engineer.

Customer 69 was a foreign PEP. His turnover escalated significantly in 2017. Despite this, Star Sydney did not take steps to review, update and verify Customer 69's stated source of wealth or the source of funds used by Customer 69 for gaming activities.

Star Sydney's determination of the ML/TF risks posed by Customer 69

1959. On and from 20 July 2016, Customer 69 was rated by Star Sydney as a high risk customer for the purpose of the Act and Rules.

Particulars

On 20 July 2016, Customer 69 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 69 was rated very high risk, being high risk for the purpose of the Act and Rules.

1960. Nevertheless, for the reasons pleaded below, Star Sydney failed to monitor the high ML/TF risks posed by Customer 69 appropriately on an ongoing basis because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by it with respect to Customer 69.

Monitoring of Customer 69's transactions

1961. At no time did Star Sydney apply appropriate transaction monitoring to Customer 69's transactions because:
- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 69, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney provided designated services to Customer 69 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 69's KYC information

1962. Star Sydney did not review, update and verify Customer 69's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a), (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 69's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 69's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 69's source of wealth or source of funds: see *Customer 69's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 69's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 69.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 69

1963. Star Sydney was required to apply the ECDD Programs to Customer 69 following any ECDD triggers in respect of Customer 69. In particular, because Customer 69 was a foreign PEP, Star Sydney was required to:
- a. undertake detailed analysis of Customer 69's KYC information including taking reasonable measures to identify the source of Customer 69's wealth and the source of Customer 69's funds; and
 - b. seek senior management approval for continuing a business relationship with Customer 69 and whether Star Sydney should continue to provide a designated service to Customer 69.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.10(2), 15.10(6) and 15.11 of the Rules.

1964. Customer 69:

- a. at all times was a foreign PEP; and

Particulars

See *Customer 69's risk profile* above.

- b. was determined to be high risk for the purpose of the Act and Rules prior to 30 November 2016 by Star Sydney.

Particulars

On and from 30 November 2016, Star Sydney determined that the ML/TF risks posed by Customer 69 was high risk for the purpose of

the Act and Rules: see *Star Sydney's determination of the ML/TF risks posed by Customer 69* above.

1965. Each matter pleaded in paragraph 1964 was an ECDD trigger.

Particulars

See paragraphs 792, 798 and 799 above.

1966. At all times, Star Sydney was aware that Customer 69 was a foreign PEP.

1967. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 69 following the ECDD triggers:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 69 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 69 and the provision of designated services to Customer 69 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite. In particular, Star Sydney failed to monitor Customer 69 as a foreign PEP because:
 - i. Star Sydney's analysis of Customer 69's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 69;
 - ii. Star Sydney's analysis of Customer 69's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 69;

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 810 above.

On 11 November 2019 and 2 December 2020 Star Sydney conducted ECDD in respect of Customer 69.

Customer 69 was a foreign PEP. His turnover escalated significantly in 2017. Despite this, Star Sydney did not take steps to review, update and verify Customer 69's stated source of wealth or the source of funds used by Customer 69 for gaming activities.

The ECDD conducted by Star Sydney did not have appropriate regard to their higher ML/TF risks: see *Customer 69's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 69's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 69's source of wealth or source of funds: see *Customer 69's risk profile*.

- iii. Customer 69 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- iv. any senior management approval regarding Customer 69 failed to give appropriate consideration to the ML/TF risks posed by Customer 69 and the provision of designated services to Customer 69 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810 above.

Contravention of s36 of the Act in respect of Customer 69

1968. By reason of the matters pleaded from paragraphs 1955 to 1967, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 69 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1969. By reason of the matters pleaded at paragraph 1968, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 69.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 70

1970. Customer 70 was a customer of Star Sydney during the relevant period. Between 2016 and 2018, Star Sydney recorded turnover exceeding \$610 million for Customer 70.

Particulars

Customer 70 was a customer of Star Sydney from at least 12 May 2011.

1971. Star Sydney provided Customer 70 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 1 April 2014, Star Sydney opened an FMA and SKA for Customer 70 which were closed on 16 July 2021 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 70 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 70's risk profile* below.

1972. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 70.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 70's risk profile

1973. On and from 30 November 2016, Customer 70, and the provision of designated services to Customer 70 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 70's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 70 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 70;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 29 occasions between 2 April 2014 and 11 November 2016.

The SMRs reported that Customer 70 and persons associated with him engaged in large and suspicious cash transactions: see paragraphs 1973.a.iv and 1973.a.v.

- ii. Customer 70 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high individual rated turnover totalling \$38,291,803 for Customer 70;

Particulars

See paragraph 752 above

- iii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 70 by remitting large amounts of money into the casino environment via his accounts;

Particulars

See paragraph 327 above.

For example, on 14 October 2015, Star Sydney received a telegraphic transfer of \$100,000, which it made available to Customer 70's FMA.

The above transaction was conducted through the Star Patron account channel.

- iv. Customer 70 transacted using large amounts of cash at Star Sydney;
and

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 21 June 2013 and 28 November 2016, Star Sydney gave the AUSTRAC CEO 220 TTRs in respect of Customer 70 totalling \$12,391,496, which were comprised of:

- a. 106 outgoing TTRs totalling \$8,269,521;
- b. 114 incoming TTRs totalling \$4,121,975;
- c. \$12,146,428 in chip or cash exchanges;
- d. \$210,900 in account deposits or withdrawals; and
- e. \$34,168 in EGM payouts.

Large and suspicious transactions

Between 1 April 2014 and 11 November 2016, Customer 70 and those acting on his behalf engaged in large and suspicious cash transactions totalling at least \$5,031,165, including:

- a. cash to chip exchanges by Customer 70 totalling more than \$700,000: SMRs dated 3 April 2014, 7 April 2014, 8 April 2014, 10 April 2014, 16 April 2014, 1 October 2015, 30 December 2015, 14 July 2016; and
 - b. chip to cash exchanges by Customer 70 or those acting on his behalf totalling \$4,331,165: SMRs dated 2 April 2014, 4 April 2015, 9 April 2014, 11 April 2014, 18 June 2014, 17 September 2015, 21 September 2015, 24 September 2015, 5 January 2016, 5 January 2016, 27 January 2016, 29 February 2016, 10 May 2016, 18 July 2016, 5 August 2016, 15 August 2016, 20 August 2016, 1 November 2016, 11 November 2016.
- v. Star Sydney was aware that Customer 70 had engaged in large and unusual transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 14 November 2016, Customer 59 exchanged two \$500,000 cash plaques for \$1,000,000 in cash. Customer 59 had no recorded gaming activity at the time and was asked if the plaques had been given to him. Customer 70 then arrived at the cashier and stated that the plaques were his. In the previous days, Customer 70 had recorded a turnover of approximately \$11,000,000 with a win of approximately \$1,500,000.

Due to the large amount requested, Customer 59 was offered a cheque or a telegraphic transfer. However, Customer 70 insisted that he receive cash. He stated that he intended to purchase property that day: SMR dated 15 November 2016.

Customer 70's risk profile from 30 November 2016

- b. Customer 70 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2018,

Star Sydney recorded high and escalating individual rated turnover totalling \$613,179,664 for Customer 70;

Particulars

See paragraph 752 above.

In 2016, Customer 70's individual rated turnover escalated significantly to \$440,312,249.

In 2017, Customer 70's individual rated turnover was \$170,217,253.

In 2018, Customer 70's individual rated turnover was \$2,650,162.

- c. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 70 by remitting large amounts of money out of the casino environment via his accounts;

Particulars

See paragraph 327 above.

For example, on 16 November 2017, Star Sydney sent a telegraphic transfer of \$565,000 from Customer 70's FMA to an Australian bank account.

The above transaction was conducted through the Star Patron account channel.

- d. Star Sydney was aware that Customer 70, and persons associated with him including Customer 59 and Customer 94:
- i. had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
 - ii. transacted using large amounts of cash;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 9 January 2017 and 30 April 2018, Star Sydney gave the AUSTRAC CEO 65 TTRs in respect of Customer 70 totalling \$2,827,774, which were comprised of:

- a. 36 outgoing TTRs totalling \$1,863,674;
- b. 29 incoming TTRs totalling \$964,100;
- c. \$2,586,066 in chip or cash exchanges;
- d. \$100,000 in account deposits or withdrawals; and
- e. \$141,708 in EGM payouts.

Large and suspicious cash transactions in 2017

For example, on 10 January 2017, Customer 70 deposited a bank cheque for \$99,800 into his Star Sydney account. Star Sydney considered that this transaction was strange and suspected that

Customer 70 was trying to avoid a \$100,000 threshold for an unknown reason.

On 20 January 2017, Customer 70 exchanged \$280,000 in chips for cash. At the time, Customer 70 had recorded a win of \$300,280.

On 6 February 2017, Customer 59 exchanged \$100,000 in chips for cash. Customer 59 was observed to deliver the cash to Customer 70 who had recorded winnings of \$199,300 that day: SMR dated 7 February 2017.

On 9 February 2017, Customer 59 requested to exchange \$200,000 in plaques for cash. When asked where she got the plaques, Customer 59 advised Star Sydney that they belonged to her husband, Customer 70. Customer 59 returned to the cashier with Customer 70 to complete the transaction. Star Sydney noted that Customer 70's recorded play showed a win of \$300,000 in the previous days: SMR dated 10 February 2017.

On 9 March 2017, Customer 59 exchanged a \$100,000 plaque for cash. Following the transaction, Customer 59 moved from one private gaming room to another private gaming room and exchanged another \$50,000 in chips for cash. When Customer 59 returned to the first private gaming room, she met with Customer 70. Customer 70 then exchanged \$200,000 in plaques for cash. The two left the casino together. Star Sydney noted that Customer 59 had no play recorded in the previous week but that Customer 70 had a large amount of play and winnings in recent days: SMR dated 10 March 2017.

On 17 July 2017, Customer 70 cashed out \$300,000 in chips. At the time, Customer 70 had recorded a win of \$580,950.

On 25 July 2017, Customer 59 exchanged \$100,070 in chips for cash. Customer 59 placed the cash in a bag before meeting with Customer 70. However, Customer 59 was not observed giving the cash to Customer 70. Star Sydney noted that Customer 59 did not have any play recorded to support the large transaction but that Customer 70 had recorded a large amount of play and that such a transaction would not be unusual for him. Star Sydney noted that it seemed likely that Customer 59 had completed the transaction on Customer 70's behalf: SMR dated 25 July 2017.

On 11 November 2017, Customer 70 exchanged \$100,000 in cash for chips. The cash comprised \$100 notes issued by Star.

On 14 November 2017, Customer 8's junket representative, Customer 94, withdrew \$152,000 in cash from Customer 8's account. Customer 94 was observed giving the cash to Customer 70 before leaving the property. Star Sydney noted that Customer 70 was not a player on Customer 8's junket and that Star Sydney was unaware of any association between Customer 70 and the junket: SMR dated 14 November 2017.

- e. Customer 70 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 70 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Lakes Salons, Oasis, Jade and Chairman's.

- f. in 2018, Customer 70 was the subject of law enforcement enquiries at Star Sydney; and

Particulars

On 16 November 2018, Star Sydney received a request from a law enforcement agency for details concerning Customer 70.

- g. Star Sydney did not have adequate reason to believe that Customer 70's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 70 at Star Sydney.

Particulars

See paragraph 808 above.

Star understood that Customer 70 was a sales consultant. However, in 2016 alone, Customer 70's turnover escalated to over \$440 million. In addition, between 2017 and 2018, Customer 70 was involved in a number of large and suspicious cash transactions. At no time was Customer 70's source of wealth or source of funds sufficient to explain the high value financial and gambling services provided to him.

Star Sydney's determination of the ML/TF risks posed by Customer 70

1974. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 70 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 70.
- a. On and from 30 November 2016, Customer 70 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act or Rules for the reasons pleaded above: see *Customer 70's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 70 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 7 August 2014, Customer 70 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 70's transactions

1975. At no time did Star Sydney apply appropriate transaction monitoring to Customer 70's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 70, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 70 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- c. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 70.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incident involving Customer 70 on 14 November 2017: See *Customer 70's risk profile*.

The review, update and verification of Customer 70's KYC information

- 1976. Star Sydney did not review, update and verify Customer 70's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 70's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 70's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 70's source of wealth or source of funds: see *Customer 70's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 70's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 70.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 70's high ML/TF risks

1977. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 70 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 70; and
- c. reviewing and updating Customer 70's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 70 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 70*.

ECDD triggers in respect of Customer 70

1978. Star Sydney was required to apply the ECDD Programs to Customer 70 following any ECDD triggers in respect of Customer 70.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1979. Customer 70 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 7 February 2017 and 14 November 2017, Star gave the AUSTRAC CEO five SMRs with respect to Customer 70.

1980. The matter pleaded in paragraph 1979 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1981. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 70 following an ECDD trigger because:

- a. at no time did Star Sydney apply the ECDD Programs to Customer 70;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 70's source of wealth or source of funds: see *Customer 70's risk profile*.

- b. Customer 70 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 70 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 70 and the provision of designated services to Customer 70 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 70

1982. By reason of the matters pleaded from paragraphs 1970 to 1981 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 70 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1983. By reason of the matters pleaded at paragraph 1982, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 70.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 71

1984. Customer 71 was a customer of Star Sydney during the relevant period. Between 2016 and March 2017, Star Sydney recorded turnover exceeding \$380 million for Customer 71.

Particulars

Customer 71 was a customer of Star Sydney from at least 26 December 2008.

On 18 January 2017, Customer 71 self-excluded from Star Sydney. Between 18 January 2017 and 3 March 2017, Customer 71 breached the self-exclusion at least 17 times.

On 3 March 2017, Star Sydney revoked the self-exclusion and issued a WOL in respect of Customer 71 for problem gambling.

1985. Star Sydney provided Customer 71 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 22 May 2015, Star Sydney opened an FMA and SKA for Customer 71 which were closed on 2 August 2021 (item 11, table 3, s6 of the Act).

See *Customer 71's risk profile* below.

1986. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 71.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 71's risk profile

1987. On and from 30 November 2016, Customer 71, and the provision of designated services to Customer 71 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 71's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 71 had the following risk history:
- i. Star Sydney had formed suspicions for the purpose of s41 of the Act with respect to Customer 71;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR relating to Customer 71 on eight occasions between 12 May 2015 and 30 November 2016.

The SMRs reported that Customer 71, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious: see particulars to paragraph 1987.a.v below.

- ii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 71 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraph 347 to 349 above.

For example, on around 28 January 2016, Star Sydney sent a transfer of \$25,000 from Customer 71's account to Star Qld.

- iii. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 71 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraph 347 to 349 above.

For example, on around 28 January 2016, Star Qld received a transfer of \$25,000 from Star Sydney, which it made available to Customer 71's FMA at Star Gold Coast.

- iv. Customer 71 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star recorded high individual rated turnover totalling \$37,644,561 for Customer 71;

Particulars

See paragraph 752 above.

- v. Customer 71, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes at Star Sydney; and

Particulars

See paragraphs 611 to 618 above

TTRs

Between 31 July 2014 and 30 November 2016, Star Sydney gave the AUSTRAC CEO 717 TTRs in respect of Customer 71 totalling \$21,789,547, which were comprised of:

- a. 384 outgoing TTRs totalling \$12,216,072;
- b. 333 incoming TTRs totalling \$9,573,475;
- c. \$20,013,887 in chip or cash exchanges;
- d. \$1,765,655 in account deposits or withdrawals; and
- e. \$10,005 in EGM payouts.

Large and suspicious cash transactions in 2015

On 11 May 2015, a Star Sydney customer presented \$200,000 in cash to Star Sydney to be exchanged for chips. The cash comprised \$50 notes bundled with rubber bands. After the exchange, the customer was observed giving half of the chips to Customer 71: SMR dated 12 May 2015.

On 16 May 2015, Customer 71 exchanged \$80,000 worth of \$5,000 chips for \$20,000 chips at Star Sydney. Star Sydney noted that Customer 71 presented with his arms overflowing with \$5,000 cash chips, which it understood to be typical behaviour for loan sharks.

Star Sydney considered that some of Customer 71's rated gaming activity on 16 May 2015 appeared improbable. For example, at one point Customer 71 arrived at a table with \$20,000 and left with \$136,000.

On 21 May 2015, Customer 71 exchanged \$550,000 in chips for cash at Star Sydney. Star Sydney considered that Customer 71 did not have sufficient rated gaming activity to justify such a large cash out: SMR dated 22 May 2015.

On 23 September 2015, Customer 71 exchanged \$62,055 in chips for cash at Star Sydney. Customer 71 also withdrew \$100,000 from his account. Customer 71 collected the cash in a black Star branded bag and left the gaming area: SMR dated 24 September 2015.

Large and suspicious cash transactions in 2016

On 19 June 2016, a Star Sydney customer, being the same customer the subject of the 11 May 2015 transaction, deposited a bank cheque into her account and then withdrew the amount as chips. The customer was observed handing over the chips to Customer 71, who then went to the cashier and exchanged the chips for cash. Star Sydney had no record of play for the customer or Customer 71: SMR dated 22 June 2016.

On 23 September 2016, Customer 71 made several large chip purchases and cash deposits over a short period of time at Star Sydney. The two cash deposits were of \$10,000 each, and Customer 71 presented the cash in envelopes containing \$100 and \$50 notes: SMR dated 26 September 2016.

On 31 October 2016, Customer 71 made two large chip purchases of \$200,000 and \$140,000 at Star Sydney. The cash was all in \$100 notes with Star Sydney's straps. After playing, Customer 71 cashed out \$137,020 worth of chips. Customer 71 had recorded a turnover of \$6,956,026.

On 11 November 2016, Customer 71 presented \$150,000 in cash to purchase chips at Star Sydney. The cash mostly comprised \$50 notes bundled together with elastic bands in \$10,000 units, and \$15,000 worth of \$100 notes.

On 14 November 2016, Customer 71 exchanged \$279,500 in cash for chips at Star Sydney. The cash was wrapped in Star Sydney straps and was carried in a black bag. A few hours later, Customer 71 returned with \$200,000 in cash and again purchased chips.

On 17 November 2016, a Star Sydney customer exchanged \$100,000 in chips for cash. Immediately afterwards, the customer withdrew another \$100,000 in cash. The customer told Star Sydney staff that the chips belonged to his friend, Customer 71. The customer had recorded minimal play, whereas Customer 71 had recorded a turnover of \$2,000,000 that day: SMR dated 17 November 2016.

On 23 November 2016, Customer 71 presented \$100,000 in cash at Star Sydney to purchase chips. The cash comprised \$50 notes bound together with rubber bands in \$10,000 units. The cash was carried in a plastic bag. Customer 71 recorded turnover of over \$2,000,000 following this transaction: SMR dated 24 November 2016.

On 30 November 2016, Customer 71 presented \$110,000 in cash at Star Sydney to be deposited into his FMA. The cash comprised \$50 notes bound together with rubber bands in \$10,000 units: SMR dated 30 November 2016.

- vi. by 30 November 2016, Customer 71 was the subject of law enforcement enquiries at Star;

Particulars

By October 2016, Star Sydney was informed by a law enforcement agency that Customer 71 was a person of interest.

In particular, the law enforcement agency alerted Star Sydney that Customer 71 was implicated in money laundering.

Customer 71's risk profile from 30 November 2016

- b. Customer 71 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and March 2017, Star recorded high and escalating individual rated turnover totalling \$384,897,145 for Customer 71;

Particulars

See paragraph 752 above.

In 2016, Customer 71's individual rated turnover escalated significantly to \$349,190,825.

Between 1 January 2017 and 18 January 2017 alone, Customer 71's individual rated turnover was \$35,706,320.

- c. Customer 71, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 1 December 2016 and 3 May 2018, Star Sydney gave the AUSTRAC CEO 58 TTRs in respect of Customer 71 totalling \$4,862,694, which were comprised of:

- a. 32 outgoing TTRs totalling \$2,118,244;
- b. 26 incoming TTRs totalling \$2,744,450;
- c. \$4,132,694 in chip or cash exchanges; and

- d. \$730,000 in account deposits or withdrawals.

Large and suspicious cash transactions in 2016

On 13 December 2016, Customer 71 made several large chip purchases over a 24-hour period at Star Sydney. Customer 71 recorded a turnover of \$2,655,000 with losses of \$500,990 for the day. The cash Customer 71 used comprised \$50 notes bound together with rubber bands in \$5,000 units: SMR dated 14 December 2016.

On 14 December 2016, Customer 71 made several large cash transactions at Star Sydney. The transactions were mostly chip cash outs. Customer 71 also purchased \$200,000 worth of chips, using the same cash from an earlier chip cash out. Customer 71 recorded a turnover of \$9,511,650 with losses of \$345,045: SMR dated 15 December 2016.

Large and suspicious cash transactions in 2017

On 7 January 2017, Customer 71 deposited \$400,000 in cash into his account at Star Sydney. The cash comprised \$100 notes which had been issued by Star: SMR dated 9 January 2017.

On 12 January 2017, a Star Sydney customer exchanged three large amounts of chips for cash in a two-hour period. The previous day, the customer had recorded a turnover of \$112,160 with winnings of \$1,460, and had then exchanged chips totalling \$150,000 for cash.

Star Sydney considered the exchanges to be excessive, and suspected that the customer was completing the transactions on behalf of Customer 71: SMR dated 12 January 2017.

- d. Customer 71 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 71 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Jade, Oasis, Spring Salons and Lakes Salons.

- e. on 18 January 2017, Customer 71 self-excluded from Star Sydney. Customer 71 breached the self-exclusion on multiple occasions before Star Sydney issued a WOL in respect of Customer 71; and

Particulars

Between 18 January 2017 and 3 March 2017, Customer 71 breached the self-exclusion at least 17 times.

However, it was not until 3 March 2017 that Star Sydney issued a WOL in respect of Customer 71.

- f. Star Sydney did not have adequate reason to believe that Customer 71's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 71 at Star Sydney.

Particulars

See paragraph 808 above.

From at least 13 October 2016, Star Sydney understood that Customer 71 was self-employed in retail. In 2016, Customer 71's turnover escalated very significantly to exceed \$340 million. At no stage was Customer 71's stated source of wealth commensurate with the high value financial and gambling services provided to him by Star Sydney.

By 30 November 2016, Star was aware that a law enforcement agency had linked Customer 71 to money laundering. Customer 71 had engaged in a high volume of large and suspicious cash transactions. Despite the high ML/TF risks associated with Customer 71's source of funds, it was not until 3 March 2017 that a WOL was issued in respect of Customer 71.

Star Sydney's determination of the ML/TF risks posed by Customer 71

1988. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 71 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 71.
- a. On and from 30 November 2016, Customer 71 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 71's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 71 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 15 May 2015, Customer 71 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 13 October 2016, Customer 71 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 71's transactions

1989. At no time did Star Sydney apply appropriate transaction monitoring to Customer 71's transactions because:
- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 71, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney provided designated services to Customer 71 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 71's KYC information

1990. Star Sydney did not review, update and verify Customer 71's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 71's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 71's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 71's source of wealth and source of funds were not legitimate: see *Customer 71's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 71's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 71.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 71's high ML/TF risks

1991. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 71 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 71; and
- c. reviewing and updating Customer 71's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 71 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 71*.

ECDD triggers in respect of Customer 71

1992. Star Sydney was required to apply the ECDD Programs to Customer 71 following any ECDD triggers in respect of Customer 71.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

1993. Customer 71 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 14 December 2016 and 12 January 2017, Star Sydney gave the AUSTRAC CEO four SMRs with respect to Customer 71.

1994. The matter pleaded in paragraph 1993 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

1995. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 71 following an ECDD trigger because:

- a. at no time did Star Sydney apply the ECDD Programs to Customer 71;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

By reason of the matters set out above, there were real risks that Customer 71's source of wealth and source of funds were not legitimate: see *Customer 71's risk profile*.

Despite this, Star Sydney did not apply the ECDD Programs to Customer 71 at any time.

It was not until 3 March 2017 that Star Sydney issued a WOL in respect of Customer 71. The WOL was issued in response to

responsible gaming concerns and not due to any consideration of the higher ML/TF risks posed by Customer 71.

- b. Customer 71 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 3 March 2017 that Customer 71 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 71 and the provision of designated services to Customer 71 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between December 2016 and February 2017, Customer 71 was discussed at JRAMM and PAMMs.

The minutes of the PAMMs on 8 December 2016 and 12 January 2017 noted no further information regarding Customer 71 than had been noted in previous meetings, being:

- a. the current interest by law enforcement agencies regarding Customer 71 related to money laundering; and
- b. that it had been determined that Customer 71's risk rating should be raised to high risk.

On 18 January 2017 and 16 February 2017, the minutes of the JRAM meeting noted that Customer 71 was on a month's break for responsible gambling issues.

On 16 February 2017, the minutes of the JRAM noted that Customer 71's risk rating had been raised to high risk, and no further action was required.

It was not until 3 March 2017 that Star Sydney issued a WOL in respect of Customer 71. The WOL was issued in response to responsible gaming concerns and not due to any consideration of the higher ML/TF risks posed by Customer 71.

Contravention of s36 of the Act in respect of Customer 71

1996. By reason of the matters pleaded from paragraphs 1984 to 1995, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 71 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

1997. By reason of the matters pleaded at paragraph 1996, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 3 March 2017 with respect to Customer 71.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 72

1998. Customer 72 was a customer of Star Sydney during the relevant period. In 2017, Star Sydney recorded turnover exceeding \$270 million for Customer 72.

Particulars

Customer 72 was a customer of Star Sydney from at least 31 March 2015.

1999. Star Sydney provided Customer 72 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player and junket funder. In 2017, Star Sydney recorded that junkets funded by Customer 72 had a turnover exceeding \$330 million.

Particulars

On 2 September 2016, Star Sydney opened an FMA and SKA for Customer 72 which remain open (item 11, table 3, s6 of the Act).

Between 31 March 2015 and 21 May 2017, Star Sydney approved CCFs for Customer 72 on five occasions ranging from \$10,000,000 to \$50,000,000 (item 6, table 1, s6 of the Act).

See Customer 72's risk profile below.

2000. Customer 72 was a customer of Star Qld during the relevant period. From July to December 2018, Star Qld recorded turnover exceeding \$430 million for Customer 72.

Particulars

Customer 72 was a customer of Star Qld from at least 17 July 2018.

2001. Star Qld provided Customer 72 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player and junket funder. In 2018, Star Qld recorded that junkets funded by Customer 72 had a turnover exceeding \$620 million.

Particulars

On 17 July 2018, Star Qld opened an FMA for Customer 72 which was closed on 30 September 2020 (item 11, table 3, s6 of the Act).

On 29 July 2018, Star Qld opened an SKA for Customer 72 which was closed on 30 September 2020 (item 11, table 3, s6 of the Act).

On 10 July 2018, Star Sydney approved a CCF for Customer 72 for \$50,000,000 (item 6, table 1, s6 of the Act).

See *Customer 72's risk profile* below.

2002. At all times from 30 November 2016 in respect of Star Sydney and 17 July 2018 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 72.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 72's risk profile

2003. On and from 30 November 2016 in respect of Star Sydney and 17 July 2018 in respect of Star Qld, Customer 72, and the provision of designated services to Customer 72 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 72's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 72 had the following risk history:
- i. Customer 72 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

Particulars

Between 2 September 2016 and 4 September 2016, Customer 72 was a player on a junket at Star Sydney.

Star Sydney recorded high turnover totalling \$150,379,450 with wins of \$1,025,000 for Customer 72's gaming activity on junket programs.

Customer 72 provided \$20,000,000 in funding towards the junket program.

- ii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 72 by remitting large amounts of money out of the casino environment via his accounts; and

Particulars

See paragraph 327 above.

For example, on 7 September 2016, Star Sydney sent a telegraphic transfer of \$2,187,747 from Customer 72's SKA to an overseas bank account.

The above transaction was conducted through the Star Patron account channel.

- iii. between 31 March 2015 and 26 August 2016, Star Sydney provided Customer 72 with significant amounts of credit upon request, up to limits of \$20,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 31 March 2015, Star Sydney approved a single trip CCF limit of \$10,000,000 for Customer 72.

On 4 July 2016, Star Sydney approved a single trip CCF limit of \$15,000,000 for Customer 72.

On 26 August 2016, Star Sydney approved a single trip CCF limit of \$20,000,000 for Customer 72.

Customer 72's risk profile from 30 November 2016

- b. Customer 72 was a junket player and junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
 - i. between 20 May 2017 and 23 May 2017, Customer 72 funded a junket at Star Sydney;

Particulars

Customer 72 provided \$29,300,000 in funding towards the junket.

Customer 72 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

- ii. Customer 72 was a junket player on the junket junket that he funded between 20 May 2017 and 23 May 2017;
- iii. Star Sydney recorded that the total cumulative turnover of the junket funded by Customer 72 between 20 May 2017 and 23 May 2017 was \$332,951,970 with losses of \$22,703,841;
- iv. Star Sydney recorded high turnover totalling \$278,183,750 with losses of \$24,999,450 for Customer 72's gaming activity on the junket program that he funded;
- v. between 28 April 2017 and 21 May 2017, Star Sydney provided Customer 72 with significant amounts of credit upon request, up to limits of \$50,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 28 April 2017, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a single trip CCF limit of \$30,000,000 for Customer 72.

On 21 May 2017, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a single trip CCF limit of \$50,000,000 for Customer 72.

- vi. the junket funded by Customer 72 had one junket representative; and
- vii. the junket funded by Customer 72 facilitated the provision of high value designated services to junket operators, junket representatives and junket players

including players in respect of whom Star Sydney had formed suspicions such as Customer 72 himself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- c. Customer 72 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Qld;
 - i. between 26 July 2018 and 7 September 2018, Customer 72 funded a junket at Star Qld;

Particulars

In 2018, Customer 72 was one of the top ten junket funders by amount of funding at Star Gold Coast.

Customer 72 provided \$50,100,000 in funding towards the junket.

Customer 72 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Qld.

- ii. Customer 72 was a junket player on the junket that he funded between 26 July 2018 and 7 September 2018;

Particulars

In 2018, CHOY was one of the top ten junket players by turnover at Star Qld.

- iii. Star Qld recorded that the total cumulative turnover of the junket funded by Customer 72 between 26 July 2018 and 7 September 2018 was \$621,798,473 with losses of \$48,516,055;
- iv. between 26 July 2018 and 7 September 2018, Star Qld recorded high turnover totalling \$437,098,250 with losses of \$47,300,000 for CHOY's gaming activity on the junket program that he funded;
- v. on 10 July 2018, Star Qld provided Customer 72 with a significant amount of credit upon request, up to a limit of \$50,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 10 July 2018, Star Qld approved a single trip CCF limit of \$50,000,000 for Customer 72.

- vi. the junket funded by Customer 72 had one junket representative; and
- vii. the junket funded by Customer 72 facilitated the provision of high value designated services to junket operators, a junket representative and junket players including players in respect of whom Star Qld had formed suspicions such as Customer 72 himself;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

On 26 July 2018, Customer 72 recorded a loss of \$47,300,000. Star Qld had not yet calculated how much commission was to be paid or the final debt to it. Customer 72 advised Star Qld that he was a stock trader. Star Qld noted that at one stage, Customer 72 had \$105,000 in cash which he had deposited into his SKA. The report was lodged due to the large losses sustained by Customer 72: SMR dated 2 August 2018.

- d. designated services provided to Customer 72 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- e. in July 2017, Star made a cash disbursement of \$2,295,609 to repay Customer 72's outstanding CCF;

Particulars

In a report to Star's Credit Committee, the reasons for paying off Customer 72's outstanding CCF included that:

- a. Customer 72 was one of Star's top VIP customers from a foreign country and was influential with other significant players in that region;
 - b. comparable disbursements had been offered to a person associated with Customer 72, being Customer 29;
 - c. Customer 72's actual loss of \$20,000,000 had been repaid; and
 - d. future trips were expected once the debt was cleared.
- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 72 by remitting large amounts of money into the casino environment via his accounts;

Particulars

See paragraph 327 above.

For example, on 7 June 2017, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$20,000,000 where Customer 72 was named as the ordering customer and the beneficiary. The funds were transferred for the purpose of redeeming an outstanding CCF.

The above transaction was conducted through the Star Patron account channel.

- g. Customer 72 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 72 had access to private gaming rooms at Star Sydney, including Lakes Salons, Springs Salons, the Sovereign Room and Rivers Salons.

- h. Customer 72 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 72 had access to private gaming rooms at Star Sydney, including Sovereign Room, Salon 99, Salon 98, Salon 96, Salon 95, Salon 88 and Pit 8.

- i. from April 2019, media reports identified that Star had brought an action against Customer 72 for non-payment of a \$43 million debt; and

Particulars

In April 2019, media reports identified that:

- a. Customer 72 had incurred a debt of \$43,209,853 at Star Gold Coast during a five-day gambling session in July 2018;
 - b. Customer 72 had been flown to Star Gold Coast on a private jet;
 - c. Customer 72 had been gifted at least \$100,000 to gamble;
 - d. Customer 72 had provided Star Sydney with a blank cheque in 2017;
 - e. Customer 72 had been given \$40 million in chips initially and then a further \$10 million in chips several days later;
 - f. Customer 72 refused to pay the debt because of mistakes he said were made by Star gaming staff;
 - g. Star attempted to enforce the debt in a foreign jurisdiction but was unsuccessful; and
 - h. Star was attempting to enforce the debt in Australia.
- j. Star Sydney and Star Qld did not have adequate reason to believe that Customer 72's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 72 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

In 2017, Customer 72 recorded turnover exceeding \$270 million at Star Sydney.

In 2018, Customer 72 recorded turnover exceeding \$430 million at Star Qld.

In 2018, Star understood that Customer 72 was a stock trader. Star systems identified that Customer 72 'possibly' owned an online gambling company in a foreign country.

In April 2019 that Star understood that Customer 72 was a director of a property investment business.

Despite the extremely high value financial and gambling services provided to Customer 72, Star did not take steps to verify his source of funds used for gaming activities, notwithstanding that Star had repaid Customer 72's outstanding CCF of over \$2.2 million in July 2017. While Star had some understanding of Customer 72's stated source of wealth, Star did not take appropriate steps to review, update or verify its understanding of Customer 72's source of wealth.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 72

2004. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 72 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 72.

- a. On and from 30 November 2016, Customer 72 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 72's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. On and from July 2018, Customer 72 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 72's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- c. At no time was Customer 72 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 31 March 2015, Customer 72 was rated low risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 72's transactions

2005. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 72's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 72, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket funders and junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 72 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- d. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 72 through the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 72's KYC information

- 2006. Star Sydney and Star Qld did not review, update and verify Customer 72's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 72's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 72's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 72's source of wealth or source of funds: see *Customer 72's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 72's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 72.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 72's high ML/TF risks

2007. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 72 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 72; and
 - c. reviewing and updating Customer 72's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 72 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 72*.

2008. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 72 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 72; and
 - c. reviewing and updating Customer 72's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 72 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a), rules 15.2 and 15.5 of the Rules.

2009. Had Star Sydney rated Customer 72 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 72.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 72

2010. Star Qld was required to apply the ECDD Programs to Customer 72 following any ECDD triggers in respect of Customer 72.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2011. Customer 72 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

On 2 August 2018, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 72.

2012. The matter pleaded in paragraph 2011 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2013. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 72 following an ECDD trigger because:

- a. on each occasion that Star Qld conducted ECDD in respect of Customer 72 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 72 and the provision of designated services to Customer 72 by Star Qld, and to whether the those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, and 807 to 809 above.

On 16 April 2019, Star Qld conducted ECDD in respect of Customer 72.

The ECDD screening in respect of Customer 72 identified that:

- a. Customer 72's KYC information was up to date;
- b. adverse media was available in respect of Customer 72 which related to Star's attempt to enforce a debt against him;
- c. Customer 72's source of wealth was confirmed to be as a director of a property investment business;
- d. there were reputational risks in respect of Customer 72, but that this was not an ML/TF risk; and
- e. there were no ML/TF risks associated with Customer 72 and so he did not need to be escalated.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 72's higher ML/TF risks: see *Customer 72's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 72's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 72's source of wealth or source of funds: see *Customer 72's risk profile*.

Rules 15.10(2) and (5) of the Rules.

- b. Customer 72 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 72 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 72 and the provision of designated services to Customer 72 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

While Star senior management considered Customer 72 in the context of his credit worthiness and the non-payment of his outstanding debt to Star, Star senior management did not consider the ML/TF risks posed by Customer 72.

Contravention of s36 of the Act in respect of Customer 72

- 2014. By reason of the matters pleaded from paragraphs 1998 to 2013 above, on and from 30 November 2016, Star Sydney:
 - a. did not monitor Customer 72 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

- 2015. By reason of the matters pleaded at paragraph 2014, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 72.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2016. By reason of the matters pleaded from paragraphs 1998 to 2013 above, on and from 17 July 2018, Star Qld:

- a. did not monitor Customer 72 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2017. By reason of the matters pleaded at paragraph 2016, Star Qld contravened s36(1) of the Act on and from 17 July 2018 with respect to Customer 72.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 73

2018. Customer 73 was a customer of Star Qld during the relevant period. Between 2017 and 2021, Star Qld recorded turnover exceeding \$550 million for Customer 73.

Particulars

Customer 73 was a customer of Star Qld from at least 25 September 2013.

On 23 August 2022, Star Qld issued a WOL in respect of Customer 73.

2019. Star Qld provided Customer 73 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period, including services as a junket player.

Particulars

On 12 February 2018, Star Qld opened an FMA for Customer 73 which remains open (item 11, table 3, s6 of the Act).

On 13 February 2018, Star Qld opened an SKA for Customer 73 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 73 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 73's risk profile below.

2020. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 73.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 73's risk profile

2021. On and from 30 November 2016, Customer 73, and the provision of designated services to Customer 73 by Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 73's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 73 had the following risk history:
- i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 73;

Particulars

Star Qld gave the AUSTRAC CEO an SMR relating to Customer 73 on 14 August 2015.

The SMR reported that a customer handed Customer 73 \$50,000 in cash to purchase chips. When asked by Star Qld about the origin of the cash, Customer 73 claimed that the cash was his.

- ii. Customer 73 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded individual rated turnover totalling \$4,044,515 for Customer 73; and

Particulars

See paragraph 752 above.

- iii. Customer 73 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 26 September 2013 and 2 November 2015, Star Qld gave the AUSTRAC CEO six TTRs detailing chip exchanges in respect of Customer 73 totalling \$160,000, which were comprised of:

- a. two outgoing TTRs totalling \$40,000; and
- b. four incoming TTRs totalling \$120,000.

Customer 73's risk profile from 30 November 2016

- b. Customer 73 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
- i. between 2019 and 2020, Customer 73 was a player on five junkets at Star Qld operated by three junket operators;
 - ii. one of the junkets was funded by a person other than the junket operator, including Customer 23;
 - iii. between 2019 and 2020, Star Qld recorded high and escalating turnover totalling \$328,450,421 with losses of \$5,854,755 for Customer 73's gaming activity on junket programs; and

Particulars

In 2019, Customer 73's turnover on junket programs was \$98,621,029 with losses of \$1,884,855.

In 2020, Customer 73's turnover on junket programs escalated to \$229,829,392 with losses of \$3,969,900.

- iv. by September 2018, Star Qld was aware that Customer 73 had a Queensland driver's licence and so was not eligible to play on international programs. Despite this, Customer 73 continued to play on international junket programs in 2019 and 2020 and recorded a turnover exceeding \$320 million on those programs;
- c. designated services provided to Customer 73 lacked transparency as the services were provided through the junket channel at Star Qld;

Particulars

See paragraph 650 above.

- d. Customer 73 was connected to other customers at Star Qld, including junket funders, junket operators, junket players, players who posed higher ML/TF risks and players who Star Qld considered had acted suspiciously such as Customer 54 and Customer 23;

Particulars

See particulars to paragraphs 2021.b, 2021.e, 2021.g and 2021.h.

- e. between 14 February 2018 and 20 January 2020, Customer 73 was referred to Star Qld by Customer 23 and another customer on three occasions;

Particulars

See paragraph 625 above.

Between 14 February 2018 and 20 January 2020, Customer 73 was referred to Star Qld by Customer 23 and another customer on three occasions. On one occasion, Customer 73 attended Star Qld on a rebate program without the player referrer or his junket representative being present.

Customer 23 and the other customer received a commission on amounts wagered by Customer 73, who Star Qld dealt with directly.

- f. Customer 73 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2021, Star Qld recorded high and escalating turnover totalling \$229,879,237 for Customer 73;
 - i. between 2017 and 2021, Star Qld recorded high and escalating individual rated turnover totalling \$144,150,132 for Customer 73; and

Particulars

See paragraph 752 above.

In 2017, Customer 73's individual rated turnover was \$23,332,178.

In 2018, Customer 73's individual rated turnover significantly escalated to \$103,713,285.

In 2019, Customer 73's individual rated turnover was \$8,899,930.

In 2020, when closures due to COVID-19 commenced, Customer 73's turnover remained high.

In 2020, Customer 73's individual rated turnover was \$8,198,559.

In 2021, Customer 73's individual rated turnover was \$6,180.

- ii. between 2018 and 2020, Star Qld recorded high turnover on individual rebate programs totalling \$85,729,105 for Customer 73, with losses of \$4,055,365;

Particulars

See paragraph 623 above.

In 2018, Customer 73's turnover on individual rebate programs was \$6,926,693 with losses of \$377,770.

In 2019, Customer 73's turnover on individual rebate programs significantly escalated to \$67,245,438 with losses of \$3,203,595.

In 2020, when closures due to COVID-19 commenced, Customer 73's turnover dropped but remained high.

In 2020, Customer 73's turnover on individual rebate programs was \$11,556,974 with losses of \$474,000

- g. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 73 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraph 347 to 349 above.

Between 23 September 2018 and 22 January 2020, Customer 73 received transfers into his Star Qld account totalling \$3,410,000, including:

- a. on 23 September 2018, Customer 73 received \$130,000 into his Star Qld account from another customer's FMA: SMR dated 24 September 2018;
- b. between 26 January 2019 and 25 February 2019, Customer 73 received a total of \$3,040,000 from Customer 23's account: SMRs dated 21 February 2019, 26 February 2019; and
- c. on 20 January 2020 and 22 January 2020, Customer 73 received \$850,000 into his account from another customer's account: SMR dated 23 January 2020.

- h. Star Qld was aware that:

- i. Customer 73 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
- ii. Customer 73 transacted using large amounts of cash and cash that appeared suspicious, including cash in envelopes and bundled with rubber bands;

Particulars

See paragraphs 611 to 618 above.

Between 27 January 2017 and 8 August 2022, Star Qld gave the AUSTRAC CEO 53 TTRs in respect of Customer 73 totalling \$3,720,742, which were comprised of:

- a. 38 outgoing TTRs totalling \$3,035,742;
- b. 15 incoming TTRs totalling \$685,000;
- c. \$1,802,000 in chip or cash exchanges;
- d. \$1,436,350 in account deposits or withdrawals; and
- e. \$482,392 in EGM payouts.

Large and suspicious transactions in 2017

On 25 January 2017, Customer 54 signed in Customer 73 and two other Star Qld customers at Star Qld. Customer 54 presented a \$200,000 bank cheque for deposit into his FMA and immediately withdrew the funds in chips. Customer 54 handed Customer 73 \$100,000 in chips. Customer 73 commenced play with \$145,000 in chips. Star Qld was unaware of the source of the additional \$45,000 in chips. Customer 73 recorded winnings of \$49,200 and cashed out \$30,000. Customer 54 later presented \$600,000 in chips for deposit into his account and repurchased the bank cheque: SMR dated 31 January 2017.

On 31 January 2017, Customer 73 exchanged \$100,000 in cash for chips at Star Qld. Several hours later, Customer 73 exchanged \$300,000 in chips for cash. Later in the day, Customer 73 exchanged a further \$100,000 in cash for chips. Star Qld considered that Customer 73's record of play supported the transactions: SMR dated 13 February 2017.

On 1 February 2017, a Star Qld customer exchanged \$40,000 in cash for chips and handed the cashier Customer 73's membership card. Shortly afterwards, Customer 73 stated that the \$40,000 in cash was the customer's and that he was allowing the customer to use his membership card: SMR dated 3 February 2017.

Large and suspicious transactions in 2018

On 12 February 2018, Customer 73 presented a bank cheque for \$180,000 and used the funds to gamble at Star Qld. Customer 73 recorded winnings of \$669,000. Customer 73 cashed out \$590,000 in four separate transactions and took \$570,000: SMR dated 15 February 2018.

On 20 February 2018, Customer 73 deposited \$310,000 in chips into his Star Qld account. Customer 73 was accompanied by two other patrons, including Customer 54. Customer 73 requested to withdraw \$110,000 in cash. Customer 73 then placed \$105,000 into the large yellow envelope held by the second customer. The second customer

left the casino area immediately after receiving the cash. Customer 73 continued to play: SMR dated 20 February 2018.

On 24 September 2018, a Star Qld customer deposited \$50,000 in cash into his account. The cash was all in \$100 notes separated by rubber bands. Customer 73 then joined the customer, took the chips and proceeded to play: SMR dated 25 September 2018.

On 25 September 2018, a Star Qld customer deposited a \$75,000 bank cheque into his FMA. The customer immediately withdrew the \$75,000 and deposited the funds into Customer 73's FMA. Customer 73 withdrew the \$75,000 to play: SMR dated 27 September 2018

On 3 October 2018, a Star Qld customer, in the presence of Customer 23, withdrew \$150,000 in chips from his FMA and handed the chips to Customer 73. Later that day, Customer 23 withdrew \$120,000 in chips from his FMA and handed the chips to the customer who then handed the chips to Customer 73. On 4 October 2018, Customer 73 handed an unknown amount of chips to Customer 23: SMR dated 12 October 2018.

Large and suspicious transactions in 2019

On 1 February 2019, Customer 73 presented two bank cheques totalling \$500,000. On 9 February 2019, Customer 73 presented a bank cheque in the amount of \$200,000: SMR dated 21 February 2019.

Large and suspicious transactions in 2020

On 9 February 2020, Customer 73 presented an EGM voucher for \$100,568 to exchange for cash. After Customer 73 received the cash he handed it to another customer: SMR dated 14 February 2020.

On 19 February 2020, a customer presented \$199,409 in EGM vouchers. Another customer accompanied the customer to translate a request to exchange the ticket for \$190,000 in \$5,000 chips and the remaining \$9,409 in cash. The customer picked up the chips and handed them to a third customer who put the chips in a bag. Customer 73 used \$50,000 in chips from the third customer's bag to play: SMR dated 19 February 2020.

Large and suspicious transactions in 2022

On 28 July 2022, a customer presented an EGM voucher for \$40,023 to exchange for cash. The customer then walked up to a second customer and placed the \$40,000 into a bag worn by the second customer. Around 10 minutes later, the second customer handed the bag to Customer 73. Another 10 minutes later, Customer 73 approached the cashier accompanied by the first and second customers with \$40,000 to purchase chips. Star Qld reviewed the EGM that generated the voucher presented by the first customer and determined that Customer 73 had been playing on the EGM machine, but that at the time of the win, Customer 73's card was removed from the EGM and the first customer's card was inserted.

Star Qld noted that it appeared that Customer 73 and the other customers were trying to disguise the owner of the funds being transacted, and to create the appearance of winnings for the first customer: SMR dated 29 July 2022.

- i. by July 2022, Star Qld acknowledged that Customer 73 was involved in money lending incidents with other customers;

Particulars

See particulars to paragraph 2021.h.

On 29 July 2022, Star Qld reported to AUSTRAC an incident of suspected money lending between patrons in the Sovereign Room, including Customer 73 and two other customers. The incident involved another customer redeeming an EGM ticket for \$40,023 which was in Customer 73's name. Customer 73 then purchased \$40,000 in chips.

Star Qld noted that the three customers had a history of exchanging funds between them.

On 23 August 2022, Star Qld issued a WOL in respect of Customer 73.

- j. designated services provided to Customer 73 included substantial EGM activity at Star Qld;

Particulars

See paragraph 570 and 579 above.

See paragraph 2021.h.

- k. between 2017 and 2018, Customer 73 was the subject of law enforcement enquiries at Star;

Particulars

In January 2017, Star Qld sent correspondence to a law enforcement agency relating to Customer 73.

In March 2018, a law enforcement agency requested details concerning a number of customers including Customer 73. The law enforcement agency alerted Star Qld to the fact that Customer 73 was a person of interest to them.

- l. Customer 73 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 73 had access to private gaming rooms at Star Qld, including the Sovereign Room, the Club Conrad, Pit 8, Salon 90, Salon 95 and Salon 98.

- m. Star Qld did not have adequate reason to believe that Customer 73's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 73 at Star Qld.

Particulars

See paragraph 808 above.

Star Qld was not aware of Customer 73's occupation. Despite this, between 2017 and 2021, Customer 73's cumulative turnover at Star Qld exceeded \$550 million.

Despite being a local player, Star Qld was aware that Customer 73 was a junket player on international junket programs and recorded high and escalating turnover through junket channels. In 2018, Customer 73's individual turnover at Star Qld escalated to over \$115 million. At no time was Star aware of any source of wealth or source of funds which would explain the high value designated services provided to Customer 73.

Star Qld's determination of the ML/TF risks posed by Customer 73

2022. For the reasons pleaded at paragraph 110, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 73 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 73.
- a. On and from 2018, Customer 73 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 73's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 73 rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 31 January 2017, Customer 73 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 3 February 2017, Customer 73 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 73's transactions

2023. At no time did Star Qld apply appropriate transaction monitoring to Customer 73's transactions because:
- a. where Star Qld conducted any transaction monitoring of transactions involving Customer 73, Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 73 through the junket channel;

Particulars

See paragraph 783 above.

- d. Star Qld provided designated services to Customer 73 through multiple accounts and was not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- e. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 73.

Particulars

Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 73 on 12 February 2018, 20 February 2018, 24 September 2018, 3 October 2018, 24 February 2019, 20 January 2020, 21 January 2020, 9 February 2020 or 19 February 2020: See *Customer 73's risk profile*.

The review, update and verification of Customer 73's KYC information

- 2024. Star Qld did not review, update and verify Customer 73's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 73's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 73's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 73's source of wealth or source of funds: see *Customer 73's risk profile*.

- d. to the extent that Star Qld reviewed Customer 73's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 73.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 73's high ML/TF risks

- 2025. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 73 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 73; and
 - c. reviewing and updating Customer 73's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 73 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 73*.

ECDD triggers in respect of Customer 73

- 2026. Star Qld was required to apply the ECDD Programs to Customer 73 following any ECDD triggers in respect of Customer 73.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

- 2027. Customer 73 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 25 January 2017 and 28 July 2022, Star Qld gave the AUSTRAC CEO 22 SMRs with respect to Customer 73.

2028. The matter pleaded in paragraph 2027 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2029. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 73 following an ECDD trigger because:

- a. on each occasion prior to August 2022 that Star Qld conducted ECDD in respect of Customer 73 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 73 and the provision of designated services to Customer 73 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 29 November 2019, Star Qld conducted ECDD in respect of Customer 73.

The ECDD screening in respect of Customer 73 identified that:

- a. Customer 73 lost \$1,623,680 in September 2019 and \$133,675 in October 2019 in table play;
- b. Customer 73 had minor play on gaming machines in September 2019 and October 2019 and had a minor loss of around \$3,000; and
- c. Customer 73 was playing under an international junket operated by a customer that was funded by Customer 23.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 73's higher ML/TF risks: see *Customer 73's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 73's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 73's source of wealth or source of funds: see *Customer 73's risk profile*.

It was not until 23 August 2022 that Star Qld issued a WOL in respect of Customer 73.

- b. Customer 73 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to August 2022 that Customer 73 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 73 and the provision of designated services to Customer 73 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 8 November 2018, Customer 73 was discussed at a PAMM. The minutes of the meetings noted that another customer presented three bank cheques and chips were given to Customer 73.

As a result, the Premium Guest Vice President requested that the AML Administrator speak to the International Marketing Host as the host knew Customer 73 and the other customer. The AML Administrator was asked to report to the Premium Guest Vice President before taking any request further.

It was not until 23 August 2022 that Star Qld issued a WOL in respect of Customer 73.

Contravention of s36 of the Act in respect of Customer 73

2030. By reason of the matters pleaded from paragraphs 2018 to 2029 above, on and from 30 November 2016, Star Qld:
 - a. did not monitor Customer 73 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2031. By reason of the matters pleaded at paragraph 2030, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 23 August 2022 with respect to Customer 73.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 74

2032. Customer 74 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$850,000 for Customer 74.

Particulars

Customer 74 was a customer of Star Sydney from at least 2006.

2033. Star Sydney provided Customer 74 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 4 July 2017, Star Sydney opened an FMA and SKA for Customer 74 which remain open (item 11, table 3, s6 of the Act).

On 9 January 2019, Star Sydney opened a CWA for Customer 74 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 74 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 74's risk profile below.

2034. Customer 74 was a customer of Star Qld during the relevant period. Between 2016 and 2022, Star Qld recorded turnover exceeding \$29 million for Customer 74.

Particulars

Customer 74 was a customer of Star Qld from at least 1995.

2035. Star Qld provided Customer 74 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 23 June 1995, Star Qld opened an FMA for Customer 74 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 74 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 74's risk profile below.

2036. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 74.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 74's risk profile

2037. On and from 30 November 2016, Customer 74, and the provision of designated services to Customer 74 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 74's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 74 had the following risk history:
 - i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 74;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 14 occasions between 3 December 2013 and 14 June 2016.

The SMRs reported that Customer 74 engaged in 14 large and suspicious transactions exceeding \$259,955: see paragraph 2037.a.vi below.

- ii. Customer 74 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high individual rated turnover totalling \$181,970 for Customer 74;

Particulars

See paragraph 752 above.

- iii. Customer 74 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded high individual rated turnover totalling \$1,642,839 for Customer 74;

Particulars

See paragraph 752 above.

- iv. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 74 by remitting large amounts of money into and out of the casino environment via his accounts:

Particulars

Remittances into the casino environment

See paragraphs 278 and 327 above.

Between 27 June 2009 and 17 July 2014, Star Qld gave the AUSTRAC CEO eight incoming IFTIs totalling \$899,990 where Customer 74 was named as the beneficiary, and the ordering customer was a third party overseas, Person 52. The funds were deposited to Customer 74's Star Qld account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 4 July 2016, Star Qld facilitated a telegraphic transfer of \$150,000 from Customer 74's FMA at Treasury Brisbane to an overseas bank account.

Between 4 October 2016 and 7 October 2016, Star Qld facilitated five telegraphic transfers totalling \$135,000 from Customer 74's FMA at Treasury Brisbane to bank accounts located in Australia and overseas.

Each of the above transactions was conducted through the Star Patron account channel.

- v. designated services provided to Customer 74 included substantial EGM activity at Star Qld;

Particulars

See paragraph 570 and 579 above.

See paragraph 2037.a.vi below.

- vi. Star Qld was aware that Customer 74 had engaged in large and suspicious transactions, including cash transactions and transactions involving EGM vouchers; and

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 24 June 2009 and 28 October 2016, Star Qld gave the AUSTRAC CEO 42 TTRs in respect of Customer 74 totalling \$499,968, which were comprised of:

- a. 39 outgoing TTRs totalling \$466,968;
- b. three incoming TTRs totalling \$33,000;
- c. \$258,810 in chip or cash exchanges;
- d. \$30,000 in account deposits or withdrawals; and
- e. \$211,158 in EGM payouts.

Large and suspicious cash transactions

Between 19 November 2013 and 12 June 2016, Customer 74 engaged in 14 large and suspicious transactions exceeding \$259,955, namely:

- a. 12 transactions where Customer 74 deposited EGM vouchers with a cumulative value exceeding \$64,855 into his FMA, where he was not the customer recorded as using the EGM at the time of collection. Most of these transactions involved Star Qld customers who shared a residential address with Customer 74:
SMRs dated 3 December 2013, 9 December 2013, 18 December 2013, 23 December 2013, 4 February 2014, 9 February 2014, 28 July 2014, 25 July 2015, 29 July 2015, 29 October 2015, 3 June 2016 and 14 June 2016;
- b. on 28 January 2015, a third party, Person 52, sent a telegraphic transfer of \$100,000 to Customer 74, which was deposited into Customer 74's FMA. Person 52 had previously sent telegraphic transfers to Customer 74. Star Qld was unaware of any relationship between Customer 74 and Person 52. However, the telegraphic transfer receipt listed the same residential address for Person 52 as was recorded for Customer 74. Customer 74

did not appear to use all of the transferred funds for gambling purposes. The transaction was deemed suspicious as the source of the third-party deposit was unknown and not all of the funds appeared to be for gambling purposes: SMR dated 30 January 2015; and

c. between 11 July 2015 and 12 July 2015, Customer 74 exchanged two EGM vouchers for cash in amounts of \$9,000 and \$9,100. Star Qld noted that Customer 74 had a habit of using membership cards of other family members to record play at Star Qld: SMR dated 11 August 2015.

vii. by March 2015, Star had not recorded any source of wealth for Customer 74;

Particulars

Between February 2015 and March 2015, Customer 74 was discussed at PAMMs.

The minutes of the meetings noted that:

- a. Customer 74's occupation was unknown;
- b. Customer 74 had a monthly loss of \$19,000; and
- c. Customer 74 received telegraphic transfers from third parties.

Customer 74's risk profile from 30 November 2016

- b. Customer 74 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2019, Star Sydney recorded high and escalating turnover totalling \$850,259 for Customer 74;
 - i. in 2017, Star Sydney recorded high individual rated turnover totalling \$175,112 for Customer 74; and

Particulars

See paragraph 752 above.

- ii. between 2017 and 2019, Star Sydney recorded high and escalating turnover on individual rebate programs totalling \$675,147 for Customer 74;

Particulars

See paragraph 623 above.

In 2017, Customer 74's turnover on individual rebate programs was \$338,465.

In 2018, Customer 74's turnover on individual rebate programs was \$96,336.

In 2019, Customer 74's turnover on individual rebate programs escalated to \$240,346.

- c. Customer 74 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2022, Star

Qld recorded high and escalating individual rated turnover totalling \$29,218,587 for Customer 74;

Particulars

See paragraph 752 above.

In 2016, Customer 74's individual rated turnover escalated to \$6,474,991.

In 2017, Customer 74's individual rated turnover was \$4,375,255.

In 2018, Customer 74's individual rated turnover was \$5,772,948.

In 2019, Customer 74's individual rated turnover was \$5,902,897.

In 2020, when closures due to COVID-19 commenced, Customer 74's turnover dropped but remained high.

In 2020, Customer 74's individual rated turnover was \$2,939,502.

In 2021, Customer 74's individual rated turnover was \$3,523,423.

In 2022, Customer 74's individual rated turnover was \$229,570.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 74 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraph 347 to 349 above.

On around 27 December 2017 and 4 January 2019 respectively, Star Sydney received two transfers totalling \$175,000 from Star Qld, both of which were made available to Customer 74's FMA.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 74 by remitting large amounts of money into, out of and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 28 October 2020 and 20 May 2022, Star Qld gave the AUSTRAC CEO 11 incoming IFTIs totalling \$525,000 where Customer 74 was named as the beneficiary and the ordering customer.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 23 May 2022 and 26 May 2022, Star Qld gave the AUSTRAC CEO two outgoing IFTIs totalling \$59,986 where Customer 74 was

named as the beneficiary and the ordering customer. The reason for these transfers was that Customer 74 had informed Star Qld that he resided overseas, and no play was noted at the casino. Star Qld noted that Customer 74 had funds in his FMA that he could use to gamble if he chose. Further, the receipt provided for the transfer was marked 'living expenses'.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraph 347 to 349 above.

Between 28 June 2017 and 4 May 2019, Star Qld facilitated five transfers totalling \$210,000 from Treasury Brisbane to Star Gold Coast, each of which was made available to Customer 74's FMA at Star Gold Coast.

Between 24 December 2017 and 4 February 2019, Star Qld facilitated three transfers totalling \$265,000 from Star Gold Coast to Treasury Brisbane, each of which was made available to Customer 74's FMA at Treasury Brisbane.

On around 27 December 2017 and 4 January 2019 respectively, Star Qld facilitated two transfers totalling \$175,000 from Customer 74's FMA at Treasury Brisbane to Star Sydney.

Between 7 January 2018 and 16 January 2019, Star Qld received three transfers totalling \$49,824 from Star Sydney, each of which was made available to Customer 74's FMA at Treasury Brisbane.

Remittances involving third parties

See paragraphs 278 and 324 above.

2017

In the days leading up to 29 November 2017, Customer 74 received four telegraphic transfers from third parties into his FMA, namely:

- a. between 22 November 2017 and 27 November 2017, \$56,604 from three transaction deposited into Customer 74's FMA from a third party. While Star Qld had in its databases a customer by the same name, it was not aware if they were the same person; and
- b. on 24 November 2017, \$94,982 deposited into Customer 74's FMA from a different third party.

Star Qld noted that Customer 74 had previously recorded numerous overseas transfers into his account. Prior to the telegraphic transfers, Customer 74 had approximately \$130,000 in his FMA. Star Qld noted that the transactions seemed unusual given Customer 74 had enough funds to gamble and because the funds came from third parties: SMR dated 29 November 2017.

2018

On 12 June 2018, Customer 74 received a telegraphic transfer of \$130,000 from Person 52. Star Qld was unaware of any connection between the customers. However, Customer 74 and Person 52 shared an address. Star Qld noted that Customer 74 had sufficient funds in his account prior to the telegraphic transfer: SMR dated 14 June 2018.

Between 25 June 2018 and 19 November 2018, Star Qld received three telegraphic transfers totalling \$89,955 from a third party.

On 4 September 2018, Customer 74 received a telegraphic transfer of \$200,000 from Person 52. Person 52 appeared to be Customer 74's daughter. Customer 74 withdrew the funds in cash from his FMA in units of \$5,000 and sometimes made multiple withdrawals a day.

Star Qld noted that the majority of the funds did not appear to be used for gambling. On 5 September 2018, Customer 74 deposited a \$9,000 EGM voucher into his CWA. However, another Star Qld customer's card was in the EGM when the collect button was hit. Star Qld noted that surveillance confirmed that Customer 74 was playing the EGM at the time: SMR dated 5 September 2018.

2019

Between 25 April 2019 and 18 December 2019, Star Qld received two telegraphic transfers totalling \$185,000 from third parties, including Person 52 and a third party company.

2020

See paragraph 2037.j below.

On 28 September 2020, Star Qld received two third party transfers for Customer 74's benefit which comprised \$10,000 from a third party and \$5,000 which had been deposited at a Smart ATM. Both transfers originated in Victoria. The funds were not released to Customer 74 as he had been in Queensland at the time.

Each of the above transactions was conducted through the Star Patron account channel.

- f. designated services provided to Customer 74 included substantial EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

See paragraph 2037.h below.

- g. designated services provided to Customer 74 included substantial EGM activity at Star Qld;

Particulars

See paragraph 570 and 579 above.

See paragraph 2037.i below.

On five occasions between September 2018 and October 2019, Customer 74 presented EGM vouchers totalling \$83,070 in circumstances where the card of one of three other Star Qld customers was in the EGM at the time of collection:

- a. on 12 September 2018, Customer 74 deposited EGM voucher for \$11,280 into his FMA. Another customer's card was in the EGM at the time of collection. Both customers shared a surname and a residential address: SMR dated 13 September 2018;
- b. on 7 February 2019, 8 February 2019 and 12 October 2019, Customer 74 deposited EGM vouchers for \$15,100, \$27,000 and \$16,000 respectively into his FMA. Customer 74's wife's card was in the EGM at the time of collection. Both customers had the same residential address and phone number: SMRs dated 7 February 2019, 9 February 2019, 13 October 2019; and
- c. on 16 June 2019, Customer 74 deposited an EGM voucher for \$13,690 into his FMA. Another customer's card was in the EGM at the time of collection. Both customers shared a residential address: SMR dated 18 June 2019.

On each of the above occasions, Star Qld considered the transaction to be suspicious because Customer 74 was presenting an EGM voucher when records suggested he was not the customer using the EGM at the time of collection. Star Qld considered that Customer 74 may have been attempting to avoid reporting thresholds by using cards not connected to his customer profile.

- h. Customer 74 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 5 July 2017 and 5 January 2018, Star Sydney gave the AUSTRAC CEO 17 TTRs in respect of Customer 74 totalling \$220,460, which were comprised of:

- a. 16 outgoing TTRs totalling \$170,460;
- b. one incoming TTR of \$50,000;
- c. \$180,000 in account deposits or withdrawals; and
- d. \$40,460 in EGM payouts.

- i. Customer 74 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 19 December 2016 and 18 October 2022, Star Qld gave the AUSTRAC CEO 216 TTRs in respect of Customer 74 totalling \$2,226,998, which were comprised of:

- a. 214 outgoing TTRs totalling \$2,196,953;

- b. two incoming TTRs totalling \$30,045;
 - c. \$1,370,045 in account deposits or withdrawals; and
 - d. \$856,953 in EGM payouts.
- j. Star Qld was aware that Customer 74 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose and involved substantial EGM activity and money remitted to Star Qld by third parties;

Particulars

Star Qld was aware that Customer 74 would regularly use membership cards of his family members to gamble at Star Qld. In September 2019, Customer 74 advised Star Qld that he used those cards to ensure that his family maintained a high tier level at Star Qld and had access to the corresponding complimentary services.

Between 1 September 2020 and 4 September 2020, Star Qld informed Customer 74 that he must cease using membership cards of his family members to gamble. Star Qld noted that in the 18 months leading up to September 2020, Customer 74 had consistently received telegraphic transfers of \$30,000. Further, in some months, he had received up to three telegraphic transfers of between \$20,000 and \$110,000. The funds originated overseas. Customer 74 seemed to take all of the funds in withdrawals of \$5,000 cash at a time. Star Qld noted that EGMs required cash to be inserted.

On 7 September 2020, Customer 74 asked Star Qld staff:

- a. whether his wife, as his power of attorney, would be able to access his Star Qld funds in the event that he was incapacitated; and
- b. for documentation to authorise his wife to be able to access his funds in such an event.

After seeking advice, Star Qld declined Customer 74's requests. Star Qld noted that it seemed that Customer 74 was trying to keep his funds out of his wife's name: SMR dated 9 September 2020.

In October 2020, Star Qld noted that, since its discussion with Customer 74 in September 2019, Customer 74 had continued to use membership cards of his family members but would only issue tickets under \$9,000: SMR dated 2 October 2020

On 21 November 2021, Customer 74 withdrew \$5,000 in cash from his FMA. Customer 74 told a Star Qld staff member that he had not visited Star Qld for some time because he believed that the staff there did not like him. He informed Star Qld staff that he was eager to leave Australia and no longer be a resident for tax purposes. Star Qld considered these comments to be unusual: SMR dated 26 November 2021.

- k. Star Qld was aware that Customer 74 received third party deposits, including deposits made overseas, from unknown sources;

Particulars

On 28 September 2020, Star Qld received \$10,000 from one third party and \$5,000 which had been deposited at a Smart ATM.

Customer 74 received another six third party deposits totalling \$38,000 which originated at ATMs around Sydney and were each below the reporting threshold. Star Qld requested that Customer 74 stop having funds sent to Star Qld this way. Star Qld believed that the funds had been sent by Customer 74's associates or family members.

Customer 74 advised Star Qld that he had arranged for \$215,000 to be deposited by his friends but that he did not want his family to know about it.

On 29 September 2020, Star Qld sought more information in respect of the transactions on 28 September 2020 and attempted to return the Smart ATM funds. Star Qld noted that these deposits were unusual, given that Customer 74 already had \$100,000 in his FMA at this time: SMR dated 2 October 2020.

On 30 October 2020, Customer 74 contacted Star Qld asking for the letter as proof for the remitter. Star Qld noted that Customer 74 had stated in August 2019 that he sent \$30,000 a month from a foreign country, which was the limit imposed by the banks in that country. Further, on 29 September 2020, he had claimed that his friends were sending money to him, not a remitter: SMR dated 3 November 2020.

By 3 November 2020, the funds received by Star Qld on 28 September 2020 had not been released to Customer 74. Customer 74 stated that the funds had been sent using an overseas remitter who had organised for unknown people to make small deposits using Smart ATMs. Customer 74 requested:

- a. a letter from Star Qld to indicate that the funds had been received but were not accepted; and
- b. a document to indicate that Star Qld required the bank details and the names of the senders of the funds to accept the transfers.

Star Qld noted that Customer 74 claimed not to know the remitter and so it was unclear who or for what reason the letter was required.

On or about 24 December 2020, Customer 74 made a statutory declaration which explained the reason the funds had been sent to Star Qld by a series of third party deposits on 28 September 2020. The funds were subsequently released to Customer 74's FMA: SMR dated 24 December 2020.

- I. on and from 4 February 2022, Customer 74 had significant parked or dormant funds in his FMA at Star Qld;

Particulars

See paragraph 284 above.

On and from 4 February 2022, Customer 74 had \$70,000 parked in his Star Qld FMA. Customer 74 recorded no further play after this date and Star Qld was aware that he had relocated to a foreign country, apparently on the advice of his accountant.

On 1 March 2022, Star Qld received a telegraphic transfer of \$30,000 from a bank in a foreign country for the benefit of Customer 74, which was deposited into his FMA, bringing the balance of his FMA to \$100,000.

On 9 May 2022, Star Qld received a further telegraphic transfer of \$30,000 from a bank in a foreign country for the benefit of Customer 74. Star Qld noted that:

- a. there had been no transactions on the FMA after 4 February 2022;
- b. it seemed unusual for Customer 74 to continue to send funds to his FMA when they were not being accessed, and when there were ample funds already available in his FMA for gambling; and
- c. Customer 74 had received transfers into his FMA for the same amount, on average once per month, dating back to 2018, with funds being withdrawn for gaming purposes, predominantly using EGMs.

Star Qld instructed its bank to return to the remitter the funds received on 9 May 2022. Star Qld also sent a communication to Customer 74's casino host to advise that it would not be accepting further telegraphic transfers from him until he had used the \$100,000 remaining in his FMA.

On 13 May 2022, Star Qld received a further telegraphic transfer of \$30,000 from a bank in a foreign country for the benefit of Customer 74, which Star Qld immediately requested to be returned to the remitter. Star Qld noted that the telegraphic transfer request, which Customer 74 had signed, indicated that the reason for the transfer was 'living expenses': SMRs dated 13 May 2022 and 26 May 2022.

- m. Customer 74 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring and cuckoo smurfing at Star Qld;

Particulars

See paragraph 25 above.

Transactions indicative of structuring

On the following occasions, Customer 74 was involved in transactions indicative of the ML/TF typology of structuring:

- a. on 5 September 2018, Star Qld noted that Customer 74 had a habit of withdrawing cash in units of \$5,000 and would

sometimes make several of these withdrawals a day: SMR dated 5 September 2018; and

- b. on 2 October 2020, Star Qld noted that Customer 74 had changed his betting habits so that he would use cards of his family members when playing on EGMs but would only issue tickets up to \$9,000: SMR dated 2 October 2020.

Transactions indicative of cuckoo smurfing

On 28 September 2020, Star Qld received a third party transfer of \$5,000 for Customer 74's benefit. On 29 September 2020, Star Qld received a further six third party transfers totalling \$38,000, each of which was under the reporting threshold. Ultimately, it was determined that the funds were sourced from a foreign remitter who had organised for unknown people to make small deposits at various locations in Australia using Smart ATMs. This form of international remittance was indicative of the ML/TF typology of cuckoo smurfing.

- n. Customer 74 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 74 had access to private gaming rooms at Star Sydney, including Sovereign Harbourside, Springs Salons and Chairman's.

- o. Customer 74 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 74 had access to private gaming rooms at Star Qld, including the Suite, the Sovereign Room, Pit 11 and Orchid.

- p. Star Sydney and Star Qld did not have adequate reason to believe that Customer 74's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 74 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By 30 November 2016, Star was not aware of Customer 74's occupation. In 2016, Customer 74's turnover escalated at Star Qld to over \$6 million. In 2017, Customer 74's turnover escalated at Star Sydney to over \$330,000.

It was not until September 2021 that Star Qld believed that Customer 74 had some, unspecified, business interests in a foreign country: SMR dated 26 November 2021.

By and from 30 November 2016, Customer 74 would regularly receive international third party transfers. Customer 74 used those

funds, at least in part, to gamble using membership cards belonging to others. Star Qld was aware that:

- a. Customer 74 seemed to withdraw funds in cash from his FMA in units of \$5,000 and sometimes made multiple of these withdrawals a day;
- b. Customer 74 seemed to be using the majority of the funds withdrawn for reasons other than gambling; and
- c. many of the third party telegraphic transfers received by Star Qld in favour of Customer 74 occurred in circumstances where Customer 74 already had sufficient funds in his FMA to gamble.

Customer 74 regularly engaged in transactions indicative of the ML/TF typology of structuring and, in 2020, Customer 74 received third party remittances indicative of the ML/TF typology of cuckoo smurfing. There were real risks associated with Customer 74's source of funds.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 74

2038. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 74 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 74.

- a. On and from 30 November 2016, Customer 74 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 74's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 74 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 9 April 2014, Customer 74 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 74's transactions

2039. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 74's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 74, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 74 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- c. Star Sydney and Star Qld provided designated services to Customer 74 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 74's KYC information

- 2040. Star Sydney and Star Qld did not review, update and verify Customer 74's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 74's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 74's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 74's source of wealth and source of funds were not legitimate: see *Customer 74's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 74's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 74.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 74's high ML/TF risks

2041. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 74 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 74; and
- c. reviewing and updating Customer 74's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 74 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 74*.

2042. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 74 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 74; and
- c. reviewing and updating Customer 74's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 74 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

2043. Had Star Sydney rated Customer 74 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 74.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 74

2044. Star Qld was required to apply the ECDD Programs to Customer 74 following any ECDD triggers in respect of Customer 74.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2045. Customer 74 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 29 November 2017 and 26 May 2022, Star Qld gave the AUSTRAC CEO 15 SMRs with respect to Customer 74.

2046. The matter pleaded in paragraph 2045 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2047. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 74 following an ECDD trigger because:

- a. on each occasion that Star Qld conducted ECDD in respect of Customer 74 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 74 and the provision of designated services to Customer 74 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 15 February 2019, 19 June 2019, 28 August 2019 and 9 September 2020, Star Qld conducted ECDD in respect of Customer 74.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 74's higher ML/TF risks: see *Customer 74's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 74's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 74's source of wealth and source of funds were not legitimate: see *Customer 74's risk profile*.

- b. Customer 74 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 74 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 74 and the provision of designated services to Customer 74 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

In 2020, following suspicious third party telegraphic transfers received for Customer 74's benefit, Star senior management considered the nature of the deposits. Ultimately, the funds were released to Customer 74: see paragraph 2037.k above.

On 12 August 2021 and 22 September 2021, following an ECDD screening, the Due Diligence Program Manager determined to continue a business relationship with Customer 74. The Due Diligence Program Manager noted that no adverse information was recorded in the ECDD screening. This was despite the matters pleaded above: see *Customer 74's risk profile*.

On 26 November 2021, following an ECDD screening, the Due Diligence Program Manager determined to continue a business relationship with Customer 74. The Due Diligence Program Manager noted that:

- a. 13 SMRs had been submitted in respect of Customer 74 since June 2016, but that only one had been submitted since TrackVia went live in April 2021; and
- b. no adverse information was noted in the ECDD screening. This was despite the matters pleaded above: see *Customer 74's risk profile*.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 74's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high and escalating turnover;
- b. Customer 74's source of funds (r15.10(2)(b) of the Rules), having regard to the higher ML/TF risks as to their source of funds: see *Customer 74's risk profile* above.

Contravention of s36 of the Act in respect of Customer 74

2048. By reason of the matters pleaded from paragraphs 2032 to 2047 above, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 74 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2049. By reason of the matters pleaded from paragraphs 2032 to 2047 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 74 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2050. By reason of the matters pleaded at paragraphs 2048 and 2049, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 74.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 75

2051. Customer 75 was a customer of Star Sydney during the relevant period. Between 2017 and 2018, Star Sydney recorded turnover exceeding \$19 million for Customer 75.

Particulars

Customer 75 was a customer of Star Sydney from at least 16 December 2015.

2052. Star Sydney provided Customer 75 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 27 October 2017, Star Sydney opened an FMA and SKA for Customer 75 which remain open (item 11, table 3, s6 of the Act).

Between 16 December 2015 and 17 October 2018, Star Sydney approved CCFs for Customer 75 on two occasions ranging from \$2,000,000 to \$3,000,000, with a single trip additional limit of \$1,500,000 (item 6, table 1, s6 of the Act).

See Customer 75's risk profile below.

2053. Customer 75 was a customer of Star Qld during the relevant period.

Particulars

Customer 75 was a customer of Star Qld from at least 2012.

2054. Star Qld provided Customer 75 with designated services within the meaning of table 1, s6 of the Act during the relevant period.

Particulars

On 4 February 2019, Star Qld approved a CCF for Customer 75 with a limit of \$5,000,000 (item 6, table 1, s6 of the Act).

See Customer 75's risk profile below.

2055. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 75.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 75's risk profile

2056. On and from 30 November 2016, Customer 75, and the provision of designated services to Customer 75 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 75's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 75 had the following risk history:
- i. on 16 December 2015, Star Sydney provided Customer 75 with significant amounts of credit upon request, with limits of up to \$2,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 16 December 2015, Star Sydney senior management, including the Chief Executive Officer and the Chief Casino Officer, approved a single trip CCF limit of \$2,000,000 for Customer 75.

- ii. numerous media reports named Customer 75 as a person who had been arrested in a foreign country, was a reputed member of an organised crime syndicate and was involved in casino operations;

Particulars

Publicly accessible media articles dated from 1995 reported that:

- a. Customer 75 had been arrested in a foreign country in connection with an alleged assault offence and conspiracy to pervert the course of justice by a law enforcement agency concerned with organised crime and criminal syndicates; and
- b. Customer 75's brother had been arrested and charged with attempts to pervert the course of justice, criminal intimidation and false imprisonment.

Publicly accessible media articles dated from 1997 reported that Customer 75's brother, who was also his business partner, was rumoured to be a member of an organised crime syndicate.

Publicly accessible media articles dated from 2007 reported that Customer 75 and his business ventures had acquired stakes in,

financed or developed extensive casino operations in a foreign country.

In 2009, in a publicly accessible report from a foreign gaming commission named Customer 75 as a person reputed to be a member of an organised crime syndicate.

The same report named Customer 75's brother as an alleged senior office bearer of an organised crime syndicate.

Star Sydney's and Star Qld's due diligence records did not contain details of these reports.

Customer 75's risk profile from 30 November 2016

- b. Customer 75 was a foreign PEP;

Particulars

See paragraph 115 above.

Customer 75 was a former member of a foreign political body.

- c. Customer 75 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2018, Star Sydney recorded high turnover on individual rebate programs totalling \$19,211,530 with losses of \$872,100 for Customer 75;

Particulars

See paragraph 623 above.

In 2017, Customer 75's turnover on individual rebate programs was \$16,270,020 with losses of \$943,100.

In 2018, Customer 75's turnover on individual rebate programs was \$2,941,510 with wins of \$71,000.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 75 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

On 29 November 2017, Star Sydney received a telegraphic transfer of \$791,756, which it made available to Customer 75's account for the purpose of repaying an outstanding CCF.

The above transaction was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above. On 7 November 2018, Star Sydney sent a telegraphic transfer of \$81,648 from Customer 75's FMA to an overseas bank account.

The above transaction was conducted through the Star Patron account channel.

- e. between 18 October 2017 and 17 October 2018, Star Sydney provided Customer 75 with significant amounts of credit upon request, up to limits of \$4,500,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 18 October 2017, Star Sydney senior management, including the Chief Executive Officer and the Chief Casino Officer, approved a single trip CCF limit of \$2,000,000 with an additional trip only limit of \$1,000,000 for Customer 75.

On 17 October 2018, Star Sydney approved a single trip CCF limit of \$3,000,000 with an additional trip only limit of \$1,500,000 for Customer 75.

- f. on 4 February 2019, Star Qld provided Customer 75 with significant amounts of credit upon request, up to limits of \$5,000,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 4 February 2019, Star Qld approved a single trip CCF limit of \$5,000,000.

- g. Customer 75 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 75 had access to private gaming rooms at Star Sydney, including Rivers Salons, Harbour Salons, Oasis and the Sovereign Room.

- h. Star Sydney and Star Qld did not have adequate reason to believe that Customer 75's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 75 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 75 was the executive director and chairman of a company.

By 30 November 2016, open source media reports and foreign gaming commission reports named Customer 75 as a person who had been arrested in a foreign country, was a reputed member of an organised crime syndicate and was involved in casino operations.

There were real risks associated with Customer 75's source of wealth. Despite this, in 2017 and 2018, Customer 75's turnover on individual rebate programs exceeded \$19 million.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 75

2057. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 75 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 75.

- a. On and from 30 November 2016, Customer 75 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 75's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 20 October 2017 that Customer 75 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 20 October 2017, Customer 75 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 75 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 75's transactions

2058. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 75's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 75, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 75 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 75's KYC information

2059. Star Sydney and Star Qld did not review, update and verify Customer 75's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC

information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 75's business with Star Sydney and Star Qld, including the nature, extent and purpose of his transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 75's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 75's source of wealth and source of funds were not legitimate: see *Customer 75's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 75's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 75.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 75

- 2060. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 75 following any ECDD triggers in respect of Customer 75. In particular, because Customer 75 was a foreign PEP, Star Sydney and Star Qld were required to:
 - a. undertake detailed analysis of Customer 75's KYC information including taking reasonable measures to identify the source of Customer 75's wealth and the source of Customer 75's funds; and
 - b. seek senior management approval for continuing a business relationship with Customer 75 and whether Star Sydney and Star Qld should continue to provide a designated service to Customer 75.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.10(2), 15.10(6) and 15.11 of the Rules.

- 2061. Customer 75:

- a. at all times was a foreign PEP; and

Particulars

See *Customer 75's risk profile* above.

- b. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 20 October 2017, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 75 was high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 75* above.

2062. Each matter pleaded in paragraph 2061 was an ECDD trigger.

Particulars

See paragraphs 792, 798 and 799 above.

2063. It was not until 20 October 2017 that Star Sydney and Star Qld identified that Customer 75 was a foreign PEP.

2064. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 75 following the ECDD triggers:

- a. on each occasion that Star Sydney and Star Qld conducted ECDD in respect of Customer 75 in response to an ECDD trigger, they failed to give appropriate consideration to whether the ML/TF risks posed by Customer 75 and the provision of designated services to Customer 75 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite. In particular, Star Sydney and Star Qld failed to monitor Customer 75 as a foreign PEP because:
- i. Star Sydney's or Star Qld's analysis of Customer 75's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 75;
- ii. Star Sydney's or Star Qld's analysis of Customer 75's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 75;

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 810 above.

On 15 October 2019, 14 December 2020 and 2 August 2021, Star conducted ECDD in respect of Customer 75.

On 2 August 2021, the ECDD screening in respect of Customer 75 identified that:

- a. Customer 75 was an inactive foreign PEP;
- b. Customer 75 was the executive director and chairman of a foreign company; and

- c. no other adverse findings were available through open source searches.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to his higher ML/TF risks: see *Customer 75's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 75's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 75's source of wealth and source of funds were not legitimate: see *Customer 75's risk profile*.

- iii. Customer 75 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney or Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- iv. any senior management approval regarding Customer 75 failed to give appropriate consideration to the ML/TF risks posed by Customer 75 and the provision of designated services to Customer 75 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810 above.

On 2 August 2021, following an ECDD screening, the Due Diligence Program Manager noted that Customer 75 was described as an inactive foreign PEP in a risk intelligence database, but determined to maintain a customer relationship with Customer 75.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 75's source of wealth (r 15.10(2)(a) of the Rules);
and
- b. Customer 75's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting high ML/TF risks as to his source of funds: see *Customer 75's risk profile* above.

Contravention of s36 of the Act in respect of Customer 75

2065. By reason of the matters pleaded from paragraphs 2051 to 2064, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 75 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and

- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2066. By reason of the matters pleaded at paragraph 2065, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 75.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 76

2067. Customer 76 was a customer of Star Sydney during the relevant period. Between 3 May 2019 and 17 August 2019, Star Sydney recorded turnover exceeding \$64 million for Customer 76.

Particulars

Customer 76 was a customer of Star Sydney from 10 June 2015.

2068. Star Sydney provided Customer 76 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 14 June 2015, Star Sydney opened an FMA and SKA for Customer 76 which remain open (item 11, table 3, s6 of the Act).

Between 10 June 2015 and 9 April 2019, Star Sydney approved CCFs for Customer 76 on three occasions ranging from \$800,000 to \$1,500,000 (item 6, table 1, s6 of the Act).

See *Customer 76's risk profile* below.

2069. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 76.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 76's risk profile

2070. On and from 30 November 2016, Customer 76, and the provision of designated services to Customer 76 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 76's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 76 had the following risk history:
- i. Star Sydney provided Customer 76 with significant amounts of credit upon request, up to limits of \$1,500,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 10 June 2015, Star Sydney senior management approved a single trip CCF for Customer 76 with a limit of \$1,500,000.

Customer 76's risk profile from 30 November 2016

- b. Customer 76 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with junkets at Star Sydney;
 - i. between 3 May 2019 and 8 May 2019 Customer 76 funded a junket at Star Sydney;

Particulars

Customer 76 provided \$1,500,000 in funding for a junket operator at Star Sydney.

Customer 76 funded the junket operator in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

Customer 76 attended the junket program that he funded as a player.

- ii. Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 76 between 3 May 2019 and 8 May 2019 was \$10,917,179 with wins of \$1,460,830; and
- iii. the junkets funded by Customer 76 facilitated the provision of high value designated services to a junket operator and junket players;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

- c. Customer 76 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 3 May 2019 and 17 August 2019, Customer 76 was a player on two junkets at Star Sydney operated by two junket operators;
 - ii. one of the junkets was funded by a person other than the junket operator, being Customer 76; and
 - iii. between 3 May 2019 and 17 August 2019, Star Sydney recorded high turnover totalling \$64,036,960 with losses of \$1,271,635 for Customer 76's gaming activity on junket programs;

Particulars

In August 2016, Customer 76 was one of the top ten international players at Star Sydney by wins or losses.

- d. designated services provided to Customer 76 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- e. between 3 August 2017 and 9 April 2019, Star Sydney provided Customer 76 with significant amounts of credit upon request, up to limits of \$1,500,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 3 August 2017, Star Sydney senior management, including the Chief Executive Officer, approved a single trip CCF limit of \$800,000 for Customer 76.

On 9 April 2019, Star Sydney senior management approved a single trip CCF limit of \$1,500,000 for Customer 76.

- f. Customer 76 requested that Star Sydney prepare letters purportedly confirming his winnings;

Particulars

See paragraphs 337 and 338 above.

On 7 May 2019, Star Sydney issued a letter of comfort purportedly confirming Customer 76's rated winnings of \$1,406,110 between 3 May 2019 and 7 May 2019.

- g. Customer 76 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 76 had access to private gaming rooms during a junket program he attended at Star Sydney, which were exclusive to the junket, including Salon 97 and Salon 98.

- h. Star Sydney did not have adequate reason to believe that Customer 76's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 76 at Star Sydney.

Particulars

See paragraph 808 above.

At all times, Star Sydney recorded Customer 76's occupation as 'accountant'. At no time was Customer 76's stated source of wealth commensurate with the high value designated services provided to him by Star Sydney.

Star Sydney's determination of the ML/TF risks posed by Customer 76

- 2071. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 76 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 76.

- a. On and from 3 May 2019, Customer 76 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 76's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 76 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 13 June 2019, Customer 76 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 76's transactions

2072. At no time did Star Sydney apply appropriate transaction monitoring to Customer 76's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 76, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket funders and junket players; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 76 through the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 76's KYC information

2073. Star Sydney did not review, update and verify Customer 76's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a), (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 76's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 76's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 76's source of wealth or source of funds: see *Customer 76's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 76's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 76.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 76's high ML/TF risks

2074. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 76 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 76; and
- c. reviewing and updating Customer 76's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 76 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

2075. Had Star Sydney rated Customer 76 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 76.

Particulars

Rule 15.9 of the Rules.

Contravention of s36 of the Act in respect of Customer 76

2076. By reason of the matters pleaded from paragraphs 2067 to 2075 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 76 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2077. By reason of the matters pleaded at paragraph 2076, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 76.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 77

2078. Customer 77 was a customer of Star Sydney during the relevant period. Between 2016 and 2022, Star Sydney recorded turnover exceeding \$5.6 million for Customer 77.

Particulars

Customer 77 was a customer of Star Sydney from at least 22 April 2008.

On 15 June 2022, Star Sydney issued a WOL in respect of Customer 77.

2079. Star Sydney provided Customer 77 with designated services within the meaning of tables 1 and 3, s6 of the Act during the relevant period.

Particulars

On 11 November 2008, Star Sydney opened an FMA and SKA for Customer 77 which was closed on 19 July 2021 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 77 remitted funds to and from his FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 77's risk profile* below.

2080. Customer 77 was a customer of Star Qld during the relevant period. Between 2016 and 2018, Star Qld recorded turnover exceeding \$4 million for Customer 77.

Particulars

Customer 77 was a customer of Star Qld from at least 22 October 2008.

On 15 June 2022, Star Qld issued a WOL in respect of Customer 77.

2081. Star Qld provided Customer 77 with designated services within the meaning of tables 1 and 3, s6 of the Act during the relevant period.

Particulars

On 22 October 2016, Star Qld opened an FMA and SKA for Customer 77 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 77 remitted funds to and from his FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 77's risk profile* below.

2082. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 77.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 77's risk profile

2083. At all times from 30 November 2016, Star Sydney and Star Qld were aware that Customer 77 had been the subject of proceeds of crime proceedings in 2013 in respect of funds held in Customer 77's FMA at Star Sydney.

Particulars

On 2 September 2013, Star Sydney was ordered to transfer funds held in Customer 77's FMA at Star Sydney pursuant to restraining orders issued by an Australian court under proceeds of crime legislation.

On 21 October 2014, Star Sydney was issued with a notice to produce by a law enforcement agency in respect of Customer 77.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

2084. At all times from 30 November 2016, publicly accessible media reports from November 2015 named Customer 77 as a person who laundered money at Star Sydney.

Particulars

On 10 November 2015, a media article reported that law enforcement had been successful in civil proceedings against Customer 77 alleging that he had run an "unregistered credit network" that provided undeclared cash and loaned money directly to gamblers at Star Sydney.

Media articles also reported that Customer 77 had directed an individual to deposit \$500,000 in cash at the casino but that the funds had been intercepted by law enforcement.

Star Sydney's and Star Qld's due diligence records did not contain details of these reports.

2085. In March 2017, that Star senior management made enquiries with law enforcement regarding the status of civil and criminal proceedings for money laundering and proceeds of crime offences against Customer 77.

Particulars

After Customer 77 attended Star Qld in March 2017, Star senior management, including the Group Investigations Manager, conducted enquiries with law enforcement as to the status of proceedings against Customer 77.

Star senior management were informed by law enforcement that it had pursued civil and criminal proceedings for money laundering and proceeds of crime offences against Customer 77. The criminal proceedings were withdrawn with no formal convictions recorded. The civil proceedings were enforced by way of restraining order for the forfeiture of funds in 2013.

2086. In July 2017, Customer 77 was the subject of further law enforcement enquiries at Star.

Particulars

In July 2017, a law enforcement agency issued a notice to produce seeking financial and gaming records held by Star Sydney in respect of Customer 77.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: See paragraph 49 above.

2087. Despite rating Customer 77 high risk for the purpose of the Act and Rules from 29 September 2014, Star Sydney and Star Qld did not conduct ECDD on Customer 77 until September 2019.

Particulars

See paragraph 2097 below.

2088. Notwithstanding the matters raised above, Star Sydney and Star Qld continued to provide designated services to Customer 77 on and from 30 November 2016.

Particulars

See paragraph 2089 below.

2089. In addition to the matters raised above, on and from 30 November 2016, Customer 77, and the provision of designated services to Customer 77 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 77's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 77 had the following risk history:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 77;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on four occasions between 20 December 2011 and 28 December 2011.

The SMRs reported that Customer 77 and his associates transacted using large amounts of cash and cash that appeared suspicious, and had requested a casino cheque for a large amount, despite recording no play.

The SMRs also reported that on 28 December 2011, Customer 77 was issued a Star Sydney cheque for \$3,700,000 and the funds were withdrawn from his front money account. Star Sydney believed these transactions were suspicious due to the large movement of cash involved and the fact that Customer 77 had no recorded play in this period.

- ii. between 2008 and 2016, Customer 77 transacted using large amounts of cash at Star Sydney and cash that appeared suspicious, including large volumes of cash in small notes in suitcases;

Particulars

TTRs

Between 23 April 2008 and 21 November 2016, Star Sydney gave the AUSTRAC CEO 29 TTRs involving Customer 77, totalling \$4,815,705, including:

- a. 26 TTRs detailing chip and cash totalling \$345,805; and
- b. 3 TTRs detailing account deposits totalling \$4,469,900.

Large and suspicious cash transactions in 2011

On three occasions in December 2011, Customer 77 and third parties presented at the cage with large amounts of cash contained in suitcases and deposited the cash into his front money account at Star Sydney:

- a. on 20 December 2011, Customer 77 deposited \$2,497,100 in cash consisting of \$262,200 in \$100 notes, \$2,193,750 in \$50 notes, \$40,160 in \$20 notes, \$780 in \$10 notes, and \$210 in \$5 notes;
- b. on 21 December 2011, Customer 77 deposited \$1,599,800 consisting of \$3000 in \$100 notes, \$1,513,600 in \$50 notes, \$80,200 in \$20 notes, and \$3000 in \$10 notes; and
- c. on 24 December 2011, third parties deposited \$400,000 cash into Customer 77's front money account at Star Sydney.

- iii. in 2015, Customer 77 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded individual rated turnover totalling \$159,209 for Customer 77; and

Particulars

See paragraph 752 above.

- iv. in 2011, Customer 77 was the subject of law enforcement enquiries on one occasion at Star;

Particulars

On 21 December 2011, law enforcement officers spoke to Customer 77 while he was depositing \$1,599,800 at the Cage at Star Sydney.

Star Sydney was aware that funds held in Customer 77's FMA at Star Sydney had been seized under proceeds of crime legislation:
see paragraph 2083.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: See paragraph 49 above.

Customer 77's risk profile from 30 November 2016

- b. from 30 November 2016, Customer 77 continued to receive high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2022, Star Sydney recorded high and escalating individual rated turnover totalling \$5,656,893 for Customer 77;

Particulars

See paragraph 752 above.

In 2016, Customer 77's individual rated turnover was \$806,556.

In 2017, Customer 77's individual rated turnover escalated to \$3,756,405.

In 2018, Customer 77's individual rated turnover was \$778,695.

In 2019, Customer 77's individual rated turnover was \$125,118.

In 2020, Customer 77's individual rated turnover was \$182,032.

In 2021, Customer 77's individual rated turnover was \$7,893.

In 2022, Customer 77's individual rated turnover was \$194.

- c. from 30 November 2016, Customer 77 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2018, Star Qld recorded high and escalating individual rated turnover totalling \$4,000,415 for Customer 77;

Particulars

See paragraph 752 above.

In 2016, Customer 77's individual rated turnover was \$1,927,707 at Star Gold Coast.

In 2017, Customer 77's individual rated turnover was \$1,798,580 at Star Gold Coast and \$166,837 at Treasury Brisbane.

In 2018, Customer 77's individual rated turnover was \$107,291 at Treasury Brisbane.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 77 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraph 347 to 349 above.

For example, on 29 April 2017, Star Sydney received a transfer of \$150,000 from Star Qld, which it made available to Customer 77's account.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 77 by remitting large amounts of money into and within the casino environment;

Particulars

Remittances involving third parties

See paragraphs 278 and 327 above.

On 23 April 2017, Star Qld received a telegraphic transfer from a third party company which it made available to Customer 77's FMA: see particulars to paragraph 2089.f below.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraph 347 to 349 above.

On 27 April 2017, Star Qld facilitated a transfer of \$50,000 from Customer 77's FMA at Star Gold Coast to Star Sydney.

- f. Star Qld was aware that Customer 77 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

Between 23 April and 27 April 2017, Star Qld reported that Customer 77 and his associates were involved in a series of large and unusual transactions:

- a. on 23 April 2017, Customer 77 opened an FMA at Star Qld. Over the next two days, Star Qld received a total of \$300,000 via telegraphic transfer through a company of which he was listed as a director. The funds were deposited into Customer 77's FMA;
- b. Customer 77 had booked four rooms at the hotel for five guests during this period. Star Qld recorded some gaming for those guests, however, was unable to account for the chips cashed out by each guest. On 25 April 2017, one of Customer 77's guests cashed out \$60,000 in chips after receiving chips from Customer

77 during gameplay. On 25 April 2017, a second guest cashed out \$110,000 in chips; and

- c. by 27 April 2017, Star Qld recorded that Customer 77 held \$200,000 in his FMA and was winning \$17,200: SMR dated 27 April 2017.

- g. Customer 77 transacted using large amounts of cash at Star Sydney;

Particulars

For example, on 21 May 2017, Customer 77 withdrew \$100,000 from his FMA at Star Sydney, which was considered suspicious due to size of the cash withdrawal.

TTRs

Between 20 December 2016 and 18 November 2019, Star Sydney gave the AUSTRAC CEO:

- a. 23 TTRs detailing chip and cash exchanges made by Customer 77 totalling \$379,474; and
- b. 3 TTRs detailing account withdrawals made by Customer 77 totalling \$160,000.

- h. Customer 77 engaged in transactions indicative of ML/TF typologies and vulnerabilities, including structuring;

Particulars

On 14 July 2018, Customer 77 converted \$9,900 in cash for chips, which was considered suspicious on the basis that it appeared that he was structuring to avoid reporting requirements.

- i. Customer 77 transacted using large amounts of cash at Star Qld;

Particulars

Between 28 December 2016 and 27 March 2018, Star Qld gave the AUSTRAC CEO:

- a. 17 TTRs detailing chip and cash exchanges made by Customer 77 totalling \$305,020; and
- b. 1 TTR detailing account withdrawals made by Customer 77 totalling \$10,000.

- j. designated services provided to Customer 77 included substantial EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

Between 23 January 2017 and 22 September 2017, Star gave the AUSTRAC CEO two TTRs detailing EGM payouts to Customer 77 totalling \$37,900.

- k. designated services provided to Customer 77 involved the provision by Star Sydney of a non-winning cheque;

Particulars

On 6 October 2018, Star Sydney issued a non-winning cheque for Customer 77, payable to a third party.

- l. it was not until July 2021 that Star's AML team became aware of media reports from 2013 that alleged Customer 77 laundered money through Star Sydney's accounts; and

Particulars

By July 2021, Star's AML team became aware of media reports published in 2013 which accused Customer 77 of laundering more than \$4,000,000 in cash through Star Sydney's accounts and recorded this information in Customer 77's due diligence records.

- m. Star Sydney and Star Qld did not have adequate reason to believe that Customer 77's source of wealth or source of funds were sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) recorded by Customer 77 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

At no time prior to 28 January 2020 did Star Sydney and Star Qld make enquiries regarding Customer 77's source of wealth or source of funds.

In September 2013, an Australian court ordered Star Sydney to transfer funds held in Customer 77's FMA pursuant to restraining orders under proceeds of crime legislation. At all times during the relevant period, publicly available media articles named Customer 77 as a person who had laundered money at Star Sydney.

By 2017, Customer 77's turnover at Star Sydney had escalated significantly and his turnover at Star Qld was high.

By July 2017, Star Sydney was aware that Customer 77 continued to be of interest to at least one law enforcement agency. At this time, Star senior management was also informed by law enforcement that civil proceedings for money laundering and proceeds of crime offences against Customer 77 had been successful.

It was not until 28 January 2020 that Star management requested Customer 77 provide information regarding his source of wealth or source of funds.

Following this, Star was advised that Customer 77 was a business development manager of an overseas company, which was a subsidiary of a larger overseas company.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 77

2090. On and from 29 September 2014, Customer 77 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

On 29 September 2014, Customer 77 was rated critical risk, being high risk for the purpose of the Act and Rules.

2091. Nevertheless, for the reasons pleaded below, Star Sydney and Star Qld failed to monitor the high ML/TF risks posed by Customer 77 appropriately on an ongoing basis because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by them with respect to Customer 77.

Monitoring of Customer 77's transactions

2092. Despite being aware of allegations that Customer 77 had laundered money through Star Sydney's accounts, at no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 77's transactions because:

Particulars

See *Customer 77's risk profile* above.

a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 77, Star Sydney's and Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

b. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 77 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 77's KYC information

2093. Star Sydney and Star Qld did not review, update and verify Customer 77's KYC information, having regard to the high ML/TF risks posed, because:

a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 77's business with Star Sydney and Star Qld, including the nature, extent and purpose of his transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 77's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 77's source of wealth and source of funds were not legitimate: see *Customer 77's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 77's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 77.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See particulars to paragraph 2097.

ECDD triggers in respect of Customer 77

- 2094. At all times from 30 November 2016, Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 77 following any ECDD triggers in respect of Customer 77.

Particulars

Rules 15.9(1), 15.9(3) and 15.10 of the Rules.

- 2095. Customer 77:

- a. was at all times determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld; and

Particulars

On 29 September 2014, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 77 was high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 77*.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 24 April 2017 and 25 June 2017, Star Qld gave the AUSTRAC CEO two SMRs with respect to Customer 77.

- 2096. Each matter pleaded in paragraph 2095 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

2097. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 77 following an ECDD trigger because:

- a. on each occasion prior to 15 June 2022 that Star Sydney and Star Qld conducted ECDD in respect of Customer 77 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 77 and the provision of designated services to Customer 77 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797, and 807 to 809 above.

On 28 September 2019, 28 January 2020, 26 October 2020 and 15 July 2021, Star Sydney and Star Qld conducted ECDD in respect of Customer 77.

On 15 July 2021, the ECDD screening conducted by Star's AML team in respect of Customer 77 identified that:

- a. proceedings had been commenced against Customer 77 for money laundering in 2013;
- b. a prosecution had been commenced against Customer 77 by an Australian regulator in 2007;
- c. despite the forfeiture of funds under proceeds of crime litigation, law enforcement had advised Customer 77 had not been convicted of money laundering offences;
- d. two SMRs had been reported in relation to large chip and cash exchanges and telegraphic transfers to Star Qld; and
- e. Star Sydney and Star Qld had recorded Customer 77's occupation as a business development manager of an overseas resources company.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 77's higher ML/TF risks: see *Customer 77's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 77's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 77's source of wealth and source of funds were not legitimate: see *Customer 77's risk profile*.

On 15 June 2022, Star issued a WOL in respect of Customer 77.

- b. Customer 77 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 15 June 2022 that Customer 77 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 77 and the provision of designated services to Customer 77 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney or Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 26 October 2021, Star's Due Diligence Manager reviewed the analysis performed by the AML team outlined above and requested information about internal steps taken regarding the 2013 money laundering matter.

By 11 November 2021, Star's Due Diligence Manager decided to "maintain customer relationship" with Customer 77.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 77's source of wealth (r15.10(2)(a) of the Rules), having regard to his high and escalating turnover from 2017; and
- b. Customer 77's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting that there were higher ML/TF risks as to his source of funds: see *Customer 77's risk profile*.

On 15 June 2022, Star issued a WOL in respect of Customer 77.

Contravention of s36 of the Act in respect of Customer 77

2098. By reason of the matters pleaded from paragraphs 2078 to 2097, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 77 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2099. By reason of the matters pleaded at paragraph 2098, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 15 June 2022 with respect to Customer 77.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 78

2100. Customer 78 was a customer of Star Sydney during the relevant period. Between 2017 and 2019, Star Sydney recorded turnover exceeding \$8.1 billion for Customer 78.

Particulars

Customer 78 was a customer of Star Sydney from at least 28 January 2006.

On 21 July 2020, Star Sydney issued a WOL in respect of Customer 78 at the direction of the Group AML Manager.

2101. Star Sydney provided Customer 78 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 4 March 2009, Star Sydney opened an FMA and SKA for Customer 78 which were closed on 9 September 2021.

While a customer of Star Sydney, Customer 78 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 78's risk profile below.

2102. Customer 78 was a customer of Star Qld during the relevant period. In 2017, Star Qld recorded turnover exceeding \$94 million for Customer 78.

Particulars

Customer 78 was a customer of Star Qld from at least 19 August 2012.

On 21 July 2020, Star Qld issued a WOL in respect of Customer 78 at the direction of the Group AML Manager.

2103. Star Qld provided Customer 78 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

Between 20 October 2017 and 23 October 2017, Star Qld recorded high turnover for Customer 78 on junket programs totalling \$42,700,000 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 78 remitted funds to and from the casino environment (items 31 and 32, table 1, s6 of the Act).

See Customer 78's risk profile below.

2104. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 78.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 78's risk profile

2105. On and from 30 November 2016, Customer 78, and the provision of designated services to Customer 78 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 78's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 78 had the following risk history:
 - i. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 78 by remitting large amounts of money into the casino environment via his accounts;

Particulars

Remittances involving third parties

See paragraphs 278 and 327 above.

On 18 July 2008, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$1,311,681 where Customer 78 was named as the beneficiary and the ordering customer was a third party company account.

The above transaction was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 20 March 2007 and 11 December 2012, Star Sydney gave the AUSTRAC CEO 14 incoming IFTIs totalling \$26,249,206 where Customer 78 was named as the beneficiary and the ordering customer.

The above transactions were conducted through the Star Patron account channel.

Customer 78's risk profile from 30 November 2016

- b. Customer 78 was a junket player who received high value gambling and financial services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 25 September 2017 and 28 March 2019, Customer 78 was a player on 15 junkets at Star Sydney operated by three junket operators;

Particulars

In 2017, 2018 and 2019, Customer 78 was one of the top ten junket players by turnover at Star Sydney.

- ii. several of the junkets were funded by a person other than the junket operator, including Customer 24; and
- iii. between 25 September 2017 and 28 March 2019, Star Sydney recorded high and escalating turnover totalling \$8,150,435,800 with losses of \$109,222,250 for Customer 78's gaming activity on junket programs;

Particulars

In 2017, Customer 78's turnover on junket programs was \$2,346,644,300 with losses of \$39,292,000.

In 2018, Customer 78's turnover on junket programs escalated to \$3,718,490,750 with losses of \$20,106,250.

In 2019, Customer 78's turnover on junket programs was \$2,085,300,750 with losses of \$49,824,000.

- c. Customer 78 was a junket player who received high value gambling services and financial services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 20 October 2017 and 23 October 2017, Customer 78 was a player on a junket at Star Qld;

Particulars

In 2017, Customer 78 was one of the top ten junket players by turnover at Star Gold Coast despite only having participated in one junket.

- ii. the junket was funded by a person other than the junket operator; and
 - iii. between 20 October 2017 and 23 October 2017, Star Qld recorded high turnover totalling \$94,367,000 with losses of \$1,841,250 for Customer 78's gaming activity on junket programs;
- d. designated services provided to Customer 78 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- e. Customer 78 was connected to other customers at Star Sydney and Star Qld, including a junket funder and junket player in respect of whom Star Sydney and Star Qld had formed suspicions, including Customer 1;

Particulars

In 2019, Customer 1 brought proceedings against Customer 78 in a foreign court in respect of a large outstanding debt.

- f. Customer 78 received high value gambling and financial services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2018, Star Sydney recorded high and escalating individual rated turnover totalling \$4,544,569 for Customer 78;

Particulars

See paragraph 752 above.

In 2017, Customer 78's individual rated turnover was \$133.

In 2018, Customer 78's individual rated turnover significantly escalated to \$4,544,436.

- g. Customer 78 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

For example, on 16 April 2018, Customer 78 was a junket player on a junket program. A junket representative of that program withdrew \$500,000 in cash from the junket operator's account. The junket operator gave the cash to Customer 78, who had recorded a win of \$7,453,750 for the junket: SMR dated 17 April 2018.

- h. Customer 78 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 78 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Rivers Salons and Lakes Salons.

- i. Customer 78 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 78 had access to private gaming rooms at Star Qld, including Pit 8 and Salon 22.

- j. by 23 March 2018, Star was aware that Customer 78 had been involved in financial crime;

Particulars

On 23 March 2018, Star became aware that Customer 78 had been involved in financial crime. However, Star did not further investigate the nature or scope of Customer 78's involvement.

- k. by March 2019, Star was aware that Customer 78 had been involved in several legal proceedings relating to contract fraud, misappropriation of company funds and non-payment of outstanding debts; and

Particulars

From at least 2011, open source media articles reported that in 2009, Customer 78 had been arrested in a foreign country and charged with contract fraud and misappropriation of company funds. In 2011, Customer 78 was sentenced in respect of these offences to three years imprisonment, which was suspended for five years, and was fined for illegal lending.

It was not until March 2019 that Star became aware of these reports.

In July 2014, open source media articles reported Customer 78 as a person against whom another Australian casino had launched proceedings in an Australian court to recover a debt of nearly \$10,000,000.

It was not until 29 August 2019 that Star became aware of this report.

- I. Star Sydney and Star Qld did not have adequate reason to believe that Customer 78's source of wealth or source of funds was sufficient to explain the high value gambling and financial services (tables 1 and 3, s6 of the Act) received by Customer 78 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By May 2019, Star understood that Customer 78's occupation was as a 'trader'. In May 2019, Star understood from a marketing representative that Customer 78 was a property developer in a foreign country and a fund consultant in Melbourne.

In 2006, open source media articles reported that Customer 78 was one of the richest persons in a foreign country. However, in May 2019, Star became aware that Customer 78 had been declared bankrupt.

From at least 2011, open source media articles reported that in 2009 Customer 78 had been arrested in a foreign country for fraud and misappropriation offences.

By March 2018, Star was aware that Customer 78 had been involved in financial crime.

While Star had reason to believe that Customer 78 had significant personal wealth at some times during the relevant period, it did not take steps to verify the source of funds used by Customer 78 in respect of the very high value designated services provided to him at Star Sydney and Star Qld. This was despite the high ML/TF risks posed by Customer 78's source of funds by reason of:

- a. his involvement in financial crime;
- b. his foreign convictions for crimes associated with fraud and misappropriation; and
- c. his bankruptcy.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 78

2106. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 78 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 78.
- a. On and from 2017, Customer 78 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 78's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 15 March 2019 that Customer 78 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 24 October 2017, Customer 78 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 15 March 2019, Customer 78 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 78 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 78's transactions

2107. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 78's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 78, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 78 through the junket channel;

Particulars

See paragraph 783 above.

- d. Star Qld provided designated services to Customer 78 through multiple accounts and was not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- e. Star senior management were not specifically informed of large and suspicious cash incidents involving Customer 78.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incident involving Customer 78 on 16 April 2018: See *Customer 78's risk profile*.

The review, update and verification of Customer 78's KYC information

- 2108. Star Sydney and Star Qld did not review, update and verify Customer 78's KYC information, having regard to the high ML/TF risks posed, because:
 - a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 78's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 78's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 78's source of wealth or source of funds: see *Customer 78's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 78's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 78.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

From at least 2011, open source media articles reported that in 2009 Customer 78 had been arrested in a foreign country for fraud and

misappropriation offences. By March 2018, Star was aware that Customer 78 had been involved in financial crime.

While Star had reason to believe that Customer 78 had significant personal wealth at some times during the relevant period, it did not take steps to verify the source of funds used by Customer 78 in respect of the very high value designated services provided to him at Star Sydney and Star Qld. This was despite the high ML/TF risks posed by Customer 78's source of funds.

Failure to apply appropriate due diligence suited to Customer 78's high ML/TF risks

2109. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 78 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 78; and
 - c. reviewing and updating Customer 78's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 78 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 78*.

ECDD triggers in respect of Customer 78

2110. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 78 following any ECDD triggers in respect of Customer 78.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3) and 15.10 of the Rules.

2111. Customer 78:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

On 17 April 2018, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 78.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period; and

Particulars

On 17 November 2017, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 78.

- c. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 15 March 2019, Star Sydney and Star Qld determined that the ML/TF risks posed by Customer 78 was high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 78* above.

2112. Each matter pleaded in paragraph 2111 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

2113. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 78 following an ECDD trigger because:

- a. on each occasion prior to 21 July 2020 that Star Sydney and Star Qld conducted ECDD in respect of Customer 78 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 78 and the provision of designated services to Customer 78 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, and 807 to 809 above.

In March 2019, August 2019 and October 2019, Star conducted ECDD in respect of Customer 78.

In October 2019, the ECDD screening in respect of Customer 78 identified that:

- a. since November 2017, three suspect matter reports had been raised in respect of Customer 78, two of which were given to the AUSTRAC CEO as SMRs;
- b. Customer 78 was of 'ongoing influence to the AML area';
- c. Customer 78 had business interests in a foreign country;
- d. in 2009, Customer 78 had been arrested in a foreign country and charged with contract fraud and misappropriation of company funds. In 2011, Customer 78 was sentenced in respect of these offences to three years imprisonment, which was suspended for five years, and was fined for illegal lending;
- e. in 2009, Star Sydney had brought proceedings against Customer 78 in respect of a large outstanding debt;
- f. in 2014, publicly accessible media articles had reported that another Australian casino had brought proceedings against Customer 78 in respect of a large outstanding debt; and
- g. in 2019, Customer 1 brought proceedings against Customer 78 in a foreign court in respect of a large outstanding debt.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 78's higher ML/TF risks: see *Customer 78's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 78's source of funds or source of wealth: see *Customer 78's risk profile* above.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 78's source of wealth or source of funds: see *Customer 78's risk profile*.

However, it was not until 21 July 2020 that Star Sydney and Star Qld issued a WOL in respect of Customer 78 at the direction of the Group AML Manager.

- b. Customer 78 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney and Star Qld's ML/TF risk appetite;

Particulars

See paragraph 810 above.

- c. on any occasion prior to 21 July 2020 that Customer 78 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 78 and the provision of designated services to Customer 78 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between March 2019 and August 2020, Customer 78 was regularly discussed at JRAMM and PAMMs.

The minutes of the meetings:

- a. from March 2019, noted that Customer 78 was a trader by occupation and a junket player. From March 2019, the minutes also noted that Customer 78 had been arrested in a foreign country, charged with contract fraud and misappropriation of company funds and sentenced for those offences to three years imprisonment, which was suspended for five years, and fined for illegal lending;
- b. from May 2019, noted that Customer 78 had been declared bankrupt and that Star did not have any further information as to his source of wealth. From May 2019, the minutes also noted that Customer 78 was a property developer in a foreign country and a fund consultant in Melbourne;

- c. from May 2019, noted that Customer 78 had been removed from the JRAMMs agenda as Customer 78's source of wealth had been provided;
- d. from November 2019, noted that Customer 78 would be raised at an international rebate management meeting and would be advised that he could not attend Star until he had provided source of wealth and supporting documentation;
- e. from February 2020, noted that further information would be sought about Customer 78's source of wealth from the Star credit team; and
- f. from March 2020, noted that Customer 78 would not be dealt with at Star until source of wealth information had been provided.

From at least March 2019, Star senior management was aware that there were serious concerns in respect of Customer 78's source of funds which raised ML/TF risks in the provision of designated services to him.

From at least May 2019, Star senior management was aware that there were serious concerns in respect of Customer 78's source of wealth which raised ML/TF risks in the provision of designated services to him.

In 2019, Customer 78's turnover as a junket player at Star Sydney exceeded \$2 billion.

However, it was not until 21 July 2020 that Star Sydney and Star Qld issued a WOL in respect of Customer 78 at the direction of the Group AML Manager.

Contravention of s36 of the Act in respect of Customer 78

2114. By reason of the matters pleaded from paragraphs 2100 to 2113 above, on and from 25 September 2017, Star Sydney:
- a. did not monitor Customer 78 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2115. By reason of the matters pleaded at paragraph 2114, Star Sydney contravened s36(1) of the Act on and from 25 September 2017 to 21 July 2020 with respect to Customer 78.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2116. By reason of the matters pleaded from paragraphs 2100 to 2113 above, on and from 20 October 2017, Star Qld:
- a. did not monitor Customer 78 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2117. By reason of the matters pleaded at paragraph 2116, Star Qld contravened s36(1) of the Act on and from 20 October 2017 to 21 July 2020 with respect to Customer 78.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 79

2118. Customer 79 was a customer of Star Sydney during the relevant period. Between 2016 and 2018, Star Sydney recorded turnover exceeding \$210 million for Customer 79.

Particulars

Customer 79 was a customer of Star Sydney from at least 27 March 2006.

2119. Star Sydney provided Customer 79 with designated services within the meaning of table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 4 March 2009, Star Sydney opened an FMA and SKA for Customer 79 which remain open (item 11, table 3, s6 of the Act).

See Customer 79's risk profile below.

2120. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 79.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 79's risk profile

2121. On and from 30 November 2016, Customer 79, and the provision of designated services to Customer 79 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 79's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 79 had the following risk history:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 79;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR relating to Customer 79 on three occasions between 6 October 2009 and 3 April 2013.

The SMRs reported that Customer 79 and persons associated with him transacted using large amounts of cash: see particulars to paragraph 2121.a.iii below.

- ii. by 30 November 2016, Customer 79 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;

Particulars

By 30 November 2016, Customer 79 was a junket player on at least five junkets at Star Sydney.

- iii. Customer 79, and persons associated with him or the junkets he played on, transacted using large amounts of cash at Star Sydney; and

Particulars

On 3 October 2009, a junket representative exchanged \$386,000 in chips for cash on behalf of a junket. The junket representative placed \$100,000 each into three separate envelopes and \$50,000 into a fourth envelope. Customer 79 took \$26,000 of the remaining amount of cash, and gave the last \$10,000 to the junket representative. Star Sydney considered the large cash transaction to be suspicious: SMR dated 6 October 2009.

On 24 April 2012, Customer 79 settled an individual rebate program at Star Sydney and took \$603,100 in cash. Several hours later, Customer 79 returned with \$250,000 in cash to be deposited into a junket account, as Customer 79 was joining that junket as a player. Star Sydney considered the large amount of cash involved in the transactions to be suspicious: SMR dated 26 April 2012.

On 2 April 2013, a junket representative exchanged \$247,550 in chips for cash on behalf of a junket. The junket representative gave the cash to Customer 79, who was a junket player on the junket program. Star Sydney considered the large amount of cash involved in the transactions to be suspicious: SMR dated 3 April 2013.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 79 by remitting large amounts of money into the casino environment via his accounts;

Particulars

See paragraph 327 above.

Between 2007 and 2011, Star Sydney gave the AUSTRAC CEO four incoming IFTIs totalling \$9,672,625 where Customer 79 was named as the beneficiary and ordering customer.

Each of the above transactions was conducted through the Star Patron account channel.

Customer 79's risk profile from 30 November 2016

- b. Customer 79 was a foreign PEP;

Particulars

See paragraph 115 above.

On 8 November 2017, Star Sydney identified that Customer 79 was a foreign PEP due to his membership of a foreign political party.

- c. Customer 79 was a junket player who received high value gambling services (table 3, s6 of the Act) at Star Sydney through junket programs;
- i. between 2017 and 2018, Customer 79 was a player on two junkets at Star Sydney operated by two junket operators including Customer 28; and
- ii. between 2017 and 2018, Star Sydney recorded high and escalating turnover totalling \$213,236,270 for Customer 79's gaming activity on junket programs;

Particulars

In 2017, Customer 79's turnover on junket programs was \$63,990,550 with wins of \$2,084,500.

In 2018, Customer 79's turnover on junket programs escalated to \$149,245,720 with wins of \$11,526,800.

- d. designated services provided to Customer 79 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- e. Customer 79 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs;

Particulars

See paragraph 752 above.

In 2018, Star Sydney recorded individual rated turnover totalling \$19,076 for Customer 79.

- f. Customer 79, and persons associated with him or the junkets he played on, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

On 4 January 2019, Star Sydney gave the AUSTRAC CEO one TTR detailing chip and cash exchanges to Customer 79 totalling \$40,090.

Large and suspicious cash transactions in 2018

On 30 December 2018, a junket representative withdrew \$600,000 in cash from a junket operator's account at Star Sydney. Several hours later, the junket representative settled the junket program and took a further \$326,948 in cash. On both occasions, the junket representative gave the cash to Customer 79, who was a player on the junket and had recorded a turnover of \$32,760,900 with a win of \$11,526,800: SMR dated 4 January 2019.

- g. Customer 79 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 79 had access to private gaming rooms at Star Sydney, including the Lakes Salons, River Salons and the Sovereign.

- h. between 2007 and 2017, media reports named Customer 79 as a person connected to several senior foreign politicians and involved in money laundering schemes;

Particulars

Between 2007 and 2017, a number of accessible open source articles reported on Customer 79's association with foreign politicians and his involvement in money laundering activities:

- a. a 2007 media report referred to Customer 79 as a 'frontman' for a senior foreign politician;
 - b. a 2015 media article reported on Customer 79's ties to a prominent foreign political family, and stated that in 2010 Customer 79 established an underground bank overseas to launder money for foreign high level officials and tycoons; and
 - c. a 2017 media article reported that Customer 79's proposed takeover of overseas sports clubs had been subject to an investigation that raised a number of concerns, one of which was the financial difficulties Customer 79's company faced.
- i. by October 2020, Star Sydney was aware of media articles which reported that Customer 79 was allegedly involved in money laundering schemes and other criminal activities; and

Particulars

By at least October 2020, Star Sydney was aware of a media article from July 2020 that reported that:

- a. Customer 79 and another individual, who was related to a former senior foreign political leader, opened an underground money bank that was designed to transfer assets overseas. Through this business they laundered large amounts of foreign currency;
- b. Customer 79 used his political connections to set up a nightclub and make money from the gambling and drug business; and

- c. in 2010, Customer 79 helped people overseas launder money through overseas casinos.
- j. Star Sydney did not have adequate reason to believe that Customer 79's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 79 at Star Sydney.

Particulars

See paragraph 808 above.

It was not until September 2019 that Star Sydney took steps to understand Customer 79's source of wealth and source of funds.

Between 2016 and 2018, Star Sydney recorded turnover exceeding \$210 million for Customer 79 in circumstances where it had no information as to his source of wealth or source of funds.

From September 2019, Star Sydney took steps to understand Customer 79's source of wealth and source of funds, and identified that he was involved in a number of overseas companies.

From October 2020, Star became aware of media reports that identified that Customer 79's source of wealth and source of funds may involve illegitimate revenue streams: see particulars to paragraph 2121.i.

Star Sydney's determination of the ML/TF risks posed by Customer 79

2122. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 79 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 79.
- a. On and from 30 November 2016, Customer 79 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 79's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 8 November 2017 that Customer 79 was rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 8 November 2017, Customer 79 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 15 July 2020, Customer 79 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 79's transactions

2123. At no time did Star Sydney apply appropriate transaction monitoring to Customer 79's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 79, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 79 through the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 79's KYC information

2124. Star Sydney did not review, update and verify Customer 79's KYC information having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 79's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 79's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 79's source of wealth or source of funds: see *Customer 79's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 79's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 79.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

It was not until September 2019 that Star Sydney took steps to understand Customer 79's source of wealth and source of funds, and identified that he was involved in a number of overseas companies, including as the chairman of a company from 2008 to 2018 and the CEO of that company from 2008 to 2014.

From October 2020, Star Sydney became aware of articles that identified that Customer 79's source of wealth and source of funds may involve illegitimate revenue streams. As a result, Star Sydney obtained further information that identified that Customer 79 was associated with several overseas companies.

ECDD triggers in respect of Customer 79

2125. Star Sydney was required to apply the ECDD Programs to Customer 79 following any ECDD triggers in respect of Customer 79. In particular, because Customer 79 was a foreign PEP, Star Sydney was required to:
- a. undertake detailed analysis of Customer 79's KYC information including taking reasonable measures to identify the source of Customer 79's wealth and the source of Customer 79's funds; and
 - b. seek senior management approval for continuing a business relationship with Customer 79 and whether Star Sydney should continue to provide a designated service to Customer 79.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1) 15.9(3), 15.10, 15.10(2), 15.10(6) and 15.11 of the Rules.

2126. Customer 79:

- a. at all times from 30 November 2016, was a foreign PEP;

Particulars

See *Customer 79's risk profile* above.

- b. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

On 4 January 2019, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 79.

- c. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney.

Particulars

On 8 November 2017, Star Sydney determined that the ML/TF risks posed by Customer 79 was high risk for the purpose of the Act and Rules: see *Star Sydney's determination of the ML/TF risks posed by Customer 79* above.

2127. Each matter pleaded in paragraph 2126 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

2128. It was not until 8 November 2017 that Star Sydney identified that Customer 79 was a foreign PEP.

2129. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 79 following the ECDD triggers because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 79 in response to an ECDD trigger, it failed give appropriate consideration to the ML/TF risks posed by Customer 79 and the provision of designated services to Customer 79 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite. In particular, Star Sydney failed to monitor Customer 79 as a foreign PEP because:
- i. Star Sydney's analysis of Customer 79's KYC information failed to give appropriate consideration to the ML/TF risks posed by Customer 79;
- ii. Star Sydney's analysis of Customer 79's source of wealth and source of funds failed to give appropriate consideration to the ML/TF risks posed by Customer 79;

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 150, 797, 800, 807 and 810 above.

On 30 September 2019, 28 October 2020 and 17 September 2021, Star Sydney conducted ECDD in respect of Customer 79.

On 30 September 2019, the ECDD screening in respect of Customer 79 confirmed Customer 79's foreign PEP status, but identified no other adverse information.

On 28 October 2020, the ECDD screening in respect of Customer 79 identified that:

- a. open source searches returned adverse information in relation to potential issues Customer 79 had with an overseas government over money laundering and other criminal activities;
- b. Customer 79 remained an inactive foreign PEP due to his previous membership of a foreign political party; and
- c. Customer 79 had recorded no play in the previous 12 months.

On 17 September 2021, the ECDD screening in respect of Customer 79 identified that:

- a. Customer 79 was an inactive foreign PEP;
- b. there had been no adverse media on Customer 79 since the article published in July 2020, that was identified in the 2020 ECDD screening. The ECDD Analyst noted that since Customer 79 had not been officially charged and was already listed as 'very high' risk due to his foreign PEP status, Star Sydney did not need to change Customer 79's risk rating; and
- c. Customer 79 had recorded no play in the previous three months.

The ECDD conducted by Star Sydney did not have appropriate regard to their higher ML/TF risks: see *Customer 79's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 79's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 79's source of wealth or source of funds: see *Customer 79's risk profile*.

- iii. Customer 79 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- iv. any senior management approval regarding Customer 79 failed to give appropriate consideration to the ML/TF risks posed by Customer 79 and the provision of designated services to Customer 79 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rule 15.10(2), (5), (6) and (7) of the Rules.

See paragraphs 797 and 810 above.

On 17 September 2021, the Due Diligence Manager determined to maintain a customer relationship with Customer 79.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 79's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high and escalating turnover; and
- b. Customer 79's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting higher ML/TF risks as to their source of funds: see *Customer 79's risk profile* above.

Contravention of s36 of the Act in respect of Customer 79

2130. By reason of the matters pleaded from paragraphs 2118 to 2129, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 79 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2131. By reason of the matters pleaded at paragraph 2130, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 79.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 80

2132. Customer 80 was a customer of Star Sydney during the relevant period. Between 2016 and 2017, Star Sydney recorded turnover exceeding \$760,000 for Customer 80.

Particulars

Customer 80 was a customer of Star Sydney from at least 24 September 2015.

2133. Star Sydney provided Customer 80 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket representative.

Particulars

On 18 July 2016, Star Sydney opened an FMA and SKA for Customer 80 which remain open (item 11, table 3, s6 of the Act).

Between 17 August 2016 and 11 December 2017, Star Sydney approved CCFs for Customer 80 on 19 occasions ranging from \$30,000 to \$450,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 80 (items 31 and 32, table 1, s6 of the Act).

See Customer 80's risk profile below.

2134. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 80.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 80's risk profile

2135. On and from 30 November 2016, Customer 80, and the provision of designated services to Customer 80 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 80's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 80 had the following risk history:
- i. between 17 August 2016 and 28 November 2016, Star Sydney provided Customer 80 with significant amounts of credit upon request, up to limits of \$450,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 17 August 2016, Star Sydney senior management, including the Chief Executive Officer, approved a single trip CCF limit of \$200,000, which was then increased to \$450,000, for Customer 80. The funds were withdrawn and deposited into Customer 14's account for the purpose of redeeming a CCF.

On 13 September 2019, Star Sydney senior management, including the Chief Executive Officer, approved a single trip CCF limit of \$300,000 for Customer 80. The funds were withdrawn and deposited into Customer 14's SKA.

On 23 November 2016, Star Sydney senior management, including the General Manager VIP Credit and Collections, approved a single trip CCF limit of \$30,000 for Customer 80.

On 25 November 2016, Star Sydney senior management, including the General Manager VIP Credit and Collections, approved a single trip CCF limit of \$100,000 for Customer 80. The funds were used for a buy-in for Customer 14's junket.

On 28 November 2016, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved

a single trip CCF limit of \$250,000 which was then increased to \$385,000 for Customer 80. The funds were deposited into Customer 80's FMA.

On each occasion, the CCF was provided on a "temporary" basis while funds obtained through the Hotel Card channel were cleared, and was approved by senior management at Star, including the Chief Executive Officer, the Chief Financial Officer and the General Manager VIP Credit and Collections.

- ii. between 15 July 2016 and 19 October 2016, Customer 80 was a junket representative for Customer 14's junket on at least three occasions. On each occasion, the junket was funded by Customer 13;
- iii. Customer 80 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs; and

Particulars

Between 23 September 2015 and 10 October 2015, Customer 80 was a player on a junket operated by Customer 14.

Star Sydney recorded turnover of \$470,730 with a loss of \$12,975 for Customer 80's junket activity.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 80 by remitting large amounts of money into and out of the casino environment via his accounts, including through an international remittance channel which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 1 August 2016 and 28 November 2016, Customer 80 transacted \$1,265,000 through the Hotel Card channel. On all but one occasion, Customer 80 was given a temporary CCF while waiting for the funds to clear.

See paragraph 2135.a.i.

Remittances out of the casino environment

See paragraph 327 above.

On 20 August 2016, Star Sydney sent a telegraphic transfer of \$272,900 from Customer 80's FMA to another Australian casino.

The above transaction was conducted through the Star Patron account channel.

Customer 80's risk profile from 30 November 2016

- b. between 30 November 2016 and 29 January 2018, Customer 80 was a junket representative for Customer 14's junket on at least ten occasions. On each occasion, the junket was funded by Customer 13;
- c. designated services provided to Customer 80 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 80 was connected to other customers at Star Sydney, including junket funders, junket operators and junket players who posed higher ML/TF risks, and players who Star Sydney considered had acted suspiciously (such as Customer 14 and Customer 13);

Particulars

Customer 80 was related to Customer 14 and Customer 13.
Customer 80 acted as a junket representative for Customer 14's junket, which was funded by Customer 13.

By 30 November 2016, open source media articles, court records and other material linked a brothel owned by Customer 13 to alleged serious organised crime, including human trafficking. It was not until August 2019 that Star Sydney became aware that Customer 13 owned a brothel: see Customer 13.

- e. Customer 80 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2017, Star Sydney recorded high and escalating individual rated turnover totalling \$763,403 for Customer 80;

Particulars

See paragraph 752 above.

In 2016, Customer 80's individual rated turnover was \$13,223.

In 2017, Customer 80's individual rated turnover escalated to \$750,180.

- f. Star Sydney was aware that Customer 80:
 - i. had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
 - ii. transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 14 September 2017 and 2 January 2018, Star Sydney gave the AUSTRAC CEO 15 TTRs detailing incoming payments to Customer 80 totalling \$524,000 which comprised:

- a. \$285,000 in account deposits;

- b. \$129,000 in chip exchanges; and
- c. \$110,000 in other monetary values in.

Between 26 June 2017 and 2 January 2018, Star Sydney gave the AUSTRAC CEO 16 TTRs detailing outgoing payments from Customer 80 totalling \$398,645 which comprised account withdrawals and chip exchanges.

On 14 December 2017, Customer 80 presented \$115,000 in cash to be deposited into his account at Star Sydney. The cash comprised \$100 notes bound with Star straps. Customer 80 then requested that \$150,000 be withdrawn from his account as a Star cheque in his favour. Customer 80 advised Star Sydney staff that the cash was a commission from Customer 14's junket and that he would use the cash to game at another Australian casino: SMR dated 15 December 2017.

- g. between 2 December 2016 and 11 December 2017, Star Sydney provided Customer 80 with significant amounts of credit upon request, up to limits of \$380,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 2 December 2016, Star Sydney senior management, including the Chief Executive Officer, approved a single trip CCF limit of \$160,000 which was then increased to \$380,000 for Customer 80. The funds were deposited into Customer 80's FMA and then transferred to Customer 14's SKA to be applied to her CCF.

On 9 December 2016, Star Sydney senior management, including the General Manager (VIP Credit and Collections), approved a single trip CCF limit of \$50,000 for Customer 80. The funds were deposited into Customer 80's SKA.

On 11 December 2016, Star Sydney senior management, including the Chief Executive Officer, approved a single trip CCF limit of \$110,000 for Customer 80. The funds were deposited into Customer 80's SKA.

On 22 December 2016, Star Sydney senior management, including the General Manager (VIP Credit and Collections), approved a single trip CCF limit of \$60,000 for Customer 80. The funds were deposited into Customer 80's SKA.

On 23 December 2016, Star Sydney senior management, including the General Manager (VIP Credit and Collections), approved a single trip CCF limit of \$55,000 for Customer 80. \$50,000 of the funds were deposited into Customer 80's SKA and \$5,000 was taken as cash chips by Customer 80.

On 29 December 2016, Star Sydney senior management, including the General Manager (VIP Credit and Collections), approved a single

trip CCF limit of \$55,000 for Customer 80. The funds were deposited into Customer 80's SKA.

On 2 January 2017, Star Sydney senior management, including the Chief Executive Officer, approved a single trip CCF limit of \$123,000 for Customer 80. The funds were deposited into Customer 80's FMA and then transferred to Customer 14's SKA.

On 5 January 2017, Star Sydney senior management, including the General Manager (VIP Credit and Collections), approved a single trip CCF limit of \$30,000 for Customer 80. The funds were deposited into Customer 14's SKA.

On 6 January 2017, Star Sydney senior management, including the General Manager (VIP Credit and Collections), approved a single trip CCF limit of \$60,000 for Customer 80. The funds were deposited into Customer 14's SKA.

On 8 January 2017, Star Sydney senior management, including the Chief Executive Officer, approved a single trip CCF limit of \$117,000 for Customer 80. The funds were deposited into Customer 14's SKA.

On 11 December 2017, Star Sydney approved a single trip CCF limit of \$210,000 for Customer 80.

On each occasion, the CCF was provided on a "temporary" basis while funds obtained through the Hotel Card channel were cleared, and was approved by senior management at Star, including the Chief Executive Officer and the General Manager VIP Credit and Collections.

- h. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 80 by remitting money into the casino environment via his accounts, including through an international remittance channel which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 3 December 2016 and 11 December 2017, Customer 80 transacted \$1,150,000 through the Hotel Card channel in 13 separate transactions. On all but one occasion, Customer 80 was given a temporary CCF while waiting for the funds to clear.

See paragraph 2135.g above.

Other remittances into the casino environment

See paragraph 327 above.

On 12 December 2017, Star Sydney gave the AUSTRAC CEO an incoming IFTI detailing a transfer of \$60,000 from Customer 80's bank account overseas. The funds were made available to Customer 80's Star Sydney account.

The above transaction was conducted through the Star Patron account channel.

- i. Customer 80 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 80 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Lakes Salons, Springs Salons, Jade and Chairman's.

- j. by July 2021, media reports named Customer 80 as a person involved in potential money laundering activities at another Australian casino;

Particulars

In July 2021, publicly accessible media reports alleged that:

- a. Customer 80 was related to Customer 13; and
- b. a gaming inspector had identified that in May 2017 Customer 80 had engaged in potential money laundering in a junket room at another Australian casino by giving out cash contained in a cooler bag in exchange for chips.

Star Sydney's due diligence records did not contain details of these reports.

- k. by October 2021, a State gaming regulator made findings that Customer 80 had been arrested and charged in respect of money laundering offences; and

Particulars

By October 2021, an independent investigation made findings that:

- a. Customer 80 was involved in an incident at another Australian casino involving potential money laundering activities in May 2017;
- b. from June 2017 to May 2018, a State gaming regulator conducted ongoing surveillance of Customer 80 at the other Australian casino. At the same time, Customer 80 was under criminal investigation by a law enforcement agency for fraud-related matters unrelated to the cooler bag incident; and
- c. in May 2018, Customer 80 was arrested by a law enforcement agency while attending the other Australian casino and charged with obtaining property by deception and dealing with the proceeds of crime.

Star Sydney's due diligence records did not contain details of this report.

- l. Star Sydney did not have adequate reason to believe that Customer 80's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 80 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood Customer 80's occupation to be as a junket representative.

At no point did Star Sydney take steps to establish or verify Customer 80's source of wealth or source of funds.

Nonetheless, Star Sydney facilitated the provision of high value financial and gaming services to Customer 80, including through the high risk Hotel Card channel and by providing him with temporary CCFs.

At no point did Star Sydney consider the high ML/TF risks associated with Customer 80's source of wealth and source of funds.

In particular, no consideration was given to Customer 80's connection to high risk customers such as Customer 14 and Customer 13 or his arrest in 2018 in respect of charges of obtaining property by deception and dealing with the proceeds of crime.

While Customer 80 does not appear to have visited Star Sydney at any time after January 2018, he remains a customer of Star Sydney.

Star Sydney's determination of the ML/TF risks posed by Customer 80

2136. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 80 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 80.
- a. On and from 30 November 2016, Customer 80 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see Customer 80's *risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 80 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 15 December 2017, Customer 80 was rated low risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 80's transactions

2137. At no time did Star Sydney apply appropriate transaction monitoring to Customer 80's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 80, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 80 through:
 - i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- iii. an international remittance channel, specifically the Hotel Card channel;

Particulars

See paragraphs 777 and 790 above.

- c. Star Sydney provided designated services to Customer 80 through multiple accounts and was not able to collate information from those accounts; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

- d. Star senior management were not specifically informed of the large and suspicious cash incidents involving Customer 80.

Particulars

Star senior management were not specifically informed of the large and suspicious cash incident involving Customer 80 on 14 December 2017: See *Customer 80's risk profile*.

The review, update and verification of Customer 80's KYC information

- 2138. Star Sydney did not review, update and verify Customer 80's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 80's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 80's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 80's source of wealth and source of funds were not legitimate: see *Customer 80's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 80's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 80.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 80's high ML/TF risks

2139. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 80 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 80; and
 - c. reviewing and updating Customer 80's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 80 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 80*.

ECDD triggers in respect of Customer 80

2140. Star Sydney was required to apply the ECDD Programs to Customer 80 following any ECDD triggers in respect of Customer 80.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2141. Customer 80 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period;

Particulars

On 15 December 2017, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 80.

2142. The matter pleaded in paragraph 2141 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2143. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 80 following an ECDD trigger because:

- a. at no time did Star Sydney apply the ECDD Program to Customer 80;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797, and 807 to 809 above.

Star Sydney understood Customer 80's occupation to be as a junket representative. At no point did Star Sydney take steps to establish or verify Customer 80's source of wealth or source of funds.

Nonetheless, Star Sydney facilitated the provision of high value financial and gaming services to Customer 80, including through high risk international remittance channels, including the Hotel Card channel and by providing him with temporary CCFs.

At no point did Star Sydney consider the high ML/TF risks associated with Customer 80's source of wealth and source of funds. In particular, no consideration was given to Customer 80's connection to high risk customers such as Customer 14 and Customer 13 or his arrest in 2018 in respect of charges of obtaining property by deception and dealing with the proceeds of crime. While Customer 80 does not appear to have visited Star Sydney at any time after January 2018, he remains a customer of Star Sydney.

By reason of the matters set out above, there were real risks that Customer 80's source of wealth and source of funds were not legitimate: see *Customer 80's risk profile*.

Despite this, there is no evidence that any ECDD was conducted by Star Sydney in respect of Customer 80.

- b. Customer 80 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 80 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 80 and the provision of designated services to Customer 80 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Customer 80 was referred to Star's AML team in respect of the large cash deposit the subject of the SMR dated 15 December 2017.

Contravention of s36 of the Act in respect of Customer 80

2144. By reason of the matters pleaded from paragraphs 2132 to 2143, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 80 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2145. By reason of the matters pleaded at paragraph 2144, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 80.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 81

2146. Customer 81 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$220 million for Customer 81.

Particulars

Customer 81 was a customer of Star Sydney from at least 9 July 2016.

2147. Star Sydney provided Customer 81 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 9 July 2016, Star Sydney opened an FMA and SKA for Customer 81 which remain open (item 11, table 3, s6 of the Act).

Between 8 July 2016 and 8 February 2020, Star Sydney approved CCFs for Customer 81 on 121 occasions ranging from \$10,000 to \$350,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 81 (items 31 and 32, table 1, s6 of the Act).

See Customer 81's risk profile.

2148. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 81.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 81's risk profile

2149. On and from 30 November 2016, Customer 81, and the provision of designated services to Customer 81 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 81's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 81 had the following risk history:
- i. between 8 July 2016 and 7 November 2016, Star Sydney provided Customer 81 with significant amounts of credit upon request, up to limits of \$340,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 8 July 2016 and 7 November 2016, Star Sydney provided Customer 81 with at least \$1,640,000 in CCFs, the limits of which ranged between \$10,000 and \$340,000, on 19 occasions.

On each occasion, the CCF was provided on a "temporary" basis while funds obtained through the Hotel Card channel were cleared, and was approved by senior management at Star, including the Chief Executive Officer, the Star Sydney Managing Director and the General Manager (VIP Credit & Collections).

On 11 July 2016, Customer 81 was given a temporary CCF on this basis, despite not having given notice to Star Sydney of the Hotel Card channel transaction, not requesting a CCF amount from Star Sydney and not providing a signature. Star senior management, including the General Manager VIP Credit & Collections, only approved the temporary CCF after it had been given to Customer 81.

- ii. by 30 November 2016, Star Sydney recorded high turnover on individual rebate programs totalling \$13,835,042 for Customer 81 with losses of \$534,774.

Particulars

See paragraph 623 above.

- iii. designated services provided to Customer 81 included substantial EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

Between 16 August 2016 and 14 November 2016, Star Sydney gave the AUSTRAC CEO 42 TTRs detailing EGM payouts totalling \$761,577.

- iv. Customer 81 transacted using large amounts of cash at Star Sydney;

Particulars

Between 10 August 2016 and 7 November 2016, Star Sydney gave the AUSTRAC CEO 24 TTRs detailing incoming payments to Customer 81 totalling \$500,535 which were comprised of:

- a. \$362,635 in account deposits;
- b. \$37,900 in chip exchanges; and
- c. \$100,000 in other monetary values out.

Between 21 July 2016 and 3 November 2016, Star Sydney gave the AUSTRAC CEO 13 TTRs detailing outgoing payments from Customer 81 totalling \$391,969 which were comprised of:

- a. \$160,000 in account withdrawals;
- b. \$121,845 in chip exchanges; and
- c. \$110,124 in other monetary values out.

- v. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 81 by remitting large amounts of money, into, out of and within the casino environment via his accounts, including through an international remittance channel which involved higher ML/TF risks; and

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 9 July 2016 and 7 November 2016, Customer 81 transacted \$1,460,000 through the Hotel Card channel in 18 separate transactions and was given a temporary CCF while waiting for the funds to clear.

See paragraph 2149.a.i above.

- vi. Star Sydney suspected that Customer 81 was using the Hotel Card channel, which was a high risk international remittance channel and other methods to remit money out of a foreign country;

Particulars

On 29 September 2016, Customer 81 settled a program and took \$110,124 in cash. Customer 81 had used the Hotel Card channel to

fund the program. Star Sydney suspected that Customer 81 was using the Hotel Card channel to remit money out of a foreign country.

Customer 81's risk profile from 30 November 2016

- b. Customer 81 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. between 12 January 2018 and 13 January 2018, Customer 81 was a player on a junket at Star Sydney; and
 - ii. between 12 January 2018 and 13 January 2018, Star Sydney recorded high turnover totalling \$552,279 with losses of \$57,195 for Customer 81's gaming activity on the junket program;
- c. designated services provided to Customer 81 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- d. Customer 81 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2020, Star Sydney recorded high and escalating turnover totalling \$220,772,097 for Customer 81;
 - i. between 2016 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$164,035,983 for Customer 81; and

Particulars

See paragraph 752 above.

In 2016, Customer 81's individual rated turnover was \$10,697,744.

In 2017, Customer 81's individual rated turnover was \$3,256,360.

In 2018, Customer 81's individual rated turnover escalated to \$33,422,667.

In 2019, Customer 81's individual rated turnover significantly escalated to \$108,348,937.

In 2020, when closures due to COVID-19 commenced, Customer 81's turnover fell but remained high.

In 2020, Customer 81's individual rated turnover was \$8,310,275.

- ii. between 2016 and 2018, Star Sydney recorded high and escalating turnover on individual rebate programs totalling \$56,736,114 with losses of \$1,360,235 for Customer 81;

Particulars

See paragraph 623 above.

In 2016, Customer 81's turnover on individual rebate programs was \$10,838,890 with losses of \$580,975.

In 2017, Customer 81's turnover on individual rebate programs escalated to \$40,670,519 with losses of \$978,355.

In 2018, Customer 81's turnover on individual rebate programs was \$11,708,414 with losses of \$149,145.

- e. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 81 by remitting large amounts of money into the casino environment via his accounts, including through an international remittance channel which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 357 above.

Between 25 December 2016 and 8 February 2020, Customer 81 transacted \$8,760,100 through the Hotel Card channel in 101 separate transactions and was given a temporary CCF while waiting for the funds to clear.

Customer 81 was one of the top ten customers by number of Hotel Card channel transactions between December 2013 and March 2020.

Customer 81 was one of the top ten customers by Hotel Card channel transaction value between January 2019 and March 2020.

See paragraphs 2149.h and 2149.i below.

- f. designated services provided to Customer 81 included substantial EGM activity at Star Sydney;

Particulars

See paragraph 570 and 579 above.

See paragraph 2149.h below.

Between 23 December 2016 and 8 February 2020, Star Sydney gave the AUSTRAC CEO 508 TTRs detailing EGM payouts to Customer 81 totalling \$11,353,992.

- g. by and from 30 November 2016, Star Sydney suspected that Customer 81 was using the Hotel Card channel, which was a high risk international remittance channel, and other methods to remit money out of a foreign country;

Particulars

See paragraph 2149.a.vi above.

December 2018 transactions

On 29 December 2018, Customer 81 and her husband, Person 57, commenced rebate programs at Star Sydney and engaged in a series of large and suspicious cash transactions which had no visible lawful purpose:

- a. Customer 81 deposited \$200,000 in cash which comprised \$100 notes in units of \$10,000 and was contained in a secure bag;

- b. Person 57 withdrew \$190,000 in cash;
- c. Customer 81 gave \$125,000 in cash to Person 57, which they bundled into units of \$10,000;
- d. Person 57 deposited the \$125,000 in cash into his account before then withdrawing the cash again; and
- e. Customer 81 then deposited \$150,000 in cash into her account.

Star Sydney asked Customer 81 and Person 57 about the purpose of these transactions. Customer 81 advised Star Sydney that it was difficult for them to get money out of a foreign country and that these transactions would make them eligible to play on rebate programs.

While Customer 81 had recorded a significant amount of play, Person 57 had not recorded any play as at 29 December 2018: SMR dated 4 January 2019.

June 2019 transactions

On 21 June 2019, Customer 81 and Person 57 engaged in a series of large and suspicious cash transactions which had no visible lawful purpose:

- a. Customer 81 deposited \$200,000 in cash, which comprised \$100 notes bundled in Star straps dated February 2019 and presented in a security bag wrapped with sticky tape;
- b. Customer 81 withdrew \$190,000 in cash and \$10,000 in TITO vouchers;
- c. Person 57 deposited \$125,000 in cash which comprised loose \$100 notes presented in a security bag; and
- d. Person 57 withdrew \$120,000 in cash and \$5,000 in TITO vouchers.

Star Sydney considered this activity to be suspicious as, when asked about their transactions previously, both Customer 81 and Person 57 had advised that it was difficult to get money out of a foreign country and that these transactions would, in an unknown way, make them eligible to play on rebate programs: SMR dated 25 June 2019.

January 2020 transactions

On 26 January 2020, Customer 81 and Person 57, engaged in a series of large and suspicious cash transactions which had no visible lawful purpose:

- a. Customer 81 deposited \$400,000 in cash, which comprised four bundles of \$100,000 each in Star Sydney straps;
- b. Customer 81 withdrew \$190,000 in cash; and

- c. Person 57 presented a further \$49,900 in cash, also comprised of \$100 notes issued by Star Sydney, to be deposited into Customer 81's account.

Customer 81 and Person 57 advised that the cash belonged to Customer 81 and had originated in a foreign country.

On 27 January 2020, Person 57 presented \$125,000 which comprised \$100 notes in two bundles, one of \$90,000 and one of \$35,000, wrapped with rubber bands. Person 57 advised Star Sydney that the funds were income from his foreign business and that he used a foreign money exchange service to convert the foreign currency into Australian dollars. Star Sydney considered this activity to be suspicious as Customer 81 and Person 57 had previously withdrawn cash and removed the straps only to present the same cash as different funds. Star Sydney considered that the transactions did not appear to have any purpose other than to meet minimum requirements for program buy-ins. Since making the deposits, Customer 81 had recorded a turnover of \$607,105 and a win of \$16,003 while Person 57 recorded a turnover of \$89,508 and a loss of \$26,422: SMR dated 28 January 2020.

- h. Star Sydney was aware that:
 - i. Customer 81 and her husband, Person 57, transacted using large amounts of cash and cash that appeared suspicious, including cash contained in plastic bags with writing in a foreign language; and
 - ii. Customer 81 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

See paragraphs 611 to 618 above.

See paragraph 2149.g above.

TTRs

Between 3 January 2017 and 10 February 2020, Star Sydney gave the AUSTRAC CEO 150 TTRs detailing incoming payments to Customer 81 totalling \$73,423,655 which were comprised of:

- a. \$6,979,000 in account deposits;
- b. \$203,365 in chip exchanges; and
- c. \$160,000 in other monetary values out.

, Between 29 December 2016 and 7 February 2020, Star Sydney gave the AUSTRAC CEO 95 TTRs (in addition to the 508 EGM TTRs) detailing outgoing payments from Customer 81 totalling \$4,592,156 which were comprised of:

- a. \$2,889,829 in account withdrawals;

- b. \$716,763 in chip exchanges; and
- c. \$985,564 in other monetary values out.

Large and suspicious cash transactions in 2017

On 31 January 2017, Customer 81 deposited \$150,000 in cash into her FMA at Star Sydney. The cash comprised \$100 notes issued by Star Sydney.

On 15 April 2017, Customer 81 deposited \$125,000 in cash into her Star Sydney account for a buy-in. Customer 81 then presented a further \$75,000 in cash for a further buy-in. The cash was comprised of \$100 notes, some of which were bundled with Star Sydney straps, some of which were bundled with straps from another casino and \$50,000 of which were loose.

On 20 May 2017, Customer 81 deposited \$125,000 in cash into her FMA. The cash comprised \$100 notes issued by Star and was used for a buy-in.

On 4 September 2017, Customer 81 deposited \$125,000 in cash into her FMA. Customer 81 then withdrew \$115,000 to play on EGMs.

On 29 September 2017, Customer 81 deposited \$108,000 and \$88,000 in cash. The cash was comprised of \$100 notes issued by Star Sydney.

Large and suspicious cash transactions in 2018

On 12 January 2018, Customer 81 deposited \$125,000 in cash into her FMA. The cash comprised \$100 notes issued by Star Sydney.

On 18 February 2018, Customer 81 deposited a total of \$250,635 in cash into her FMA. The cash comprised \$100 notes issued by Star Sydney.

On 27 October 2018, Customer 81 withdrew \$115,000 in cash from her FMA.

On 23 November 2018, Customer 81 and her husband, Person 57, completed a Hotel Card channel transaction for \$150,000 and deposited \$50,000 in cash, which comprised \$100 notes, into Customer 81's account. Customer 81 then withdrew \$190,000 in cash, provided in straps marked with a permanent marker, and left the buy-in room with Person 57. An hour later, Person 57 deposited into his account \$125,000 in cash bundled in the same straps given to Customer 81, and soon after withdrew \$120,000 in cash. Customer 81 later returned with the \$120,000 in cash withdrawn by Person 57 and an additional \$115,000 in cash. Star Sydney considered this activity suspicious as it appeared that Customer 81 and Person 57 were swapping large amounts of cash without engaging in any play to ensure they could both be on programs: SMR dated 27 November 2018.

Large and suspicious cash transactions in 2019

On 4 January 2019, Customer 81 cashed out \$150,000 in chips. Customer 81 had recorded a win of \$150,255 at the time.

On 6 February 2019, Customer 81 presented \$200,300 in cash at Star Sydney. The cash comprised \$100 notes and was contained in grey bags wrapped with thick sticky tape and labelled with the date in a foreign language. Customer 81 deposited \$200,000 in cash into her FMA and kept \$300 in cash. She then withdrew \$190,000 in cash.

Shortly after, Person 57 deposited \$125,000 in cash. The cash comprised loose \$100 notes. Star Sydney believed that this was the same cash withdrawn by Customer 81, as Customer 81 and Person 57 had previously been observed to remove straps from cash before depositing it into their account. Person 57 then withdrew \$120,000 in cash and later returned to deposit \$125,000 in cash. Both Customer 81 and Person 57 recorded a significant amount of play following these transactions: SMR dated 7 February 2019.

On 8 February 2019, Customer 81 exchanged \$100,000 in chips for cash at Star Sydney. Star Sydney considered this activity to be suspicious as Customer 81 did not have sufficient gaming activity to support possession of this amount in chips. In the two days leading up to this transaction, Customer 81 had recorded a turnover of \$1,512,635 and a loss of \$135,415: SMR dated 8 February 2019.

On 16 February 2019, Customer 81 deposited \$200,000 in cash at Star Sydney. The cash comprised \$100 notes wrapped with packaging tape. Customer 81 then withdrew \$190,000 cash. Star Sydney considered this activity to be suspicious due to the packaging of the cash and Customer 81's history of large cash transactions not supported by her play: SMR dated 19 February 2019.

On 23 July 2019, Customer 81 deposited \$200,000 in cash at Star Sydney. The cash comprised \$100 notes bundled with Star Sydney straps dated February 2019 and packaged in plastic wrapping with the words "express pack" and other foreign characters. Person 57 deposited \$25,000 in cash. The cash comprised \$100 notes bundled in Star Sydney straps dated February 2019. Customer 81 withdrew \$90,000 in cash and \$10,000 in TITO vouchers, and transferred the remaining \$100,000 to Person 57. Person 57 then withdrew \$120,000 in cash and \$500 in TITO vouchers. Star Sydney considered this activity to be suspicious as Customer 81 and Person 57 appeared to be layering cash between the accounts held by each of them and immediately withdrawing cash following their transactions: SMR dated 24 July 2019.

On 30 July 2019, Customer 81 deposited \$100,000 in cash. The cash comprised \$100 notes issued by Star Sydney. Customer 81 used the funds to purchase \$90,000 in chips and \$10,000 in TITO vouchers.

On 17 August 2019, Customer 81 deposited \$200,000 in cash for a buy-in at Star Sydney. However, Customer 81 then withdrew \$190,000 in cash and \$10,000 in TITO vouchers. She later deposited another \$100,000 in cash. The cash comprised \$100 notes bundled in Star Sydney straps, packaged in sealed bags and stored in a grey plastic bag. Customer 81 used \$50,000 of the cash for a program buy-in under another customer number linked to her and withdrew \$50,000 in cash. Star Sydney considered this activity to be suspicious due to the excessive amount of cash presented and subsequent cash withdrawals: SMR dated 19 August 2019.

Customer 81 then gave the \$50,000 cash to Person 57 who later deposited \$125,000 in cash. The cash comprised \$100 notes in units of \$50,000 bundled with Star Sydney straps. Subsequently, Person 57 withdrew \$120,000 in cash and \$5,000 in TITO vouchers. Star Sydney considered this activity to be suspicious due to Customer 81 providing cash to Person 57 and the volume of cash withdrawals: SMR dated 20 August 2019.

On 21 September 2019, Customer 81 and Person 57 each presented \$200,000 in cash for buy-ins. The cash comprised notes bundled with Star Sydney straps dated June 2019 in units of \$5,000 and tightly wrapped in white plastic with foreign writing on it. Following the buy-in, Customer 81 recorded a turnover of \$1,236,420 and a win of \$6,995 and Person 57 recorded a turnover of \$226,286 and a win of \$5,301 on EGMs. While Star Sydney noted that the play recorded by both patrons appeared legitimate, it considered this activity to be suspicious due to the large amount of cash presented: SMR dated 23 September 2019.

Large and suspicious cash transactions in 2020

On 6 February 2020, Customer 81 presented \$244,600 in cash. Shortly afterwards, Customer 81 presented a further \$141,700 in cash. The cash comprised \$100 notes issued by Star Sydney.

- i. between 25 December 2016 and 8 February 2020, Star Sydney provided Customer 81 with significant amounts of credit upon request, up to limits of \$350,000;

Particulars

See paragraph 516 to 518 and 552 above.

Between 25 December 2016 and 8 February 2020, Star provided Customer 81 with at least \$11,220,000 in CCFs, the limits of which ranged between \$20,000 and \$350,000, on 101 occasions.

On each occasion, the CCF was provided on a “temporary” basis while funds obtained through the Hotel Card channel were cleared, and was approved by senior management at Star, including the Chief Executive Officer, the Chief Financial Officer, the Star Sydney Managing Director, Chief Casino Officer and the General Manager (VIP Credit & Collections).

- j. Customer 81 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 81 had access to private gaming rooms at Star Sydney, including Oasis, the Sovereign Room, Lakes Salons, Chairman's and Springs Salons.

- k. in 2019 and 2020, Customer 81 was the subject of law enforcement enquiries at Star Sydney;

Particulars

On 3 January 2019, Star Sydney received a request from a law enforcement agency in respect of Customer 81.

On 29 January 2020, Star Sydney received a request from a law enforcement agency in respect of Customer 81.

- l. in 2019 and 2020, Star Sydney provided information to law enforcement in respect of Customer 81 on at least three occasions; and

Particulars

Between June 2019 and February 2020, Star Sydney provided information in respect of large cash transactions conducted by Customer 81 to a law enforcement agency.

- m. Star Sydney did not have adequate reason to believe that Customer 81's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 81 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood that Customer 81's occupation was in marketing.

By and from 30 November 2016, Star Sydney recognised that Customer 81 and her husband, Person 57, had access to significant amounts of cash including cash that was presented in suspicious forms. On multiple occasions, Star Sydney questioned the provenance of the cash presented by Customer 81 and Person 57, and the purpose of the complex transaction chains associated with the cash.

By 30 November 2016, Star Sydney suspected that Customer 81 and Person 57 were using the high risk Hotel Card channel to remit money out of a foreign country.

By December 2018, Customer 81 had informed Star Sydney that she was removing large amounts of cash from a foreign country for use in Australia.

Star Sydney's determination of the ML/TF risks posed by Customer 81

2150. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 81 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 81.

- a. On and from 30 November 2016, Customer 81 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 81's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 81 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 30 September 2016, Customer 81 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 18 April 2017, Customer 81 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 7 February 2022, Customer 81 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 81's transactions

2151. At no time did Star Sydney apply appropriate transaction monitoring to Customer 81's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 81, Star Sydney transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666 to 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 81 through:

- i. the junket channel; and

Particulars

See paragraph 783 above.

- ii. an international remittance channel, specifically the Hotel Card channel; and

Particulars

See paragraphs 777 and 790 above.

- d. Star Sydney provided designated services to Customer 81 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 81's KYC information

- 2152. Star Sydney did not review, update and verify Customer 81's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 81's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 81's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 81's source of wealth and source of funds were not legitimate: see *Customer 81's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 81's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 81.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 81's high ML/TF risks

2153. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 81 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 81; and
- c. reviewing and updating Customer 81's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 81 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 81*.

ECDD triggers in respect of Customer 81

2154. Star Sydney was required to apply the ECDD Programs to Customer 81 following any ECDD triggers in respect of Customer 81.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2155. Customer 81 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 27 November 2018 and 28 January 2020, Star Sydney gave the AUSTRAC CEO 11 SMRs with respect to Customer 81.

2156. The matter pleaded in paragraph 2155 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2157. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 81 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 81 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 81 and the provision of designated services to Customer 81 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraph 797 and 807 above.

On 7 February 2019, 21 June 2019, 23 July 2019, 21 September 2019 and 26 January 2020, Star Sydney conducted ECDD in respect of Customer 81.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 81's higher ML/TF risks: see *Customer 81's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 81's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 81's source of wealth and source of funds were not legitimate: see *Customer 81's risk profile*.

- b. Customer 81 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 81 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 81 and the provision of designated services to Customer 81 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 81

2158. By reason of the matters pleaded from paragraphs 2146 to 2157 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 81 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced;
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules; and

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2159. By reason of the matters pleaded at paragraph 2158, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 81.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 82

2160. Customer 82 was a customer of Star Sydney during the relevant period. Between 2016 and 2019, Star Sydney recorded turnover exceeding \$210 million for Customer 82.

Particulars

Customer 82 was a customer of Star Sydney from at least 11 October 1995.

2161. Star Sydney provided Customer 82 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 13 February 2012, Star Sydney opened an FMA and SKA for Customer 82 which remain open (item 11, table 3, s6 of the Act).

Between 30 November 2016 and 21 October 2019, Star Sydney approved CCFs for Customer 82 on 11 occasions ranging from \$100,000 to \$7,500,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels, including the EEIS remittance channel, which it made available to Customer 82 (items 31 and 32, table 1, s6 of the Act).

See Customer 82's risk profile below.

2162. Customer 82 was a customer of Star Qld during the relevant period. Between 2016 and 2019, Star Qld recorded turnover exceeding \$41 million for Customer 82.

Particulars

Customer 82 was a customer of Star Qld from at least 19 August 2012.

2163. Star Qld provided Customer 82 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 2 July 2017, Star Qld opened an SKA for Customer 82 which remains open (item 11, table 3, s6 of the Act).

On 2 July 2019, Star Qld opened an FMA for Customer 82 which remains open (item 11, table 3, s6 of the Act).

Between 17 June 2019 and 2 July 2019, Star Qld approved CCFs for Customer 82 on two occasions of up to \$3,000,000 with an additional trip only limit of \$950,000 (item 6, table 1, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the EEIS remittance channel, which it made available to Customer 82 (items 31 and 32, table 1, s6 of the Act).

See Customer 82's risk profile below.

2164. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 82.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 82's risk profile

2165. On and from 30 November 2016, Customer 82, and the provision of designated services to Customer 82 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 82's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 82 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 82;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 29 December 2011.

The SMRs reported that Customer 82 transacted using large amounts of cash at Star Sydney: see paragraph 2165.a.v below.

- ii. Customer 82 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. By 30 November 2016, Star Sydney recorded high turnover on individual rebate programs totalling \$351,529,000 for Customer 82, with losses of \$7,872,555;
- iii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 82 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 7 May 2008 and 6 August 2014, Star Sydney gave the AUSTRAC CEO 17 incoming IFTIs totalling \$7,853,611 where Customer 82 was the beneficiary and the ordering customer. The funds were used to repay CCFs, or deposited to Customer 82's FMA or SKA.

Between 30 June 2016 and 7 October 2016, Star Sydney received nine telegraphic transfers totalling \$1,645,162, each of which was made available to Customer 82's account for the purpose of repaying outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 7 May 2008 and 1 August 2008, Star Sydney gave the AUSTRAC CEO two outgoing IFTIs totalling \$2,148,000 where Customer 82 was named as the ordering customer and beneficiary.

The funds were program settlements from Star Sydney.

On 4 September 2015 and 8 October 2015, Star Sydney sent two telegraphic transfers totalling \$2,040,000 from Customer 82's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances involving third parties

See paragraphs 278 and 327 above.

Between 16 December 2009 and 29 July 2014, Star Sydney gave the AUSTRAC CEO four incoming IFTIs where Customer 82 was the beneficiary, and the ordering customer was a third party, including company accounts.

Each of the above transactions was conducted through the Star Patron account channel.

- iv. between 18 August 2014 and 2 March 2016, Star Sydney provided Customer 82 with significant amounts of credit upon request, up to limits of \$7,500,000; and

Particulars

See paragraph 516 to 518 and 552 above.

On 18 August 2014, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a permanent active CCF limit of \$5,000,000 with an additional trip only limit of \$2,500,000 which was deactivated.

On 30 August 2015, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a permanent active CCF limit of \$7,500,000 which was deactivated on 2 March 2016.

- v. Customer 82 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 19 April 2010 and 5 January 2016, Star Sydney gave the AUSTRAC CEO 14 TTRs detailing outgoing transactions from Customer 82 totalling \$371,928.

On 24 December 2011, Customer 82 withdrew \$150,000 cash from his FMA at Star Sydney. Star Sydney considered this transaction

suspicious due to the large amount of cash involved: SMR dated 29 December 2011.

Customer 82's risk profile from 30 November 2016

- b. Customer 82 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2019, Star Sydney recorded high turnover totalling \$216,641,879 for Customer 82;
 - i. in 2019, Star Sydney recorded high individual rated turnover totalling \$2,684,279 for Customer 82; and

Particulars

See paragraph 752 above.

- ii. between 2016 and 2019, Star Sydney recorded high turnover on individual rebate programs totalling \$213,957,600 for Customer 82, with losses of \$5,032,479;

Particulars

See paragraph 623 above.

In December 2016, Customer 82's turnover on individual rebate programs was \$20,685,000 with losses of \$92,729.

In 2017, Customer 82's turnover on individual rebate programs was \$110,581,600 with losses of \$5,410,000.

In 2019, Customer 82's turnover on individual rebate programs was \$82,691,000 with wins of \$470,250.

- c. Customer 82 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2019, Star Qld recorded high and escalating turnover on individual rebate programs totalling \$41,503,000 for Customer 82;

Particulars

See paragraph 623 above.

In 2016, Customer 82's turnover on individual rebate programs was \$5,253,000.

In 2019, Customer 82's turnover of individual rebate programs was \$36,250,000.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 82 by remitting large amounts of money into, out of and within the casino environment via his accounts, including through an international remittance channel which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 20 February 2019 and 22 February 2019, a third party acting on behalf of Customer 82 deposited a total of \$619,960 into

the EEIS Patron accounts, which Star Sydney made available to Customer 82 through the EEIS remittance channel.

Between 26 February 2019 and 20 August 2019, third party companies acting on behalf of Customer 82 deposited a total of \$2,979,428 into the EEIS Patron accounts, which Star Sydney made available to Customer 82 through the EEIS remittance channel.

Other remittances involving third parties

See paragraphs 278 and 327 above.

On 8 June 2018, Customer 82 received \$323,625 into his Star Sydney account from an overseas remitter, Company 1.

The above transaction was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

Between 9 December 2016 and 10 March 2020, Star Sydney received 30 telegraphic transfers totalling \$8,745,679, each of which was made available to Customer 82's account for the purpose of repaying outstanding CCFs.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 23 April 2019, Star Sydney sent a telegraphic transfer of \$3,000,000 from Customer 82's account to another Australian casino.

Between 31 August 2017 and 8 April 2020, Star Sydney sent seven telegraphic transfers totalling \$7,202,197 from Customer 82's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Other remittances within the casino environment

See paragraph 347 to 349 above.

On 13 December 2016, Star Sydney received a transfer of \$1,396,771 from Star Qld, which it made available to Customer 82's FMA.

On 19 December 2016 and 17 June 2019, Star Sydney sent two transfers totalling \$314,655 from Customer 82's account to Star Qld.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 82 by remitting large amounts of money into, out of and within the casino environment via his accounts, including through an international remittance channel which involved higher ML/TF risks;

Particulars

Remittances through the EEIS remittance channel

See paragraphs 461, 465 to 467, 491 and 492 above.

Between 14 June 2019 and 20 June 2019, a third party acting on behalf of Customer 82 deposited a total of \$1,099,922 into the EEIS Patron accounts, which Star Qld made available to Customer 82 through the EEIS remittance channel.

Between 26 June 2019 and 9 July 2019, third party companies acting on behalf of Customer 82 deposited a total of \$1,699,791 into the EEIS Patron accounts, which Star Qld made available to Customer 82 through the EEIS remittance channel.

Other remittances involving third parties

See paragraphs 281 and 327 above.

On 10 March 2017, Star Qld facilitated a telegraphic transfer of \$39,007 from Customer 82's FMA at Star Gold Coast to the bank account of a third party company.

The above transaction was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327 above.

For example, on 18 June 2019, Star Qld gave the AUSTRAC CEO an incoming IFTI totalling \$199,954 where Customer 82 was named as the ordering customer and beneficiary.

The above transaction was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 13 January 2017 and 15 July 2019, Star Qld facilitated three telegraphic transfers totalling \$4,185,133 from Customer 82's FMA at Star Gold Coast to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraph 347 to 349 above.

On 17 June 2019, Star Qld received a transfer of \$300,000 from Star Sydney, which it made available to Customer 82's FMA at Star Gold Coast once it was opened.

On 2 July 2019, Star Qld received a transfer of \$13,158 from Star Sydney, which it made available to Customer 82's FMA at Star Gold Coast.

- f. between 12 August 2017 and 21 October 2019, Star Sydney provided Customer 82 with significant amounts of credit upon request, up to limits of \$5,130,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 12 August 2017, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a single trip CCF limit of \$2,000,000.

On 19 October 2017, Star Sydney senior management, including the Chief Executive Officer and the Chief Financial Officer, approved a single trip CCF limit of \$2,000,000 with an additional trip only limit of \$1,000,000.

On 4 April 2019, Star Sydney approved a single trip CCF limit of \$3,000,000.

On 2 August 2019, Star Sydney approved a single trip CCF limit of \$5,000,000.

On 6 August 2019, Star Sydney approved a single trip CCF limit of \$3,000,000.

On 16 August 2019, Star Sydney approved a single trip CCF limit of \$4,000,000.

On 21 October 2019, Star Sydney approved single trip CCF limits of \$5,000,000 and \$5,130,000.

- g. between 17 June 2019 and 2 July 2019, Star Qld provided Customer 82 with significant amounts of credit upon request, up to limits of \$3,000,000 with an additional trip only limit of \$950,000;

Particulars

See paragraph 516 to 518 and 552 above.

On 17 June 2019, Star Qld approved a single trip CCF limit of \$3,000,000.

On 2 July 2019, Star Qld approved a single trip CCF limit of \$3,000,000 with an additional trip only limit of \$950,000.

- h. Customer 82 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 82 had access to private gaming rooms at Star Sydney, including Lakes Salon, Oasis, the Sovereign Room, Rivers Salons and Chairman's.

- i. Customer 82 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 82 had access to private gaming rooms at Star Qld, including The Club, Salon 99 and Pit 8.

- j. by 2011, media reports named Customer 82 as a person connected to a foreign PEP, being the leader of a foreign country;

Particulars

In and from 2011, media reports named Customer 82 as a person connected to the leader of a foreign country.

It was not until 2019 that Star became aware of these reports.

- k. Star Sydney and Star Qld did not have adequate reason to believe that Customer 82's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 82 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By 30 November 2016 Star understood that Customer 82 had significant business interests in a foreign country and operated an EGM company.

However, Star failed to take steps to review, and update and verify Customer 82's source of wealth or source of funds. Instead, they relied on publicly accessible media articles which reported Customer 82's wealth.

Customer 82 remitted large amounts of money to Star through third party companies overseas and was associated with a foreign PEP, being the leader of a foreign country. Despite this, Star did not take steps to review, and update and verify Customer 82's source of funds in respect of third party deposits made for his benefit, including funds remitted through the high risk EEIS channel.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 82

2166. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 82 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 82.

- a. On and from June 2019, Customer 82 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 82's risk profile* above.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 82 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

Until 27 June 2019, Customer 82 was rated low risk by default.

On 27 June 2019, Customer 82 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 82's transactions

2167. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 82's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 82, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 82 through:
- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. an international remittance channel, specifically the EEIS remittance channel; and

Particulars

See paragraphs 493 and 777 above.

- c. Star Sydney and Star Qld provided designated services to Customer 82 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 82's KYC information

2168. Star Sydney and Star Qld did not review, update and verify Customer 82's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC

information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 82's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 82's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 82's source of wealth or source of funds: see *Customer 82's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 82's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 82.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

On 27 June 2019, Star Sydney conducted due diligence in respect of Customer 82.

The due diligence screening identified that Customer 82 was associated with a foreign PEP.

The due diligence conducted by Star did not have appropriate regard to Customer 82's higher ML/TF risks: see *Customer 82's risk profile* above.

The due diligence conducted by Star did not have appropriate regard to the higher ML/TF risks posed by Customer 82's source of funds or source of wealth.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 82's source of wealth or source of funds: see *Customer 82's risk profile*.

Failure to apply appropriate due diligence suited to Customer 82's high ML/TF risks

2169. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 82 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 82; and
 - c. reviewing and updating Customer 82's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would likely have rated Customer 82 as a high risk customer for the purpose of the Act and Rules.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

2170. Had Star Sydney and Star Qld rated Customer 82 as a high risk customer for the purpose of the Act and Rules, they would have been required by the Act and Rules to apply the ECDD Programs to Customer 82.

Particulars

Rule 15.9 of the Rules.

Contravention of s36 of the Act in respect of Customer 82

2171. By reason of the matters pleaded from paragraphs 2160 to 2170 above, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 82 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2172. By reason of the matters pleaded at paragraph 2171, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 82.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

DOMESTIC CUSTOMERS

Customer 83

2173. Customer 83 was a customer of Star Qld during the relevant period. Between 2016 and 2021, Star Qld recorded turnover exceeding \$13.9 million for Customer 83.

Particulars

Customer 83 was a customer of Star Qld from at least June 2012.
On 18 June 2015, Customer 83 was excluded from Star Sydney at the direction of a law enforcement agency.

However, it was not until 6 January 2021 that Star Qld issued a WOL in respect of Customer 83.

2174. Star Qld provided Customer 83 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

Between 2016 and 2021, Star Qld recorded turnover exceeding \$13.9 million for Customer 83 (table 3, s6 of the Act).

See Customer 83's risk profile below.

2175. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 83.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 83's risk profile

2176. On and from 30 November 2016, Customer 83, and the provision of designated services to Customer 83 by Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 83's risk history as at 30 November 2016

a. By 30 November 2016 Customer 83 had the following risk history:

- i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 83;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 10 February 2015.

The SMR reported that Customer 83 had experienced a large loss of \$77,600 in January 2015. Star Qld did not have any record of previous wins to account for the loss. Star Qld was unaware of Customer 83's source of income: SMR dated 10 February 2015.

- ii. Customer 83 transacted using large amounts of cash at Star Qld;

Particulars

On 10 March 2015, Star Qld gave the AUSTRAC CEO a TTR detailing a chip cash out by Customer 83 totalling \$10,000.

- iii. Customer 83 received high value gambling services (table 3, s6 of the Act) at Star Qld other than through junket programs. Between 2006 and 2015, Star Qld recorded high and escalating turnover totalling \$5,031,296 for Customer 83;

Particulars

In 2006, Customer 83's individual turnover was \$1,310,875.

In 2009, Customer 83's individual turnover was \$1,656,216.

In 2010, Customer 83's individual turnover was \$255,942.

In 2015, Customer 83's individual turnover escalated to \$1,808,263.

- iv. by at least June 2015, Star Qld was aware of a media article which alleged that Customer 83 had close connections to organised crime figures;

Particulars

By June 2015, Star Qld was aware of a media article published that month which alleged that:

- a. Customer 83 was an associate of organised crime figures;
- b. Customer 83 had met with drug importers;
- c. Customer 83 was accused of being a murderer for hire; and
- d. Customer 83 had been at the centre of criminal investigations in respect of a substantial number of crimes, including murder, gunshot wounding and arson.

- v. numerous media reports named Customer 83 as the alleged head of an organised crime syndicate in Australia which had allegedly been involved in criminal activity in Australia, including murder for hire;

Particulars

By 2014, publicly accessible media articles reported that Customer 83:

- a. was the alleged head of an organised crime syndicate in Australia; and
- b. had been banned from another Australian casino by a law enforcement agency.

Star Qld was aware of these 2014 articles from at least January 2017.

However, it was not until 6 January 2021 that Star Qld issued a WOL in respect of Customer 83.

- vi. on 18 June 2015, Customer 83 was excluded from Star Sydney at the direction of a law enforcement agency; and
- vii. in January 2015 and March 2016, Customer 83 was the subject of law enforcement correspondence at Star Qld;

Particulars

In January 2015, Star Qld received correspondence from a law enforcement agency which said that there was information to

suggest that Customer 83 had recently been excluded from another Australian casino but continued to gamble at Star Qld.

In March 2016, Star Qld received a request for information from a law enforcement agency in respect of Customer 83. Star Qld provided some of the information sought.

Customer 83's risk profile from 30 November 2016

- b. Star Qld was aware that Customer 83 continued to be excluded from Star Sydney at the direction of a law enforcement agency;

Particulars

On 9 June 2015, an entry was created in Star's investigations database respect of Customer 83, identifying that he had been the subject of an exclusion at the direction of a law enforcement agency at Star Sydney. Star Qld had access to the investigations database.

In January 2019 and February 2019, Customer 83 was discussed at JRAMMs.

The minutes of the meetings noted that Customer 83 was the subject of an exclusion order at Star Sydney.

- c. Customer 83 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

On 5 January 2017, Star Qld gave the AUSTRAC CEO a TTR detailing a chip cash out by Customer 83 totalling \$13,000.

Between 3 January 2019 and 16 January 2019, Customer 83 gambled using cash at Star Gold Coast and recorded a loss of \$76,240. Star Qld was unaware of the source of the cash or of Customer 83's occupation. Star Qld was aware that there were substantial open source media articles concerning Customer 83: SMR dated 18 January 2019.

- d. Customer 83 received high value gambling services (table 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2021, Star Qld recorded high and escalating turnover totalling \$13,941,351 for Customer 83;

Particulars

In 2016, Customer 83's individual turnover was \$2,443,886.

In 2017, Customer 83's individual turnover was \$2,443,886.

In 2018, Customer 83's individual turnover escalated to \$3,161,477. In January and February 2018, Customer 83 was one of Star Gold Coast's top table game players.

In 2019, Customer 83's individual turnover was \$2,951,401.

In 2020, when closures due to COVID-19 commenced, Customer 83's turnover remained high.

In 2020, Customer 83's individual turnover was \$2,287,163.

By 6 January 2021, on which date Customer 83 was issued with a WOL at Star Qld, Customer 83's individual turnover for 2021 was \$446,293.

- e. Customer 83 had access to private gaming rooms at Star Qld;

Particulars

Customer 83 had access to private gaming rooms at Star Qld, including the Suite, the Sovereign Room and Club Conrad.

- f. Customer 83 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 18 January 2019.

The SMR reported that Customer 83 had experienced a large loss of \$76,240 in January 2019. Star Qld was unaware of Customer 83's source of income or occupation.

- g. in January 2018, a series of internal emails at Star Qld raised issues concerning the spelling of Customer 83's name in its customer management system;

Particulars

On 29 January 2018, a Star Qld business manager determined that Customer 83's name had been misspelled in its internal customer management system. The business manager indicated that there were issues with Customer 83 and his 'background' and identified that he was the subject of an exclusion in NSW and various news articles.

That day, the Star Qld Investigations Manger forwarded the business manager's email to a Star AML Administrator. The AML Administrator responded: 'No issues with me' and expressed an awareness of the media articles relating to Customer 83.

- h. by at least January 2019, Star Qld was aware of further open source media articles naming Customer 83 as a person involved in an organised crime syndicate and criminal activity in Australia;

Particulars

Publicly accessible media articles reported that Customer 83:

- a. had repeatedly been accused by law enforcement in Australian courts of being a high-ranking member of an organised crime syndicate in Australia;

- b. was the subject of substantial intelligence which indicated that he had substantial and close involvement with criminal conduct including drug importation, murder and extortion; and
 - c. was a known associate of prominent criminal entities and persons who had a history of significant criminal conduct that included money laundering and drug trafficking.
- i. by November 2020:
- i. Star Qld was aware of court proceedings in a foreign jurisdiction which alleged that Customer 83 had dealings with a foreign organised crime syndicate; and

Particulars

In November 2020, JRAMM minutes noted that Customer 83, together with another Star Qld customer, had dealings with a foreign organised crime syndicate.

- ii. open source media articles alleged that Customer 83 had dealings with a foreign organised crime syndicate; and

Particulars

See paragraph 2176.a.iv above.

By February 2020, publicly accessible media articles reported that Customer 83, together with another Star Qld customer:

- a. had dealings with a foreign organised crime syndicate; and
 - b. were senior figures in the foreign organised crime syndicate.
- j. Star Qld did not have adequate reason to believe that Customer 83's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 83 at Star Qld.

Particulars

See paragraph 808 above.

By 30 November 2016, numerous media reports named Customer 83 as a person involved in an organised crime syndicate and criminal activity in Australia.

From at least 30 November 2016, Star Qld was aware of media reports suggesting Customer 83 was connected to organised crime.

Nevertheless, Star Qld was unaware of Customer 83's occupation or source of funds: SMR dated 18 January 2019. Star Qld has no basis to believe that Customer 83's source of funds or source of wealth were legitimate.

Star Qld's determination of the ML/TF risks posed by Customer 83

2177. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 83 appropriately because the risk-based procedures,

systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 83;

- a. On and from 30 November 2016, Customer 83 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules: see *Customer 83's risk profile* above.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 12 February 2020 that Customer 83 was rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 12 February 2020, Star Qld determined that Customer 83's ML/TF risk was very high, being high for the purpose of the Act and Rules.

Monitoring of Customer 83's transactions

2178. At no time did Star Qld apply appropriate transaction monitoring to Customer 83's transactions because, where Star Qld conducted any transaction monitoring of transactions involving Customer 83, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

On 9 January 2019, Star Qld conducted transaction monitoring in respect of Customer 83 following a chip cash out of \$9,000 on 2 January 2019.

The review, update and verification of Customer 83's KYC information

2179. Star Qld did not review, update and verify Customer 83's KYC information, having regard to the high ML/TF risks posed, because:
 - a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 83's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 83's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 83's source of wealth and source of funds were not legitimate: see *Customer 83's risk profile* above.

- d. to the extent that Star Qld reviewed Customer 83's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 83.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 83's high ML/TF risks

2180. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 83 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 83; and
- c. reviewing and updating Customer 83's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 83 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 83*.

ECDD triggers in respect of Customer 83

2181. Star Qld was required to apply the ECDD Programs to Customer 83 following any ECDD triggers in respect of Customer 83.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3) and 15.10 of the Rules.

2182. Customer 83:

- a. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period; and

Particulars

On 18 January 2019, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 83.

- b. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Qld.

Particulars

On 12 February 2020, Star Qld determined that the ML/TF risks posed by Customer 83 was high risk for the purpose of the Act and Rules: see *Star Qld's determination of the ML/TF risks posed by Customer 83* above.

2183. Each matter pleaded in paragraph 2182 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

2184. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 83 following an ECDD trigger because:

- a. on each occasion prior to 6 January 2021 that Star Qld conducted ECDD in respect of Customer 83 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 83 and the provision of designated services to Customer 83 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 807 and 810 above.

On 1 March 2019, Star Qld conducted ECDD in respect of Customer 83: see particulars to paragraph 2184.c below.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 83's higher ML/TF risks: see *Customer 83's risk profile* above.

The ECDD conducted Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 83's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 83's source of wealth and source of funds were not legitimate: see *Customer 83's risk profile*.

- b. Customer 83 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 6 January 2021 that Customer 83 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 83 and the provision of designated services to Customer 83 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810.

In January 2019, a Star AML Administrator attempted to conduct a media search in respect of Customer 83 but could not access the full text of certain articles because Star did not have the required media subscription.

In January 2019 and February 2019, Customer 83 was discussed at JRAMMs.

The minutes of the meetings noted that Customer 83:

- a. was the subject of an exclusion order at Star Sydney;
- b. attended Star Gold Coast twice a year;
- c. had recorded a loss of \$76,000 on his most recent trip; and
- d. was suspected of involvement in criminal activity but had not been charged with an offence.

The meeting minutes recorded a recommendation that Star Qld issue Customer 83 with a WOL and his risk rating be elevated to critical.

Despite this:

- a. Customer 83 was not rated high risk for the purpose of the Act and Rules until 12 February 2020: see *Star Qld's determination of the ML/TF risks posed by Customer 83* above;
- b. by 6 January 2021, Customer 83's individual turnover in that year was \$446,293; and
- c. Star Qld did not issue Customer 83 with a WOL until 6 January 2021.

In March 2019, Customer 83 was the subject of ECDD and removed from discussion at future JRAMMs.

On 1 March 2019, the Chief Risk Officer determined that, as there had been no material change in circumstances in respect of Customer 83, to issue a WOL in respect of him would be a 'departure from [Star's longstanding practice]'. The Chief Risk Officer said that more was required to justify a WOL at Star Qld than exclusions at other casinos. This was despite the fact that, in the AML Administrator's email to the Chief Risk Officer,

she identified that Customer 83 was allegedly highly placed in an organised crime syndicate and was involved in extortion.

In October 2020, Customer 83 was the subject of annual due diligence which identified the significant adverse information concerning him and his connections to organised crime.

Contravention of s36 of the Act in respect of Customer 83

2185. By reason of the matters pleaded from paragraphs 2163 to 2184 above, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 83 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions:
s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2186. By reason of the matters pleaded at paragraph 2185, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 6 January 2021 with respect to Customer 83.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 84

2187. Customer 84 was a customer of Star Qld during the relevant period. Between 2016 and 2021, Star Qld recorded turnover exceeding \$300 million for Customer 84.

Particulars

Customer 84 was a customer of Star Qld from at least 23 August 1996.

On 10 December 2021, Star Qld issued a WOL in respect of Customer 84 at the direction of the Star GM of Financial Crime and Investigations for “undesirable behaviour”.

2188. Star Qld provided Customer 84 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 23 August 1996, Star Qld opened an FMA for Customer 84 under his primary account, which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 84 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 84's risk profile* below.

2189. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 84.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 84's risk profile

2190. On and from 30 November 2016, Customer 84, and the provision of designated services to Customer 84 by Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 84's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 84 had the following risk history:
- i. by at least July 2016, Star Qld was aware that Customer 84 had been subject to a law enforcement exclusion at Star Sydney since 2007;

Particulars

Customer 84 was excluded from Star Sydney on 24 July 2007 following a NSW exclusion order.

In July 2016, a JRAM meeting attended by senior management, including the Group Investigations Manager and the Chief Risk Officer noted that Customer 84 was excluded from Star Sydney. The minutes of the meeting noted that:

- a. a law enforcement agency had recently requested information relating to Customer 84's gaming records; and
- b. Customer 84 was excluded from Star Sydney following a NSW exclusion order.

The meeting also considered whether Customer 84's risk rating should be raised from medium to a high in light of the intelligence received.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 84;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 49 occasions between January 2009 and August 2016.

On 27 occasions, Star Qld noted that it considered that Customer 84 was carrying a large amount of cash on his person.

- iii. Customer 84 was connected to other customers at Star Qld, in respect of whom Star Qld had formed suspicions;

Particulars

Between 24 March 2010 and 3 August 2016, on at least nine occasions, Star Qld gave the AUSTRAC CEO an SMR noting suspicious transactions by Customer 84 and/or other Star Qld customers who were associated with Customer 84. The suspicious transactions included the following:

- a. other customers deposited cash into Customer 84's Star Qld account;
 - b. Customer 84 attended a private gaming room cashier at Star Gold Coast and deposited chips for cash. Customer 84 then gave some of the cash to an unknown male and then placed the remainder in a yellow envelope and provided the envelope to another person;
 - c. a customer deposited \$38,000 worth of \$50 notes, which were wrapped in rubber bands and slightly sticky, at Star Gold Coast for Customer 84. Customer 84 subsequently used these funds for gaming at Star Gold Coast;
 - d. a customer provided some of his chips at Star Gold Coast to Customer 84 and then both patrons proceeded to play on the same table;
 - e. Customer 84's brother deposited chips for cash at Star Gold Coast and advised that the chips were Customer 84's, despite Customer 84 denying this;
 - f. a customer presented chips at Star Gold Coast that were not supported by play and claimed that he was playing with Customer 84, despite the surveillance footage not supporting this;
 - g. a customer drew down from his CCF to obtain chips and provided \$50,000 worth of chips to Customer 84; and
 - h. a customer with no record of play deposited chips that he had indirectly received from Customer 84 for cash at Star Gold Coast.
- iv. Customer 84 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded high individual rated turnover totalling \$32,294,010 for Customer 84 at Star Gold Coast;

Particulars

See paragraph 752 above.

- v. Star Qld was aware that Customer 84 had recorded large losses from gaming activity at Star Qld;

Particulars

On 25 March 2010, Star Qld conducted a review of Customer 84's play which showed that Customer 84 had lost \$426,900 in the

previous 90 days at Star Gold Coast. Star Qld considered this was a spike compared to his previous play: SMR dated 25 March 2010.

On 8 July 2011, Star Qld conducted a review of Customer 84's play on table games at Star Gold Coast for the 15 months from March 2010 to June 2011. The review indicated that Customer 84 had lost \$747,900 during this period, despite not playing for five of those months. Star Qld also noted that Customer 84's source of funds was not confirmed: SMR dated 8 July 2011.

On 14 June 2012, Star Qld conducted a review and noted that Customer 84 had lost \$124,150 for the month of June to date and \$192,150 in the last 90 days: SMR dated 14 June 2012.

From 7 to 16 April 2015, Star Qld recorded losses by Customer 84 at Star Gold Coast totalling \$359,400. The funds used by Customer 84 for this gameplay were telegraphic transfers and bank cheques: SMR dated 17 April 2015.

On 4 January 2016, Star Qld recorded that Customer 84 had lost \$553,000 at Star Gold Coast since 27 December 2015: SMR dated 4 January 2016.

- vi. Customer 84 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 4 May 2006 and 5 October 2016, Star Qld gave the AUSTRAC CEO 249 TTRs detailing transactions made by Customer 84 totalling \$13,965,450, including:

- a. 50 TTRs detailing account deposits totalling \$3,368,700;
- b. 30 TTRs detailing account withdrawals totalling \$4,705,000;
- c. 166 TTRs detailing chip and cash exchanges totalling \$5,581,750;
- d. one TTR detailing other monetary value in totalling \$20,000; and
- e. one TTR detailing other monetary value out totalling \$20,000.

Large and suspicious cash transactions between 2009 and 2016

Between January 2009 and early August 2016, Star Qld recorded that Customer 84 had engaged in transactions at Star Qld totalling at least \$14,000,000, including:

- a. \$3,227,350 in cash deposits by Customer 84;
- b. \$6,080,000 in cash withdrawals by Customer 84;
- c. \$2,830,000 in chip deposits by Customer 84; and
- d. \$2,344,000 in chip purchases by Customer 84.

- vii. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 84 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between January 2010 and March 2010, Customer 84 transferred \$300,000 from his personal bank account in Australia via telegraphic transfer. The funds were made available to Customer 84's Star Qld account: SMR dated 25 March 2010.

Between 11 January 2016 and 4 October 2016, Star Qld received 15 telegraphic transfers totalling \$277,000, each of which was made available to Customer 84's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 9 June 2014, Customer 84 transferred \$250,000 from his Star Qld account via telegraphic transfer to his personal bank account in Australia: SMR dated 10 June 2014.

On 13 June 2016, Customer 84 transferred \$50,000 from his Star Qld account via telegraphic transfer to his personal bank account in Australia: SMR dated 16 June 2016.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances involving third parties

See paragraphs 278 and 327 above.

On 15 January 2012, Customer 84 received \$20,000 into his Star Qld account from a third party company account in Australia: SMR dated 25 January 2012.

On 8 January 2009, Customer 84 received \$20,000 into his Star Qld account from an unknown account. Customer 84 informed Star Qld that only his initials were listed on the deposit as he did not want to put his name on the bank transfer, as then it could be easily traced by other parties and identified as his funds. Star Qld noted that historically Customer 84's deposits to his Star Qld account were made by unknown third parties, and very few deposits included Customer 84's details because he did not want them identified as his funds: SMR dated 13 January 2009.

Between 27 August 2011 and 1 August 2016, Customer 84 received at least 16 transfers totalling \$1,235,000 into his Star Qld account

from an unknown account. On three occasions, Star Qld noted in an SMR given to the AUSTRAC CEO that it did not know who sent the funds because the transfer was made via the internet.

Each of the above transactions was conducted through the Star Patron account channel.

- viii. Customer 84 transacted at Star Qld using bank cheques issued by Australian banks drawn in large amounts;

Particulars

Between 2011 and 2016, Customer 84 deposited eight bank cheques issued by Australian banks at Star Qld totalling \$2,075,000 including:

- a. on 2 July 2014, Customer 84 provided Star Gold Coast with a bank cheque for \$200,000 from an Australian bank. Star Qld was subsequently informed by its bank that the issuing Australian bank had dishonoured the cheque. Star Qld contacted the issuing Australian bank, which confirmed the cheque had been dishonoured: SMR dated 4 July 2014;
 - b. Customer 84 played at Star Gold Coast from 27 December 2015 to 17 January 2016. The funds provided by Customer 84 included four bank cheques from three different Australian banks, totalling \$550,000. Customer 84 recorded a loss of \$927,250 for the trip: SMR dated 20 January 2016; and
 - c. on 10 June 2016 Customer 84 attended Star Gold Coast and provided a \$50,000 bank cheque from an Australian bank. On 13 June 2016, Customer 84 provided a \$50,000 cheque from a different Australian bank. At the end of his play on 13 June 2016, Customer 84 made a telegraphic transfer to his personal bank account with a third Australian bank: SMR dated 16 June 2016.
- ix. Star Qld was aware that Customer 84 had engaged in large and unusual cash transactions, which had no apparent economic or visible lawful purpose; and

Particulars

2010

On 17 June 2010, Customer 84 withdrew \$100,000 from his FMA at Star Gold Coast. Customer 84 stated that he did not want a cheque as he was giving the funds to an unknown third party: SMR dated 17 June 2010.

2012

On 16 January 2012, Customer 84 withdrew \$100,000 in cash from his FMA at Star Gold Coast, which was supported by play. On 17 January 2012, Customer 84 returned to Star Gold Coast with \$100,000 in cash and deposited it into his FMA: SMR dated 17 January 2012.

2014

On 11 January 2014, Customer 84 attended the cashier at Star Gold Coast with two shopping bags, one inside the other, containing \$200,000 in \$50 and \$100 notes. The funds were deposited into Customer 84's Star Qld account and he used the funds for gaming: SMR dated 13 January 2014.

2015

On 7 January 2015, Customer 84 attended the private gaming room cage at Star Gold Coast with a pink suitcase. Customer 84 withdrew \$400,000 from his account and placed the funds into the suitcase. Customer 84 then attended a restaurant at Star Gold Coast where he met with six other people. At this time, Customer 84 had \$780,000 remaining in his account: SMR dated 7 January 2015.

On 13 January 2015, Customer 84 withdrew all of his funds from his FMA for cash and chips across several transactions. On 14 January 2015, Customer 84 bought chips with cash at the Star Gold Coast cage, using primarily \$50 notes. Star Qld noted that this was "new" money as Star Qld had given Customer 84 \$100 notes earlier in the evening. Customer 84 told staff that the \$50 notes were from a restaurant across the road: SMR dated 14 January 2015.

- x. by 30 November 2016, Customer 84 had been the subject of law enforcement enquiries at Star Qld;

Particulars

In around July 2016, Star Qld received a request from a law enforcement agency relating to Customer 84's gaming records.

On 19 January 2016 and 13 June 2016, the Star Qld AML team referred Customer 84 to a law enforcement agency.

Customer 84's risk profile from 30 November 2016

- b. Star Qld was aware that Customer 84 had been issued with a NSW exclusion order at Star Sydney;

Particulars

Customer 84 was excluded from Star Sydney on 24 July 2007 following a NSW exclusion order. As a result, Customer 84's membership card was deactivated.

In July 2016, a JRAM meeting noted that Customer 84 was excluded from Star Sydney. The meeting was attended by the senior management, including the Group Investigations Manager and the Chief Risk Officer.

On each occasion that Customer 84 attended Star Qld from 30 November 2016, Star Qld staff reactivated Customer 84's membership card to allow Customer 84 to receive gambling services. At the end of Customer 84's trip, Star Qld staff would change Customer 84's account status back to "Excluded NSW".

In January 2020, Star Qld conducted ECDD with respect to Customer 84. The ECDD Analyst noted (incorrectly) that Customer 84 appeared to have been excluded from Star Sydney in January 2018.

On 7 February 2020, an ECDD Analyst at Star Qld requested more information about the nature of Customer 84's exclusion from Star Sydney. The ECDD Analyst was provided with information from a Guest Support Manager which showed that Customer 84 had been excluded indefinitely from Star Sydney on 24 July 2007.

- c. Customer 84 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2021, Star Qld recorded a high and escalating individual rated turnover totalling \$307,624,330 for Customer 84;

Particulars

See paragraph 752 above.

In 2016, Customer 84's individual rated gaming turnover was \$35,188,091.

In 2017, Customer 84's individual rated gaming turnover was \$61,194,770.

In 2018, Customer 84's individual rated gaming turnover was \$89,837,058.

In 2019, Customer 84's individual rated gaming turnover was \$59,872,544.

In 2020, Customer 84's individual rated turnover was \$15,423,985.

In 2021, Customer 84's individual rated gaming turnover was \$46,107,882.

- d. between 2016 and 2021, Customer 84 received significant benefits and complimentary services from Star Qld;

Particulars

Between 28 December 2016 and 31 May 2021, Customer 84 received benefits and complimentary services at Star Qld including:

- a. 13 single play vouchers totalling \$120,000;
- b. two private jet trips from Melbourne to Queensland;
- c. limousine trips;
- d. Christmas lunches for Customer 84 and his family valued at \$10,000;
- e. a cake in the shape of a Rolex watch;
- f. a \$50,000 Rolex watch as a birthday gift; and
- g. football grand final private box tickets valued at \$6,100.

- e. between 2017 and 2021, Star Qld was aware that Customer 84 had recorded large losses from gaming activity at Star Qld;

Particulars

2017

On 22 February 2017, Star Gold Coast identified that Customer 84 had lost \$1,152,150 in January 2017 at Star Gold Coast and was one of the top patrons by loss at the tables. Star Gold Coast noted that the majority of the funds Customer 84 used for gaming were deposited into his account via bank cheques. Customer 84 had recorded a win of \$127,750 in December 2016 and no play in November 2016. On 22 February 2017, Star Qld gave the AUSTRAC CEO an SMR due to Customer 84's large loss in February 2017: SMR dated 22 February 2017.

2018

On 27 March 2018, Star Gold Coast identified that Customer 84 had lost \$286,150 in February 2018, \$232,300 in January 2018 and \$201,400 in December 2017. Star Qld noted that Customer 84 was one of the top patrons by loss at the tables in February 2018, and that there was no record of any recent significant win by Customer 84 to account for the losses, with Customer 84 recording a loss of \$61,000 for the period 1 July 2017 to 31 December 2017. Star Qld also noted that Customer 84's source of funds was not confirmed: SMR dated 27 March 2018.

On 14 June 2018, Star Gold Coast identified that Customer 84 had lost \$660,650 in the month of June 2018 to date. Customer 84 had also made losses in previous months of play. Customer 84 largely provided Star Gold Coast with funds via bank cheques, and Star Qld considered it odd that Customer 84 presented bank cheques at the same time that were drawn on different branches of the same bank. Star Qld noted that Customer 84 appeared to have fairly consistent large losses: SMR dated 14 June 2018.

On 26 July 2018, Star Gold Coast identified that Customer 84 had lost \$540,850 in June 2018 and was one of the top patrons by loss for June 2018 at Star Gold Coast. Star Qld also recorded that Customer 84 had lost \$28,950 in May 2018 and \$190,450 in April 2018, and \$1,283,350 since 1 January 2018. Star Qld received the majority of Customer 84's funds for this gaming as telegraphic transfers or bank cheques. Star Qld noted that Customer 84's losses appeared too large to sustain based on his occupation, which Star Qld understood to be "in business": SMR dated 26 July 2018.

On 28 September 2018, Star Gold Coast reviewed Customer 84's play and transactions since 1 August 2018, which showed a loss of \$209,100 since that time: SMR dated 28 September 2018.

2019

On 11 January 2019, Star Qld recorded that Customer 84 had lost \$381,100 at Star Gold Coast since 7 January 2019. Star Qld also observed that Customer 84 had access to large amounts of money very quickly: SMR dated 11 January 2019.

2021

On 22 July 2021, Star Gold Coast identified that Customer 84 had lost \$368,000 in June 2021. Star Qld noted that there was no record of any recent wins to account for the continued losses. Star Qld considered that Customer 84 had had large wins in previous years on occasions but soon lost again. The funds Customer 84 used for gaming in June 2021 appeared to be supplied via telegraphic transfers to Star's bank account. Star Qld considered that Customer 84's losses still appeared large for Customer 84: SMR dated 22 July 2021.

- f. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 84 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 5 December 2016 and 5 March 2020, Star Qld received 56 telegraphic transfers totalling \$2,084,000, each of which was made available to Customer 84's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 2 June 2019, Customer 84 transferred \$150,000 from his Star Qld FMA to his personal bank account in Australia: SMR dated 4 June 2019.

Between 9 April 2017 and 5 March 2020, Star Qld facilitated 36 telegraphic transfers totalling \$2,540,000 from Customer 84's FMA at Star Gold Coast to accounts at three Australian banks.

On 1 September 2019 and 21 December 2019, Star Qld facilitated two outgoing telegraphic transfers totalling \$270,000 from Customer 84's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances involving third parties

See paragraphs 278 and 327 above.

In June 2018, Customer 84 received three transfers totalling \$60,000 into his Star Qld account from an unknown account: SMR dated 14 June 2018.

In August 2018 and September 2018, Customer 84 received six transfers totalling \$130,000 into his Star Qld account from an unknown account: SMR dated 28 September 2018.

On 7 January 2019, Customer 84 received \$20,000 into his Star Qld account from an unknown account: SMR dated 11 January 2019.

On 25 March 2021, Customer 84 received \$100,000 into his Star Qld FMA from an unknown account: SMR dated 30 March 2021.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraph 347 to 349 above.

On 7 September 2019, Star Qld facilitated a transfer of \$25,000 from Star Gold Coast to Treasury Brisbane, which it made available to Customer 84's FMA.

- g. Customer 84, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and plastic bags at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 5 December 2016 and 16 July 2021, Star Qld gave the AUSTRAC CEO 236 TTRs detailing transactions made by Customer 84 totalling \$10,911,570, including:

- a. nine TTRs detailing account deposits totalling \$978,450;
- b. 10 TTRs detailing account withdrawals totalling \$735,000;
- c. 215 TTRs detailing chip and cash exchanges totalling \$9,077,120;
- d. one TTR detailing other monetary value out totalling \$100,000;
and
- e. one TTR detailing EGM payouts totalling \$21,000.

Large and suspicious cash transactions in 2017

On 13 January 2017, Customer 84 attended a cashier at Star Gold Coast with a shopping bag containing \$150,000 in cash, comprising \$108,500 in \$50 notes and \$41,500 in \$100 notes. Star Qld noted that the cash was bundled in an unusual way. It was bundled in "packs" with small rubber bands of around \$5,000. Each pack contained both \$50 and \$100 notes. Each denomination was

separated in bands and the separate denomination bundles were then banded together: SMR dated 13 January 2017.

Large and suspicious cash transactions in 2018

On 1 May 2018, Customer 84 arrived at the Sovereign Room cashier at Star Gold Coast with a blue cooler bag and handed it to the cashier. Inside the bag was another large plastic bag. That bag was full of \$50 notes in bundles of \$10,000 with a rubber band on each end. The cashier counted \$100,000, placed the cash into Customer 84's FMA and issued him with chips. The cashier then counted the remaining amount, \$98,950, and placed the amount into Customer 84's FMA. The cage noted that the \$50 notes may have previously been wet and when they dried the edges stuck together. The notes had to be "fanned" before they could be put into the machines for counting. Customer 84 took the \$100,000 in chips to the table and won \$65,000. He then returned to the cage, put the \$100,000 in chips back into his account and took the \$65,000 in winnings in \$100 notes. Early on 2 May 2018, Customer 84 returned to Star Gold Coast and took \$198,000 in chips from his FMA. Following play, Customer 84 walked away from the table with \$230,000. Customer 84 put \$100,000 in chips back into his FMA and then took \$125,000 in cash. On 2 May 2018, Star Qld gave the AUSTRAC CEO an SMR due to the large amount in \$50 notes that Customer 84 had supplied: SMR dated 2 May 2018.

Large and suspicious cash transactions in 2019

On Sunday, 17 February 2019, Customer 84 purchased \$15,000 in chips with cash at Star Qld. He also added \$2,200 in cash at the table, and lost it all shortly after. Star Qld then observed Customer 84 on the phone. Customer 84 then left the casino and returned less than an hour later with \$50,000 in cash in a plastic shopping bag, comprising \$18,900 in \$100 notes and \$31,100 in \$50 notes. Customer 84 purchased chips with the cash and lost it all quickly. Star Qld recorded two further instances of Customer 84 using \$20,000 in chips at a table. There was a record of Customer 84 using \$20,000 in cash to buy chips, but Star Qld was unable to ascertain where Customer 84 obtained the other \$20,000 from. Customer 84 lost all his funds that day totalling \$107,200. Star Qld lodged an SMR due to Customer 84 accessing cash at fairly short notice, particularly on a Sunday when banks were closed: SMR dated 19 February 2019.

On 2 June 2019, Customer 84 attended Star Gold Coast with a plastic bag containing \$150,000 cash in \$50 notes. The funds were placed into Customer 84's FMA and he was issued chips for the entire value. Customer 84 played for a short period and then walked away from the table with \$235,000 in chips. He deposited \$150,000 of the chips into his FMA and requested that it be immediately transferred to his personal bank account with a particular Australian bank. Star Qld recorded that Customer 84 was very concerned that

the money was transferred to the right bank, as he did not want the money to go to an account with another Australian bank. Later that day Customer 84 played more and then cashed out \$117,000 in chips.

On 3 June 2019, Customer 84 returned to Star Gold Coast with \$90,000 of the cash he had obtained on 2 June 2019. Some of the cash was presented in a white cardboard bag. Customer 84 engaged in play and lost the entire amount.

On 4 June 2019, Customer 84 presented \$150,000 cash in \$50 notes in a plastic bag and asked Star Qld to transfer that sum to a bank: SMR dated 4 June 2019.

Large and suspicious cash transactions in 2021

On 5 January 2021, Customer 84 handed a black bag with a Star logo to a cashier on the main gaming floor at Star Gold Coast. The bag contained \$149,500 in cash. All but two of the straps were Star's with dates that were supported by previous payouts made to Customer 84. However, Star Qld noted that the other two straps appeared to have come from a bank.

On 17 February 2021, Customer 98 attended Star Qld with a black and white bag containing \$150,000 in cash. The cash comprised \$25,000 in \$100 notes and the rest in \$100 notes. Star Qld recorded that \$75,000 of the \$100 notes were presented in a plastic heat-sealed bag and the remainder of the cash was in \$5,000 bundles wrapped in rubber bands. Customer 98 told the cashier that he got the cash from Customer 84 when he played with him the day before.

Customer 98 also stated that Customer 84 owed him another \$100,000: SMR dated 18 February 2021.

On 18 February 2021, Customer 84 attended a cashier at Star Gold Coast and handed over a shopping bag which contained cash in bundles of \$50 notes wrapped in rubber bands. Customer 84 stated that the cash was his savings. Customer 84 received chips for the entire amount and then played and won \$65,000. Customer 84 then returned to the cashier, bought back all of his \$50 notes and took the \$65,000 in \$100 notes with Star straps on them. He put the \$50 notes back in the shopping bag: SMR dated 19 February 2021.

On 25 March 2021, Customer 84 attended Star Gold Coast with another person. The other person was carrying a plastic shopping bag. Customer 84 appeared to sign the other person into the Sovereign Room reception, and both patrons entered the room. Customer 84 collected four \$25,000 plaques from the cashier, as \$100,000 had been deposited into his Star Qld FMA via a bank transfer. After Customer 84 lost the \$100,000 at the table, Customer 84 took the bag to the cashier and emptied the contents on the counter. Later, Customer 84 advised that the cash came from his savings. The cash was in multiple bundles of \$100 notes totalling \$149,000. Star Qld noted that the cash was bundled in a way that

was different to how casinos present cash, and that the straps appeared unusual and special and were made with a high quality paper. The straps were fastened by a heat seal with a computer encoded reference on each one. The straps were also all marked in the same place with an orange highlighter and dated 13 August 2019. Customer 84 collected \$149,000 worth of chips in exchange for the cash and returned to the table, where he lost the entire amount gaming: SMR dated 30 March 2021.

- h. on multiple occasions, Customer 84 engaged in suspicious transactions using bank cheques, including using bank cheques drawn on different branches of the same bank;

Particulars

See particulars to paragraph 2190.e.

Customer 84 attended Star Gold Coast between 11 August 2017 and 20 August 2017 and recorded a loss of \$258,400. Customer 84 used two different bank cheques totalling \$290,000. These cheques were drawn on two different branches of the same Australian bank: SMR dated 13 October 2017.

On 6 October 2017, Customer 84 attended Star Gold Coast and commenced play using a bank cheque for \$150,000 issued by an Australian bank: SMR dated 13 October 2017.

On 28 November 2018, Star Qld gave an SMR to the AUSTRAC CEO for Customer 84's continual use of bank cheques for gaming purposes. Since 28 September 2018, Customer 84 had supplied eight bank cheques to Star Gold Coast totalling \$1,200,000. These cheques were all from the same Australian bank but from different branches. Star Qld noted that it was not known who purchased the bank cheques, but that it seemed unusual. Star Qld also considered that Customer 84 often had large wins with his gaming habits and often took large amounts of cash, which he often then brought back in to play when he was losing. Customer 84 won approximately \$220,000 in September 2018 and October 2018, but lost \$286,000 in November 2018: SMR dated 28 November 2018.

On 7 January 2019, Customer 84 supplied Star Gold Coast with a bank cheque for \$450,000 issued by an Australian bank in exchange for chips. Customer 84 subsequently provided two further bank cheques for \$80,000 and \$300,000, the latter of which was from a different Australian bank. Customer 84 also informed Star Qld staff verbally on 11 January 2019 that an Australian bank had closed his bank accounts, but did not explain why: SMR dated 11 January 2019.

On 28 December 2019, Customer 84 provided Star Gold Coast with a bank cheque for \$700,000 issued by an Australian bank. Star Qld noted that this was unusual as Customer 84 had advised staff in January 2019 that the issuing Australian bank was closing all his accounts. After January 2019, all of the funds Star Qld received for

Customer 84 were from another Australian bank. In around late November 2019 or early December 2019, Customer 84 told Star Qld staff that he was again looking for another Australian bank, as his new Australian bank was also going to close his accounts: SMR dated 3 January 2020.

On 24 December 2020, Customer 84 phoned Star Gold Coast and advised that he wanted to bring in a bank cheque for \$500,000 on Christmas Day. Star Qld noted that the conversation was odd, as Customer 84 initially said he was in Melbourne but later said he was on the Gold Coast. Customer 84 subsequently provided a bank cheque for \$500,000 issued by an Australian bank. Star Qld did not know the account name on which the cheque was drawn, or whether Customer 84 was a party to that account. Customer 84 used the funds from the bank cheque for gaming: SMR dated 30 December 2020.

- i. Customer 84 was connected to other customers at Star Qld, including players who Star Qld considered had acted suspiciously, such as Customer 98;

Particulars

See particulars to paragraph 2190.g above.

2016

On 2 December 2016, Star Qld's investigations team was aware that a guest that Customer 84 had signed into a private gaming room on 1 December 2016 had notoriety as a hitman.

2018

On 1 July 2018, Customer 98 withdrew two lots of \$50,000 in cash chips within a short period at Star Gold Coast and handed them straight to Customer 84. Later that night, Customer 98 withdrew \$19,000 in cash from his account, put it in an envelope and stated that it was the third time that month he was giving Customer 84 cash.

On 2 July 2018, Customer 84 approached the Sovereign Cage at Star Gold Coast with \$60,000 in cash chips. He then provided two lots of \$10,000, and asked for the total amount of \$80,000 to be quickly added to his account. Customer 84 stated that he owed Customer 98 \$100,000 and that Customer 98 had phoned him that morning to ask where the money was. Star Qld conducted a review of Customer 98's FMA and threshold transaction records, which supported those amounts being taken out in cash the previous month. Star Qld noted that it did not know the nature of the relationship between Customer 98 and Customer 84: SMR dated 10 July 2018.

On 11 December 2018 and 8 January 2019, a customer sent a telegraphic transfer of \$15,000 to Star Qld. On each occasion, Star Qld credited his FMA. On 10 January 2019, the customer attended Star Gold Coast on an individual rebate program. He withdrew \$20,000 in cash chips and \$10,000 in premium chips which had to be

used on an individual rebate program. Star Qld recorded that this appeared unusual to staff, especially as the customer was on a rebate program. The customer was observed by staff taking the \$20,000 in cash chips to a table and giving them to Customer 84, who was already at the table. Star Qld's play records did not support the customer using the cash chips, and Customer 84's account suggested that Customer 84 received \$18,000 in chips at this time. Star Qld recorded that it did not know the connection, if any, between the Customer 84 and the customer, and noted that the withdrawal by the customer of the cash chips and premium chips was unusual due to there being no record of the customer using the chips: SMR dated 11 January 2019.

- j. in 2020 and 2021, Customer 84 was the subject of law enforcement enquiries on at least four occasions at Star;

Particulars

On two occasions between November 2016 and January 2017, the Star Qld AML team made a referral to a law enforcement agency with respect to Customer 84.

On 27 May 2020, Star Qld responded to a notice from a government regulator with respect to Customer 84.

On 8 December 2020, Star Qld received two requests with respect to Customer 84 from a law enforcement agency and provided a response.

On 21 January 2021, Star Qld received a request with respect to Customer 84 from a law enforcement agency, and provided a response. Star Qld also forwarded its response to another law enforcement agency.

On 1 February 2021, Star Qld received a request from the Star Sydney Investigations team to assist with a request from a law enforcement agency with respect to Customer 84. Star Qld provided a response.

- k. Customer 84 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

From at least 27 September 2011, Customer 84 had access to a private gaming room at Star Gold Coast: SMR dated 28 September 2011.

From at least 14 January 2015, Customer 84 signed guests into a private gaming room at Star Gold Coast: SMR dated 14 January 2015.

From at least 1 May 2018, Customer 84 had access to the Sovereign Room at Star Gold Coast: SMR dated 2 May 2018.

- I. by January 2020, Star Qld was aware of media articles which reported that Customer 84 was associated with individuals involved in domestic organised criminal syndicates and had pleaded guilty to receiving insider information;

Particulars

By 8 January 2020, Star Qld obtained media articles indicating that Customer 84 was associated with high profile individuals involved in domestic organised criminal syndicates, including Person 39. Star Qld noted that, according to open sources, Customer 84 and Person 39 were business associates and specialised in debt collection and industrial mediation.

Open source media articles had reported on Customer 84's association with individuals involved in domestic organised criminal syndicates since at least 2008.

In October 2019, media reports stated that Customer 84 had pleaded guilty in court to receiving information from an insider for the purposes of placing a multi-bet. Customer 84 was fined and no conviction was recorded.

- m. between October 2007 and October 2021, a number of widely accessible media reports named Customer 84 as a person involved in money laundering, scams and associating with domestic organised criminal syndicates;

Particulars

Publicly accessible media articles from October 2007 to October 2021 included:

- a. a 2008 article that reported on details of an investigation by a law enforcement agency into Customer 84 and other key figures. By September 2008, a company owned by Customer 84 was named by the law enforcement agency in an Australian court as being involved in an alleged money-laundering scheme that also included a number of suspicious loans;
- b. a 2012 article that reported on a cover audit by a government agency into Customer 84's brother, as a result of information from third parties about his unexplained accumulation of significant assets;
- c. articles published between 2010 and 2012 that reported on details of Customer 84's alleged involvement in a scam that was the subject of Australian court proceedings;
- d. a 2016 article that reported that Customer 84 was named in a law enforcement agency report in 2003 as a person who regularly associated with individuals involved in domestic organised criminal syndicates;
- e. an October 2021 article that reported on details of an intelligence probe into Customer 84 that was conducted by law enforcement agencies in 2017 and uncovered large amounts of money

moving between Customer 84's Star Gold Coast account between 2010 and 2017; and

- f. an October 2021 article that reported that, despite Customer 84 being banned from Star Sydney due to his organised crime associations, he had been wooed for years by Star Gold Coast and given luxury gifts, flights and accommodation in return for his turnover at the casino.

Star Qld's due diligence records did not contain details of these reports.

- n. in June 2022, open source media reported claims by Customer 84 that Star Gold Coast had given him benefits to game there, despite him being banned from Star Sydney; and

Particulars

In June 2022, publicly accessible media articles published the following claims by Customer 84:

- a. over the past 14 years, Star Gold Coast had given him a \$50,000 gold watch, event tickets, the use of a private jet on two occasions, dinners involving luxury ingredients such as Patagonian toothfish, accommodation and chips in return for his frequent attendance at Star Gold Coast; and
 - b. Star Qld provided benefits to Customer 84 after he was banned from Star Sydney.
- o. Star Qld did not have adequate reason to believe that Customer 84's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 84 at Star Qld.

Particulars

See paragraph 808 above.

By at least 26 July 2018, Star Qld understood Customer 84's occupation to be "in business": SMR dated 26 July 2018.

On 7 February 2020, following ECDD on Customer 84, the Compliance Manager, Group Risk, Compliance and Assurance asked for a source of wealth update for Customer 84. By that time Star Qld had recorded turnover exceeding \$240,000,000 between 2016 and 2019 for Customer 84.

An ECDD Analyst made internal enquiries regarding Customer 84's source of wealth on the same day. The Star Qld Vice President of Sales and Marketing Tables responded saying that Customer 84 was a property developer.

The ECDD Analyst advised that Customer 84's occupation did not support his source of wealth and additional information and supporting evidence of his occupation was needed.

Between February 2020 and January 2021:

- a. Star Qld recorded further turnover exceeding \$15,000,000 for Customer 84;
- b. Customer 84 presented at least \$149,500 in cash to exchange for chips; and
- c. Customer 84 presented a large bank cheque of \$500,000 and used the funds for gaming, in circumstances where Star did not know the account name on which the cheque was drawn, or whether Customer 84 was a party to that account.

See Customer 84's risk profile above.

In January 2021, a mandatory note was added to Customer 84's Synkros profile seeking source of wealth information before transactions would be processed.

On 8 January 2021, Customer 84 provided Star Qld with a cut-off screenshot of a statement and stated that he was the director of a company.

On 11 January 2021, a Star staff member forwarded Customer 84's cut-off screenshot to the AML/CTF Compliance Officer and raised concerns regarding the approach taken by Star staff members to seeking source of wealth information from customers, noting that there was conflict between the business and the AML team regarding such enquiries in relation to high value patrons such as Customer 84.

On 12 January 2021, the AML/CTF Compliance Officer agreed that Customer 84's cut off screenshot was insufficient evidence of Customer 84's source of wealth. The AML/CTF Compliance Officer also noted that he had spoken to the Star marketing team to indicate that players like Customer 84 who were excluded in one state may be subject to exclusion in another state.

By at least 20 September 2021, Star Qld understood that Customer 84 was also the director and secretary of a further six companies. By that time, Customer 84 had turned over a further \$46,000,000 at Star Qld since January 2021, and Star Qld had reported more than \$1,695,650 in threshold transactions between 11 January 2021 and 15 July 2021.

Star Qld's determination of the ML/TF risks posed by Customer 84

2191. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 84 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 84.
- a. On and from 30 November 2016, Customer 84 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 84's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 7 February 2020 that Customer 84 was rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 7 January 2015, Customer 84 was rated medium risk in respect of his primary account held by Star Qld, being medium for the purpose of the Act and Rules.

It was not until 25 July 2015 that Star Qld rated Customer 84 medium risk in respect of a second account held by Star Qld, being medium for the purpose of the Act and Rules.

On 7 February 2020, Customer 84 was rated critical risk in respect of his primary account, being high for the purpose of the Act and Rules.

On 15 July 2020, Customer 84 was rated very high, being high for the purpose of the Act and Rules.

At all times from 30 November 2016, Customer 84 had been excluded from Star Sydney since 24 July 2007 following a NSW exclusion order.

Monitoring of Customer 84's transactions

2192. At no time did Star Qld apply appropriate transaction monitoring to Customer 84's transactions because:
- a. where Star Qld conducted any transaction monitoring of transactions involving Customer 84, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 84 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- c. Star Qld provided designated services to Customer 84 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 84's KYC information

2193. Star Qld did not review, update and verify Customer 84's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 84's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 84's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 84's source of wealth and source of funds were not legitimate: see *Customer 84's risk profile*.

- d. to the extent that Star Qld reviewed Customer 84's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 84.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 84's high ML/TF risks

2194. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 84 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 84; and
- c. reviewing and updating Customer 84's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 84 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 84*.

ECDD triggers in respect of Customer 84

2195. Star Qld was required to apply the ECDD Programs to Customer 84 following any ECDD triggers in respect of Customer 84.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1), 15.9(3) and 15.10 of the Rules.

2196. Customer 84:

- a. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period; and

Particulars

Between January 2017 and July 2021, Star Qld gave the AUSTRAC CEO 20 SMRs relating to Customer 84.

- b. was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Qld.

Particulars

On 7 February 2020, Star Qld determined that the ML/TF risks posed by Customer 84 was high risk for the purpose of the Act and Rules in respect of his primary account: see *Star Qld's determination of the ML/TF risks posed by Customer 84* above.

2197. Each matter pleaded in paragraph 2196 was an ECDD trigger.

Particulars

See paragraphs 792, 798, 799 and 801 above.

2198. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 84 following an ECDD trigger because:

- a. on each occasion prior to 10 December 2021 that Star Qld conducted ECDD in respect of Customer 84 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 84 and the provision of designated services to Customer 84 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, and 807 to 810 above.

On 19 February 2019, 8 January 2020, 23 July 2021 and 20 September 2021, Star Qld conducted ECDD in respect of Customer 84.

On 8 January 2020, the ECDD screening in respect of Customer 84 identified that:

- a. publicly available information identified that Customer 84 was associated with individuals involved with domestic organised crime syndicates, including Person 39, and had a long-term business association with Person 39;
- b. Star Qld had given the AUSTRAC CEO several SMRs which reported that Customer 84 had provided suspicious cash to Star Qld; and
- c. Customer 84 appeared to have been excluded from Star Sydney in January 2018 (which was incorrect).

The ECDD Analyst escalated the matter to the Compliance Manager, Group Risk, Compliance and Assurance.

On 11 January 2020, the Compliance Manager, Group Risk, Compliance and Assurance reviewed the ECDD conducted in respect of Customer 84 and asked whether Customer 84 had any charges or convictions recorded against him.

On 13 January 2020, the ECDD Analyst replied that Customer 84 had used insider information to place a bet.

On 7 February 2020, the Compliance Manager, Group Risk, Compliance and Assurance suggested that Customer 84's risk rating should be at least high, and he should be added to the PAMM agenda.

On or around 22 July 2021, Star Qld conducted ECDD in respect of Customer 84. The ECDD screening in respect of Customer 84 identified that:

- a. whilst media searches returned multiple articles referencing Customer 84's close business association to an individual involved with domestic organised crime syndicates, Person 39, there were no adverse findings relating directly to Customer 84;
- b. Customer 84's source of wealth was his directorship of a company that specialised in debt collection, industrial mediation, and residential property development;
- c. Star Qld gave the AUSTRAC CEO 21 SMRs with respect to Customer 84 between 2016 and March 2021; and
- d. Customer 84 was discussed at a JRAM meeting in 2016, which noted that he was the subject of enquiries from a law enforcement agency and had been excluded from Star Sydney following a NSW exclusion order.

By July 2021, publicly available media articles published in 2016 had reported Customer 84 was named in a law enforcement agency report in 2003 as a person who regularly associated with individuals

involved in domestic organised criminal syndicates: see *Customer 84's risk profile*.

On 20 September 2021, the ECDD screening in respect of Customer 84 identified that, in addition to the matters identified in July 2021:

- a. Customer 84 was the director and secretary of seven different companies registered in Victoria; and
- b. Customer 84 had pleaded guilty to using insider information to place a bet in 2019 and received a fine.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 84's higher ML/TF risks: see *Customer 84's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 84's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 84's source of wealth and source of funds were not legitimate: see *Customer 84's risk profile*.

It was not until 10 December 2021 that Star Qld issued a WOL in respect of Customer 84, and it was not until 16 December 2021 that the JRAM determined to formally issue a group-wide WOL in respect of Customer 84.

- b. Customer 84 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 10 December 2021 that Customer 84 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 84 and the provision of designated services to Customer 84 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

By January 2020, the Compliance Manager, Group Risk, Compliance and Assurance was aware of:

- a. media articles that reported that Customer 84 was associated with individuals involved in domestic organised crime syndicates; and
- b. Customer 84 had pleaded guilty to using insider information to place a bet.

On 7 February 2020, the Compliance Manager, Group Risk, Compliance and Assurance suggested that Customer 84's risk rating should be at least high, and he should be added to the PAMM agenda.

From 7 February 2020, Customer 84 was rated high risk by Star Qld in respect of his primary account.

However, Customer 84 was not added to the PAMM agenda until 13 October 2021.

In January 2021, in response to concerns raised regarding the approach taken by Star staff members to seeking source of wealth information, the AML/CTF Compliance Officer expressed concerns that the cut off screenshots provided by Customer 84 on 8 January 2021 (see *Customer 84's risk profile* above) were insufficient evidence of Customer 84's source of wealth, and noted that he had spoken to the Star marketing team to indicate that players like Customer 84 who were excluded in one state may be subject to exclusion in another state.

However, Star Qld's due diligence records suggest that no further steps were taken until July 2021.

In July 2021, the Due Diligence Manager considered the ECDD conducted in respect of Customer 84, which reported that a JRAM meeting in 2016 had identified that Customer 84 was the subject of law enforcement interest and was excluded from Star Sydney.

The Due Diligence Manager drafted a recommendation that Customer 84 be added to the PAMM agenda for monitoring when he attended Star Qld, and then escalated the decision to the AML/CTF Compliance Officer.

On 11 August 2021, the AML/CTF Compliance Officer determined to maintain Star's relationship with Customer 84. The AML/CTF Compliance Officer noted that Customer 84 could be added to the watchlist or the PAMM agenda, and he was satisfied that Star could maintain a relationship with Customer 84.

In determining that a business relationship could be continued, the AML/CTF Compliance Officer did not have regard to:

- a. Customer 84's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high turnover;
- b. Customer 84's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting that there were higher ML/TF risks as to their source of funds: see *Customer 84'S risk profile* above.

On 23 September 2021, the Due Diligence Manager reviewed the ongoing customer due diligence conducted in respect of Customer 84, escalated the decision to the AML/CTF Compliance Officer and recommended that a WOL be issued with respect to Customer 84.

The Due Diligence Manager noted that Customer 84 was excluded from Star Sydney as well as another Australian casino, and that he was concerned that Customer 84 was engaging in money laundering, based on the SMRs given by Star Qld to the AUSTRAC CEO.

Between October 2021 and December 2021, Customer 84 was discussed at JRAM and PAMMs.

The minutes of the JRAM meeting on 14 October 2021 noted that:

- a. the JRAM had decided to issue Customer 84 with a private gaming room ban at both Qld properties; and
- b. the Group Investigations Manager and another Star staff member would request a face to face discussion with Customer 84 to discuss the allegations contained in open source media and to review his source of wealth.

On 25 October 2021, the AML/CTF Compliance Officer recorded the decision to issue a group-wide WOL with respect to Customer 84 in Star's due diligence systems.

The decision noted that the AML/CTF Compliance Officer wanted to interview Customer 84 before actioning and issuing the group-wide WOL, and was comfortable that the restrictions on travel due to COVID-19 provided an appropriate risk mitigation strategy in the interim.

The minutes of the JRAM meeting on 28 October 2021 noted that Customer 84's private gaming room ban had been issued.

The minutes of the PAMM on 11 November 2021 noted that:

- a. the Group Investigations Manager was to contact Customer 84, however due to COVID-19 the meeting was likely to be held in Melbourne once borders opened; and
- b. Customer 84 would remain on the PAMM agenda.

The minutes of the JRAM meeting on 18 November 2021 noted that Customer 84 was to remain on the JRAM agenda until further advice was received.

However, it was not until 10 December 2021, Star Qld issued a WOL in respect of Customer 84.

It was not until 16 December 2021 that the JRAM determined to formally issue a group-wide WOL in respect of Customer 84.

On 13 January 2022, the PAMM noted that the Group Investigations Manager had held a face to face meeting with Customer 84 at the Gold Coast that day.

The outcome of that meeting was not recorded, however the PAMM minutes noted that Customer 84 had been excluded on 16 December 2021.

On 8 May 2022, Star Qld received a notice of direction to exclude Customer 84 pursuant to s94 of the *Casino Control Act 1982* (Qld) from a law enforcement agency.

On 9 May 2022, Star Qld issued a notification of exclusion to Customer 84 pursuant to s94 of the *Casino Control Act 1982* (Qld).

Contravention of s36 of the Act in respect of Customer 84

2199. By reason of the matters pleaded from paragraphs 2187 to 2198, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 84 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2200. By reason of the matters pleaded at paragraph 2199, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 16 December 2021 with respect to Customer 84.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 85

2201. Customer 85 was a customer of Star Sydney during the relevant period. Between 2016 and 2021, Star Sydney recorded turnover exceeding \$1.9 billion for Customer 85.

Particulars

Customer 85 was a customer of Star Sydney from at least 1 July 2007.

On 19 July 2021, Star Sydney issued a WOL in respect of Customer 85 at the direction of the General Manager Social Responsibility.

2202. Star Sydney provided Customer 85 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

By 2008, Star Sydney had opened an FMA and SKA for Customer 85, which were closed on 15 October 2021 (item 11, table 3, s6 of the Act).

Between September 2016 and 8 August 2019, Star Sydney approved permanently active CCFs for Customer 85 on 10 occasions ranging from \$3,000,000 to \$4,000,000 with an additional trip only limit of \$1,000,000 (item 6, table 1, s6 of the Act).

Star Sydney remitted money through high risk international remittance channels including the Hotel Card channel, which it made available to Customer 85 (items 31 and 32, table 1, s6 of the Act).

See Customer 85's risk profile below.

2203. Customer 85 was a customer of Star Qld during the relevant period. In 2019, Star Qld recorded turnover exceeding \$3.8 million for Customer 85.

Particulars

Customer 85 was a customer of Star Qld from at least 19 August 2012.

On 11 August 2021, Star Qld issued a WOL in respect of Customer 85.

2204. Star Qld provided Customer 85 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 25 March 2019, Star Qld opened an FMA for Customer 85, which was closed on 15 July 2021 (item 11, table 3, s6 of the Act).

Between 25 March 2019 and 8 August 2019, Star Qld approved permanently active CCFs for Customer 85 on three occasions ranging from \$3,000,000 to \$5,000,000 with an additional trip only limit of \$1,000,000 (item 6, table 1, s6 of the Act).

See *Customer 85's risk profile* below.

2205. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 85.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 85's risk profile

2206. On and from 30 November 2016, Customer 85, and the provision of designated services to Customer 85 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 85's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 85 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 85;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 64 occasions between 25 January 2005 and 6 January 2016.

The SMRs reported large cash transactions and chip and cash exchanges, including transactions indicative of structuring, large buy-ins using bank cheques, and transactions involving third parties.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 85;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on one occasion on 15 July 2010.

Between 12 July 2010 and 14 July 2010, Customer 85 deposited three bank cheques totalling \$600,000, losing the majority of the funds. Star Qld formed suspicions with respect to Customer 85 due to the spike in play: SMR dated 15 July 2010.

- iii. Customer 85 received high value financial and gambling services (tables 1 and 3, s6) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high individual rated turnover totalling \$251,728,157 for Customer 85;

Particulars

See paragraph 752 above.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 85 by remitting large amounts of money into the casino environment via his account, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

Between 18 November 2014 and 1 November 2016, Customer 85 received a total of \$99,200,000 through the Hotel Card channel across at least 144 transactions, including:

- a. at least \$12,000,000 on 4 April 2015;
- b. at least \$11,000,000 around 6 April 2015;
- c. a total of \$47,000,000 for the 2016 financial year; and
- d. a further \$2,950,000 across two transactions on 21 October 2016 and 1 November 2016.

During this period, Customer 85 was provided with temporary CCFs by Star Sydney, including up to \$23,000,000 on one occasion approved by the Chief Executive Officer and the Group General Counsel, while waiting for the funds obtained through the Hotel Card channel to clear.

On 6 April 2015, Customer 85 signed a counter-cheque made out to Star Sydney, drawn on the overseas bank linked to the debit cards used for his Hotel Card channel transactions. Star Sydney was aware that Customer 85 did not hold a cheque account with his overseas bank, such that it could not rely on the counter-cheque for payment if the Hotel Card transaction was rejected.

On 13 April 2015, Star Sydney issued a two week ban on the use of the Hotel Card channel by Customer 85.

On the same day, Star Sydney suspected that Customer 85 was using another customer as a proxy to use the Hotel Card channel. Nevertheless, Star Sydney approved a further Hotel Card channel transaction of \$5,000,000 by that customer despite these suspicions.

By May 2015, Star Sydney was aware of the following matters:

- a. that Customer 85 had at least 23 debit cards used for his Hotel Card channel transactions linked to accounts in other jurisdictions;
- b. Star employees, including the General Manager Credit & Collections, had raised concerns that Customer 85 was abusing the Hotel Card channel, including by using proxies and asking Star employees to conduct Hotel Card channel swipes on Customer 85's behalf; and
- c. Customer 85's gaming activity did not support the amount of funds they had withdrawn via the Hotel Card channel.

Customer 85 was the first ranked user of the Hotel Card channel by total value of monies transferred at Star Sydney during the period the channel was active between 2013 and 2020.

Other remittances into the casino environment

See paragraph 327 above.

Between 3 October 2015 and 24 October 2015, Star Sydney received three telegraphic transfers totalling \$2,920,000, each of which was made available to Customer 85's account.

Each of the above transactions was conducted through the Star Patron account channel.

- v. Customer 85, and persons acting on behalf of Customer 85, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 20 February 2006 and 2 November 2016, Star Sydney gave the AUSTRAC CEO 270 TTRs totalling \$19,344,688, including:

- a. two TTRs detailing account deposits made by Customer 85, totalling \$100,000;
- b. two TTRs detailing account withdrawals made by Customer 85, totalling \$100,000;
- c. 73 TTRs detailing buy-ins to a game made by Customer 85;
- d. eight TTRs detailing cheque redemptions made by Customer 85;
- e. 173 TTRs detailing chip and cash exchanges made by Customer 85, totalling at least \$6,598,940;
- f. six TTRs detailing other monetary value in or out made by Customer 85, totalling \$12,147,776; and
- g. five TTRs detailing purchases of foreign currency made by Customer 85.

2008 – 2015

On 24 occasions between 13 May 2008 and 5 January 2016, Customer 85 exchanged at least \$3,465,000 in chips for cash at Star Sydney.

On 4 September 2012, Customer 85 withdrew \$100,000 from their FMA, which was regarded by Star Sydney as suspicious due to the large amount of cash involved.

Between 14 February 2014 and 12 October 2015, a number of third parties exchanged chips for cash on behalf of Customer 85, or used chips suspected to be obtained from Customer 85, at Star Sydney totalling at least \$492,455 across five transactions.

On 25 May 2015, Customer 85 made a number of requests to the Star Sydney cage, including to cash out \$80,000 and \$90,000 in cash, to draw a \$2,000,000 non-winnings cheque to a friend without gaming ratings, and to cash out a further \$25,000 to the same friend without gaming ratings.

On 26 May 2015, a Star Sydney cage staff member sent an email to the Star Sydney Cashier Services Manager advising of Customer 85's attempt to cash out \$25,000 to his friend and raising concerns that:

- a. while the cage was speaking to the Manager (Credit & Collections) regarding the transaction, another senior Star Sydney staff member, the Chief Operating Officer, Gaming demanded that the cage staff member release the \$25,000 in cash to Customer 85; and
- b. when met with resistance, the senior Star staff member insisted that the cage staff pay Customer 85 because he was a \$20 million player and he didn't want to jeopardise Star Sydney's relationship with him.

2016

Between 5 January 2016 and 29 September 2016, Customer 85 and a number of third parties using chips suspected to be obtained from Customer 85, exchanged chips for a total of \$590,000 in cash at Star Sydney:

- a. on 5 January 2016, Customer 85 exchanged \$100,000 in chips for cash;
 - b. on 29 March 2016, Customer 85 exchanged \$250,000 in chips for cash;
 - c. on 10 September 2016, a third party exchanged \$100,000 in chips for cash, in circumstances where Star Sydney believed that Customer 85 had provided the third party with the chips: SMR dated 12 September 2016; and
 - d. on 29 September 2016, Customer 85 exchanged \$140,000 in chips for cash.
- vi. Customer 85 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

On 23 July 2010, Star Qld gave the AUSTRAC CEO one TTR detailing chip and cash exchanges made by Customer 85 totalling \$37,972.

- vii. Customer 85, and persons associated with Customer 85, engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring and cashing-in large value chips with no evidence of play at Star Sydney;

Particulars

See paragraph 25 above.

2015

In 2015, Customer 85 held at least \$20,500,000 in Star plaques, worth \$500,000 each.

Between 3 May 2015 and 18 June 2015, third parties connected to Customer 85 were involved in transactions indicative of the ML/TF typology of cashing-in large value chips with no evidence of play:

- a. between 4 May 2015 and 6 May 2015, a third party deposited two plaques of \$500,000, totalling \$1,000,000, into her FMA, despite only having turnover of \$15,000. Star Sydney suspected the plaques had come from Customer 85. The third party queried whether they could take a Star cheque at the end of their stay and negotiate with it overseas; and
- b. on 18 June 2015, a third party presented a \$100,000 plaque, suspected to have been provided by Customer 85, and requested a non-winnings cheque.

By 26 May 2015, Star Sydney formed suspicions that Customer 85 was distributing plaques in their possession to other players, who would then cash them in, sometimes without evidence of play. At this point, Star Sydney was aware that Customer 85:

- a. held at least \$14,000,000 in plaques at their home;
- b. would ask Star employees to approve transfers through the Hotel Card channel, which he would use to redeem his CCFs, without using the plaques he held at his home; and
- c. Customer 85's requests for transfers through the Hotel Card channel exceeded his losses from gaming activity.

Between 5 October 2015 and 9 October 2015, a third party deposited an unknown amount of chips and cash into their FMA, indicating that the funds were provided by Customer 85 for them to play with but that they did not have time to play. The third party requested the funds be sent via telegraphic transfer to their overseas bank account.

- viii. Star Sydney was aware that Customer 85 had engaged in large and unusual transactions which had no apparent economic or visible lawful purpose;

Particulars

In April 2015, Star Sydney provided Customer 85 with winnings cheques worth \$5,150,000, in circumstances where it was aware that Customer 85 had only won \$3,481,650.

On 26 May 2015, Customer 85 presented plaques which had been in their possession since April 2015 and requested two non-winnings cheques from Star Sydney for \$2,000,000 and \$12,000,000, respectively.

- ix. between 10 July 2015 and 28 August 2016, Star Sydney provided Customer 85 with significant amounts of credit upon request, up to limits of \$4,500,000;

Particulars

See paragraphs 516 to 518 and 552 above.

Between 10 July 2015 and 28 August 2016, Star Sydney provided Customer 85 with CCFs between \$210,000 and \$4,500,000 on 27 occasions.

On at least 24 occasions, the CCF was provided on a temporary basis while funds obtained through the Hotel Card channel were cleared, and was approved by senior management at Star, including the Chief Executive Officer and the Chief Financial Officer.

- x. by February 2015, Star Sydney had added Customer 85 to the agenda of the PAMM; and

Particulars

See paragraph 810 above.

On 12 February 2015, a meeting of the PAMM considered Customer 85's profile, noted their occupation was recorded as 'company director' but that there were questions regarding their occupation, and instructed that Star Sydney's investigator was to investigate.

- xi. between March 2016 and October 2016, Customer 85 was the subject of law enforcement enquiries on two occasions at Star;

Particulars

In October 2016, Star Sydney received a request from a law enforcement agency for information regarding Customer 85's associates.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

Customer 85's risk profile from 30 November 2016

- b. Customer 85 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2021, Star Sydney recorded high individual rated turnover totalling \$1,975,293,512 for Customer 85;

Particulars

See paragraph 752 above.

In 2016, Customer 85's individual rated turnover was \$785,082,044.

In 2017, Customer 85's individual rated turnover was \$512,109,909.

In 2018, Customer 85's individual rated turnover was \$157,599,994.

In 2019, Customer 85's individual rated turnover was \$272,301,084.

In 2020, Customer 85's individual rated turnover was \$85,444,596.

In 2021, Customer 85's individual rated turnover was \$162,755,884.

- c. Customer 85 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2019, Star Qld recorded high turnover on individual rebate programs totalling \$3,812,250 for Customer 85 with losses of \$28,250;

Particulars

See paragraph 623 above.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 85 by remitting large amounts of money into and within the casino environment via his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

On 12 January 2017 and 21 January 2017, Customer 85 transacted a total of \$3,000,000 through the Hotel Card channel and was given a temporary CCF while waiting for the funds to clear that was approved by the Star Chief Executive Officer.

In February 2017, Customer 85 transacted a total of \$900,000 through the Hotel Card channel in two transactions.

On 24 February 2018, Customer 85 transacted \$800,000 through the Hotel Card channel and was given a temporary CCF while waiting for the funds to clear.

Other remittances into the casino environment

See paragraph 327 above.

On 30 May 2018, Star Sydney received a telegraphic transfer of \$1,130,995, which it made available to Customer 85's account.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 3 June 2017, Customer 85 received \$1,900,000 into their Star Sydney FMA from another customer's FMA. Following receipt of the funds, Customer 85 arranged for \$1,000,000 to be transferred for the purpose of redeeming their outstanding CCF, \$100,000 to be provided to him in cash and \$800,000 to be provided to him in a Star cheque.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6) to Customer 85 by remitting large amounts of money within the casino environment via his account;

Particulars

See paragraphs 347 to 349 above.

For example, on 16 April 2019, Star Qld received a transfer of \$230,000 from Star Sydney, which Star Qld made available to Customer 85's FMA at Star Gold Coast.

- f. designated services provided to Customer 85 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

Between 2016 and 2020, Star Sydney recorded that Customer 85 had played for at least 34 hours on EGMs, with turnover of \$232,606.

- g. Customer 85, and persons acting on behalf of Customer 85, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 12 December 2016 and 25 June 2021, Star Sydney gave the AUSTRAC CEO 77 TTRs detailing transactions made by Customer 85 totalling \$7,216,750, including:

- a. 63 TTRs detailing chip and cash exchanges made by Customer 85 totalling \$6,367,750; and
- b. 12 TTRs detailing account withdrawals made by Customer 85 totalling \$639,000.

2017

Between 12 January 2017 and 3 December 2017, Customer 85, and a number of third parties using chips suspected to be obtained from Customer 85, engaged in cash and chip exchanges at Star Sydney totalling \$1,115,400:

- a. on 12 January 2017, Customer 85 withdrew \$100,000 in cash from their FMA;
- b. on 19 January 2017, Customer 85 exchanged \$105,400 in chips for cash;
- c. on 31 March 2017, Customer 85 exchanged \$100,000 in chips for cash, in circumstances where Star Sydney was aware that Customer 85 held a large number of plaques;
- d. on 11 May 2017, Customer 85 exchanged \$100,000 in chips for cash;
- e. on 23 May 2017, Customer 85 exchanged \$100,000 in chips for cash;
- f. on 25 May 2017, Customer 85 handed a third party a \$100,000 plaque, which the third party then exchanged for cash. The third party then placed \$50,000 into two black bags and provided one to a couple outside the casino and the other to Customer 85:
SMR dated 26 May 2017;
- g. on 6 June 2022, Customer 85 withdrew \$100,000 in cash from their FMA and then left the premises;
- h. on 12 June 2017, Customer 85 exchanged \$125,000 in chips for cash;
- i. on 24 August 2017, Customer 85 exchanged \$105,000 in chips for cash;
- j. on 25 August 2017, Customer 85 withdrew \$30,000 in cash from their FMA and exchanged \$50,000 in chips for cash, and a third party withdrew \$100,000 in cash from her FMA at Star Sydney. Customer 85 and the third party gave the cash to another third party who left the premises with the cash in a bag: SMR dated 28 August 2017;
- k. on 29 August 2017, Customer 85 exchanged \$100,000 in chips for cash;
- l. on 18 October 2017, Customer 85 engaged in a chip and cash exchange of \$80,000, withdrew \$100,000 from their FMA and then left the premises at Star Sydney; and
- m. on 3 December 2017, Customer 85 exchanged \$100,000 in chips for cash.

2018

Between 24 February 2018 and 30 December 2018, Customer 85 engaged in cash and chip exchanges at Star Sydney totalling \$2,386,350:

- a. on 24 February 2018, Customer 85 exchanged \$100,000 in chips for cash;
- b. on 2 May 2018, Customer 85 exchanged \$143,750 in chips for cash;
- c. on 5 July 2018, Customer 85 exchanged \$169,000 in chips for cash;
- d. on 6 July 2018, Customer 85 exchanged \$173,600 in chips for cash;
- e. on 16 September 2018, Customer 85 exchanged \$100,000 in chips for cash;
- f. on 29 September 2018, Customer 85 exchanged \$100,000 in chips for cash;
- g. on 30 September 2018, Customer 85 exchanged \$100,000 in chips for cash, in circumstances where he had recorded turnover of \$4,610,000 with losses of \$899,700 that day;
- h. on 8 October 2018, Customer 85 exchanged \$100,000 in chips for cash, in circumstances where he had recorded turnover of \$7,065,550 with losses of \$724,970 that day;
- i. on 17 October 2018, Customer 85 exchanged \$100,000 in chips for cash;
- j. on 18 October 2018, Customer 85 exchanged \$100,000 in chips for cash;
- k. on 19 October 2018, Customer 85 exchanged \$100,000 in chips for cash, in circumstances where he had recorded turnover of \$2,375,200 with losses of \$49,950 that day;
- l. on 21 October 2018, Customer 85 exchanged \$100,000 in chips for cash, in circumstances where he had recorded turnover of \$15,258,000 with losses of \$847,650 that day;
- m. on 11 December 2018, Customer 85 exchanged \$200,000 in chips for cash, in circumstances where he recorded turnover of \$3,587,000 and had lost \$205,000 during gameplay that day.
Star Sydney suspected that the chips provided were from Customer 85's stockpile at their home: SMR dated 12 December 2018;
- n. on 12 December 2018, Customer 85 exchanged \$200,000 in chips for cash;

- o. on 23 December 2018 and 24 December 2018, Customer 85 exchanged a total of \$400,000 in chips for cash, in circumstances where he had lost \$800,000 during gameplay across those two days at Star Sydney. Star Sydney suspected that the chips provided were from Customer 85's stockpile at their home: SMR dated 27 December 2018; and
- p. on 30 December 2018, Customer 85 exchanged \$200,000 in chips for cash, in circumstances where he had lost \$234,000 during gameplay the previous day. Star Sydney suspected that the chips provided were from Customer 85's stockpile at their home: SMR dated 4 January 2019.

2019

Between 7 January 2019 and 31 October 2019, Customer 85 engaged in cash and chip exchanges at Star Sydney totalling \$600,000:

- a. on 7 January 2019, Customer 85 exchanged \$200,000 in chips for cash;
- b. on 8 January 2019, Customer 85 exchanged \$200,000 in chips for cash, in circumstances where he had recorded turnover of \$14,754,250 and lost \$1,999,950 during gameplay over the previous 24 hours. Star Sydney suspected that the chips provided were from Customer 85's stockpile at their home: SMR dated 9 January 2019;
- c. on 27 August 2019, Customer 85 exchanged \$100,000 in chips for cash; and
- d. on 31 October 2019, Customer 85 exchanged \$100,000 in chips for cash.

2020

Between 25 October 2020 and 9 December 2020, Customer 85 engaged in cash and chip exchanges at Star Sydney totalling \$700,000:

- a. on 25 October 2020, Customer 85 exchanged \$200,000 in chips for cash;
- b. on 21 November 2020, Customer 85 exchanged \$100,000 in chips for cash;
- c. on 22 November 2020, Customer 85 exchanged \$100,000 in chips for cash;
- d. on 5 December 2020 and 6 December 2020, Customer 85 exchanged a total of \$200,000 in chips for cash, in circumstances where he had recorded turnover of \$8,509,300 with wins of \$155,000 that day; and

- e. on 9 December 2020, Customer 85 exchanged \$100,000 in chips for cash after he had recorded turnover of \$16,830,300 with losses of \$359,900.

2021

Between 7 January 2021 and 12 February 2021, Customer 85 engaged in cash and chip exchanges at Star Sydney totalling \$400,000:

- a. on 7 January 2021, Customer 85 exchanged \$100,000 in chips for cash, in circumstances where he had recorded turnover of \$7,673,000 with wins of \$56,000 that day;
- b. on 9 January 2021, Customer 85 exchanged \$100,000 in chips for cash;
- c. on 11 January 2021, Customer 85 exchanged \$100,000 in chips for cash. Star Sydney noted that Customer 85 had recorded turnover of \$9,212,040 with losses of \$794,000 that day, but had requested the exchange of chips for cash at a time when he was recording a win; and
- d. on 12 February 2021, Customer 85 exchanged a \$100,000 plaque for cash, in circumstances where he had recorded turnover of \$708,750 with losses of \$28,000 that day.

See also particulars to paragraph 2206.d.

- h. Customer 85 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 27 March 2019 and 30 December 2019, Star Qld gave the AUSTRAC CEO two TTRs detailing account withdrawals made by Customer 85 totalling \$210,000.

Large and suspicious transactions in 2019

On 27 March 2019, Customer 85 attended Star Qld and drew down \$4,000,000 from a CCF. Customer 85 then used the funds for gaming, recorded a win of \$380,000 and deposited \$200,000 in chips to their FMA, which he subsequently withdrew in cash.

- i. Customer 85, and persons associated with Customer 85, engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including cashing-in large value chips with no evidence of play at Star Sydney;

Particulars

See paragraph 25 above.

Between 11 May 2017 and 12 February 2021, Customer 85, and third parties connected to Customer 85, were involved in the following transactions:

- a. on 11 May 2017, a third party deposited \$2,000,000 in chips into her FMA, in circumstances where Star Sydney believed that Customer 85 had provided the third party with the chips. Two days later, the third party requested that Star Sydney transfer the funds to an overseas casino;
- b. on 5 August 2017, a third party exchanged a \$25,000 plaque for cash, in circumstances where the third party had advised Star Sydney that he was Customer 85's solicitor and had been given the plaque by Customer 85, and the third party had no recorded gameplay at Star Sydney;
- c. between 17 June 2017 and 7 August 2017, a third party deposited \$295,000 in chips into her FMA, in circumstances where the third party had recorded turnover of \$85,550 since 1 January 2017 and Star Sydney suspected that the chips had been obtained by the third party from Customer 85;
- d. on 10 April 2018, a third party exchanged \$125,000 in chips for cash on behalf of Customer 85, in circumstances where Customer 85 had no recorded gameplay at Star Sydney in March 2018;
- e. on 30 May 2019, Customer 85 exchanged \$100,000 in chips for cash, in circumstances where Customer 85 had no recorded gameplay at Star Sydney in May 2019;
- f. on 15 November 2020, third parties exchanged \$20,000 in chips which Star Sydney suspected had been obtained from Customer 85 for cash, in circumstances where the third parties had no recorded gameplay at Star Sydney; and
- g. on 12 February 2021, a third party exchanged \$102,525 in chips for cash, in circumstances where Star Sydney did not believe the third party's gameplay supported the cash out but suspected that the third party had obtained some of the chips from Customer 85.

See also particulars to paragraph 2206.g.

- j. in 2017, Customer 85 was the subject of law enforcement enquiries on one occasion at Star;

Particulars

On 14 June 2017, Star Sydney provided information to a law enforcement agency in respect of Customer 85.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database.

Star Qld had access to the investigations database: see paragraph 49 above.

- k. Customer 85 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 85 had access to the Sovereign Room at Star Qld.

- l. Customer 85 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 85 had access to the Chairman's Room, Oasis, Lakes Salon and Springs Salon at Star Sydney.

- m. in 2018, Star Sydney responded to a request for information from an Australian government agency;

Particulars

In June 2018, Star Sydney's investigation team responded to a request for information from an Australian government agency.

- n. by 16 July 2021, Star Sydney and Star Qld were aware that an Australian government agency was taking action against Customer 85; and

Particulars

On 16 July 2021, Star Sydney and Star Qld were issued a garnishee notice in respect of Customer 85's assets held by Star.

Following receipt of the garnishee notices, on 19 July 2021, Star Sydney and Star Qld issued a WOL against Customer 85 at the direction of the General Manager, Social Responsibility.

- o. Star Sydney and Star Qld did not have adequate reason to believe that Customer 85's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 85 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

During the relevant period, Star Sydney and Star Qld recorded Customer 85's occupation as 'company director'. Star Sydney and Star Qld were aware that Customer 85 also owned a prestigious property in Sydney, which he had purchased for over \$39,000,000.

At no time did Star Sydney and Star Qld appropriately review the nature of Customer 85's business with each of them, in circumstances where it appeared that Customer 85 was using the

casinos to obfuscate the movement of funds. During this period,
Customer 85:

- a. had a recorded turnover from gaming activity exceeding \$1.2 billion between 2016 and 2021;
- b. stockpiled large volumes of CVIs, including chips and plaques, at times up to a value of \$20 million, which he also provided to third parties;
- c. cashed in large amounts of gaming chips in exchange for cash, in circumstances where there was no corresponding gaming activity, which is an ML/TF typology; and
- d. was a prolific user of the Hotel Card channel, which was a non-transparent and high risk channel through which Star Sydney made available large amounts of money to Customer 85, including \$99,200,000 by 30 November 2016 and \$4,700,000 in 2017.

By June 2018, Star Sydney and Star Qld were aware that an Australian government agency and other LEAs had commenced investigations into Customer 85.

Following receipt of the garnishee notices from the Australian government agency, on 19 July 2021, Star Sydney and Star Qld issued a WOL against Customer 85 at the direction of the General Manager, Social Responsibility.

See *Customer 85's risk profile* above.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 85

2207. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 85 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 85.
- a. On and from 30 November 2016, Customer 85 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 85's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Act and Rules.

- b. At no time was Customer 85 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 10 April 2014, Customer 85 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 21 August 2014, Customer 85 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 7 February 2022, Customer 85 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 85's transactions

2208. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 85's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 85, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a), (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 85 through:

- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. an international remittance channel, specifically the Hotel Card channel.

Particulars

See paragraphs 777 and 790 above.

The review, update and verification of Customer 85's KYC information

2209. Star Sydney and Star Qld did not review, update and verify Customer 85's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Programs did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in rule 1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 85's business with each of them, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;

- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 85's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out at above, there were real risks that Customer 85's source of wealth and source of funds were not legitimate: see *Customer 85's risk profile* above.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 85's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 85.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in rule 1.2.1 of the Rules.

Failure to appropriate due diligence suited to Customer 85's high ML/TF risks

- 2210. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 85 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 85; and
- c. reviewing and updating Customer 85's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 85 at a time before the date of the ECDD triggers below: see *ECDD triggers in respect of Customer 85*.

- 2211. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 85 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 85; and
- c. reviewing and updating Customer 85's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would likely have rated Customer 85 as a high risk customer for the purpose of the Act and Rules at a time before Customer 85 was issued with a WOL at Star Qld.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

On 11 August 2021, Star Qld issued a WOL in respect of Customer 85.

2212. Had Star Qld rated Customer 85 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 85 at a time before Customer 85 was issued with a WOL at Star Qld.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 85

2213. Star Sydney was required to apply the ECDD Programs to Customer 85 following any ECDD triggers in respect of Customer 85.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2214. Customer 85 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 15 May 2017 and 15 February 2021, Star Sydney gave the AUSTRAC CEO 12 SMRs with respect to Customer 85.

2215. The matter pleaded in paragraph 2214 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2216. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 85 following an ECDD trigger because:

- a. on each occasion prior to mid-2021 that Star Sydney conducted ECDD in respect of Customer 85 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 85 and the provision of designated services to Customer 85 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 30 May 2019, 27 August 2019 and 12 February 2021, Star Sydney conducted ECDD in respect of Customer 85.

Star Sydney did not record any adverse findings from the ECDD screenings in respect of Customer 85.

By reason of the matters set out above, there were real risks that Customer 85's source of wealth and source of funds were not legitimate: see *Customer 85's risk profile* above.

Following receipt of garnishee notices from an Australian government agency, on 19 July 2021, Star Sydney issued a WOL against Customer 85 at the direction of the General Manager, Compliance and Responsible Gambling.

- b. Customer 85 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to mid-2021 that Customer 85 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 85 and the provision of designated services to Customer 85 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

There are no records of senior management consideration following an ECDD trigger in Star Sydney's due diligence records relating to Customer 85.

Contravention of s36 of the Act in respect of Customer 85

2217. By reason of the matters pleaded from paragraphs 2201 to 2216, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 85 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2218. By reason of the matters pleaded at paragraph 2217, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 19 July 2021 with respect to Customer 85.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2219. By reason of the matters pleaded from paragraphs 2201 to 2216, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 85 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and

b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2220. By reason of the matters pleaded at paragraph 2219, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 11 August 2021 with respect to Customer 85.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 86

2221. Customer 86 was a customer of Star Sydney during the relevant period. Between 2018 and 2020, Star Sydney recorded turnover exceeding \$180 million for Customer 86.

Particulars

Customer 86 was a customer of Star Sydney from 28 July 2012.

2222. Star Sydney provided Customer 86 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket player.

Particulars

On 8 September 2019, Star Sydney opened an FMA and SKA for Customer 86 both of which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 86 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 86's risk profile* below.

2223. Customer 86 was a customer of Star Qld during the relevant period. Between 2017 and 2021, Star Qld recorded turnover exceeding \$670 million for Customer 86.

Particulars

Customer 86 was a customer of Star Qld from at least 19 August 2012.

2224. Star Qld provided Customer 86 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 22 July 2018, Star Qld opened a CWA for Customer 86, which remains open.

On 9 September 2019, Star Qld opened an FMA for Customer 86 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 86 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 86's risk profile* below.

2225. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 86.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 86's risk profile

2226. On and from 30 November 2016, Customer 86 and the provision of designated services to Customer 86, posed higher ML/TF risks because of the following red flags:
- a. Customer 86 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;
 - i. in 2020, Customer 86 was recorded as a player on one junket at Star Sydney operated by Customer 95; and
 - ii. in 2020, Star Sydney recorded high turnover totalling \$11,691,342 with wins of \$264,150 for Customer 86's gaming activity on that junket program;
 - b. designated services provided to Customer 86 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- c. Customer 86 was connected to other customers, including junket funders, junket operators, junket representatives and junket players at Star Sydney and Star Qld, including customers in respect of whom Star Sydney and Star Qld had formed suspicions such as Customer 87, Customer 95 and Customer 94;

Particulars

Customer 86 often engaged in suspicious transactions with his wife, Customer 87, at Star Sydney and Star Qld: see particulars to paragraphs 2226.g, 2226.j, 2226.k, 2226.l and 2226.m below.

Customer 86 played on junket programs in Star Sydney that were operated by Customer 95: see paragraph 2226.a above. Customer 94 was a junket representative and junket player on these programs.

- d. Customer 86 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2018 and 2020, Star Sydney recorded high and escalating turnover totalling \$169,294,070 for Customer 86; and
 - i. between 2018 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$18,314,715 for Customer 86; and

Particulars

See paragraph 752 above.

In 2018, Customer 86's individual rated turnover was \$176,359.

In 2019, Customer 86's individual rated gaming turnover escalated to \$16,080,029.

In 2020, Customer 86's individual rated turnover of \$2,058,328.

- ii. in 2019, Star Sydney recorded high turnover on individual rebate programs totalling \$150,979,355 for Customer 86, with losses of \$75,720;

Particulars

See paragraph 623 above.

- e. Customer 86 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2021, Star Qld recorded high and escalating individual rated turnover totalling \$ 670,655,741 for Customer 86;

Particulars

See paragraph 752 above.

In 2017, Customer 86's individual rated turnover was \$598,211 at Star Gold Coast and \$4,360,684 and at Treasury Brisbane.

In 2018, Customer 86's individual rated turnover was \$5,311,090 at Star Gold Coast and \$21,053,481 at Treasury Brisbane.

In 2019, Customer 86's individual rated turnover was \$492,714,013 at Star Gold Coast and \$48,186,994 at Treasury Brisbane.

In 2020, despite the COVID-19 pandemic closures, Customer 86's individual rated turnover was \$32,303,724 at Star Gold Coast and \$66,127,544 at Treasury Brisbane.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 86 by remitting large amounts of money into and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraphs 278 and 327 above.

On 29 December 2019, Customer 86 received two transfers totalling \$350,000 into his Star Sydney account from an unknown account.

On 30 December 2019, Customer 86 received \$200,000 into his Star Sydney account from an unknown account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

See particulars to paragraph 2226.g below.

- g. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) including by remitting large amounts of money into, out of and within the casino environment via his accounts;

Particulars

Remittances involving third parties

See paragraph 327 above.

See particulars to paragraphs 2226.k and 2226.l below.

Other remittances into the casino environment

See paragraphs 278 and 327 above.

See particulars to paragraph 2226.k below.

Between September 2019 and December 2019, Star Qld received at least 14 telegraphic transfers totalling at least \$2,259,990, each of which was made available to Customer 86's FMA at Star Gold Coast.

Between November 2019 and July 2020, Star Qld received at least six telegraphic transfers totalling at least \$745,000, each of which was made available to Customer 86's FMA at Treasury Brisbane.

On 16 December 2019, Star Qld received \$1,000,000 from an unknown account, which it made available to Customer 86's Star Qld account.

On 14 October 2020, Star Qld received \$300,000 an unknown account, which it made available to Customer 86's FMA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

For example, on 25 November 2019, Star Qld transferred \$300,000 from Customer 86's Star Qld account to his personal bank account overseas. On 2 December 2019, Star Qld was informed by the overseas bank that the funds were being returned on religious grounds. Following consideration by senior management, including the Group Manager AML/CTF and Financial Crime, Star Qld noted that it intended to advise Customer 86 that it would no longer accept instructions from him to transfer funds overseas: SMR dated 3 December 2019.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 23 September 2019 and 13 December 2019, Star Qld facilitated three transfers totalling \$335,026 from Treasury Brisbane to Star Gold Coast, each of which was made available to Customer 86's FMA at Star Gold Coast.

Between 21 September 2019 and 21 November 2019, Star Qld facilitated six transfers totalling \$1,000,000 from Star Gold Coast to Treasury Brisbane, each of which was made available to Customer 86's FMA at Treasury Brisbane.

Between September 2019 and January 2020, Star Qld received four transfers totalling \$1,916,046 from Star Sydney, each of which was made available to Customer 86's FMA at Treasury Brisbane.

On 22 September 2019, Star Qld received a transfer of \$700,000 from Star Sydney, which it made available to Customer 86's FMA at Star Gold Coast.

Between 6 September 2019 and 24 September 2019, Star Qld facilitated three transfers totalling \$510,000 from Customer 86's FMA at Treasury Brisbane to Star Sydney.

On 22 September 2019, Star Qld facilitated a transfer of \$1,000,000 from Customer 86's FMA at Star Gold Coast to Star Sydney.

On 7 January 2020, Customer 86 transferred \$530,054 from his Star Sydney FMA to his Star Qld FMA. On the same day, Customer 86's wife, Customer 87 transferred \$250,007 from her Star Sydney FMA to her Star Qld FMA: SMR dated 8 January 2020.

- h. designated services provided to Customer 86 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

TTRs

Between 12 July 2019 and 10 September 2019, Star Qld gave the AUSTRAC CEO six TTRs detailing EGM payouts to Customer 86 totalling \$153,645.

- i. designated services provided to Customer 86 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

Between 21 March 2017 and 19 October 2020, Star Qld gave the AUSTRAC CEO 65 TTRs detailing EGM payouts to Customer 86 totalling \$1,615,930.

See particulars to paragraphs 2226.l and 2226.m below.

On 23 July 2018, Customer 86 exchanged three EGM vouchers totalling \$104,755 for cash at Star Qld. Star Qld considered it to be a large amount of cash to be withdrawn at once: SMR dated 24 July 2018.

- j. from July 2019, Customer 86, and his wife Customer 87, transacted using large amounts of cash and cash that appeared suspicious, at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 12 July 2019 and 14 October 2019, Star Sydney gave the AUSTRAC CEO 20 TTRs totalling \$3,099,350 detailing transactions involving Customer 86.

Large and suspicious cash transactions in 2019

Between 8 September 2019 and 11 September 2019, Customer 86 was the sole player on a rebate program at Star Sydney. On 11 September 2019, Customer 86 requested \$264,296 in cash for the settlement of the program. Following the transaction, Customer 87 and Customer 86 divided the cash between them. Star Sydney noted that this was Customer 86's largest cash transaction since becoming a patron of Star Sydney, and considered the large cash transaction to be suspicious: SMR dated 12 September 2019.

On 24 September 2019, Customer 86 deposited \$300,000 in cash into his Star Sydney account for a subsequent buy-in. The cash comprised of \$100 notes with straps from Treasury Brisbane dated 22 September 2019. Star Sydney noted that Customer 86 was on an active program, and on 24 September 2019 he recorded a turnover of \$791,000 with a win of \$571,500 on table games. Whilst Customer 86's play supported the amount of cash presented, Star Sydney considered the amount of cash to be unusually excessive: SMR dated 25 September 2019.

On 25 September 2019, Customer 86 conducted five chip to cash transactions at Star Sydney totalling \$874,750. Star Sydney noted that Customer 86 was currently on a program and whilst Customer 86's play appeared to support the amount of chips obtained, Star Sydney considered the amount of cash to be excessively large and unusual: SMR dated 26 September 2019.

On 28 September 2019, Customer 87 presented \$300,000 in cash to Star Sydney which she exchanged for cash chips. Customer 87 asked whether she could purchase non-negotiable chips for another player and was advised by Star Sydney that this was not allowed. Customer 87 returned shortly after with a black bag which contained \$500,000 in cash comprised of \$100 notes bundled with Star straps,

which she also exchanged for cash chips. Star Sydney identified that the cash had been paid to Customer 86 as winnings from gameplay the previous day.

Later on 28 September 2019, Customer 86 returned to Star Sydney in possession of the \$800,000 in cash chips issued to Customer 87, with \$300,000 of the cash chips used to buy-in to gameplay and the remaining \$500,000 in cash chips exchanged for non-negotiable chips. Customer 86 then requested an additional account withdrawal of \$490,000 in cash. He then returned approximately an hour later to deposit a further \$500,000 in cash, bundled with Star straps dated 27 September 2019: SMR dated 30 September 2019.

Between 29 December 2019 and 7 January 2020, Customer 86 and Customer 87 played at Star Sydney on rebate programs. Customer 87 mainly played on EGMs, with some minor play on tables until 2 January 2020. Customer 86 recorded a loss of \$372,475, however he earned significant commission from his play and he took some of this commission in chips. On 2 January 2020, Customer 87 deposited \$250,000 in chips into her Star Sydney FMA. Star considered that the chips for this deposit came from Customer 86's commission. On the same day, Customer 87 made buy-ins totalling \$300,000 in chips, which were not supported by her play. However, Star noted that the buy-ins were supported by Customer 86's play: SMR dated 8 January 2020.

- k. Customer 86 and his wife Customer 87, had engaged in large and unusual transactions and patterns of transactions involving telegraphic transfers, which had no apparent economic or visible lawful purpose, at Star Qld;

Particulars

2019

On 4 November 2019, Customer 86 received \$170,000 into his Star Qld FMA from a bank account held by Company 3. At the time, Star Qld understood that Customer 86 was linked to Company 3.

Customer 86 withdrew the entire amount in chips. Customer 86 recorded over an hour of play, and then returned to exchange \$100,000 of these chips for cash. Star Qld noted that Customer 86 recorded a win of \$5,000, and it did not know where the remaining chips were. Later that evening, Customer 86 recommenced play and deposited \$100,000 in chips into his Star Qld FMA. He recorded a win of \$46,000: SMR dated 5 November 2019.

On 9 December 2019, Customer 86 received \$1,000,000 into his Star Qld account from Customer 87's company's bank account, Company 3. Star Qld noted that company records held by an Australian government regulator indicated that Customer 87 was the sole director of Company 3. Customer 86 used the funds to gamble. Star Qld noted that Customer 86 had recorded winnings of \$1,400,000 at Star Gold Coast since 1 January 2018, however he had recorded

losses of \$4,000,000 at Star Sydney and Treasury Brisbane over that same period: SMR dated 13 December 2019.

On 26 November 2019, Customer 87 received \$500,000 into her Star Qld account from an unknown account. On 29 November 2019, Customer 87 received three transfers totalling \$600,000 into her Star Qld account from an unknown account. On each of these occasions, Customer 87 withdrew the money as chips and handed the chips to her husband Customer 86: SMR dated 3 December 2019.

On 30 November 2019, Customer 87 received \$600,000 into her Star Qld FMA from an unknown account. Customer 87 then withdrew the entire amount as chips and provided them to Customer 86. Later that day, Customer 87 returned to the cashier with \$600,000 in chips and requested a casino cheque. Star Qld declined this request on the basis that Customer 87 had no record of play and questioned whether the chips belonged to Customer 87 or Customer 86. Star Qld noted that this question had been asked of Customer 87 previously. After Star Qld refused to give Customer 87 a casino cheque, Customer 87 accused staff of making her feel like a criminal: SMR dated 3 December 2019.

On 26 December 2019, Customer 87 transferred \$100,000 from her company's bank account, Company 3, to Star Qld. The \$100,000 was then made available to her Star Qld account. Customer 87 withdrew the funds from her account as chips. Customer 87 appeared to use \$5,000 of those chips for gambling herself, and provided the remaining \$95,000 in chips to Customer 86. Star Qld considered that Customer 87 and Customer 86 were moving funds from Company 3's bank account for Customer 86 to gamble with. Customer 86 would then deposit the money into his casino account under his name or exchange it for larger cash outs: SMR dated 27 December 2019.

2020

On 7 January 2020, Customer 86 transferred \$530,054 from his Star Sydney FMA to his Star Qld FMA. On the same day, Customer 86's wife Customer 87 transferred \$250,007 from her Star Sydney FMA to her Star Qld FMA. Customer 87 then withdrew \$150,000 in chips from her funds. Star Qld's records for Customer 87 showed play on EGMs with a loss of \$30,000. Customer 86 recorded a chip buy-in of \$150,000 very shortly after Customer 87 withdrew the \$150,000 in chips from her account. Star Qld had no record of Customer 86 cashing out any chips, however it recorded Customer 87 making five chip cash outs the following day, on 8 January 2020, totalling \$281,000: SMR dated 8 January 2020

Despite concerns raised by the AML/CTF Administrator as to whether Star Qld should accept telegraphic transfers from Customer 87's Australian company where the funds were used by Customer 86 for gambling (see particulars to paragraph 2234.c), Star Qld continued to

accept transfers from Customer 87's company bank account in 2020, including:

- a. on 13 February 2020, Customer 86 received \$100,000 into his Star Qld account from Company 3's bank account. Customer 86 withdrew the sum in chips. Customer 86 then returned to the cashier with \$140,000 and exchanged it for cash. Star Qld reviewed Customer 86's records, which indicated he had won \$35,000. Star Qld considered it unusual that Customer 86 wanted to exchange all the chips for cash: SMR dated 14 February 2020;
 - b. on 4 March 2020, Customer 86 received \$300,000 into his Star Qld account from Company 3's bank account. Customer 86 withdrew the sum in chips: SMR dated 6 March 2020;
 - c. on 4 July 2020, Customer 86 received \$20,000 into his Treasury Brisbane FMA from Company 3's bank account. On 5 July 2020, Customer 86 received three transfers totalling \$120,000 into his Treasury Brisbane FMA from Customer 87's company's bank account. On 9 July 2020, Customer 86 used the funds to gamble and recorded a loss of \$32,000. Customer 86 then exchanged \$104,874 in chips for cash: SMR dated 10 July 2020; and
 - d. on 10 July 2020, Customer 86 received \$1,000,000 into his Star Gold Coast FMA from Company 3's bank account. Star Qld considered this amount to be a large increase from that provided by the company to Treasury Brisbane in the previous days: SMR dated 10 July 2020; and
 - e. on 16 October 2020, Customer 86 received two transfers totalling \$300,000 into his Star Qld account from Company 3's bank account. On 20 October 2020, Star Qld noted that this cash had not yet been exchanged. It queried whether Customer 86 was banking the cash back to Customer 87's company: SMR dated 20 October 2020.
- I. Customer 86 and Customer 87 transacted using large amounts of cash and cash that appeared suspicious at Star Qld, including large volumes of cash wrapped in rubber bands or in black plastic bags, and appeared to be using multiple gambling services at Star Qld to avoid attracting suspicion;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 8 March 2017 and 20 October 2020, Star Qld gave the AUSTRAC CEO 236 TTRs totalling \$13,159,568 detailing transactions involving Customer 86.

Large and suspicious cash transactions in 2018

On 6 October 2018, Customer 86 presented \$50,000 in cash to Star Qld. The cash comprised of \$100 notes with Star Qld straps dated September 2017. Customer 86 deposited \$30,000 into his CWA, and exchanged \$20,000 for chips. About four hours later, Customer 86 returned with another \$50,000 in cash and exchanged it for chips. Star Qld noted that Customer 86's table play on 5 October 2018 and 6 October 2018 indicated a loss of \$151,000. Star Qld considered this loss to be significant: SMR dated 9 October 2018.

Large and suspicious cash transactions in 2019

In January 2019, Star Qld noticed that Customer 86 and Customer 87 were using multiple gambling services at Star Qld to engage in cash transactions in a manner that made it difficult for it to track their transactions.

On 25 January 2019, the following transactions occurred (SMR dated 31 January 2019):

- a. Customer 87 exchanged \$80,000 in cash for chips at Star Qld, but did not subsequently record any table play;
- b. Customer 86 redeemed an EGM voucher for \$9,583, which had been issued to Customer 87;
- c. Customer 86 presented \$45,000 in chips to buy-in at a table. Star Qld's records of Customer 86's prior play did not support the amount of chips presented; and
- d. Star Qld reviewed its TTR reports for the previous 90 days, which suggested that Customer 86 was recording substantial wins, however his play records over that period showed a loss of \$136,518. Likewise, Customer 87 recorded a loss of \$61,884 in the same period.

By 15 May 2019, Star Qld staff observed Customer 86 and Customer 87 engaging in suspicious behaviour at the Star Qld cage, in which Customer 86 would walk away during a transaction and Customer 87 would wait to pick up the cash. Star Qld observed that the funds provided by Customer 86 to facilitate Customer 87's play had increased significantly in the previous four to six weeks. Star Qld noted that between 1 January 2018 and 15 May 2019, Customer 86 and Customer 87 had recorded large and suspicious losses totalling \$1,934,000: SMR dated 15 May 2019.

Despite Star Qld's suspicions, Customer 86 continued to engage in suspicious cash transactions at Star Qld.

- a. On 26 May 2019, a Star Qld customer exchanged \$10,000 in cash, comprised of \$20 notes, for chips at the cashiers in a private gaming room. The customer went to the tables but

recorded no play. Star Qld also noted that this exchange amount was above the customer's normal play amount. It therefore conducted a review to determine if the cash came from someone else before the customer attended the counter. The review indicated that on 26 May 2019, Customer 86 drove to the casino with another individual, and that both Customer 86 and the other individual attended the foyer where they met with the Star Qld customer. Customer 86 handed over the \$10,000 to the customer. The three individuals then attended the private gaming room, where the customer exchanged \$10,000 in cash given to them by Customer 86. The customer then gave Customer 86 some of the chips following the transaction: SMR dated 28 May 2019.

- b. On 27 May 2019, Customer 87 exchanged \$18,500 in cash for chips at Star Qld. The cash was comprised of \$100 notes. Following the exchange, Customer 87 handed \$18,000 worth of chips to Customer 86. Star Qld's records showed Customer 87 as having lost \$212,000 since 1 January 2019. In the same period, Star Qld's records showed Customer 86 as having lost \$965,000: SMR dated 28 May 2019.
- c. On 6 December 2019, a Star Qld customer, Person 64, exchanged \$100,000 in cash for chips. The cash was presented in \$100 notes with Star straps dated 22 November 2019, in circumstances where Star Qld did not know where Person 64 had obtained the money. Person 64's play and TTRs since 1 November 2019 did not support him having \$100,000 in cash. Star Qld was aware that Person 64 had come to the casino to meet with Customer 86 and noted that the \$100,000 in cash was supported by Customer 86's play and TTR records. By the end of his trip on 10 December 2019, Star Qld's records indicated that Person 64 held \$134,000 in chips but did not have any evidence of the customer exchanging the chips for cash or depositing them into his FMA. However, Star Qld had records of Customer 86 engaging in play on 9 December 2019 that was unsupported by his transactions and was of a similar value to the chips Person 64 held: SMR dated 10 December 2019.
- d. On 15 December 2019, Customer 86 gave another Star Qld customer \$40,000 in cash for gambling. On 16 December 2019, Customer 87 exchanged \$500,000 in cash for chips at Star Qld. The cash was presented in a large black plastic bag and was strapped with Star Qld straps. Star Qld understood from the straps that some of the cash presented had previously been paid to a second Star Qld customer, who was an associate of Customer 87 and the partner of the first customer, Person 64, earlier in the day. Star Qld identified that its records of Customer 87's play did not support her using these chips. However,

Customer 86's play did support the use of chips to the same value. Star Qld therefore assumed that Customer 87 had given the \$500,000 in chips to Customer 86. Star Qld also noted that at the same time as Customer 87 purchased these chips, Customer 86 received a telegraphic transfer for \$500,000. Prior to the receipt of these funds, Customer 86 had been playing with Person 64 at a private table, and had recorded a loss of \$2,788,650. Customer 86 kept playing after he received the additional funds and recorded a win of \$2,150,800. Star Qld did not know the connection between the four customers: SMR dated 17 December 2019.

Large and suspicious cash transactions in 2020

In 2020, Customer 86 continued to engage in suspicious cash transactions at Star Qld.

- a. On 3 March 2020, Customer 86 attended a private gaming room cashier at Star Qld and withdrew \$200,000 in chips from his FMA. Customer 86 was accompanied by two men, including a known Star Qld customer Person 6 and an unknown individual. Customer 86 went to a gaming table whilst the two other individuals went to a lounge area. Customer 86 lost the \$200,000 within 20 minutes.
- b. On 4 March 2020, the known Star Qld customer Person 6 requested to exchange \$200,000 in cash for chips at a private gaming room cage at Star Qld. The cash was comprised of \$100 notes, \$150,000 of which was in Star straps and the remainder in rubber bands. Star Qld asked Person 6 where the money came from. Person 6 did not answer, and instead made a phone call. Customer 86 then arrived and told Star Qld that the money was his and he had given it to his friend to exchange while he went to the bathroom. Star Qld advised Customer 86 that he must be present for the exchange of his cash. Star Qld noted that the \$150,000 in cash with Star straps was supported by Customer 86's play in February, but considered it odd that some of the cash provided was wrapped only in rubber bands. At the same time, Customer 86 received \$300,000 via telegraphic transfer into his Star Qld FMA from Company 3's bank account. Customer 86 withdrew the money as chips was given a total of \$500,000 in chips. Customer 86 subsequently recorded a loss of \$500,000. After Customer 86 received the chips, Person 6 approximately \$1,000 to \$2,000 in cash from his shoulder bag: SMR dated 6 March 2020.
- c. On 11 July 2020, Customer 86 and Customer 87 signed in four associates as guests at Star Qld. Star Qld also identified a further three individuals who it believed were associated with Customer 86, including Person 47. One of these associates redeemed five

tickets totalling \$8,500, that were originally generated under Customer 86's card. Between 11 July 2020 to 12 July 2020, Star Qld gave the AUSTRAC CEO six TTRs totalling \$372,500 detailing cash outs by Customer 86 totalling \$372,500. The balance in his FMA was \$980,017 and he had recorded winnings of approximately \$284,000. Star Qld noted that Customer 86 had significant movement of funds between tables, machines, his FMA and his CWA, which made his transactions hard to track with accuracy: SMR dated 14 July 2020.

- d. On 18 July 2020, Customer 86 made two large cash outs of \$400,000 and \$110,000 at Star Qld. On 19 July 2020, Customer 86 arrived at the private gaming room cashiers at Star Qld with \$329,000 in chips. He was accompanied by Customer 87, and a guest who was signed in by Customer 87. Customer 86 deposited \$250,000 in chips into his FMA, \$29,000 in chips into his CWA and exchanged \$50,000 in chips for cash. Immediately afterward, Customer 86 handed the \$50,000 in cash to Customer 87's guest, who placed the cash in a white envelope and handed it to Customer 87. Star Qld noted that this interaction between the three customers was conducted in front of cashier staff and under full surveillance camera view. Star Qld considered this behaviour very unusual for Customer 86 and Customer 87, and noted that it appeared that Customer 86 and Customer 87 had planned this interaction and intended Star Qld staff and surveillance cameras to observe it. Star Qld also noted that it did not have any recorded play for Customer 87's guest for the year to date: SMR dated 21 July 2020.
- e. On 1 August 2020, Customer 86 attended Star Gold Coast with \$100,000 in cash. The cash was comprised of \$100 notes with straps that were consistent with the cash being from a casino. Star Qld noted that Customer 86 had recorded multiple large cash payouts since Star Gold Coast and Treasury Brisbane had reopened on 3 July 2020 following the COVID-19 pandemic closures, which payouts could support the \$100,000 Customer 86 had in cash. Later that night, a person attempted to deposit \$300,000 in cash into Customer 86's CWA. The person was not a member in Star Qld's system, and was advised that Customer 86 would need to deposit the funds himself. Shortly after, a Star Qld customer, Person 47, attended the cashiers and sought to exchange \$300,050 in chips for cash. Person 47's play did not support the amount of chips. When asked about the origins of the chips, the Star Qld customer advised that the chips belonged to Customer 86: SMR dated 5 August 2020.
- f. On 3 August 2020, Customer 86 attended Treasury Brisbane and exchanged \$270,000 in cash for chips. The cash was comprised of \$100 notes with Star straps that suggested it had been paid

out by Star Gold Coast the previous day. Customer 86 lost all the funds. Star Qld's records since 3 July 2020 indicated that Customer 86 had lost approximately \$1,700,000: SMR dated 5 August 2020.

- g. On 10 August 2020, Customer 86 presented \$30,000 in cash at Star Qld. The cash was comprised of \$100 notes with a strap from an Australian bank dated 2 July 2020. Customer 86 exchanged \$20,000 for chips and deposited the remaining \$10,000 into his CWA. Customer 86 then played and lost all the funds. Later that day, Customer 86 returned to Star Qld and exchanged \$80,100 in cash for chips. The cash was comprised of \$100 notes, in \$1,000 bundles wrapped with rubber bands. Star Qld noted that the cash could not be from its casino because it did not pay out cash in this format. Customer 86 later returned to the cashiers with \$119,000 in chips. Customer 86 was then joined by another customer. The customer exchanged two gaming machine tickets totalling \$59,940 for cash. At this point, Customer 86 handed the customer his membership card and Star Qld noted that Customer 86's name was on both tickets. Customer 86's machine play supported the tickets. All the funds from the chips and tickets were paid in cash to Customer 86, totalling \$178,940. Customer 86 requested a large envelope after he received this cash. Star Qld did not know the connection between Customer 86 and the other customer: SMR dated 11 August 2020.
- h. On 14 October 2020, Person 6 exchanged \$40,000 in cash, made up of \$35,000 in \$50 notes and \$5,000 in \$100 notes, for \$100 notes at a private gaming room cashier. Star Qld considered that Person 6 wanted to have Star's straps on the notes. After receiving the cash, Person 6 went to a gaming table, where Customer 86 and a second customer, Person 47, were already sitting. Person 6 recorded no play at the table. Star Qld observed the three customers then attend the balcony, however surveillance was unable to capture their exchange. Person 6 then returned to the cashier and deposited \$13,000 in chips into his CWA. After this exchange, the customer returned to the table where Customer 86 and the other customer were playing. All three customers then left the private gaming room and recording the following transactions.
 - i. Person 6 transferred \$5,000 from his CWA to an EGM, and lost all the funds. He then went to another EGM, transferred a further \$5,000 from his CWA and then requested a ticket for \$4,755. Person 6 cashed out the ticket at the private gaming room cashier. He then returned to the first EGM he had used, transferred the remaining \$3,000 from his CWA, and lost all these

funds. Star Qld noted that it did not know what Person 6 did with the \$40,000 in cash.

- ii. Customer 86 took \$300,000 from his FMA as a chip purchase voucher. He then played and recorded a win of \$73,000. Customer 86 then deposited \$300,000 in chips back into his FMA and cashed out \$60,000. Star Qld noted that it did not know what Customer 86 did with the remaining \$13,000 in chips.
 - iii. Person 47 played with a chip buy-in of \$30,000, and recorded a win of \$19,000. Star Qld noted that it could not account for Person 47 having the \$30,000 in chips. However, Star Qld noted that Customer 86 had previously shared part of his bankroll with Person 47, and he may have given the customer some of his \$300,000 in chips on this occasion. Person 47 subsequently cashed out \$20,070: SMR dated 16 October 2020.
- i. On 16 October 2020, Person 47 exchanged \$60,000 in chips for cash. Person 47 informed Star Qld that the chips were his. However, Star Qld subsequently reviewed Person 47's play and noted that it did not support the quantity of chips. A review of surveillance indicated that Customer 86 gave the chips to Person 47 to cash out, and after Person 47 exchanged the chips for cash he gave the cash back to Customer 86. On the same day, Customer 86 received \$300,000 into his Star Qld account from Company 3's bank account. Star Qld noted that whilst Customer 86 was losing at the tables, he kept some funds aside to play on EGMs and eventually took larger amounts of cash. Star Qld queried whether Customer 86 was banking the cash back to Customer 87's company, but it considered it unusual that Customer 86 was obtaining cash from Person 47 but playing with the money sent by telegraphic transfer: SMR dated 20 October 2020.
 - j. On 22 October 2020, Customer 87 deposited \$50,000 into her CWA at Star Qld. The cash comprised of \$100 notes with Star Qld straps dated 11 October 2020 and 16 October 2020. Star Qld noted that Customer 87 had no play or reports to support having the \$50,000 in cash. It considered that the cash may have related to a payment made to Customer 86, but this could not be confirmed: SMR dated 23 October 2020.
- m. Customer 86 and his wife, Customer 87, engaged in other transactions at Star Qld indicative of ML/TF typologies and vulnerabilities, including using each other's membership accounts to avoid reporting obligations;

Particulars

See paragraph 25 above.

Between 31 May 2017 and 4 August 2020, Star Qld gave the AUSTRAC CEO ten SMRs in relation to Customer 86 and Customer 87 after it had formed suspicions that the customers were attempting to avoid reporting obligations by using each other's membership accounts.

- a. On 30 May 2017, Customer 86 presented an EGM voucher to Star Qld for \$14,413 to be exchanged for cash. Star Qld identified that Customer 87's membership card was in the gaming machine at the time the collect button was hit. At the time, Star Qld did not know of the relationship between Customer 86 and Customer 87: SMR dated 31 May 2017.
- b. On 23 September 2018, Customer 86 presented an EGM voucher to Star Qld for \$15,050 to be exchanged for cash. Star Qld again identified that Customer 87's membership card was in the gaming machine at the time the collect button was hit: SMR dated 24 September 2018.
- c. On 29 September 2018, Customer 86 bought in with \$3,000 in cash for chips on the main gaming floor at Star Qld. Star Qld was aware that Customer 86 had previously bought in on other tables for cash and was at that point winning, and that he had declined to provide any identification. Star Qld observed, via surveillance, that Customer 86 handed \$10,000 in \$500 chips to Customer 87. Customer 87 then went to the cashiers and exchanged the chips for cash. Approximately 90 minutes later, Customer 87 returned to the cashiers with \$30,000 in chips and attempted to exchange the chips for cash. Customer 87 was advised that the owner of the chips was required to cash them out as Star Qld could not verify Customer 87 had won them. Customer 87 advised Star Qld that it was her husband playing. Customer 86, who was Customer 87's husband, then came over with his membership card and exchanged the chips for cash: SMR dated 3 October 2018.
- d. On 11 October 2018, Customer 86 presented two EGM vouchers to Star Qld for \$34,800 and \$69,200 to be exchanged for cash. Star Qld identified that Customer 87's membership card was in the gaming machine at the time the collect button was hit: SMR dated 12 October 2018.
- e. On 26 October 2018, Customer 87 presented two EGM vouchers to Star Qld for \$13,310 and \$35,270 to be exchanged for cash. Star Qld identified that Customer 86's membership card was in the gaming machine at the time the collect button was hit: SMR dated 27 October 2018.

- f. On 1 February 2019, Customer 86 cashed out a total of \$160,000 worth of chips at Star Qld. Star Qld's records showed that Customer 86 played from 25 January 2019 to 28 January 2019, with a loss of \$31,900. He then played again from 31 January to 1 February 2019 and won \$67,500. However, the last TTR that Star Qld had given to the SMR suggested that Customer 86 had last purchased chips was on 25 January for \$30,000. Star Qld then reviewed Customer 87's records, which showed that on 31 January 2019 Customer 87 made four separate purchases of chips with cash at Star Qld, totalling \$112,500. Part of the cash used to purchase \$52,500 in chips was comprised of \$100 notes bundled with Star Qld straps, and the balance of chips were purchased using \$50 notes. On the same day, Customer 87 deposited \$10,000 in cash on two occasions into her CWA, and also made another deposit of \$15,000 in chips. Star Qld was unable to confirm the source of funds or occupation of either Customer 86 or Customer 87: SMR dated 1 February 2019.
- g. On 25 March 2019, Customer 86 and Customer 87 attended a private gaming room at Treasury Brisbane and sought to exchange \$50,000 in cash for chips. The cash came from Customer 87's purse, and consisted of \$100 notes in bundles of \$1,000, secured by elastic bands. Customer 86 walked away as the chip sale was almost complete. Customer 87 presented Customer 86's membership card to the cashier and claimed the chips were for him. Later that evening, Customer 87 returned to the cashier with Customer 86, who then walked away. Customer 87 deposited \$50,000 into Customer 86's CWA. Star Qld informed Customer 87 that all future transactions had to be completed by the person who was playing, buying chips or depositing chips: SMR dated 29 March 2019.
- h. On 26 March 2019, Customer 87 presented to the Star Qld cashier again with an EGM ticket and a TITO ticket in Customer 86's name, totalling \$20,844. Star Qld advised Customer 87 that Customer 86 would have to present to the cashier with the tickets in order to exchange them for cash. Shortly after, Customer 87 and Customer 86 presented to the cashier with the tickets, as well as \$9,000 in chips, and sought to exchange the tickets and chips for cash. Customer 86 signed the EGM ticket and then left, and Customer 87 remained to collect the cash: SMR dated 29 March 2019.
- i. On 30 July 2019, Star Qld identified that Customer 86's play showed a loss of \$75,000 at Star Gold Coast and \$32,000 at Treasury Brisbane. However, Star Qld gave the AUSTRAC CEO two TTRs with respect to Customer 86 over this period, which indicated that he was winning \$25,000. Customer 87's table play showed a loss of \$46,000 at Star Gold Coast and \$32,000 at

Treasury Brisbane. However, Star Qld gave the AUSTRAC CEO five TTRs with respect to Customer 87 over this period, which suggested that she was winning \$90,000 at Treasury Brisbane, and had a buy-in of \$35,000 at Star Qld. Based on the TTRs that had been given to the AUSTRAC CEO with respect to Customer 86 and Customer 87 at each casino, Star Qld considered that the customers were possibly structuring their transactions, which were all in cash, over multiple casino services to avoid reporting how much they were spending: SMR dated 30 July 2019.

- j. On 2 October 2019, Customer 86 exchanged \$100,000 in cash for chips at Treasury Brisbane. The cash was comprised of \$100 notes. Customer 86 gambled over a seven-hour period, and recorded a loss of \$50,000. At around the time that Customer 86 finished gambling, Customer 87 cashed out \$100,000 in chips at Treasury Brisbane. Star Qld reviewed Customer 87's play and identified that her play did not support her having \$100,000 worth of chips. Customer 87's buy-in on this occasion was around \$10,000 with a loss of around \$5,000: SMR dated 2 October 2019.
- k. On 1 August 2020, Star Qld customer, Person 47, presented \$185,000 in cash to the cashier in the private gaming room. Customer 86 was with Person 47. The cash comprised of \$100 notes and had straps recording the date and the wording 'hard count', 'main bank' or 'soft count'. The dates on the cash straps ranged from 2 June 2020 to 19 July 2020. Star Qld noted that it was closed until 3 July 2020, indicating that \$95,000 of the funds came from another casino that was open in June 2020. Star Sydney had no records for Person 47 or Customer 86 since June 2020. Further, Star Qld's records did not support Person 47 having been paid this amount in cash since it reopened in July 2020. Star Qld therefore suspected that Customer 86 may have used Person 47 to make the transaction on his behalf to avoid reporting obligations: SMR dated 4 August 2020.
- n. by March 2020, Star Qld had formed suspicions that Customer 86 was involved in money lending with two other individuals at Star Qld;

Particulars

Between 3 March 2020 and 4 March 2020, Star Qld observed three large cash and chip transactions involving Customer 86 and two other individuals including Person 6 which Star Qld suspected were indicative of possible money lending at Star Qld.

- o. Customer 86 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 86 had access to private gaming rooms at Star Sydney, including the Sovereign, Vantage, Lakes Salons, Oasis and the Oasis (Cage).

- p. Customer 86 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 86 had access to private gaming rooms at Treasury Brisbane, including Pit 9, Orchid Level 2, The Suite – Ground Floor, Orchid Level 3, Sovereign Room – EGMs, The Suite – EGMs, Sovereign Room – Tables, The Suite – Tables and the Cage.

Customer 86 had access to private gaming rooms at Star Gold Coast, including The Suite, The Oasis, the Sovereign Room and the Chairmans.

- q. in 2019 and 2021, Star Qld provided information to law enforcement on at least two occasions;

Particulars

In February 2019, Star Qld investigation staff identified that Customer 86 and Customer 87 had been involved in large and suspicious cash transactions, including structuring at Star Qld properties, on an almost daily basis since October 2018. Star Qld provided this information to a law enforcement agency in February 2019.

By March 2021, Star Qld had identified that Customer 86 was connected to a group of individuals that Star Qld suspected were involved in money laundering at Star Qld properties, and provided this information to law enforcement.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- r. between 2019 and 2022, Customer 86 was the subject of law enforcement enquiries on at least four occasions at Star; and

Particulars

By May 2019, in response to Star Qld's email providing information about Customer 86 and Customer 87 to a law enforcement agency, Star Qld was advised by the law enforcement agency that Customer 86:

- a. was a known person of interest;
- b. was regarded as a 'nasty piece of work' but was safe to have around; and

c. was suspected to be connected to human trafficking and extortion, although no charges or convictions had been recorded.

This information was recorded in Star's due diligence records.

In December 2021, Star Qld received a request from a law enforcement agency regarding Customer 86 and Customer 87's financial and gaming activity at Star Qld. Star Qld provided a response.

In February 2022, Star Qld received a request from law enforcement regarding Customer 86 and Customer 87's financial and gaming activity at Star Qld. Star Qld provided a response.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- s. Star Sydney and Star Qld did not have adequate reason to believe that Customer 86's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 86 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Prior to April 2019, Star had not been able to confirm Customer 86's source of wealth or source of funds. By April 2019:

- a. Customer 86's turnover escalated from approximately \$500,000 in 2017 to \$5,000,000 by the end of 2018 at Star Qld;
- b. Customer 86 transacted using large amounts of cash and cash that appeared suspicious, including cash provided by Customer 87 at Star Sydney and Star Qld;
- c. Star Qld had formed suspicions that Customer 86 appeared to be using multiple gambling services at Star Qld to avoid attracting suspicion; and
- d. Star Qld had formed suspicions that Customer 86 and Customer 87 were attempting to avoid reporting obligations by using each other's membership accounts.

On 4 April 2019, Star recorded in Customer 87's AML Risk Register that Customer 86 had informed Star that he and Customer 87 owned several construction companies, including Company 3. On the same day, Star Qld granted Customer 86 Diamond tier membership, despite having twice reported in SMRs given to the AUSTRAC CEO that it could not confirm Customer 86's source of funds or occupation: SMRs dated 1 February 2019 and 29 March 2019.

Between May 2019 and November 2019, Customer 86 provided Star Qld with inconsistent information regarding his occupation and source of funds, in circumstances where Star Qld had been advised by law enforcement agencies that Customer 86 was a person of interest and suspected to be connected to human trafficking and extortion.

- a. In May 2019, Star Qld attempted to find further information concerning Customer 87 and Customer 86's source of funds, and noted that:
 - i. Customer 86 was potentially a tiler, locksmith or in sales; and
 - ii. Customer 86 and Customer 87 had advised Star Qld that they owned a few home building companies in Brisbane: SMR dated 15 May 2019.
- b. In July 2019, Star Qld recorded that it considered Customer 86 and Customer 87's losses to be large compared to any potential income source: SMR dated 30 July 2019.
- c. By at least 25 September 2019, Star Sydney understood Customer 86's occupation to be a consumer product sales person in retail.
- d. In November 2019, Star Qld made further requests from Customer 86 regarding his source of income. Customer 86 informed Star Qld that he was the owner of a construction company in Brisbane, Company 3. He also advised Star Qld that he owned other companies, but did not give their names. Star Qld noted in an SMR given to the AUSTRAC CEO that it considered Customer 86's losses to be too large for a company to sustain: SMR dated 22 November 2019.

No further steps were taken to identify or verify Customer 86's source of funds or source of wealth until February 2022. Both Star Sydney and Star Qld continued to provide designated services to Customer 86 during this time, including:

- a. multiple large cash and chip exchanges for Customer 86, in circumstances where Star suspected that the cash originated from third parties;
- b. accepting at least \$2,890,000 in transfers from Customer 87's company account, which it made available to Customer 86's FMA at Star Qld;
- c. recording turnover exceeding \$630 million for Customer 86 at Star Qld between 2019 and 2020; and
- d. recording turnover exceeding \$160 million for Customer 86 at Star Sydney between 2019 and 2020.

By at least 7 February 2022, Star recorded in Customer 86's Patron Register Report that his occupation was as a salesperson. It also noted that he was the owner of several construction companies, including Company 3, and possibly worked in tiling or was a locksmith.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 86

2227. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 86 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 86.

- a. On and from 2017, Customer 86 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 86's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 86 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 1 June 2017, Customer 86 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 31 October 2018, Customer 86 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 86's transactions

2228. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 86's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 86, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld was unable to monitor Customer 86's activity across Star Gold Coast and Treasury Brisbane because gaming records were only available at each individual property;

Particulars

On 22 November 2019, Star Qld identified that Customer 86 played at Star Sydney, Star Gold Coast and Treasury Brisbane, and that gaming records were only available at each individual property which made it difficult to track his financial and gaming activity.

Star Qld was unable to confirm whether Customer 86's losses at one site could be accounted for by wins at the other site, because records suggested that:

- a. Customer 86 had recorded a loss of \$1,300,000 at Star Gold Coast, a loss of \$1,400,000 at Treasury Brisbane and a loss of \$1,200,000 at Star Sydney;
 - b. when Customer 86's machine play was taken into account, these losses would be greater; and
 - c. Customer 86's membership card may not have been in the machine on each occasion that he played: SMR dated 22 November 2019.
- c. Star Sydney did not make and keep complete and reliable records of designated services provided to junket players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 86 through:
- i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel.

Particulars

See paragraph 783 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 86 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- f. Star Sydney provided designated services to Customer 86 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 86's KYC information

2229. Star Sydney and Star Qld did not review, update and verify Customer 86's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney or Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 86's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 86's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 86's source of wealth and source of funds were not legitimate: see *Customer 86's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 86's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 86.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) and rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in rule 1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 86's high ML/TF risks

2230. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 86 appropriately;

- b. applying appropriate risk-based transaction monitoring to Customer 86; and
- c. reviewing and updating Customer 86's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 86 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 86*.

ECDD triggers in respect of Customer 86

2231. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 86 following any ECDD triggers in respect of Customer 86.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2232. Customer 86:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 12 September 2019 and 30 September 2019, Star Sydney gave the AUSTRAC CEO four SMRs with respect to Customer 86.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 31 May 2017 and 23 October 2020, Star Qld gave the AUSTRAC CEO 34 SMRs with respect to Customer 86.

2233. Each matter pleaded in paragraph 2232 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2234. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 86 following an ECDD trigger because:

- a. on each occasion that Star Sydney or Star Qld conducted ECDD in respect of Customer 86 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 86 and the provision of designated services to Customer 86 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney or Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

On 23 March 2019, 11 September 2019, 24 September 2019, 25 September 2019, 28 September 2019, 2 October 2019, 22 November 2019, 24 January 2020, 10 July 2020, 4 August 2020, Star conducted ECDD in respect of Customer 86.

The ECDD conducted by Star Sydney or Star Qld did not have appropriate regard to Customer 86's higher ML/TF risks, including the large and suspicious cash transactions he conducted and that were conducted on his behalf, and transactions indicative of the ML/TF typology of using third parties to conduct transactions: see *Customer 86's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 86's source of funds or source of wealth, in circumstances where:

- a. Star had been warned that Customer 86 was a person of interest and suspected to be connected to human trafficking and extortion; and
- b. Customer 86 claimed he owned several construction companies but where Star Qld suspected that the losses sustained by Customer 86 were too large for a company to sustain.

By reason of the matters set out above, there were real risks that Customer 86's source of wealth and source of funds were not legitimate: see *Customer 86's risk profile*.

- b. Customer 86 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 86 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 86, the provision of designated services to Customer 86 by Star Sydney and Star Qld, and whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 2 December 2019, senior management were aware that a telegraphic transfer of \$300,000 sent on 25 November 2019 by Star Qld from Customer 86's overseas bank account had been returned. Star senior management, including the Group Manager (AML/CTF and Financial Crime), were informed of the transaction and decided

that it would only allow Customer 87 and Customer 86 to make transfers to Australian banks going forward.

On 13 December 2019, the Star Qld AML/CTF Administrator conducted a company search in respect of Company 3 and identified that:

- a. there were two secured creditors of the company;
- b. Customer 87 and Customer 86 were using company funds to fund Customer 86's gambling at Star Qld; and
- c. there was a risk that the company may face financial difficulty, such that Star may face adverse media attention due to its receipt of company funds for gambling.

The AML/CTF Administrator considered that Star Qld should cease accepting telegraphic transfers from Company 3's bank account, with all funds to come directly from Customer 87's or Customer 86's personal bank account. This request was raised with the Group Manager AML/CTF and Financial Crime (who was also the AML/CTF Compliance Officer at the time) by email on 13 December 2019. On 24 January 2020, the Star Qld AML/CTF Administrator followed up the email. There are no records of any response to this request in Star Qld's due diligence records.

At no time did Star senior management appropriately consider the ML/TF risks of continuing to provide designated services to Customer 87 and Customer 86 in light of the higher ML/TF risks posed: see *Customer 87's risk profile*.

Contravention of s36 of the Act in respect of Customer 86

2235. By reason of the matters pleaded from paragraphs 2221 to 2234 above, on and from 30 November 2016, Star Sydney and Star Qld:
- a. did not monitor Customer 86 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2236. By reason of the matters pleaded at paragraph 2235, Star Sydney and Star Qld contravened s36(1) of the Act on and from October 2018 with respect to Customer 86.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 87

2237. Customer 87 was a customer of Star Sydney during the relevant period. Between 2018 and 2020, Star Sydney recorded turnover exceeding \$5 million for Customer 87.

Particulars

Customer 87 was a customer of Star Sydney from at least 16 June 2018.

2238. Star Sydney provided Customer 87 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 19 February 2019, Star Sydney opened an FMA and a SKA for Customer 87, both of which remain open (items 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 87 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 87's risk profile below.

2239. Customer 87 was a customer of Star Qld during the relevant period. Between 2017 and 2020, Star Qld recorded turnover exceeding \$15 million for Customer 87.

Particulars

Customer 87 was a customer of Star Qld from at least 19 August 2012.

2240. Star Qld provided Customer 87 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 27 June 2016, Star Qld opened a CWA for Customer 87, which remains open.

On 18 February 2019, Star Qld opened an FMA for Customer 87 which remains open (items 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 87 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 87's risk profile below.

2241. At all times from 16 June 2018 in respect of Star Sydney and 30 November 2016 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 87.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 87's risk profile

2242. On and from 16 June 2018 in respect of Star Sydney and 30 November 2016 in respect of Star Qld, Customer 87, and the provision of designated services to Customer 87 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

- a. Customer 87 was connected to other customers at Star Sydney and Star Qld, including players who posed higher ML/TF risks such as Customer 86;

Particulars

Customer 87 often engaged in suspicious transactions with her husband Customer 86 at Star Sydney and Star Qld: see particulars to paragraphs 2242.e, 2242.i and 2242.j below.

- b. Customer 87 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2018 and 2020, Star Sydney recorded high turnover totalling \$5,824,363 for Customer 87;
 - i. between 2018 and 2020, Star Sydney recorded high individual rated turnover totalling \$2,573,107 for Customer 87; and

Particulars

See paragraph 752 above.

In 2018, Customer 87's individual rated turnover was \$6,505.

In 2019, Customer 87's individual rated turnover escalated to \$1,621,308.

In 2020, despite the COVID-19 pandemic closures, Customer 87's individual rated turnover was \$945,293.

- ii. in 2019, Star Sydney recorded high turnover on individual rebate programs totalling \$3,251,257 for Customer 87;

Particulars

See paragraph 623 above.

- c. Customer 87 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2020, Star Qld recorded high and escalating individual rated turnover totalling \$15,289,625 for Customer 87;

Particulars

See paragraph 752 above.

In 2017, Customer 87's individual rated turnover was \$937,865.

In 2018, Customer 87's individual rated turnover escalated to \$3,298,880.

In 2019, Customer 87's individual rated turnover further escalated to \$8,631,759.

In 2020, despite the COVID-19 pandemic closures, Customer 87's individual rated turnover was \$2,421,120.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 87 by remitting large amounts of money into, out of and within the casino environment via her accounts;

Particulars

Remittances into the casino environment

See paragraphs 278 and 327 above.

Between 28 August 2019 and 7 September 2019, Star Sydney received seven telegraphic transfers totalling \$440,000, each of which was made available to Customer 87's FMA.

On 30 December 2019, Customer 87 received \$60,000 into her Star Sydney account from an unknown account.

On 31 December 2019, Customer 87 received \$20,000 into her Star Sydney account from an unknown account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraphs 281 and 327 above.

On or around 1 January 2020, Customer 87 transferred \$27,692 from her Star Sydney account to an unknown account.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 16 July 2019 and 5 September 2019, Star Sydney sent three transfers totalling \$118,000 from Customer 87's FMA to Star Qld.

On 10 July 2019 and 11 July 2019, Star Sydney received two transfers totalling \$50,000 from Star Qld, both of which were made available to Customer 87's FMA.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 87 by remitting large amounts of money into, out of and within the casino environment via her accounts;

Particulars

Remittances into the casino environment

See paragraph 327.

Between 8 April 2019 and 18 December 2019, Star Qld received 11 telegraphic transfers totalling \$1,560,000, each of which was made available to Customer 87's FMA at Star Gold Coast.

Between 10 April 2019 and 16 February 2020, Star Qld received six telegraphic transfers totalling \$310,000, each of which was made available to Customer 87's FMA at Treasury Brisbane.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances involving third parties

See paragraph 327 above.

See paragraph 2242.i below.

Between 5 October 2019 and 30 November 2019, Star Qld received four telegraphic transfers totalling \$645,000 from Company 3, each of which was made available to Customer 87's FMA at Star Gold Coast.

Between 26 November 2019 and 30 November 2019, Star Qld received five telegraphic transfers totalling \$1,700,000 from an unknown account. The funds were made available to Customer 87's Star Qld FMA: SMR dated 3 December 2019.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 24 March 2019 and 26 July 2019, Star Qld facilitated four transfers totalling \$305,000 from Treasury Brisbane to Star Gold Coast, each of which was made available to Customer 87's FMA at Star Gold Coast.

Between 9 April 2019 and 9 July 2019, Star Qld facilitated four transfers totalling \$210,000 from Star Gold Coast to Treasury Brisbane, each of which was made available to Customer 87's FMA at Treasury Brisbane.

On 10 July 2019 and 11 July 2019, Star Qld facilitated two transfers totalling \$50,000 from Customer 87's FMA at Treasury Brisbane to Star Sydney.

Between 16 July 2019 and 7 January 2020, Star Qld received five transfers totalling \$395,700 from Star Sydney, each of which was made available to Customer 87's FMA at Treasury Brisbane.

- f. designated services provided to Customer 87 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

Between 30 September 2019 and 30 December 2019, Star Sydney gave to the AUSTRAC CEO five TTRs detailing EGM payouts to Customer 87 totalling \$102,028.

- g. designated services provided to Customer 87 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

See particulars to paragraphs 2242.j and 2242.k below.

Between 11 May 2017 and 19 December 2019, Star Qld gave to the AUSTRAC CEO 15 TTRs detailing EGM payouts to Customer 87 totalling \$266,974.

On 6 April 2019, Treasury Brisbane recorded that an EGM voucher for \$9,517.10 issued under Customer 87's name was paid to Customer 86.

- h. by January 2019, Star Qld was aware that:
- i. Customer 87, and her husband Customer 86, transacted using large amounts of cash and cash that appeared suspicious at Star Qld, by using multiple gambling services to avoid attracting suspicion;
 - ii. Customer 87's gaming activity was not commensurate with size of the cash transactions at Star Qld;

Particulars to (i) and (ii)

See paragraphs 611 to 618 above.

TTRs

Between 30 March 2017 and 23 October 2020, Star Qld gave the AUSTRAC CEO 108 TTRs detailing transactions made by Customer 86 totalling \$4,384,093, including:

- a. 77 incoming TTRs totalling \$3,164,600;
- b. 31 outgoing TTRs totalling \$1,219,493;
- c. 32 TTRs totalling \$1,477,600 detailing account deposits and withdrawals; and
- d. 76 TTRs totalling \$2,906,493 detailing chip and cash exchanges.

Large and suspicious cash transactions in 2019

In January 2019, Star Qld noticed that Customer 87 and Customer 86 were using multiple gambling services to engage in cash transactions that made it difficult for Star Qld to track their transactions. On 25 January 2019, the following transactions occurred:

- a. Customer 87 exchanged \$80,000 in cash for chips at Star Qld, but did not subsequently record any table play;

- b. Customer 87's husband, Customer 86, redeemed an EGM voucher for \$9,583, which had in fact been issued to Customer 87;
- c. Customer 86 presented \$45,000 in chips to buy-in at a table. Star Qld's records of Customer 86's prior play did not support the amount of chips presented;
- d. Star Qld reviewed its TTR reports for the previous 90 days, which suggested that Customer 86 was recording substantial wins, however his play records over that period showed a loss of \$136,518. Likewise, Customer 87 recorded a loss in the same period of \$61,884; and
- e. Star Qld noted that the use of multiple services by Customer 87 and Customer 86 to shift their cash around made it difficult for it to track all of their transactions: SMR dated 31 January 2019.

Between February 2019 and March 2019, Star Qld observed the following transactions:

- a. on 3 February 2019, Customer 87 presented to the Treasury Brisbane cage a total of \$80,000 in cash, comprised of \$100 notes in Star straps dated 31 January 2019;
- b. on 13 February 2019, Customer 87 presented \$20,000 in cash to the cage, comprised of \$100 notes wrapped in two \$10,000 bundles wrapped in rubber bands to the cage. Customer 87 exchanged \$10,000 for chips, and deposited the remaining \$10,000 into her CWA. Customer 87 later took out the \$10,000 in her CWA as chips. Shortly after, Customer 87 deposited \$5,000 back into her account. Customer 87 recorded no play on tables, and recorded some play on EGMs around the time she took out the chips from her CWA; and
- c. on 4 March 2019, Customer 87 presented Treasury Brisbane with \$19,200 in \$100 notes and \$800 in \$50 notes in exchange for chips. The cash was wrapped in rubber bands.

By 15 May 2019, Star Qld staff observed Customer 87 and Customer 86 engaging in suspicious behaviour at the Star Qld cage, in which Customer 86 would walk away during a transaction and Customer 87 would wait to pick up the cash. Star Qld observed that the funds presented by Customer 87's husband, Customer 86, to facilitate play had increased significantly in the previous four to six weeks. Star Qld noted that between 1 January 2018 and 15 May 2019, Customer 87 and Customer 86 had recorded large and suspicious losses totalling \$1,934,000: SMR dated 15 May 2019.

On 27 May 2019, Customer 87 exchanged \$18,500 in cash for chips at Star Qld. The cash comprised of \$100 notes. Following the exchange, Customer 87 handed \$18,000 worth of chips to Customer

86. Star Qld's records showed that Customer 87 had lost \$212,000 since 1 January 2019. In the same period, Star Qld's records showed that Customer 86 had lost \$965,000: SMR dated 28 May 2019.

On 5 November 2019, Customer 87 presented \$165,000 in cash comprised of \$100 notes with Star straps dated 2 November 2019 to the Star Gold Coast cage. Customer 87 exchanged the cash for chips. Star Qld noted that its records did not support Customer 87 having this amount of cash but that Customer 86 had cashed out \$165,000 in chips over two transactions the previous day. On 6 November 2019, Customer 87 recorded minimal play of \$3,000 at Star Gold Coast. Customer 86 recorded substantial play on EGMs and tables, and used all the chips purchased by Customer 87.

On 16 December 2019, Customer 87 exchanged \$500,000 in cash for chips at Star Qld. The cash was presented in a large black plastic bag and was strapped with Star Qld straps. Star Qld understood from the straps that some of the cash presented was paid to Person 64, an associate of Customer 87, earlier in the day. Star Qld identified that its records of Customer 87's play did not support her using these chips, however Customer 86's play did support it. Star Qld therefore assumed that Customer 87 gave the chips to Customer 86. Star Qld also noted that at the same time that Customer 87 purchased these chips, Customer 86 received a telegraphic transfer for \$500,000. Star Qld did not know the connection between Customer 87 and Customer 86 and Person 64: SMR dated 17 December 2019.

Large and suspicious cash transactions in 2020

On 7 January 2020, Customer 87 transferred \$250,007 from her Star Sydney account to her Star Qld FMA. On the same day, Customer 86 transferred \$530,054 from his Star Sydney account to his Star Qld FMA. Customer 87 then withdrew \$150,000 in chips from her funds. Star Qld's records however showed no play for Customer 87 on the tables, only on EGMs with a loss of \$30,000. Customer 86 did not access any of the funds sent to his FMA, but recorded a chip buy-in of \$150,000 very shortly after Customer 87 withdrew the \$150,000 in chips from her account. Star Qld had no record of Customer 86 cashing out any chips, however it recorded Customer 87 making five chip cash outs on 8 January 2020 totalling \$281,000: SMR dated 8 January 2020.

On 18 February 2020, Customer 87 withdrew \$100,000 as cash and then deposited \$25,000 of the cash into Customer 86's CWA. Star Qld noted that Customer 87 recorded no play, whilst Customer 86 recorded a loss of \$200,000 following these transactions. It also recorded that a staff member was going to have a discussion with Customer 87 and Customer 86.

On 19 July 2020, Customer 87 arrived with Customer 86 and another Star Qld customer at a private gaming room at Star Qld. The other

Star Qld customer was signed in by Customer 87 as her guest. Customer 86 deposited \$250,000 in chips into his FMA, \$29,000 in chips into his CWA and exchanged \$50,000 in chips for cash. Immediately afterward, Customer 86 handed the \$50,000 in cash to Customer 87's guest, who placed the cash in a white envelope and handed it to Customer 87. Star Qld noted that this interaction between the three customers was conducted in front of cashier staff and under full surveillance camera view. Star Qld considered this behaviour very unusual for Customer 87 and Customer 86, and noted that it appeared that Customer 87 and Customer 86 had planned this interaction and intended Star Qld staff and surveillance cameras to observe it. Star Qld also noted that it did not have any recorded play for Customer 87's guest for the year to date: SMR dated 21 July 2020.

On 22 October 2020, Customer 87 deposited \$50,000 in cash, comprised of \$100 notes, into her CWA at Star Qld. Star Qld identified that the straps on the notes were from a payment that Star Qld had made, but the straps were dated 11 to 16 October 2020. Star Qld identified that Customer 87 did not have the play to support her having this amount of cash, and that the cash could relate to a payment made to Customer 86. However, Star Qld had no way to confirm this: SMR dated 23 October 2020.

- i. Star Qld was aware that Customer 87 and her husband, Customer 86, engaged in large and unusual transactions and patterns of transactions involving telegraphic transfers, which had no apparent economic or visible lawful purpose;

Particulars

On 26 November 2019, Customer 87 received \$500,000 in her Star Qld account from an unknown account. On 29 November 2019, Customer 87 received three transfers totalling \$600,000 into her Star Qld account from an unknown account. On each of these occasions, Customer 87 withdrew the money as chips and handed the chips to her husband Customer 86: SMR dated 3 December 2019.

On 30 November 2019, Customer 87 received \$600,000 into her Star Qld FMA from an unknown account. Customer 87 then withdrew the entire amount as chips and provided them to Customer 86. Later that day, Customer 87 returned to the cashier with \$600,000 in chips and requested a casino cheque. Star Qld declined this request on the basis that Customer 87 had no record of play and questioned whether the chips belonged to Customer 87 or Customer 86. Star Qld noted that this question had been asked of Customer 87 previously. After Star Qld refused to give Customer 87 a casino cheque, Customer 87 accused staff of making her feel like a criminal: SMR dated 3 December 2019.

On 9 December 2019, Customer 87 transferred \$1,000,000 from Company 3's bank account to Star Qld, which was then deposited

into her husband Customer 86's Star Qld account. Star Qld noted that company records held by an Australian government regulator indicated that Customer 87 was the sole director of the company. Star Qld noted that this was by far the largest transfer Customer 87 and this company had made, and considered it to be a very large amount to be coming from a company account: SMR dated 13 December 2019.

Despite the concerns raised by the Star Qld AML/CTF Administrator as to whether Star Qld should accept telegraphic transfers from Customer 87's Australian company bank account where funds were used by Customer 86 for gambling (see particulars to paragraph 2250.c below), Star Qld continued to accept transfers from Customer 87's company account in 2019 and 2020:

- a. On 26 December 2019, Customer 87 transferred \$100,000 from Company 3's account to Star Qld, which it made available to her Star Qld's account: SMR dated 27 December 2019.
- b. On 26 December 2019, Customer 87 transferred \$100,000 from Company 3's bank account to Star Qld. The \$100,000 was then made available to her Star Qld account. Customer 87 withdrew the funds from her account as chips. Customer 87 appeared to use \$5,000 of those chips to gamble herself, and provided the remaining \$95,000 in chips to Customer 86. Star Qld considered that Customer 87 and Customer 86 were moving funds from Customer 87's company's account for Customer 86 to gamble with. Customer 86 would then deposit the money into his casino account under his name or exchange it for larger cash outs: SMR dated 27 December 2019.
- c. On 27 December 2019, Star Qld received a telegraphic transfer of \$100,000 from Company 3, which it made available to Customer 87's FMA at Treasury Brisbane.
- d. On 18 February 2020, Customer 87 transferred \$100,000 from her company's account to Star Qld, which was then deposited into her Star Qld account.
- e. On 4 July 2020, Customer 87 transferred \$20,000 from Company 3's account to Star Qld, which was then deposited into her husband Customer 86's Star Qld account: SMR dated 10 July 2020.
- f. On 5 July 2020, Customer 87 made three transfers totalling \$120,000 from Company 3's account to Star Qld, each of which was then deposited into her husband Customer 86's Star Qld account: SMR dated 10 July 2020.
- j. Customer 87, and her husband Customer 86, engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Qld, including using each other's membership accounts to avoid reporting obligations;

Particulars

See paragraph 25 above.

On nine occasions between 31 May 2017 and 2 October 2019, Star Qld gave the AUSTRAC CEO SMRs in relation to Customer 87 and Customer 86 after it had formed suspicions that the customers were attempting to avoid reporting obligations by using each other's membership accounts.

- a. On 30 May 2017, Customer 86 presented an EGM voucher to Star Qld for \$14,413 to be exchanged for cash. Star Qld identified that Customer 87's membership card was in the gaming machine at the time the collect button was hit. At the time, Star Qld did not know of the relationship between Customer 86 and Customer 87: SMR dated 31 May 2017.
- b. On 23 September 2018, Customer 86 presented an EGM voucher to Star Qld for \$15,050 to be exchanged for cash. Star Qld again identified that Customer 87's membership card was in the gaming machine at the time the collect button was hit: SMR dated 24 September 2018.
- c. On 29 September 2018, Customer 86 bought in with \$3,000 in cash for chips on the main gaming floor at Star Qld. Star Qld was aware that Customer 86 had previously bought in on other tables for cash and was at that point winning, but that he had declined to provide any identification. Star Qld observed, via surveillance, that Customer 86 handed \$10,000 in \$500 chips to Customer 87. Customer 87 then went to the cashiers and exchanged the chips for cash. Approximately 90 minutes later, Customer 87 returned to the cashiers with \$30,000 in chips and attempted to exchange the chips for cash. Customer 87 was advised that the owner of the chips was required to cash them out as Star Qld could not verify that Customer 87 had won them. Customer 87 advised Star Qld that it was her husband playing. Customer 87's husband, Customer 86, then came over with his membership card and exchanged the chips for cash: SMR dated 3 October 2018.
- d. On 11 October 2018, Customer 86 presented two EGM vouchers to Star Qld for \$34,800 and \$69,200 to be exchanged for cash. Star Qld identified that Customer 87's membership card was in the gaming machine at the time the collect button was hit: SMR dated 12 October 2018.
- e. On 26 October 2018, Customer 87 presented two EGM vouchers to Star Qld for \$13,310 and \$35,270 to be exchanged for cash. Star Qld identified that Customer 86's membership card was in the gaming machine at the time the collect button was hit: SMR dated 27 October 2018.

- f. On 31 January 2019, Customer 87 made four separate purchases of chips with cash at Star Qld, totalling \$112,500. Part of the cash used to purchase \$52,500 in chips was comprised of \$100 notes bundled with Star Qld straps, and the balance of the chips were purchased using \$50 notes. On the same day, Customer 87 deposited \$10,000 in cash on two occasions into her CWA, and made another deposit of \$15,000 in chips. Star Qld also noted that Customer 86 had cashed out a total of \$160,000 worth of chips on 1 February 2019, despite the last record of Customer 86 purchasing chips being on 25 January 2019: SMR dated 1 February 2019.
- g. On 25 March 2019, Customer 87 and Customer 86 attended a private gaming room at Treasury Brisbane and sought to exchange \$50,000 in cash for chips. The cash came from Customer 87's purse, and consisted of \$100 notes in bundles of \$1,000, secured by elastic bands. Customer 86 walked away as the chip sale was almost complete. Customer 87 presented Customer 86's membership card to the cashier and claimed the chips were for him. Later that evening, Customer 87 returned to the cashier with Customer 86, who then walked away. Customer 87 deposited \$50,000 into Customer 86's CWA. Star Qld informed Customer 87 that all future transactions had to be completed by the person who was playing, buying chips or depositing chips.
- h. On 26 March 2019, Customer 87 presented to the Star Qld cashier with an EGM ticket and a TITO ticket in the name of Customer 86, totalling \$20,844. Star Qld advised Customer 87 that Customer 86 would have to present to the cashier with the tickets in order to exchange them for cash. Shortly after, Customer 87 and Customer 86 presented to the cashier with the tickets, as well as \$9,000 in chips, and sought to exchange the tickets and chips for cash. Customer 86 signed the EGM ticket and then left, and Customer 87 remained to collect the cash: SMR dated 29 March 2019.
- i. On 30 July 2019, Star Qld observed that Customer 87's table play showed a loss of \$46,000 at Star Gold Coast and \$32,000 at Treasury Brisbane for July 2019. However, Star Qld gave the AUSTRAC CEO five TTRs with respect of Customer 87 over this period, which suggested that she was winning \$90,000 at Treasury Brisbane, and had a buy-in of \$35,000 at Star Gold Coast. Star Qld observed that Customer 86's play showed a loss of \$75,000 at Star Gold Coast and \$32,000 at Treasury Brisbane. However, Star Qld gave the two TTRs with respect to Customer 86 which suggested that he was winning \$25,000 over this period. Based on the TTRs that had been given to the AUSTRAC CEO with respect to Customer 87 and Customer 86 at each Star

Qld property, Star Qld considered that the customers were possibly structuring their transactions, which were all in cash, over multiple casino services to avoid reporting how much they were spending: SMR dated 30 July 2019.

- j. On 2 October 2019, Customer 86 exchanged \$100,000 in cash for chips at Treasury Brisbane. The cash was comprised of \$100 notes. Customer 86 gambled over a seven-hour period, and recorded a loss of \$50,000. At around the time that Customer 86 finished gambling, Customer 87 cashed out \$100,000 in chips at Treasury Brisbane. Star Qld reviewed Customer 87's play and identified that her play did not support her having \$100,000 worth of chips. Customer 87's buy-in on this occasion was around \$10,000 with a loss of around \$5,000: SMR dated 2 October 2019.
- k. from July 2019, Customer 87, and her husband Customer 86, transacted using large amounts of cash and cash that appeared suspicious, at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 15 July 2019 and 2 January 2020, Star Sydney gave the AUSTRAC CEO 7 TTRs detailing transactions made by Customer 87 totalling \$906,000, including:

- a. six incoming TTRs totalling \$890,000;
- b. one outgoing TTR totalling \$16,000;
- c. four TTRs totalling \$861,000 detailing account deposits and withdrawals; and
- d. three TTRs totalling \$45,000 detailing chip and cash exchanges.

Large and suspicious cash transactions in 2019

Between 8 September 2019 and 11 September 2019, Customer 86 was the sole player on a junket program at Star Sydney. On 11 September 2019, Customer 86 requested \$264,296 in cash for the settlement of the junket program. Following the transaction, Customer 87 and Customer 86 divided the cash between them. Star Sydney noted that this was Customer 86's largest cash transaction since becoming a patron of Star Sydney, and considered the large cash transaction to be suspicious: SMR dated 12 September 2019.

On 28 September 2019, Customer 87 presented \$300,000 in cash to Star Sydney to deposit into her account to exchange for cash chips.

Customer 87 asked whether she could purchase non-negotiable chips for another player and was advised by Star Sydney that this was not allowed. Customer 87 returned shortly after with a black bag

which contained \$500,000 in cash comprised of \$100 notes bundled with The Star straps, and deposited the cash into her account to exchange for cash chips. Star Sydney identified that the cash had been paid to Customer 86 as winnings from gameplay the previous day.

Later on 28 September 2019, Customer 86 returned to Star Sydney in possession of the cash chips issued to Customer 87, with \$300,000 cash chips used to buy-in to gameplay and the \$500,000 in cash chips exchanged for non-negotiable chips. Customer 86 then requested an additional account withdrawal of \$490,000 in cash. He then returned approximately an hour later to deposit \$500,000 in cash, that was bundled with Star straps dated 27 September 2019: SMR dated 30 September 2019.

Between 29 December 2019 and 7 January 2020, Customer 87 and Customer 86 played at Star Sydney on individual rebate programs. Customer 87 mainly played on EGMs, with some minor play on tables until 2 January 2020. Customer 86 recorded a loss of \$372,475, however he earned significant rebates from his play and he took some of this rebate in chips. On 2 January 2020, Customer 87 deposited \$250,000 in chips into her Star Sydney FMA. Star considered that the chips for this deposit came from Customer 86's rebate. On the same day, Customer 87 made buy-ins totalling \$300,000 in chips, which were not supported by her play. However, Star noted that the buy-ins were supported by Customer 86's play: SMR dated 8 January 2020.

- I. Customer 87 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 87 had access to private gaming rooms at Star Sydney, including the Sovereign, Vantage, Lakes Salons and the Oasis (Cage).

- m. Customer 87 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 87 had access to private gaming rooms at Treasury Brisbane, including The Suite – Ground Floor, Orchid Level 3, Sovereign Room – EGMs, The Suite – EGMs, Sovereign Room – Tables, The Suite – Tables and the Cage.

Customer 87 had access to private gaming rooms at Star Gold Coast, including The Suite, The Oasis, the Sovereign Room, Chairmans and the Sovereign (Cage).

- n. between 2019 and 2021, Star Qld provided information in respect of Customer 87 to law enforcement;

Particulars

On 1 February 2019, Star Qld sent Customer 87's details to a law enforcement agency regarding suspicious activity and potential money laundering.

On 28 May 2019, Star Qld sent Customer 87's details to a law enforcement agency regarding suspicious activity and potential money laundering. Star Qld was advised that Customer 87 was possibly linked to money laundering activities.

On 30 September 2019, Star Qld sent details regarding Customer 87 to a law enforcement agency. The law enforcement agency responded and requested further information.

- o. between 2019 and 2021, Customer 87 was the subject of law enforcement enquiries at Star; and

Particulars

On 13 September 2019, Star Qld received a request for information from a law enforcement agency regarding Customer 87.

On 13 December 2021, Star Qld received a request for information from a law enforcement agency regarding Customer 87.

On 14 December 2021, Star Qld received a search warrant from a law enforcement agency regarding Customer 87.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- p. Star Sydney and Star Qld did not have adequate reason to believe that Customer 87's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 87 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

On 1 February 2019 and 29 March 2019, Star Qld gave the AUSTRAC CEO an SMR which reported that it could not confirm Customer 87's source of funds or occupation.

On 4 April 2019, Customer 86 had informed Star that he and Customer 87 owned several construction companies, including Company 3.

On 15 May 2019, Star Qld recorded in an SMR given to the AUSTRAC CEO that it had attempted to find further information

concerning Customer 87 and Customer 86's source of funds, and noted that:

- a. Customer 86 was potentially a tiler, locksmith or in sales; and
- b. Customer 87 and Customer 86 had advised Star Qld that they owned a few home building companies in Brisbane.

On 30 July 2019, Star Qld recorded in an SMR given to the AUSTRAC CEO that it considered Customer 87 and Customer 86's losses to be large compared to any potential income source.

By at least 9 December 2019, Star Qld understood that Customer 87 was the sole director of one of the construction companies, including Company 3 said to be owned by Customer 86 and Customer 87.

By at least 7 February 2022, Star recorded Customer 87's occupation as a customer service agent.

Customer 87's gaming activity was not commensurate with size of the cash transactions at Star Qld or with her purported source of wealth or source of funds.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 87

2243. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 87 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 87.
- a. On and from January 2019, Customer 87 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 87's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 87 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 3 October 2018, Customer 87 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 7 February 2022, Customer 87 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 87's transactions

2244. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 87's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 87, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 87 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- c. Star Sydney provided designated services to Customer 87 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 87's KYC information

2245. Star Sydney and Star Qld did not review, update and verify Customer 87's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 87's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 87's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 87's source of wealth and source of funds were not legitimate: see *Customer 87's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 87's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 87.

Particulars

See paragraph 155 above.

Section 36(1)(a), (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 87's high ML/TF risks

2246. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 87 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 87; and
- c. reviewing and updating Customer 87's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 87 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 87*.

ECDD triggers in respect of Customer 87

2247. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 87 following any ECDD triggers in respect of Customer 87.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2248. Customer 87:

- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 12 September 2019 and 30 September 2019, Star Sydney gave the AUSTRAC CEO two SMRs with respect to Customer 87.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 31 May 2017 and 23 October 2020, Star Qld gave the AUSTRAC CEO 21 SMRs with respect to Customer 87.

2249. Each matter pleaded in paragraph 2248 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2250. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 87 following an ECDD trigger because:

- a. on each occasion that Star Sydney or Star Qld conducted ECDD in respect of Customer 87 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 87 and the provision of designated services to Customer 87 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite;

Particulars

See paragraphs 797, 807, 808 and 809 above.

Rules 15.10(2) and (5) of the Rules.

On 11 September 2019 and 28 September 2019, Star Sydney conducted ECDD in respect of Customer 87: see *Customer 87's risk profile*.

On 29 March 2019, 10 July 2020 and 21 July 2020, Star Qld conducted ECDD in respect of Customer 87: see *Customer 87's risk profile*.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 87's higher ML/TF risks: see *Customer 87's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 87's source of funds or source of wealth, in circumstances where Star Qld was aware that:

- a. Customer 87 was the director of a company that made large telegraphic transfers to Star Qld, which had two secured creditors;
- b. while Customer 86 and 87 had advised that they owned several construction companies, the losses sustained by Customer 87 and Customer 86 were too large for any company to sustain; and
- c. Customer 87's financial transactions were not commensurate with her gaming activity at Star Qld.

By reason of the matters set out above, there were real risks that Customer 87's source of wealth and source of funds were not legitimate: see *Customer 87's risk profile*.

- b. Customer 87 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 87 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 87 and the provision of designated services to Customer 87 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney or Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

By 2 December 2019, senior management were aware that a telegraphic transfer of \$300,000 sent on 25 November 2019 by Star Qld to Customer 87's husband Customer 86's overseas bank account had been returned. Star senior management, including the Group Manager AML/CTF and Financial Crime, were informed of the transaction and decided that Star Qld would only allow Customer 87 and Customer 86 to make transfers to Australian banks going forward.

On 13 December 2019, the Star Qld AML/CTF Administrator conducted a company search in respect of Company 3 and identified that:

- a. there were two secured creditors of the company;
- b. Customer 87 and Customer 86 were using company funds to fund Customer 86's gambling at Star Qld; and
- c. there was a risk that the company may face financial difficulty, such that Star may face adverse media attention due to its receipt of company funds for gambling.

The AML/CTF Administrator considered that Star Qld should cease accepting telegraphic transfers from Company 3's bank accounts, with all funds to come directly from Customer 87 or Customer 86's personal bank account. This request was raised by email with the Group Manager AML/CTF and Financial Crime on 13 December 2019.

There are no records of any response to this request in Star Qld's due diligence records.

At no time did Star senior management appropriately consider the ML/TF risks of continuing to provide designated services to Customer

87 and Customer 86 in light of the higher ML/TF risks posed: see
Customer 87's risk profile.

Contravention of s36 of the Act in respect of Customer 87

2251. By reason of the matters pleaded from paragraphs 2237 to 2250, on and from 16 June 2018, Star Sydney:

- a. did not monitor Customer 87 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2252. By reason of the matters pleaded at paragraph 2251, Star Sydney contravened s36(1) of the Act on and from January 2019 with respect to Customer 87.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2253. By reason of the matters pleaded from paragraphs 2237 to 2250, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 87 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2254. By reason of the matters pleaded at paragraph 2253, Star Qld contravened s36(1) of the Act on and from January 2019 with respect to Customer 87.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 88

2255. Customer 88 was a customer of Star Sydney during the relevant period. Between 2017 and 2021, Star Sydney recorded turnover exceeding \$3.7 million for Customer 88.

Particulars

Customer 88 was a customer of Star Sydney from at least 22 September 2011.

On 22 December 2021, Star Sydney issued a WOL in respect of Customer 88.

2256. Star Sydney provided Customer 88 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

Between 2017 and 2021, Star Sydney recorded high turnover totalling \$3,779,956 for Customer 88 (table 3, s6 of the Act).

See Customer 88's risk profile.

2257. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 88.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 88's risk profile

2258. On and from 30 November 2016, Customer 88, and the provision of designated services to Customer 88 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 88's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 88 had the following risk history:
- i. Customer 88 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded individual rated turnover totalling \$26,163 for Customer 88; and
 - ii. Customer 88 was connected to other customers at Star Sydney, including players who posed higher ML/TF risks and who Star Sydney considered had acted suspiciously;

Particulars

In January 2016, Customer 88's father, who was also a Star Sydney customer, was issued with a venue exclusion for being associated with an Australian organised crime syndicate. In June 2016, that exclusion was revoked.

Customer 88's risk profile from 30 November 2016

- b. Customer 88 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2021, Star Sydney recorded high and escalating individual rated turnover totalling \$3,779,956 for Customer 88;

Particulars

See paragraph 752 above.

In 2017, Customer 88's individual rated turnover escalated to \$545,362.

In 2018, Customer 88's individual rated turnover was \$416,416.

In 2019, Customer 88's individual rated turnover escalated significantly to \$2,495,061.

From 2020, when the COVID-19 pandemic closures commenced, Customer 88's turnover dropped but remained high.

In 2020, Customer 88's individual rated turnover was \$155,766.

In 2021, Customer 88's individual rated turnover was \$167,351.

- c. designated services provided to Customer 88 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

Between 12 August 2017 and 11 July 2019, Star Sydney gave the AUSTRAC CEO 11 TTRs detailing EGM payouts to Customer 88 totalling \$277,402.

Between 10 January 2021 and 7 March 2021, Customer 88 had an EGM turnover at Star Sydney of \$134,916 with a win of \$2,087.

- d. Customer 88 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 4 June 2018 and 4 January 2020, Star Sydney gave the AUSTRAC CEO nine TTRs detailing chip and cash exchanges made by Customer 88 totalling \$150,670.

On 11 July 2019, Star Sydney gave the AUSTRAC CEO a TTR detailing an account deposit by Customer 88 totalling \$10,000.

- e. Customer 88 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 88 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Vantage and Oasis.

- f. on multiple occasions in July 2020, Customer 88 appeared as a criminal defendant in a New South Wales court;

Particulars

Between 8 July 2020 and 23 July 2020, Customer 88 appeared as a criminal defendant in a New South Wales court on at least four occasions.

- g. by early to mid-2021, Star Sydney was aware of a number of suspicious incidents involving Customer 88 and his associates at various Star properties, including:
- i. by 8 January 2021, Star Sydney was aware that, while attending Star Gold Coast, Customer 88 was identified by Star Qld to have organised the supply of drugs;

Particulars

In 2020, Star Qld monitored Customer 88's activities at gaming tables at Star Gold Coast due to concerns that he was cheating. As a result, Star Qld formed suspicions that he was organising the supply of drugs.

- ii. by 24 May 2021, Star Sydney was aware that, while attending Star Gold Coast, Customer 88 was involved in large scale drug activity including organising the supply of drugs while at gaming tables using multiple mobile phones; and
- iii. by 24 May 2021, Star Sydney was aware that Customer 88 had attempted to pay cash for accommodation at Star Sydney for a stay in March 2021;

Particulars

When hotel staff informed Customer 88 that he was required to provide a credit card for the room booking, there was an altercation and Customer 88 was 'blacklisted' from Star's accommodation due to his behaviour.

Customer 88 returned to Star's hotel a few months later, using his partner's name for the booking.

- h. in September 2019 and 2021, Customer 88 was the subject of law enforcement enquiries at Star Sydney;

Particulars

On 19 September 2019, Star Sydney received a request from a law enforcement agency for information concerning Customer 88.

In January 2021, Star Sydney received a request for information from a law enforcement agency concerning Customer 88.

By 8 January 2021, Star Sydney was aware that Customer 88 was a person of interest for a law enforcement agency in respect of a large-scale drugs and firearm related investigation.

- i. in September 2021, Customer 88 was arrested and charged by a law enforcement agency; and

Particulars

On 7 October 2021, Star Sydney was informed by a law enforcement agency that Customer 88 had been arrested on 3 September 2021 and refused bail. Customer 88 was arrested in connection with his involvement in a drug supply syndicate, and charges including knowingly dealing with the proceeds of crime.

- j. Star Sydney did not have adequate reason to believe that Customer 88's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 88 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood that Customer 88 was a builder.

From 2017, Customer 88's turnover was not consistent with his source of wealth.

By 2019, Customer 88's turnover had escalated significantly to \$2,495,061.

By early 2021, Star was aware that Customer 88 was suspected by law enforcement to be involved in the supply of drugs.

In September 2021, Customer 88 was arrested and charged by a law enforcement agency.

Star Sydney's determination of the ML/TF risks posed by Customer 88

2259. For the reasons pleaded at paragraph 110, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 88 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 88.
2260. On 25 October 2021, Customer 88 was rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

On 25 October 2021, Customer 88 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 88's transactions

2261. At no time did Star Sydney apply appropriate transaction monitoring to Customer 88's transactions because where Star Sydney conducted any transaction monitoring of transactions involving Customer 88, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

The review, update and verification of Customer 88's KYC information

2262. Star Sydney did not review, update and verify Customer 88's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in rule 1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 88's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 88's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 88's source of wealth and source of funds were not legitimate: see *Customer 88's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 88's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 88.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 88's high ML/TF risks

2263. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 88 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 88; and
- c. reviewing and updating Customer 88's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 88 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 88*.

ECDD triggers in respect of Customer 88

2264. Star Sydney was required to apply the ECDD Programs to Customer 88 following any ECDD triggers in respect of Customer 88.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1) and 15.10 of the Rules.

2265. Customer 88 was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney.

Particulars

On 25 October 2021, Star Sydney determined that the ML/TF risks posed by Customer 88 was high risk for the purpose of the Act and Rules: see *Star Sydney's determination of the ML/TF risks posed by Customer 88* above.

2266. The matter pleaded in paragraph 2265 was an ECDD trigger.

Particulars

See paragraphs 792, 798 and 799 above.

2267. On 25 October 2021, at the same time Customer 88 was rated as high risk for the purpose of the Act and Rules, the AML/CTF Compliance Officer determined that a group wide WOL should be issued in respect of Customer 88 and his father.

2268. On 22 December 2021, Star Sydney issued a WOL in respect of Customer 88.

Particulars

Customer 88 was in police custody from or about early October 2021.

Contravention of s36 of the Act in respect of Customer 88

2269. By reason of the matters pleaded from paragraphs 2255 to 2268 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 88 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2270. By reason of the matters pleaded at paragraph 2269, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 22 December 2021 with respect to Customer 88.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 89

2271. Customer 89 was a customer of Star Qld during the relevant period. Between 2016 and 2022, Star Qld recorded turnover exceeding \$400 million for Customer 89.

Particulars

Customer 89 was a customer of Star Qld from at least 5 October 2008.

On 28 January 2022, Star Qld issued a WOL in respect of Customer 89.

2272. Star Qld provided Customer 89 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 28 January 2022, Star Qld closed an FMA, SKA and CWA for Customer 89 (item 11, table 3, s6 of the Act).

See Customer 89's risk profile below.

2273. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 89.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 89's risk profile

2274. On and from 30 November 2016, Customer 89, and the provision of designated services to Customer 89 by Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 89's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 89 had the following risk history:
 - i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 89;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 11 June 2016 and 14 July 2016.

The SMRs reported that Customer 89 transacted using large amounts of cash at Star Qld and had provided two forms of identification with slightly different names: see paragraphs 2274.a.iv and 2274.a.v below.

- ii. Customer 89 received high value gambling services (table 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded high individual rated turnover totalling \$31,821,181 for Customer 89;

Particulars

See paragraph 752 above.

In 2015, Customer 89's individual rated turnover was \$187,229 at Star Gold Coast and \$31,633,952 at Treasury Brisbane.

- iii. by 30 November 2016, Customer 89 had self-excluded herself from Star Qld on three occasions;

Particulars

On 26 May 2010, 30 September 2012 and 28 June 2013, Customer 89 self-excluded from Star Qld.

The 28 June 2013 self-exclusion was revoked on 7 August 2016. Despite this, Customer 89 recorded a turnover of \$31,821,181 at Star Qld in 2015: see paragraph 2274.a.ii above.

- iv. Customer 89 transacted using large amounts of cash at Star Qld; and

Particulars

See paragraphs 611 to 618 above.

Between 30 August 2012 and 11 August 2016, Star Qld gave the AUSTRAC CEO 39 TTRs detailing incoming payments to Customer 89 totalling \$453,000 in chip exchanges.

Between 12 November 2009 and 8 August 2016, Star Qld gave the AUSTRAC CEO 35 TTRs detailing outgoing payments from Customer 89 totalling \$662,097 in chip exchanges.

On 11 June 2016, Customer 89 exchanged \$100,000 in chips for cash. Star Qld reviewed Customer 89's play, which supported the transaction. Star Qld nonetheless considered the large cash transaction to be suspicious: SMR dated 11 June 2016.

On 21 June 2016, Customer 89 made a cash buy-in of \$9,000.

- v. Customer 89 presented two forms of identification with different names;

Particulars

On 14 July 2016, Star Qld noted that Customer 89 had provided two forms of identification, being an Australian passport and a Qld drivers licence, with different names: SMR dated 14 July 2016.

Customer 89's risk profile from 30 November 2016

- b. Customer 89 received high value gambling services (table 3, s6) at Star Qld other than through junket programs. Between 2016 and 2021, Star Qld recorded high and escalating individual rated turnover totalling \$405,150,964 for Customer 89;

Particulars

See paragraph 752 above.

In 2016, Customer 89's individual rated turnover was \$37,936,680, being \$2,717,096 at Star Gold Coast and \$35,219,584 at Treasury Brisbane.

In 2017, Customer 89's individual rated turnover escalated to \$49,633,390, being \$2,912,024 at Star Gold Coast and \$46,721,366 at Treasury Brisbane.

In 2018, Customer 89's individual rated turnover significantly escalated to \$83,655,801, being \$9,617,383 at Star Gold Coast and \$74,038,418 at Treasury Brisbane.

In 2019, Customer 89's individual rated turnover escalated to \$88,576,324, being \$8,082,739 at Star Gold Coast and \$80,493,585 at Treasury Brisbane.

From 2020, despite the COVID-19 pandemic closures, Customer 89's turnover remained high.

In 2020, Customer 89's individual rated turnover was \$53,715,274, being \$2,069,327 at Star Gold Coast and \$51,645,947 at Treasury Brisbane.

In 2021, Customer 89's individual rated turnover escalated to \$86,202,978, being \$7,865,811 at Star Gold Coast and \$78,337,167 at Treasury Brisbane, with losses of \$1,524,120, being \$116,632 at Star Gold Coast and \$1,407,487 at Treasury Brisbane.

In 2022, Customer 89's individual rated turnover was \$5,430,517 at Treasury Brisbane.

- c. by April 2017, Star Qld was aware that Customer 89 was suspected of using Star Qld to launder money;

Particulars

In April 2017, the Star Qld investigations department prepared a monthly report. The report noted that Customer 89:

- a. had a history of drug trafficking and was the subject of a law enforcement investigation; and
- b. was suspected of using Star Qld as a place to launder money.

- d. by January 2018, Star Qld was aware of information that suggested that Customer 89 was supplying drugs at Star Qld premises;

Particulars

In January 2018, the Star Qld investigations department prepared a monthly report. The report noted that Customer 89:

- a. was the subject of intelligence suggesting that she was supplying drugs at Star Qld premises;

- b. had been the subject of comprehensive surveillance which identified that she would leave Star Qld premises on many occasions and meet third parties; and
- c. would often enter vehicles and return to Star Qld a short time later.

The report stated that all available details had been provided to onsite police, who were conducting an ongoing investigation.

- e. Star Qld were aware that:
 - i. Customer 89 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;
 - ii. Customer 89, and persons associated with her, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes and counterfeit cash at Star Qld;

Particulars

Between 27 February 2017 and 22 November 2021, Star Qld gave the AUSTRAC CEO 152 TTRs detailing chip exchanges by Customer 89 totalling \$1,899,613, including:

- a. between 27 February 2017 and 4 November 2020, 39 TTRs detailing incoming payments to Customer 89 totalling \$445,300 in chip exchanges; and
- b. between 20 March 2017 and 22 November 2021, 89 TTRs detailing outgoing payments from Customer 89 totalling \$1,454,313 in chip exchanges.

Large and unusual transactions in 2017

On 9 March 2017, Customer 89 signed another customer into a private gaming room. The customer exchanged \$10,000 in cash for chips. However, no play was recorded for that customer. Star Qld reviewed Customer 89's play. Between January 2017 and March 2017, Customer 89 had lost \$96,000 at Star Gold Coast and \$346,000 at Treasury Brisbane. Customer 89 had only engaged in cash play and the TTRs generated did not account for the level of Customer 89's losses. Star Qld identified that Customer 89 had second membership card linked to her account in a different name. At the time of review, the second membership card had recorded a loss of \$27,000 at Star Gold Coast and \$166,000 at Treasury Brisbane. There were no recorded TTRs for the first membership card, which had only been engaged in cash play. Star Qld noted that the losses were not commensurate with Customer 89's stated profession as a nail technician and beauty therapist: SMR dated 15 March 2017.

On 18 March 2017, Customer 89 made a cash buy-in of \$9,500. On the same day, Customer 89 made another two cash buy-ins of \$5,000 each.

On 17 April 2017, Customer 89 exchanged \$5,000 in cash for chips. Customer 89 then exchanged a further \$5,000 in cash for chips which she claimed belonged to her friend. No details were provided at the time for Customer 89's friend. A TTR was generated for \$10,000. Customer 89 appeared to use all of the funds herself. Star Qld was unable to link Customer 89 to any other customer. However, on 15 April 2017, Customer 89 had signed in a guest who had no previous record at Star Qld: SMR dated 18 April 2017.

On 9 May 2017, Star Qld identified that over the previous three months, Customer 89 had consistent losses of \$13,800 in February 2017, \$68,600 in March 2017 and \$56,300 in April 2017. In addition, Customer 89 had some recorded losses on EGMs and Star Qld had no record of any significant win to account for the losses. Star Qld noted that the losses seemed unusual given Customer 89's stated occupation as a beauty therapist: SMR dated 9 May 2017.

On 8 September 2017, Customer 89 made a cash buy-in of \$9,900. Customer 89 had also recorded buy-ins of \$5,000.

On 24 September 2017, Customer 89 made a cash buy-in of \$9,000.

On 30 September 2017, Customer 89 exchanged \$9,000 in chips for cash. Customer 89 then exchanged a further \$5,097 in chips for cash, which was supported by recorded play. Star Qld noted that Customer 89's behaviour suggested she was attempting to avoid reporting obligations. A further review indicated that, in September 2017, Customer 89 had lost \$106,039 in cash play on tables. Customer 89's recorded loss for the year as at 30 September 2017 was \$273,991. Star Qld noted that Customer 89's source of wealth and source of funds was a chain of beauty salons that she owned: SMR dated 5 October 2017.

On 4 October 2017, Customer 89 attempted to exchange \$3,450 in \$50 notes at Treasury Brisbane. One of the notes was determined to be counterfeit and had foreign characters printed on it.

On 16 November 2017, Customer 89 made a cash buy-in of \$9,940. Customer 89 had recorded a loss of \$36,550 on that day.

On 14 December 2017, Customer 89 exchanged \$12,000 in chips for cash. Shortly afterwards, Customer 89 exchanged a further \$90,000 in chips for cash. However, Customer 89's recorded play only supported a cash out of \$28,500. Shortly afterwards, Customer 89's gaming partner exchanged \$261,037 in chips for cash, which was supported by the gaming partner's recorded play. Surveillance of play indicated that Customer 89's gaming partner had given approximately 15 chips worth \$5,000 each to Customer 89 under the gaming table. This accounted for the difference between Customer 89's recorded play and the \$90,000 in chips cashed out by Customer 89. Star Qld

was unaware why the gaming partner had given Customer 89 the additional chips: SMR dated 15 December 2017.

On 28 December 2017 and 30 December 2017, Customer 89 made a cash buy-in of \$9,000.

Large and unusual transactions in 2018

On 22 January 2018, Customer 89 made a cash buy-in of \$9,000.

On 29 January 2018, a customer exchanged \$6,500 in cash for chips at one gaming table and \$5,000 in cash for chips at another gaming table. This was the first time that the customer had transacted in this way. Once the transactions were completed, the customer was observed giving Customer 89 some of the chips. Star Qld noted that Customer 89 might have been attempting to avoid reporting obligations. Star Qld was aware that since 1 January 2018, the customer had lost \$614,235.11 and Customer 89 had lost \$768,103. The other customer's source of income was unknown. Customer 89's source of wealth and source of funds was understood to be her beauty salons: SMR dated 30 January 2018.

On 1 April 2018, Customer 89 cashed out \$9,000 in chips.

On 3 April 2018, Customer 89 made a cash buy-in of \$9,000.

On 27 May 2018, Customer 89 cashed out \$9,000 in chips.

On 15 November 2018, Star Qld identified that Customer 89 had recorded a small win of \$76 in August 2018, a loss of \$103,098 in September 2018 and a loss of \$108,442 in October 2018. Between September 2018 and October 2018, Customer 89 had also lost a total of \$30,000 on EGMs. Star Qld had no record of any significant win to account for the losses: SMR dated 15 November 2018.

Large and unusual transactions in 2019

On 6 February 2019, Star Qld identified that Customer 89 had recorded a loss of \$33,400 in November 2018, \$127,650 in December 2018 and \$42,088 in January 2019. Customer 89 recorded a win of \$27,544 on EGMs in January 2019. Star Qld had no record of any significant win to account for the losses. Star Qld noted that Customer 89's sustained losses were unusual given Customer 89's stated source of wealth and source of funds as a beauty therapist: SMR dated 6 February 2019.

On 29 May 2019, Star Qld identified that a customer had lost \$128,327 on table games between February 2019 and April 2019 and won \$4,000 on EGMs in April 2019. Star Qld had no record of any significant win to account for the losses. Star Qld was unaware of the customer's source of wealth and source of funds. Star Qld was aware that the customer was associated with Customer 89. Star Qld noted

that it had been advised by a law enforcement agency that Customer 89:

- a. had previous links to illicit drugs; and
- b. was under investigation by a state-based government agency: SMR dated 29 May 2019.

On 27 June 2019, Star Qld received an email requesting an acknowledgement of receipt of \$20,000 for a customer. The funds were located and released to the customer's account. Further review noted that the email address was also used by a second customer who was associated with Customer 89: SMR dated 28 June 2019.

On 24 July 2019, Customer 89 cashed out \$9,500 in chips.

On 11 September 2019, Customer 89 was playing at Star Gold Coast despite the majority of her previous play being recorded at Treasury Brisbane. Customer 89 did not use her membership card, which Star Qld considered to be unusual. Customer 89 exchanged \$35,000 in chips for cash, and then exchanged another \$31,000 in chips for cash within an hour. Shortly afterwards, Customer 89 exchanged an EGM ticket for \$15,005 in cash. Customer 89 had no recorded play on that day. A review of previous play indicated that both sets of chips belonged to Customer 89. Nonetheless, the manner with which Customer 89 completed the two transactions was considered to be unusual. The exchange of \$31,000 was split into two parts: first, \$25,000 was taken in cash, which comprised \$20,000 in \$100 notes and \$5,000 in \$50 notes; and, second, the remaining \$6,000 was exchanged for \$1,000 in \$100 notes and \$5,000 in \$50 notes. Star Qld considered it unusual that Customer 89 requested \$50 notes, particularly for a combined total of \$10,000: SMR dated 14 September 2019.

Large and unusual transactions in 2020

In late October 2020, Customer 89 cashed out chips for cash in units of approximately \$5,000 on several occasions. In addition, despite predominantly playing in the private gaming rooms where there was a cashier, Customer 89 had made the cash outs at a cashier in a different area of Star Qld. In the same week, Customer 89 had won approximately \$32,000 on the tables. Star Qld considered that Customer 89 might have been avoiding reporting obligations in respect of her winnings. No TTRs were recorded for Customer 89 in this period: SMR dated 26 October 2020.

Large and unusual transactions in 2021

On 5 January 2021, a customer presented \$20,000 in cash to be exchanged for chips. The cash was comprised of \$1,400 in \$100 notes and \$18,600 in \$50 notes. When asked where the money originated, the customer replied that her friend, Customer 89, had

given it to her in the bathroom. Star Qld informed the customer that Customer 89 would need to be present to complete the transaction. The customer decided to cancel the transaction and took the cash.

Later, Customer 89 informed Star Qld that she had given the customer the money as a loan. Customer 89 stated the reason the loan occurred in the bathroom was so that the customer's husband would not know about it: SMR dated 6 January 2021.

On 23 January 2021, Customer 89 exchanged \$5,000 in chips for cash. Immediately after the transaction, Customer 89 requested another \$5,000 in chips be exchanged for cash. When asked for her membership card, Customer 89 decided instead to exchange five \$1,000 chips for one \$5,000 chip. At the time of the cash out, Customer 89 had left the table with \$25,000 in chips. Subsequent gaming records for 23 January 2021 indicated that she was still winning around \$8,000 on the tables. However, when combined with her EGM activity in the same period, Customer 89 recorded an overall loss of \$1,400. Star Qld noted that Customer 89 might have given other customers chips to cash out on her behalf, being behaviour observed by Star Qld on previous occasions. Star Qld noted that Customer 89 sometimes split the payment of EGM tickets between cash and chips. However, given Customer 89 played heavily on both EGMs and tables, Star Qld considered that it was difficult to assess on that behaviour alone whether Customer 89 was trying to avoid reporting obligations. In 2020, Customer 89 had recorded a total loss of \$197,757 on table games and EGMs: SMR dated 28 January 2021.

On 25 February 2021, Customer 89 exchanged \$4,900 in chips for cash. Customer 89 returned later and exchanged \$4,800 in cash for chips. On each occasion, Customer 89 refused to supply identification. However, Customer 89 was well known to Star Qld staff. Star Qld believed that Customer 89 might have been trying to avoid all forms of reporting obligations. Star Qld reviewed Customer 89's play. Customer 89 had arrived with \$5,000 in chips and won \$1,000 in play. She moved to another table with the \$6,000 in chips and eventually walked away with \$12,000 in chips. Subsequent play saw her lose approximately \$5,500: SMR dated 26 February 2021.

On 18 March 2021, Customer 89 cashed out \$5,000 in chips.

On 24 June 2021, Star Qld identified that Customer 89 had recorded a loss of \$53,887 in March 2021, a loss of \$217,511 in April 2021 and a loss of \$76,740 in May 2021. In April 2021 and May 2021, Customer 89 had a total loss of \$63,000 on EGMs. Star Qld had no record of any significant win to account for these losses. Customer 89's total loss for 2021 by 24 June 2021 was \$883,749. Star Qld noted that, given Customer 89 had indicated her occupation as a beauty therapist, the consistent large losses were highly unusual: SMR dated 24 June 2021.

On 25 August 2021, Customer 89 sought to exchange \$5,000 in cash for chips at Star Gold Coast. She then reduced the requested amount to \$4,900. The cash comprised \$3,700 in \$50 notes and \$1,200 in \$100 notes. Star Qld staff observed that there was more cash in Customer 89's bag and that this behaviour seemed odd. However, Customer 89 willingly provided her membership card when requested. Star Qld noted that Customer 89 rarely played at Star Gold Coast, with the majority of her play at Treasury Brisbane. At the time, Customer 89 was known to have become increasingly aggressive with Treasury Brisbane staff when asked to provide her membership card for similar cash transactions. Star Qld reviewed Customer 89's play for 25 August 2021. Customer 89 had arrived with another customer and an unknown guest. Customer 89 completed the above transaction before commencing play at a table with the other customer. Star Qld considered it unusual that Customer 89 played at Star Gold Coast and had not requested that her play be recorded to earn points as she usually did: SMR dated 30 August 2021.

On 31 August 2021, Customer 89 exchanged \$7,000 in chips issued by Star Gold Coast for \$6,000 in chips issued by Treasury Brisbane and \$1,000 in cash. Treasury Brisbane staff contacted Star Gold Coast to confirm ownership of the chips. Customer 89 had visited Star Gold Coast and purchased approximately \$5,000 in chips. Customer 89 had recorded minimal play there and it was not known how she had obtained the additional \$2,000 in chips. No play was recorded for Customer 89 on 31 August 2021 or 1 September 2021. Star Qld noted it was unusual for Customer 89 to have purchased chips on two occasions and not played with them: SMR dated 2 September 2021.

On 3 September 2021 and 4 September 2021, a customer previously associated with Customer 89 conducted several transactions not supported by their gaming activity: SMR dated 8 September 2021.

Between 14 September 2021 and 16 September 2021, Star Qld noted that Customer 89's behaviour at Star Gold Coast had continued to be unusual. Customer 89 had not used her membership card, had taken large payouts in \$50 notes and was usually accompanied by another customer. On 15 September 2021, Customer 89 exchanged \$42,000 in chips for cash. A later review confirmed that the majority of the chips belonged to Customer 89 but that the other customer was also observed giving her an unknown amount of chips. Two hours later, Customer 89 exchanged \$15,000 in chips and a gaming voucher of \$15,942 for cash. Customer 89 requested the entire amount in \$50 notes. Later that day, Customer 89 exchanged an EGM ticket for \$10,600 in chips. Star Qld reviewed the gaming activity of Customer 89 and the other customer, with nothing unusual noted. However, Customer 89's interest in obtaining large numbers of

\$50 notes was noted as unusual. Star Qld noted that Customer 89 may be attempting to secure Star Qld straps to use to disguise the origin of her funds. Between 14 September 2021 and 16 September 2021, \$40,000 in \$50 notes had been paid to Customer 89. Star Qld noted that from 16 September 2021, an additional marking would be added to any straps on cash payments paid by Star Gold Coast to Customer 89: SMR dated 16 September 2021.

On 27 September 2021, Star Qld conducted a review of Customer 89's transactions. Since 16 September 2021, Customer 89 had played at Star Gold Coast and used her membership card inconsistently. Previous reviews and continued observation indicated that Customer 89 played with another customer who was also known to play without her membership card. Star Qld noted that Customer 89, for an unknown reason, redeemed large cash pay outs in \$50 notes. Between 17 September 2021 and 27 September 2021, there were nine transactions totalling \$219,569. This included \$124,800 taken as cash in \$100 notes, \$53,000 taken in \$50 notes and \$96 taken in change. In addition, \$10,673 was taken as a casino cheque and the rest of the amount comprised both chips and gaming vouchers. It was difficult for Star Qld to ascertain how much of Customer 89's previous wins had been used for gaming, as she had not been using her card consistently. This was also complicated by Customer 89's sharing of chips and funds with the other customer. Star Qld noted that Customer 89 might be attempting to structure her play to appear to be winning more than she actually was by not having her buy-ins recorded and placing cash into EGMs: SMR dated 27 September 2021.

On 27 November 2021, Customer 89 and two regular customers at Star Qld were noted to have behaved suspiciously. The first customer exchanged \$5,000 in cash for chips. The cash comprised \$50 notes. While playing at a table, Customer 89, was observed taking cash from a bag and giving it to the first customer. The cash appeared to be comprised of \$50 notes to an approximate total of \$5,000. The first customer then handed the loose cash to the second customer, who moved to another table to exchange \$5,000 in cash for chips. The second customer then returned to the table and handed the first customer \$5,000 in chips. The first customer then left the table with more cash and returned shortly afterwards with an additional \$5,000 in chips. This was added to the first customer's existing pile of chips, which she had left on the table. In the interim, Customer 89 had returned to the table and taken the \$5,000 in chips that had been obtained by the second customer and given to the first customer. After the first customer returned to the table, she was observed giving Customer 89 under the table the additional \$5,000 in chips that the first customer had obtained while away from the table. Customer 89 placed the chips in her bag. Star Qld noted that Customer 89 and the two other customers appeared to be acting in an orchestrated effort to

conceal the true ownership of the cash to avoid reporting obligations. Customer 89 and the two other customers also appeared to have a continuous supply of \$50 notes. Star Qld noted that previous SMRs had reported that Customer 89 had been insistent on being paid large amounts in \$50 notes. Customer 89 had stated that it was easier to spend. However, Star Qld noted that her behaviour suggested it was designed to comingle the cash with funds from other cash sources:
SMR dated 30 November 2021.

Large and unusual transactions in 2022

On 21 January 2022, Star Qld identified that Customer 89 had recorded a loss of \$2,925 in October 2021, a loss of \$46,917 in November 2021 and a loss of \$160,660 in December 2021. In addition, Customer 89 had lost a total of \$56,241 on EGMs in November 2021 and December 2021. At Treasury Brisbane, Customer 89 recorded a loss of \$1,407,487 for 2021. At Star Gold Coast, Customer 89 recorded a loss of \$116,632,620 for 2021. There was no record of any significant win to account for Customer 89's losses. Star Qld noted that Customer 89's consistent and large losses were unusual given her stated occupation: SMR dated 21 January 2022.

- f. Customer 89, and persons associated with her, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes and counterfeit cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

See particulars to paragraph 2274.e above.

- g. designated services provided to Customer 89 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

See particulars to paragraph 2274.e above.

Between 9 September 2017 and 10 October 2021, Star Qld gave the AUSTRAC CEO 24 TTRs detailing EGM payouts to Customer totalling \$614,957.

- h. Customer 89 and persons associated with her engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring and the involvement of third parties in relation to customer transactions;

Particulars

See paragraph 25 above.

See particulars to paragraph 2274.e above.

Structuring

Between 18 March 2017 and 23 January 2021, Customer 89 was involved in transactions indicative of the ML/TF typology of structuring on at least seven occasions totalling at least \$104,497.

The involvement of third parties in relation to customer transactions

On the following occasions, Customer 89 was involved in activity indicative of the ML/TF typology of the involvement of third parties in relation to customer transactions:

- a. on 14 December 2017, Star Qld determined that Customer 89's playing partner had given approximately 15 chips worth \$5,000 each to Customer 89 under the gaming table, which Customer 89 cashed out;
 - b. on 29 January 2018, Star Qld observed a customer giving Customer 89 some chips;
 - c. on 5 January 2021, a customer presented \$20,000 in cash to be exchanged for chips. When asked where the money originated, the customer replied that her friend, Customer 89, had given it to her in the bathroom. Later, Customer 89 informed Star Qld that she had given the customer the money as a loan. Customer 89 stated the reason the loan occurred in the bathroom was so that the customer's husband would not know about it. Star Qld advised a law enforcement agency about this transaction;
 - d. on 15 September 2021, Customer 89 exchanged \$42,000 in chips for cash. A later review confirmed that the majority of the chips belonged to Customer 89 but that another customer was also observed giving Customer 89 an unknown amount of chips;
and
 - e. on 27 November 2021, Star Qld observed Customer 89 engaged in suspicious transactions with two other customers. Customer 89 was observed to take cash from a bag and give it to the first customer at a gaming table. The first customer then gave the cash to the second customer. The second customer exchanged the cash for chips, returned to the gaming table and handed the first customer \$5,000 in chips. Customer 89 then took the \$5000 in chips. The first customer then gave Customer 89 under the table an additional \$5,000 in chips which Customer 89 placed in her bag.
- i. in 2017, 2020 and 2021, Customer 89 was the subject of law enforcement enquiries at Star;

Particulars

On 19 April 2017, Star Qld was given verbal advice from a law enforcement agency that Customer 89's address had been searched

in late 2016 in connection with illicit drugs and that Customer 89 was suspected of having links to illicit drugs as a 'ring leader'. Star Qld was aware that a business connected to Customer 89 was being investigated by other law enforcement agencies and state-based government agencies.

On 8 October 2020, Star Qld advised a law enforcement agency that Customer 89 had handed over counterfeit notes.

In October 2020, a law enforcement agency informed Star Qld verbally that Customer 89 was a person of interest to them.

On 6 January 2021, Star Qld advised a law enforcement agency that Customer 89 was allegedly involved in money lending.

- j. Customer 89 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 89 had access to private gaming rooms at Star Qld, including The Suite, the Sovereign Room, Orchid, Pit 8, Pit 9, Chairman's, Salon 66 and the Club Conrad.

- k. in October 2020, Star Qld became aware that Customer 89 had hidden a large amount of cash under her bed at a Star Qld hotel;

Particulars

On 11 October 2020, a housekeeper located \$2,000 in cash on the floor underneath Customer 89's bed at a Star Qld hotel.

The cash was taken to Star Qld's lost property.

- l. on 27 January 2022, Customer 89 was charged with a criminal offence; and

Particulars

On 27 January 2022, Star Qld was informed that Customer 89 had been charged with a criminal offence.

On 28 January 2022, Star Qld issued Customer 89 with a WOL.

- m. Star Qld did not have adequate reason to believe that Customer 89's source of wealth and source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6) received by Customer 89 at Star Qld.

Particulars

See paragraph 808 above.

By 30 November 2016, Customer 89 turned over tens of millions of dollars at Star Qld. From 30 November 2016 to 2021, Customer 89 turned over hundreds of millions of dollars at Star Qld.

On and from March 2017, Customer 89 had engaged in highly suspicious cash transactions at Star Qld including transactions indicative of the ML/TF typology of structuring.

In April 2017, the Star Qld investigations department prepared a monthly report. The report noted that Customer 89:

- a. had a history of drug trafficking and was the subject of a law enforcement investigation; and
- b. was suspected of using Star Qld as a place to launder money.

On and from December 2017, Star Qld observed Customer 89 providing chips or cash to other customers.

By January 2018, Star Qld was aware of information to suggest that Customer 89 was supplying drugs at Star Qld premises.

By January 2021, Star Qld had formed a suspicion that Customer 89 was involved in money lending.

At all times, Star Qld understood that Customer 89 was a nail technician and beauty therapist. On multiple occasions, Star Qld questioned Customer 89's source of wealth and source of funds and yet took no steps further to review, update and verify that source of wealth and source of funds.

At no time was Customer 89's turnover consistent with her source of wealth and source of funds.

See Customer 89's risk profile above.

Star Qld's determination of the ML/TF risks posed by Customer 89

2275. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 89 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 89.

- a. On and from 30 November 2016, Customer 89 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 89's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 89 rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 12 May 2016, Customer 89 was rated medium risk in respect of one of her accounts, not being high risk for the purpose of the Act and Rules.

On 6 June 2016, Customer 89 was rated medium risk in respect of a second of her accounts, not being high risk for the purpose of the Act and Rules.

On 16 November 2018, Customer 89 was rated high risk in respect of all but one of her accounts, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 89's transactions

2276. At no time did Star Qld apply appropriate transaction monitoring to Customer 89's transactions because:

- a. where Star Qld conducted any transaction monitoring of transactions involving Customer 89, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld provided designated services to Customer 89 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 89's KYC information

2277. Star Qld did not review, update and verify Customer 89's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a), (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 89's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 89's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set above, there were real risks that Customer 89's source of wealth and source of funds were not legitimate: see *Customer 89's risk profile* above.

- d. to the extent that Star Qld reviewed Customer 89's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 89.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 89's high ML/TF risks

2278. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 89 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 89; and
 - c. reviewing and updating Customer 89's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 89 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 89*.

ECDD triggers in respect of Customer 89

2279. Star Qld was required to apply the ECDD Programs to Customer 89 following any ECDD triggers in respect of Customer 89.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2280. Customer 89 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 15 March 2017 and 21 January 2022, Star Qld gave the AUSTRAC CEO 23 SMRs with respect to Customer 89.

2281. The matter pleaded in paragraph 2280 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2282. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 89 following an ECDD trigger because:

- a. on each occasion prior to 28 January 2022 that Star Qld conducted ECDD in respect of Customer 89 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 89 and the provision of designated services to Customer 89 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 25 June 2021, 30 August 2021, 6 September 2021, 15 September 2021, 17 September 2021 and 27 September 2021, Star Qld conducted ECDD in respect of Customer 89.

On each occasion, the ECDD screening in respect of Customer 89 identified that there were no adverse findings.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 89's higher ML/TF risks: see *Customer 89's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 89's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 89's source of wealth and source of funds were not legitimate: see *Customer 89's risk profile* above.

However, it was not until 28 January 2022 that Star Qld issued a WOL in respect of Customer 89.

- b. Customer 89 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 28 January 2022 that Customer 89 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 89 and the provision of designated services to Customer 89 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Senior management consideration by 30 November 2016

In May 2016, Customer 89 was discussed at a PAMM and JRAMM.

The minutes of the meetings noted that:

- a. Customer 89 had losses of over \$200,000 in 2016;
- b. Customer 89's occupation was as a beauty therapist;
- c. a Star Qld staff member would attempt to confirm Customer 89's source of funds; and
- d. Customer 89's risk rating of medium was sufficient pending further information.

Senior management consideration in 2018

In January 2018, Customer 89 was discussed at a PAMM.

The minutes of the meeting noted that Customer 89 was the subject of a law enforcement investigation.

Senior management consideration in 2021

On 25 June 2021, 31 August 2021, 6 September 2021, 15 September 2021 and 17 September 2021, following an ECDD screening, the Due Diligence Program Manager determined to maintain a business relationship with Customer 89. On 17 September 2021, the Due Diligence Program Manager noted that five SMRs had been given to the AUSTRAC CEO since 24 June 2021 and that Customer 89 was on a watchlist.

On 27 September 2021, following an ECDD screening, the Due Diligence Program Manager escalated Customer 89 to the AML/CTF Compliance Officer. The Due Diligence Program Manager noted that:

- a. six SMRs had been given to the AUSTRAC CEO in respect of Customer 89 since 24 June 2021;
- b. Customer 89 was associated with another customer who had recently been recommended as the subject of a WOL after investigations confirmed that the other customer had been convicted of drug trafficking in September 2019 and received a nine-month custodial sentence;
- c. Customer 89 was a beauty therapist and her gaming activity did not seem consistent with her source of wealth; and
- d. Customer 89 was on a watchlist at Star.

On 26 October 2021, the AML/CTF Compliance Officer determined to maintain a business relationship with Customer 89. The AML Compliance Manager agreed that Customer 89 should be added to a watch list.

In determining that a business relationship could be continued, the AML/CTF Compliance Officer did not have regard to:

- a. Customer 89's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high and escalating turnover; and
- b. Customer 89's source of funds (r15.10(2)(b) of the Rules), having regard to the information suggesting that there were higher ML/TF risks as to their source of funds: see *Customer 89's risk profile* above.

On 28 January 2022, after becoming aware that Customer 89 had been charged with a criminal offence, Star Qld issued a WOL in respect of Customer 89.

Contravention of s36 of the Act in respect of Customer 89

2283. By reason of the matters pleaded from paragraphs 2271 to 2282, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 89 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2284. By reason of the matters pleaded at paragraph 2283, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 28 January 2022 with respect to Customer 89.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 90

2285. Customer 90 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$130 million for Customer 90.

Particulars

Customer 90 was a customer of Star Sydney from at least 6 October 2007.

On 11 June 2021, Star Sydney issued a WOL in respect of Customer 90 for reasons unrelated to his ML/TF risk.

2286. Star Sydney provided Customer 90 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 11 November 2008, Star Sydney opened an FMA and SKA for Customer 90 which were closed on 14 November 2008.

See Customer 90's risk profile below.

2287. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 90.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 90's risk profile

2288. On and from 30 November 2016, Customer 90, and the provision of designated services to Customer 90 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 90's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 90 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 90;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 1 January 2016.

The SMR reported that, on 29 January 2016, Customer 90 had won an EGM payout and had a Star winning cheque issued to him for \$100,000. The following day, Customer 90 returned the cheque and exchanged it for cash.

- ii. Customer 90 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2014 and 2015, Star Sydney recorded high and escalating individual rated turnover totalling \$42,497,940 for Customer 90;

Particulars

See paragraph 752 above.

In 2014, Customer 90's individual rated turnover was \$8,441,747.

In 2015, Customer 90's individual rated turnover escalated significantly to \$34,056,193.

- iii. designated services provided to Customer 90 by 30 November 2016 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

Between 19 November 2014 and 28 November 2016, Star Sydney gave the AUSTRAC CEO 417 TTRs detailing EGM payouts to Customer 90 totalling \$10,715,088.

- iv. Customer 90 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 7 July 2014 and 10 November 2016, Star Sydney gave the AUSTRAC CEO 47 incoming TTRs detailing chip and currency exchanges involving Customer 90 totalling \$481,000.

Between 24 June 2014 and 8 November 2016, Star Sydney gave the AUSTRAC CEO 63 outgoing TTRs involving Customer 90 totalling \$2,622,740, including:

- a. one TTR detailing \$40,000 in account withdrawals;
 - b. 62 TTRs detailing \$2,582,740 in chip and currency exchanges;
 - c. \$201,000 in chip exchanges; and
 - d. \$82,000 in other monetary values out.
- v. between October 2015 and August 2016, Customer 90 was the subject of law enforcement enquiries on multiple occasions at Star; and

Particulars

On 15 October 2015, Star Sydney received a request from a law enforcement agency relating to Customer 90's membership and attendance information, hotel bookings and issued cheques. Star Sydney provided these details to the law enforcement agency together with other documents for a future search warrant.

In June 2016, a law enforcement agency informed Star that Customer 90 was a person of interest in respect of a proceeds of crime offence.

On 8 August 2016, the law enforcement agency informed Star Sydney that they had suspended their inquiries and investigation into Customer 90.

- vi. on 21 May 2016, persons at the Star Sydney Astral Hotel who were registered under Customer 90's name were evicted following the discovery of a white powder in the room which one of the persons identified as belonging to Customer 90;

Customer 90's risk profile from 30 November 2016

- b. Customer 90 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2020, Star Sydney recorded high individual rated turnover totalling \$132,0024,906 for Customer 90;

Particulars

See paragraph 752 above.

In 2016, Customer 90's individual rated turnover was \$77,268,434.

In 2017, Customer 90's individual rated turnover was \$33,088,470.

In 2018, Customer 90's individual rated turnover was \$8,248,970.

In 2019, Customer 90's individual rated turnover was \$8,148,584.

From 2020, when the COVID-19 pandemic closures commenced, Customer 90's turnover decreased but remained high.

In 2020, Customer 90's individual rated turnover was \$1,890,904.

In 2021, Customer 90's individual rated turnover was \$3,379,543.

- c. designated services provided to Customer 90 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

In 2019, Customer 90 was regularly included on the EGM Top 100 list at Star.

Between 19 December 2016 and 14 April 2021, Star Sydney gave the AUSTRAC CEO 417 TTRs detailing EGM payouts to Customer 90 totalling \$3,681,972.

- d. Customer 90 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 16 January 2017 and 12 April 2021, Star Sydney gave the AUSTRAC CEO seven incoming TTRs detailing chip and cash exchanges involving Customer 90 totalling \$89,900.

Between 12 January 2017 and 12 April 2021, Star Sydney gave the AUSTRAC CEO 17 ongoing TTRs detailing chip and cash exchanges Customer 90 totalling \$1,165,000.

On 22 September 2017, Customer 90, while playing on EGMs, handed another Star Sydney customer cash on three occasions.

- e. Customer 90 was connected to other customers at Star Sydney, including players who posed higher ML/TF risks and who Star Sydney considered had acted suspiciously such as Customer 97;

Particulars

Customer 90 was a known associate of Customer 97.

- f. between January 2017 and November 2021, Customer 90 was the subject of law enforcement enquiries;

Particulars

Between January 2017 and November 2021, Star Sydney received requests from a law enforcement agency for details in respect of Customer 90.

On 3 June 2021, Star Sydney was informed by a law enforcement agency that Customer 90, together with Customer 97, had been arrested and charged with serious drug related offences.

Shortly afterwards, Star Sydney issued a WOL in respect of Customer 90 on 11 June 2021.

- g. by at least 24 February 2017, Customer 90 had been identified by the Star Investigations team as a person who raised extreme money laundering concerns, together with concerns about the legitimacy of his source of funds;

Particulars

On 24 February 2017, a Star Investigations Manager noted that Customer 90 was 'allegedly' a baggage handler who was 'bringing in gear left right and centre'. The Star Investigations Manager noted that this explained his very significant level of gaming at Star.

On 14 July 2017, a Star Investigations Manager identified that Customer 90 had been the subject of law enforcement interest because of his involvement in 'large imports'. The Star Investigations Manager noted that Customer 90 allegedly spent his profits at Star.

On 20 September 2017, a Star Investigations Manager identified concerns that Customer 90 was importing illegal drugs and spending the proceeds at Star.

- h. by June 2021, Star Sydney was aware that Customer 90 had been arrested and charged in connection with a transnational organised criminal syndicate engaged in a conspiracy, together with Customer 97, to supply cocaine with a potential street value of \$900,000,000;

Particulars

On 3 June 2021, Star Sydney became aware that Customer 90 had been charged in connection with an alleged plot related to drug smuggling.

Shortly afterwards, on 11 June 2021, Star Sydney issued Customer 90 with a WOL at the direction of an Investigations Manager for undesirable behaviour.

- i. Star Sydney did not have adequate reason to believe that Customer 90's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 90 at Star Sydney.

Particulars

See paragraph 808 above.

By 30 November 2016:

- a. Star was aware that Customer 90 was a person of interest to a law enforcement agency in respect of a proceeds of crime offence; and
- b. Star's only information on Customer 90's source of wealth and source of funds was that he was a baggage handler or (as identified in Star's internal systems) a car salesman.

In 2016 and 2017, Customer 90's turnover escalated significantly. From 2018 onwards, Customer 90's turnover remained consistently high.

By 2017, Star Sydney suspected that Customer 90 was involved in the importation of drugs.

By November 2019, Star understood Customer 90's source of wealth and source of funds to be his job as a car salesman and ownership of a car yard.

At no time was Customer 90's turnover consistent with his source of wealth and source of funds.

See particulars to paragraphs 2288.a.v, 2288.b and 2288.g above.

Star Sydney's determination of the ML/TF risks posed by Customer 90

2289. For the reasons pleaded at paragraph 110, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 90 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 90.

- a. On and from 30 November 2016, Customer 90 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 90's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 4 June 2021 that Customer 90 was rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 1 February 2016, Customer 90 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 10 March 2016, Customer 90 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 18 May 2016, Customer 90 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 4 June 2021, Customer 90 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 90's transactions

2290. At no time did Star Sydney apply appropriate transaction monitoring to Customer 90's transactions because, where Star Sydney conducted any transaction monitoring of transactions involving Customer 90, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

The review, update and verification of Customer 90's KYC information

2291. Star Sydney did not review, update and verify Customer 90's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a), (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 90's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 90's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out at above, there were real risks that Customer 90's source of wealth and source of funds were not legitimate: see *Customer 90's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 90's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 90.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Senior management consideration in respect of Customer 90

Between May 2016 and July 2016, Customer 90 was discussed at JRAMM and PAMMs.

The minutes of the meetings noted that Customer 90:

- a. was a car salesman; and
- b. was of external interest.

Between 30 November 2016 and December 2019, Customer 90 recorded tens of millions of dollars in turnover at Star Sydney.

Between August 2019 and December 2019, Customer 90 was again discussed at JRAMM and PAMMs.

The minutes of the meetings noted that:

- a. Customer 90 was on the EGM Top 100 list;
- b. Customer 90 was a car salesman;
- c. Customer 90 had been of interest to law enforcement;
- d. in 2018, a decision had been made to continue a business relationship with Customer 90; and
- e. the Group Investigations Manager had assumed that Customer 90 was excluded.

The minutes of the meetings contained certain action items, including that:

- a. Star would request Customer 90's source of wealth; and
- b. Star was to conduct an assessment of whether there were losses or wins from Customer 90's active play.

Despite this, Star Sydney did not appropriately review, update and verify Customer 90's source of funds, including the origin of funds, having regard to his high ML/TF risks: see *Customer 90's risk profile* above.

In 2020, Customer 90 recorded nearly \$2,000,000 in turnover at Star Sydney. At no point did senior management appropriately consider Customer 90's source of funds or source of wealth.

Failure to apply appropriate due diligence suited to Customer 90's high ML/TF risks

2292. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 90 appropriately;

- b. applying appropriate risk-based transaction monitoring to Customer 90; and
- c. reviewing and updating Customer 90's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 90 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 90*.

ECDD triggers in respect of Customer 90

2293. Star Sydney was required to apply the ECDD Programs to Customer 90 following any ECDD triggers in respect of Customer 90.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1) and 15.10 of the Rules

2294. Customer 90 was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney.

Particulars

On 4 June 2021, Star Sydney determined that the ML/TF risks posed by Customer 90 was high risk for the purpose of the Act and Rules:
see *Star Sydney's determination of the ML/TF risks posed by Customer 90* above.

2295. The matter pleaded in paragraph 2294 was an ECDD trigger.

Particulars

See paragraphs 792, 798 and 799 above.

2296. On 11 June 2021, Star Sydney issued a WOL in respect of Customer 90.

Particulars

On 11 June 2021, shortly after Star Sydney became aware that Customer 90 had been charged in connection with an alleged plot related to drug smuggling, Star Sydney issued Customer 90 with a WOL at the direction of an Investigations Manager for undesirable behaviour.

Contravention of s36 of the Act in respect of Customer 90

2297. By reason of the matters pleaded from paragraphs 2285 to 2296 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 90 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2298. By reason of the matters pleaded at paragraph 2297, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 11 June 2021 with respect to Customer 90.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 91

2299. Customer 91 was a customer of Star Qld during the relevant period. Between 2016 to 2021, Star Qld recorded turnover exceeding \$260 million for Customer 91.

Particulars

Customer 91 was a customer of Star Qld from at least 2012.

On 22 October 2021, Star Qld issued a WOL in respect of Customer 91 at the direction of the Investigations Manager for 'undesirable behaviour'.

2300. Star Qld provided Customer 91 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 1 December 2007, Star Qld opened an FMA for Customer 91 which was closed on 25 October 2021 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 91 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 91's risk profile below.

2301. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 91.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 91's risk profile

2302. On and from 30 November 2016, Customer 91, and the provision of designated services to Customer 91 by Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 91's risk history as 30 November 2016

a. by 30 November 2016, Customer 91 had the following risk history:

- i. Star Qld was aware that Customer 91 was excluded from Star Sydney from 6 May 2008;

Particulars

By at least 6 May 2008, Customer 91 was excluded from Star Sydney following a NSW exclusion order.

This information was recorded on Star's Protecht due diligence database. Star Qld had access to Protecht.

Notwithstanding Customer 91's exclusion from Star Sydney, Star Qld continued to provide designated services to Customer 91 on and from 30 November 2016.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 91;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 13 occasions between 23 September 2009 and 28 September 2016.

The SMRs reported that Customer 91, and persons associated with him, engaged in several large transactions involving cash and bank cheques, and transactions indicative of the ML/TF typology of structuring: see particulars to paragraph 2302.a.v.

On five occasions between 17 December 2012 and 24 March 2014, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 91 because it considered that, under its AML program, Customer 91 was carrying a large amount of cash on his person.

- iii. Customer 91 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2015 and 2016, Star Qld recorded high and escalating turnover totalling \$8,238,958 for Customer 91;

Particulars

Individual rated play

See paragraph 752 above.

In 2015, Customer 91's individual rated turnover was \$6,661,018.

Individual rebate play

See paragraph 623 above.

In September 2016, TIN's turnover on individual rebate programs was \$1,577,940 with losses of \$130,000.

- iv. Star Qld recorded high gambling losses incurred by Customer 91;

Particulars

On 11 September 2009, Customer 91 arrived at Star Gold Coast with two bank cheques for \$30,000 and \$50,000. Star Qld noted that Customer 91's last recorded trip to Star Gold Coast was in May 2009, where he recorded losses of approximately \$53,600. Prior to that, Customer 91 attended Star Gold Coast in December 2008 and recorded a loss of \$199,900. In September 2009, Customer 91 recorded losses of \$76,000 over two days.

On 19 September 2009, Customer 91 arrived at Star Gold Coast again with \$40,000 in cash and recorded losses of \$35,000. Star Gold Coast considered Customer 91's unverified source of funds and large losses to be suspicious: SMR dated 23 September 2009.

On 9 May 2010, Customer 91 arrived at Star Qld with a bank cheque for \$50,000. On 10 May 2010, Customer 91 used \$30,000 of those funds to play at the casino and recorded winnings of \$42,000. On the same day, Customer 91 exchanged \$32,850 in chips for cash and then withdrew another \$10,000 from his account. By early on 11 May 2010, Customer 91 had recorded a loss of \$35,000. Customer 91 then lost \$10,000 over three bets. He then presented two further bank cheques over the day, totalling \$95,000: SMR dated 11 May 2010.

On 7 July 2010, Customer 91 deposited \$19,000 cash into his FMA at Star Qld. Customer 91 used these funds, along with another \$2,000 cash, and played on various tables in a private gaming room until he lost all the funds. Star Qld conducted a review of Customer 91's play, which indicated that Customer 91 had lost \$124,700 in June 2010, \$2,100 to date in July 2010, and \$249,900 in the last 90 days. Customer 91's total losses since he opened an account with Star Qld in December 2007 were \$1,038,550: SMR dated 8 July 2010.

On 13 March 2013, Star Qld conducted a review of Customer 91's play at the casino. Star Qld's records showed that Customer 91 recorded losses of \$807,600 in the last 90 days and a total of \$2,042,700 since he opened an account with Star Qld in December 2007. Customer 91 recorded a significant win in December 2012, however this was entirely lost in January 2013. Star Qld noted that it did not know the source of Customer 91's funds: SMR dated 13 March 2013.

- v. Customer 91 transacted using large amounts of cash at Star Qld; and

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 10 December 2007 and 14 July 2016, Star Qld gave the AUSTRAC CEO 117 TTRs totalling at least \$4,070,279 involving Customer 91, including at least:

- a. 31 TTRs detailing transactions involving account deposits and withdrawals totalling \$1,334,704; and
- b. 70 TTRs detailing transactions involving chip and cash exchanges totalling \$2,736,205.

Large and suspicious transactions

On 20 March 2014, Customer 91 presented a cheque for \$100,000 at Star Qld to be deposited into his account. The cheque was from another casino and was to be used for play on a commission program. On 21 March 2014, the commission program settled and Customer 91 took \$106,102 cash from his account. On 22 March 2014, Customer 91 deposited \$50,000 in cash into his account for play on another commission program. When that commission program settled, Customer 91 took \$116,504 cash from his account. Star Qld considered carrying this large amount of cash to be suspicious: SMR dated 24 March 2014.

On 9 December 2012, Customer 91 deposited \$100,000 cash into his Star Qld account. Customer 91 had received the cash from another Star Qld customer, who in turn had received the cash from a second Star Qld customer. The cash appeared to have been sourced from the second customer's commission play program. Approximately four hours later, Customer 91 deposited another \$100,000 cash into his account. Customer 91 subsequently recorded losses of \$224,000: SMR dated 11 December 2012.

- vi. Customer 91 and persons associated with him engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring;

Particulars

See paragraph 25 above.

On 26 September 2016, a Star Qld customer exchanged \$18,000 cash for chips at a gaming table. The customer was then observed handing \$9,000 in chips to Customer 91. Star Qld considered the handing over of chips immediately after purchase to be suspicious. Star Qld suspected that the Star Qld customer and Customer 91 were structuring buy-ins to avoid reporting obligations: SMR dated 28 September 2016.

Customer 91's risk profile from 30 November 2016

- b. Customer 91 was connected to other customers at Star Qld, in respect of whom Star Qld had formed suspicions such as Customer 109 and Customer 117;

Particulars

Star Qld recorded in its AML Risk Register that Customer 109 and Customer 91 were known associates.

On 19 February 2018, surveillance at Star Gold Coast observed Customer 91 and Customer 109 at a gaming table and the cage together.

On an unknown date, surveillance at Star Qld observed Customer 91 and Customer 117 together.

- c. Customer 91 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2021, Star Qld recorded high and escalating turnover totalling \$262,228,038 for Customer 91;
- i. between 2016 and 2021, Star Qld recorded high and escalating individual rated turnover totalling \$32,409,934 for Customer 91; and

Particulars

See paragraph 752 above.

In 2016, Customer 91's individual rated turnover was \$4,849,285 at Star Gold Coast.

In 2017, Customer 91's individual rated turnover was \$693,038 at Star Gold Coast.

In 2018, Customer 91's individual rated turnover was \$6,051,520 at Star Gold Coast.

In 2019, Customer 91's individual rated turnover was \$6,913,937 at Star Gold Coast.

In 2020, despite the COVID-19 pandemic closures, Customer 91's individual rated turnover was \$5,039,523 at Star Gold Coast.

In 2021, Customer 91's individual rated turnover was \$8,862,632 at Star Gold Coast.

In 2021, Customer 91's individual rated turnover of \$3,759,417 at Treasury Brisbane.

- ii. between 2017 and 2020, Star Qld recorded high and escalating turnover on individual rebate programs totalling \$229,818,104 for Customer 91, with losses of \$1,205,257;

Particulars

See paragraph 623 above.

In 2017, Customer 91's turnover on individual rebate programs was \$31,051,144, with losses of \$58,610.

In 2018, Customer 91's turnover on individual rebate programs was \$117,729,573, with losses of \$684,012.

In 2019, Customer 91's turnover on individual rebate programs was \$76,872,863, with losses of \$377,805.

In 2020, despite the COVID-19 pandemic closures, Customer 91's turnover on individual rebate programs was \$4,164,524, with losses of \$84,830.

- d. Star Qld recorded high gambling losses incurred by Customer 91;

Particulars

On 25 May 2018, Star Qld identified that Customer 91 appeared to have sustained significant losses over the previous three months at Star Gold Coast and was a monthly top patron by loss at gaming tables. Customer 91 recorded losses of \$253,395 in April 2018 and \$232,350 in February 2018 but recorded a small win of \$24,555 in March 2018. Customer 91 provided funds for gambling during this period via bank cheques: SMR dated 25 May 2018.

On 5 April 2019, Star Qld identified that Customer 91 had recorded losses of \$56,310 in March 2019, \$207,095 in February 2019 and \$259,920 in January 2019. Star Qld then identified that, since January 2018, Customer 91 had recorded losses of \$1,031,000. Star Qld did not know the source of Customer 91's funds, but noted that it was aware that Customer 91 also played at another Australian casino and that Customer 91 had presented casino cheques from that casino for play at Star Qld. Since January 2019, Customer 91 had also provided funds for gambling via bank cheques, telegraphic transfers and sums of reportable cash. Star Qld considered Customer 91's large and sustained losses to be suspicious: SMR dated 5 April 2019.

On 26 February 2021, Star Qld identified that Customer 91 had recorded losses of \$116,030 in January 2021 and \$98,110 in December 2020. Star Qld then identified that, since February 2019, Customer 91 had recorded losses of \$780,000. Star Qld had no record of recent significant wins by Customer 91. Star Qld did not know the source of Customer 91's funds, however Customer 91 advised staff that he was in the information technology industry. Star Qld considered Customer 91's large and sustained losses to be suspicious: SMR dated 26 February 2021.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 91 by remitting large values into, out of and within the casino environment via his accounts;

Particulars

Remittances involving third parties

See paragraphs 278 and 327 above.

On 26 May 2021, Customer 91 received \$10,000 into his Star Gold Coast account from an unknown account.

The transaction was conducted through the Star Patron account channel.

Other remittances into the casino environment

See paragraph 327.

Between 18 June 2018 and 8 January 2020, Star Qld received 12 telegraphic transfers totalling \$227,600, each of which was made available to Customer 91's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraphs 281 and 327 above.

For example, on 24 October 2019, Star Qld facilitated a telegraphic transfer of \$55,000 from Customer 91's FMA at Star Gold Coast to unknown parties.

The transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, on 19 February 2018, Star Qld facilitated a transfer of \$3,254 from Treasury Brisbane to Star Gold Coast, which it made available to Customer 91's FMA at Star Gold Coast.

- f. Customer 91 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 1 June 2017 and 27 May 2021, Star Qld gave the AUSTRAC CEO 86 TTRs totalling \$2,519,226 involving Customer 91, including at least:

- a. 52 incoming TTRs totalling \$1,407,378;
- b. 34 outgoing TTRs totalling \$1,111,848;
- c. 74 TTRs detailing account deposits and withdrawals totalling \$2,368,461; and
- d. 12 TTRs detailing chip or cash exchanges totalling \$150,765.

Large and suspicious cash transactions in 2021

On 21 May 2021, Customer 91 played at Treasury Brisbane. Star Qld considered this unusual, as it noted that Customer 91 rarely visited that casino. Whilst playing at Treasury Brisbane, Customer 91 made the following cash transactions using loose \$50 notes:

- a. at a gaming table, Customer 91 exchanged \$10,000 in cash for chips in two transactions of \$5,000 each. These transactions occurred within a minute of each other; and
- b. at the cashier, Customer 91 exchanged \$20,000 in cash for chips in two transactions of \$10,000 each. These transactions occurred within 20 minutes of each other.

On 24 May 2021, Customer 91 exchanged \$10,000 in chips for cash at Treasury Brisbane and recorded a loss of \$5,600.

Late in the evening on 25 May 2021, Customer 91 attended Star Gold Coast. Customer 91 handed over a total of \$20,000 in cash, made up of \$9,800 in \$100 notes and \$10,200 in \$50 notes. One of the \$50 notes would not go through Star Gold Coast's counting machine.

Early on 26 May 2021, Customer 91 handed over another \$20,000 in cash, made up of \$100 notes that were wrapped in straps from Treasury Brisbane. The same day, Star Gold Coast also received \$100,000 into its bank account via EFTPOS facilities for Customer 91's play. By the end of 26 May 2021, Star Gold Coast recorded a loss of \$34,500 by Customer 91.

Star Qld noted that a total of \$40,000 in \$50 notes was supplied by Customer 91 at both Star Gold Coast and Treasury Brisbane. Star Qld considered the \$50 note that would not go through the money counter to be suspicious, as it noted that the note would not have come out of an ATM and was unlikely to have come from a bank, as banks usually ran their cash through similar machines to casinos:
SMR dated 27 May 2021.

- g. by January 2018, Star Qld became aware that Customer 91 was excluded from other Australian casinos and racetracks and that law enforcement suspected that Customer 91 was gambling with the proceeds of crime;

Particulars

On 4 January 2018, Star Qld received a request for information from a law enforcement agency in respect of Customer 91. The law enforcement agency told Star Qld that it suspected that Customer 91 was gambling with proceeds of crime. It also noted that Customer 91 was banned from Star Sydney and another Australian casino. Star Qld's response stated that its records did not support Customer 91 using large amounts of cash and putting it through the casino to clean it, because Customer 91 used cheques and his FMA. However, Star Qld noted Customer 91's possible association with Customer 109, who attended Star Qld at the same time as Customer 91 with plenty of cash.

On 1 March 2019, a different law enforcement agency informed Star Qld that it suspected that Customer 91 was involved in laundering money for a domestic organised criminal syndicate.

On 28 March 2019, a third law enforcement agency informed Star Qld that it suspected that Customer 91 was moving cash derived from the proceeds of crime to launder through the casino.

On 24 May 2021, Star Qld provided information in respect of Customer 91 to a law enforcement agency. The law enforcement agency responded, acknowledging that they were aware that Customer 91 had extensive dealings with another law enforcement agency for drug offences.

- h. between 2018 and 2021, Customer 91 was the subject of law enforcement enquiries at Star Qld;

Particulars

On 30 January 2018, Star Qld received a request for information from a law enforcement agency in respect of Customer 91. The law enforcement agency did not inform Star Qld of the nature of its interest in Customer 91.

Between June 2018 and 2 October 2018, Star Qld received several enquiries from a law enforcement agency about Customer 91's gaming activity.

In March 2019, Star Qld received several requests for information from a law enforcement agency in respect of Customer 91 and his associates.

In March 2019 and April 2019, Star Qld received a request for information from a law enforcement agency in respect of Customer 91.

On 27 May 2019, Star Qld received a request for information from a law enforcement agency regarding Customer 91. The law enforcement agency alluded to Customer 91's criminal history in another jurisdiction, including his involvement in drug offences, possessing property and money related to the proceeds of crime and breach of a casino exclusion order.

On 26 November 2021, Star Qld received a request for information from a law enforcement agency regarding Customer 91's exclusion status at Star Qld.

- i. Customer 91 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 91 had access to a private gaming room in the Cage at Treasury Brisbane.

Customer 91 had access to private gaming rooms at Star Gold Coast, including the Club Conrad, Pit 8, Pit 9, Salon 21, Salon 69, Sovereign Room – Table Games, and the Sovereign Room – EGM.

- j. from 2 June 2017 to January 2021, Customer 91 received benefits totalling approximately \$79,000 from Star Qld; and

Particulars

Between 2 June 2017 and 8 January 2021, Star Qld provided Customer 91 with benefits including hotel upgrades, airfares and food and drink packages.

- k. Star Qld did not have adequate reason to believe that Customer 91's source of wealth and source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6) received by Customer 91 at Star Qld.

Particulars

See paragraph 808 above.

On 7 July 2010, Star Qld recorded that Customer 91 had provided Star Qld with a copy of his business card, but that Star Qld had been unable to locate any information about the company listed on it.

On five occasions between 23 September 2009 and 26 February 2021, Star Qld recorded in an SMR given to the AUSTRAC CEO that Customer 91's source of funds was not known and not verified.

On 26 February 2021 and 7 February 2022, Star Qld recorded that Customer 91 had advised it that his occupation was in the information technology industry.

At no time did Star Qld take appropriate steps to verify Customer 91's source of wealth or source of funds, in circumstances where:

- a. at all relevant times, Star Qld was aware that Customer 91 had been excluded from Star Sydney;
- b. Customer 91's turnover exceeded \$262 million between 2016 and 2021;
- c. by 4 January 2018, Star Qld was aware that law enforcement suspected that Customer 91 was gambling with the proceeds of crime; and
- d. by May 2019, Star Qld was aware that Customer 91 had a criminal history in Australia, including for drug offences.

Star Qld's determination of the ML/TF risks posed by Customer 91

2303. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 91 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 91.

- a. On and from 30 November 2016, Customer 91 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 91's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 25 January 2022 that Customer 91 was rated high risk for the purpose of the Act and Rules by Star Qld, after Star Qld issued a WOL in respect of Customer 91.

Particulars

See paragraph 110 above.

On 5 April 2014 and 22 May 2015, Customer 91 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 19 November 2018, Customer 91 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 22 October 2021, Star Qld issued a WOL in respect of Customer 91 at the direction of the Investigations Manager for 'undesirable behaviour'.

It was not until 25 January 2022 that Customer 91 was rated very high risk, being high risk for the purpose of the Act and Rules, after Star Qld issued a WOL in respect of Customer 91.

Monitoring of Customer 91's transactions

- 2304. At no time did Star Qld apply appropriate transaction monitoring to Customer 91's transactions because:

- a. where Star Qld conducted any transaction monitoring of transactions involving Customer 91, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 91 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- c. Star Qld provided designated services to Customer 91 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 91's KYC information

2305. Star Qld did not review, update and verify Customer 91's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 91's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 91's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 91's source of wealth and source of funds were not legitimate: see *Customer 91's risk profile*.

- d. to the extent that Star Qld reviewed Customer 91's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 91.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

On 18 January 2018, Customer 91 was discussed at a Star Qld PAMM. The minutes noted that Customer 91 was currently under investigation by a law enforcement agency, however no suggested course of action was noted and his risk rating remained 'low'.

At no time did the JRAM or PAMM consider Customer 91 after January 2018, despite multiple law enforcement enquiries between 2018 and 2021, in circumstances where:

- a. Customer 91's turnover exceeded \$262 million between 2016 and 2021;
- b. suspicions were held that Customer 91 was laundering money at Star Qld for a domestic organised criminal syndicate;

- c. suspicions were held that Customer 91 was gambling with the proceeds of crime at Star Qld;
- d. law enforcement agencies had told Star Qld that Customer 91 was linked to possible drugs offences; and
- e. Star Qld was aware that Customer 91 had been excluded from multiple casinos and racetracks in Australia, including Star Sydney: see *Customer 91's risk profile*.

It was not until 22 October 2021 that Star Qld issued a WOL in respect of Customer 91 following an investigation into customers who had been excluded in Star Sydney but not had their exclusion status updated at Star Qld.

Failure to apply appropriate due diligence suited to Customer 91's high ML/TF risks

2306. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 91 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 91; and
 - c. reviewing and updating Customer 91's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 91 at a time before the date of the ECDD triggers pleaded below: see ECDD triggers in respect of Customer 91.

ECDD triggers in respect of Customer 91

2307. Star Qld was required to apply the ECDD Programs to Customer 91 following any ECDD triggers in respect of Customer 91.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2308. Customer 91 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 25 May 2018 and 27 May 2021, Star Qld gave the AUSTRAC CEO four SMRs with respect to Customer 91.

2309. The matter pleaded in paragraph 2308 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2310. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 91 following an ECDD trigger because:

- a. on each occasion prior to October 2021 that Star Qld conducted ECDD in respect of Customer 91 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 91, the provision of designated services to Customer 91 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 5 April 2019, Star Qld conducted ECDD in respect of Customer 91.

On 27 May 2021, Star Qld conducted ECDD in respect of Customer 91. The ECDD screening in respect of Customer 91 identified that he had been excluded from Star Sydney in 2008 at the direction of police.

On 22 October 2021, Star Qld issued a WOL in respect of Customer 91 following an investigation into customers who had been excluded in Star Sydney but not had their exclusion status updated at Star Qld.

- b. Customer 91 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to October 2021 that Customer 91 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 91 and the provision of designated services to Customer 91 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 28 May 2021, the Due Diligence Manager determined to maintain a customer relationship with Customer 91, despite the higher ML/TF risks associated with Customer 91: see *Customer 91's risk profile*.

In particular:

- a. Star Qld was aware that Customer 91 had been excluded from multiple casinos and racetracks in Australia, including Star Sydney;
- b. Customer 91's turnover exceeded \$262 million between 2016 and 2021;

- c. suspicions were held that Customer 91 was laundering money at Star Qld for a domestic organised criminal syndicate;
- d. suspicions were held that Customer 91 was gambling with the proceeds of crime at Star Qld; and
- e. law enforcement agencies had told Star Qld that Customer 91 was linked to possible drugs offences: see *Customer 91's risk profile*.

On 22 October 2021, Star Qld issued a WOL in respect of Customer 91 following an investigation into customers who had been excluded in Star Sydney but not had their exclusion status updated at Star Qld.

Contravention of s36 of the Act in respect of Customer 91

2311. By reason of the matters pleaded from paragraphs 2299 to 2310 above, on and from 30 November 2016, Star Qld:
- a. did not monitor Customer 91 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2312. By reason of the matters pleaded at paragraph 2311, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 22 October 2021 with respect to Customer 91.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 92

2313. Customer 92 was a customer of Star Sydney during the relevant period. Between 2016 and 2021, Star Sydney recorded turnover exceeding \$10 million for Customer 92.

Particulars

Customer 92 was a customer of Star Sydney from at least 16 September 2012.

2314. Star Sydney provided Customer 92 with designated services within the meaning of table 1 and 3, s6 of the Act during the relevant period.

Particulars

On 9 March 2013, Star Sydney opened an FMA and SKA for Customer 92 which were closed on 19 July 2021 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 92 remitted funds to and from their accounts (items 31 and 32, table 1, s6 of the Act).

See *Customer 92's risk profile* below.

2315. Customer 92 was a customer of Star Qld during the relevant period. Between 2016 and 2022, Star Qld recorded turnover exceeding \$340 million for Customer 92.

Particulars

Customer 92 was a customer of Star Qld from at least 28 December 1998.

2316. Star Qld provided Customer 92 with designated services within the meaning of table 1 and 3, s6 of the Act during the relevant period

Particulars

On 28 December 1998, Star Qld opened an FMA for Customer 92 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 92 remitted funds to and from their accounts (items 31 and 32, table 1, s6 of the Act).

See *Customer 92's risk profile* below.

2317. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 92.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 92's risk profile

2318. On and from 30 November 2016, Customer 92, and the provision of designated services to Customer 92 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 92's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 92 had the following risk history:
- i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 92;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on ten occasions between 23 February 2012 and 12 August 2016.

The SMRs reported that Star Qld:

- a. was unaware of, or unable to confirm, Customer 92's source of funds;
- b. considered the amount of cash Customer 92 was willing to carry to be large; and

- c. suspected that Customer 92 was attempting to avoid threshold reporting.
- ii. Customer 92 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high and escalating turnover totalling \$2,101,999 for Customer 92;

Particulars

See paragraphs 623 and 752 above.

In 2015, Customer 92's individual rated turnover was \$90,226.

In 2015, Customer 92's turnover on individual rebate programs was \$2,011,773.

- iii. Customer 92 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded high individual rated turnover totalling \$16,746,062 for Customer 92;

Particulars

See paragraph 752 above.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 92 by remitting large amounts of money into the casino environment via her accounts;

Particulars

See paragraph 327 above.

For example, between 1 July 2015 and 5 August 2016, Star Sydney received seven telegraphic transfers totalling \$450,000, each of which was made available to Customer 92's account.

Each of the above transactions was conducted through the Star Patron account channel.

- v. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 92 by remitting large amounts of money into the casino environment via her accounts;

Particulars

See paragraph 327 above.

For example, between 1 January 2016 and 22 July 2016, Star Qld received three telegraphic transfers totalling \$40,000, each of which was made available to Customer 92's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

- vi. designated services provided to Customer 92 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

See paragraph 2318.a.viii below.

- vii. designated services provided to Customer 92 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

See paragraph 2318.a.ix below.

By 30 November 2016, the SMRs given to the AUSTRAC CEO by Star Qld reported that between February 2011 and August 2015, Customer 92 had EGM losses in excess of \$4,200,000.

In July 2016, Customer 92 was one of Star Qld's top patrons by EGM loss.

- viii. Customer 92 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 18 September 2012 and 31 October 2016, Star Sydney gave the AUSTRAC CEO 237 TTRs in respect of Customer 92 totalling \$3,660,151, including:

- a. 230 outgoing TTRs totalling \$3,365,151;
- b. seven incoming TTRs totalling \$295,000;
- c. \$20,000 in chip or cash exchanges;
- d. \$1,718,551 in account deposits or withdrawals; and
- e. \$1,921,600 in EGM payouts.

- ix. Customer 92 transacted using large amounts of cash at Star Qld; and

Particulars

See paragraphs 611 to 618 above.

Between 19 March 2010 and 30 November 2016, Star Qld gave the AUSTRAC CEO 872 TTRs in respect of Customer 92 totalling \$22,819,563, including:

- a. 858 outgoing TTRs totalling \$22,538,663;
- b. 14 incoming TTRs totalling \$280,900;
- c. \$1,622,541 in chip or cash exchanges;
- d. \$316,989 in account deposits or withdrawals; and
- e. \$20,880,033 in EGM payouts.

- x. in 2014, Customer 92 was the subject of a law enforcement enquiry at Star;

Particulars

In September 2014, Star Qld received a request for information from a law enforcement agency.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

Customer 92's risk profile from 30 November 2016

- b. Customer 92 received high value financial and gambling services (tables 1 and 3, s6) at Star Sydney other than through junket programs. Between 2016 and 2021, Star Sydney recorded high and escalating turnover totalling \$10,062,205 for Customer 92;
- i. between 2016 and 2021, Star Sydney recorded high and escalating individual rated turnover totalling \$5,362,432 for Customer 92; and

Particulars

See paragraph 752 above.

In 2016, Customer 92's individual rated turnover was \$48,332.

In 2017, Customer 92's individual rated turnover escalated to \$1,010,275.

In 2018, Customer 92's individual rated turnover was \$254,749.

In 2019, Customer 92's individual rated turnover escalated to \$2,878,468.

From 2020, despite the COVID-19 pandemic closures, Customer 92's turnover remained high.

In 2020, Customer 92's individual rated turnover was \$888,763.

In 2021, Customer 92's individual rated turnover was \$281,844.

- ii. between 2016 and 2017, Star Sydney recorded high turnover on individual rebate programs totalling \$4,699,774 for Customer 92;

Particulars

See paragraph 623 above.

In 2016, Customer 92's turnover on individual rebate programs was \$2,792,712.

In 2017, Customer 92's turnover on individual rebate programs was \$1,907,062.

- c. Customer 92 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2022, Star Qld recorded high and escalating individual rated turnover totalling \$344,531,765 for Customer 92;

Particulars

See paragraph 752 above.

In 2016, Customer 92's individual rated turnover was \$50,948,985.

In 2017, Customer 92's individual rated turnover was \$35,742,317.

In 2018, Customer 92's individual rated turnover was \$31,081,955.

In 2019, Customer 92's individual rated turnover escalated to \$49,605,202.

From 2020, despite the COVID-19 pandemic closures, Customer 92's turnover escalated significantly.

In 2020, Customer 92's individual rated turnover escalated to \$57,707,963.

In 2021, Customer 92's individual rated turnover significantly escalated to \$115,298,477.

In 2022, Customer 92's individual rated gaming turnover was \$4,146,865.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 92 by remitting large amounts of money into the casino environment from Australian banks;

Particulars

See paragraph 327 above.

For example, on 19 July 2017, Star Sydney received a telegraphic transfer of \$25,000, which it made available to Customer 92's account.

The above transaction was conducted through the Star Patron account channel.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 92 by remitting large amounts of money into the casino environment from Australian banks;

Particulars

See paragraph 327 above.

For example, between 4 March 2020 and 2 July 2020, Star Qld received seven telegraphic transfers totalling \$66,000, each of which was made available to Customer 92's FMA at Star Gold Coast.

Each of the above transactions was conducted through the Star Patron account channel.

- f. designated services provided to Customer 92 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

See paragraph 2318.h below.

- g. designated services provided to Customer 92 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

See paragraph 2318.i below.

By July 2020, Star Gold Coast identified Customer 92 to be its 'biggest' EGM player.

- h. Customer 92 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 3 March 2017 and 21 June 2021, Star Sydney gave the AUSTRAC CEO 59 TTRs in respect of Customer 92 totalling \$979,094, including:

- a. 50 outgoing TTRs totalling \$809,094;
- b. nine incoming TTRs totalling \$170,000;
- c. \$85,000 in chip or cash exchanges;
- d. \$180,027 in account deposits or withdrawals; and
- e. \$714,067 in EGM payouts.

- i. Customer 92 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 5 December 2016 and 24 October 2022, Star Qld gave the AUSTRAC CEO 1162 TTRs in respect of Customer 92 totalling \$42,105,867, including:

- a. 1145 outgoing TTRs totalling \$41,866,067;
- b. 17 incoming TTRs totalling \$239,800;
- c. \$306,067 in chip or cash exchanges;
- d. \$6,023,402 in account deposits or withdrawals; and
- e. \$35,776,398 in EGM payouts.

- j. Customer 92 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including refining;

Particulars

See paragraph 25 above.

Between 27 July 2020 and 4 March 2021, Customer 92 engaged in transactions indicative of the ML/TF typology of refining on three occasions totalling \$20,000 at Star Gold Coast. On each occasion, Customer 92 exchanged \$50 notes for \$100 notes.

- k. in 2022, Customer 92 was the subject of law enforcement enquiries on multiple occasions at Star;

Particulars

On multiple occasions between 10 January 2022 and 5 March 2022, Star Qld sent email correspondence to a law enforcement agency in respect of a TTR of \$40,000 and above related to Customer 92.

On 7 February 2022, Star Gold Coast received a request for information from a law enforcement agency in respect of Customer 92. Star Qld responded to the request on the same day.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database. Star Sydney had access to the investigations database: see paragraph 49 above.

- l. Customer 92 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 92 had access to private gaming rooms at Star Sydney, including Springs Salons, the Sovereign Room, Lakes Salons, Oasis and Chairman's.

- m. Customer 92 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 92 had access to private gaming rooms at Star Qld, including Orchid, the Sovereign Room, the Oasis, the Suite and Pit 11.

- n. Star Sydney and Star Qld did not have adequate reason to believe that Customer 92's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 92 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By 30 November 2016, Star understood Customer 92's occupation to be as a retired business owner. Customer 92's turnover was not consistent with her source of wealth.

In 2021, Customer 92's turnover escalated significantly at Star Qld.

On 7 October 2021, Star Gold Coast placed Customer 92 on a watchlist due to the multiple SMRs given to the AUSTRAC CEO in respect of her before 30 November 2016.

By 7 February 2022, Star continued to understand Customer 92's occupation to be 'retired'.

On 18 February 2022, Star Gold Coast removed Customer 92 from the watchlist because no further SMRs had been given to the AUSTRAC CEO in respect of her and her source of wealth was confirmed to be that she and her family were wealthy property developers.

This was despite Customer 92's cumulative turnover at Star Sydney and Star Qld being in excess of \$350,000,000 between 2016 and 2022.

See particulars to paragraphs 2318.a.i, 2318.b and 2318.c above.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 92

2319. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 92 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 92.

- a. On and from 30 November 2016, Customer 92 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 92's risk profile* above.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 92 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 7 January 2015, Customer 92 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 92's transactions

2320. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 92's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 92, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 92 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- c. Star Sydney and Star Qld provided designated services to Customer 92 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 92's KYC information

- 2321. Star Sydney and Star Qld did not review, update and verify Customer 92's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney or Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 92's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 92's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 92's source of wealth and source of funds were not legitimate: see *Customer 92's risk profile*.

At all times, Star understood Customer 92 to be retired. Between 2016 and 2019, prior to the COVID-19 pandemic closures in 2020, Customer 92's turnover at Star Sydney and Star Qld exceeded \$174,000,000 and Star Sydney and Star Qld had given the AUSTRAC CEO multiple SMRs questioning her source of funds.

In February 2022, Star determined that Customer 92's source of wealth was that she and her family were wealthy property developers. Between 2016 and 2022, Customer 92's cumulative turnover at Star Sydney and Star Qld exceeded \$350,000,000.

- d. to the extent that Star Sydney or Star Qld reviewed Customer 92's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 92.

Particulars

See paragraph 155 above.

Section 36(1)(a), (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 92's high ML/TF risks

2322. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- identifying and assessing the ML/TF risks posed by Customer 92 appropriately;
 - applying appropriate risk-based transaction monitoring to Customer 92; and
 - reviewing and updating Customer 92's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would likely have rated Customer 92 as a high risk customer.

Particulars

Section 36(1)(a) and rules 15.2 and 15.5 of the Rules.

2323. Had Star Sydney and Star Qld rated Customer 92 as a high risk customer for the purpose of the Act and Rules, they would have been required by the Act and Rules to apply the ECDD Programs to Customer 92.

Particulars

Rule 15.9 of the Rules.

Contravention of s36 of the Act in respect of Customer 92

2324. By reason of the matters pleaded from paragraphs 2313 to 2323 above, on and from 30 November 2016, Star Sydney and Star Qld:
- did not monitor Customer 92 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
 - did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2325. By reason of the matters pleaded at paragraph 2324, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 92.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 93

2326. Customer 93 was a customer of Star Sydney during the relevant period. In 2017, Star Sydney recorded turnover exceeding \$17 million for Customer 93.

Particulars

Customer 93 was a customer of Star Sydney from at least 18 October 2007.

On 5 October 2017, Star Sydney issued a WOL in respect of Customer 93 following a NSW exclusion order.

2327. Star Sydney provided Customer 93 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

Prior to 2008, Star Sydney opened an FMA and SKA for Customer 93 which were closed on 29 April 2019 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 93 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 93's risk profile below.

2328. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 93.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 93's risk profile

2329. On and from 30 November 2016, Customer 93, and the provision of designated services to Customer 93 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 93's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 93 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 93;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on eight occasions between 29 March 2010 and 16 August 2012.

The SMRs reported that Customer 93 engaged in several large cash transactions and transactions indicative of the ML/TF typology of structuring: see particulars to paragraph 2329.a.ii below.

- ii. Customer 93 engaged in transactions indicative of ML/TF typologies and vulnerabilities, including transactions indicative of structuring;

Particulars

See paragraph 25 above.

On 27 March 2010, Customer 93 requested to cash out \$10,000 in chips at Star Sydney. However, when his identification was requested, he took back \$5,000 in chips and cashed out the remaining \$5,000. Star Sydney deemed this transaction as suspicious as it appeared Customer 93 was structuring to avoid providing identification and reporting obligations: SMR dated 29 March 2010.

- iii. Customer 93 transacted using large amounts of cash;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 26 December 2006 and 21 October 2014, Star Sydney gave the AUSTRAC CEO 80 TTRs totalling \$2,400,991, including:

- a. 41 TTRs detailing chip and cash exchanges made by Customer 93 totalling \$1,368,615;
- b. nine TTRs detailing account deposits made by Customer 93 totalling \$315,000;
- c. three TTRs detailing account withdrawals made by Customer 93 totalling \$300,000; and
- d. 27 TTRs detailing EGM payouts made by Customer 93 totalling \$417,376.

Large cash transactions in 2010

On three occasions between 28 March and 16 May 2010, Customer 93 engaged in suspicious large cash transactions:

- a. on 28 March 2010, Customer 93 cashed out \$150,000 in gaming chips at Star Sydney: SMR dated 29 March 2010;
- b. on 5 May 2010, Customer 93 deposited \$75,000 in cash at Star Sydney, comprising \$100 and \$50 notes: SMR dated 6 May 2010; and

- c. on 16 May 2010, Customer 93 cashed out \$120,015 in gaming chips at Star Sydney. He was then observed putting the money into a brown carry bag and taking it to a different floor of Star Sydney's hotel: SMR dated 17 May 2010.

Large cash transactions in 2011

On 27 December 2011, Customer 93 exchanged \$5,000 in chips for cash and then requested to exchange a further \$5,000 of chips at Star Sydney. When his identification was requested, Customer 93 refused to complete the transaction. He later returned to the cashier, and exchanged \$75,000 of gaming chips for cash: SMR dated 29 December 2011.

On 28 December 2011, Customer 93 deposited \$150,000 into his Star Sydney FMA and then withdrew the funds as chips. Later that evening, on two occasions Customer 93 exchanged \$5,000 worth of chips for cash. Customer 93 then completed a further two separate chip cash outs for \$5,000. Star Sydney considered these transactions to be suspicious due to the initial large cash deposit and the subsequent \$5,000 chip cash outs: SMR dated 30 December 2011.

On 29 December 2011, Customer 93 exchanged \$200,000 in chips for cash at Star Sydney. Star Sydney considered the large amount of cash to be suspicious: SMR dated 30 December 2011.

Large cash transactions in 2012

On 14 August 2012 and 15 August 2012, Customer 93 had four account deposits at Star Sydney totalling \$300,000:

- a. \$100,000 and \$50,000 via telegraphic transfer;
- b. \$110,000 via chips; and
- c. \$40,000 via an EGM payout.

Customer 93 then withdrew the total amount deposited in cash. Star Sydney deemed these transactions suspicious due to the large amount of cash involved: SMR dated 16 August 2012.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6) to Customer 93 by remitting large amounts of money into the casino environment via his account;

Particulars

See paragraph 327 above.

For example, on 14 August 2012 and 15 August 2012, Customer 93 received a total of \$150,000 into his Star Sydney account from an unspecified account in Australia.

Each of the above transactions was conducted through the Star Patron account channel.

- v. designated services provided to Customer 93 included EGM activity at Star Sydney; and

Particulars

See paragraphs 570 and 579 above.

On 15 August 2012, Customer 93 received an EGM payout of \$40,000 at Star Sydney, which he deposited into his FMA.

- vi. in 2012, Customer 93 was the subject of a law enforcement enquiry at Star;

Particulars

In 2012, Star Sydney received a request form a law enforcement agency in respect of Customer 93's gaming activity at Star.

Customer 93's risk profile from 30 November 2016

- b. Customer 93 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2017, Star Sydney recorded high turnover totalling \$17,513,165 for Customer 93;
 - i. in 2017, Star Sydney recorded high individual rated turnover totalling \$17,087,740 for Customer 93; and

Particulars

See paragraph 752 above.

In October 2021, open source media reported that Customer 93 was Star Sydney's biggest patron from the Australian Capital Territory until a WOL was issued in respect of him in 2017.

- ii. in 2017, Star Sydney recorded high turnover on individual rebate programs totalling \$425,425 for Customer 93;

Particulars

See paragraph 623 above.

- c. Customer 93 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 29 April 2017 and 6 August 2017, Star Sydney gave the AUSTRAC CEO 32 TTRs involving Customer 93 totalling \$2,646,710, including:

- a. 5 TTRs totalling \$500,200 detailing account deposits and withdrawals;
- b. 20 TTRs totalling \$1,766,510 detailing chip and cash exchanges; and

- c. 7 TTRs totalling \$380,000 detailing EGM payouts.

Large cash transactions in 2017

On 29 May 2017, Customer 93 exchanged \$110,000 in chips to cash at Star Sydney. He then withdrew \$250,000 from his account: SMR dated 29 May 2017.

On five occasions in June 2017, Customer 93 engaged in large cash transactions at Star Sydney:

- a. on 12 June 2017, Customer 93 exchanged \$200,000 in chips for cash;
- b. on 15 June 2017, Customer 93 purchased \$180,000 worth of chips using the cash he received on 12 June 2017, which was all in \$100 notes with Star Sydney's straps;
- c. on 18 June 2017, Customer 93 exchanged \$225,010 in chips for cash;
- d. on 24 June 2017, Customer 93 purchased \$200,000 worth of chips using cash that was originally issued by Star Sydney; and
- e. on 26 June 2017, Customer 93 exchanged \$350,000 in chips for cash.

On 1 July 2017, Customer 93 purchased \$125,000 worth of chips at Star Sydney, using cash issued by Star Sydney.

On 2 July 2017, Customer 93 deposited \$140,000 into his FMA, using cash issued by Star Sydney.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 93 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 29 April 2017 and 5 August 2017, Star Sydney received eight telegraphic transfers totalling \$610,000, which it made available to Customer 93's FMA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

On 3 May 2017, Star Sydney sent a telegraphic transfer totalling \$100,000 from Customer 93's FMA to an Australian bank.

The above transaction was conducted through the Star Patron account channel.

- e. between 2017 and 2021, Customer 93 was the subject of law enforcement enquiries on two occasions at Star;

Particulars

On 15 June 2017, Star Sydney received a request from a law enforcement agency for details regarding Customer 93.

In June 2021, Star Sydney received a request from a law enforcement agency for records relating to Customer 93.

- f. Customer 93 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 93 had access to private gaming rooms at Star Sydney, including the Sovereign Room, the Sovereign (Cage) and the Springs Salon (Cage).

- g. in August 2017 and October 2017, media reports named Customer 93 as a person convicted of several criminal offences; and

Particulars

On 18 August 2017, open source media reported that Customer 93 appeared in a Australian court on 16 August 2017 and had been found guilty in respect of five charges, including intimidating staff of a gaming venue and police officers, using an offensive weapon to avoid lawful detention and assaulting a police officer. The incident occurred on 29 December 2016, after police were called when Customer 93 refused to leave the venue, where he had been using EGMs.

On 9 October 2017, open source media reported that Customer 93 was sentenced for the above charges to a suspended prison sentence, a number of good behaviour bonds and a fine.

- h. Star Sydney did not have adequate reason to believe that Customer 93's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 93 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood Customer 93's source of wealth and source of funds to be his occupation as a chef.

By 30 November 2016, Customer 93's turnover was not consistent with his source of wealth and source of funds.

At no time did Star Sydney seek to verify Customer 93's source of wealth and source of funds, in circumstances where, by 2017,

Customer 93's turnover had escalated significantly and he had made eight telegraphic transfers totalling \$610,000 between May 2017 and August 2017.

See particulars to paragraphs 2329.b and 2329.c above.

Star Sydney's determination of the ML/TF risks posed by Customer 93

2330. For the reasons pleaded at paragraph 110 above, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 93 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 93.

- a. On and from 30 November 2016, Customer 93 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 93's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 93 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 11 April 2014, Customer 93 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 93's transactions

2331. At no time did Star Sydney apply appropriate transaction monitoring to Customer 93's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 93, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 93 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 93's KYC information

2332. Star Sydney did not review, update and verify Customer 93's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 93's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 93's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 93's source of wealth and source of funds were not legitimate: see *Customer 93's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 93's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 93.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 93's high ML/TF risks

2333. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 93 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 93; and
- c. reviewing and updating Customer 93's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 93 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 93*.

ECDD triggers in respect of Customer 93

2334. Star Sydney was required to apply the ECDD Programs to Customer 93 following any ECDD triggers in respect of Customer 93.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2335. Customer 93 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

On 29 May 2017, Star Sydney gave the AUSTRAC CEO an SMR with respect to Customer 93.

2336. The matter pleaded in paragraph 2335 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2337. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 93 following an ECDD trigger because:

- a. at no time prior to October 2017 did Star Sydney apply its ECDD Programs to Customer 93;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

- b. Customer 93 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to October 2017 that Customer 93 was escalated to senior management in response to an ECDD trigger, senior management failed to give appropriate consideration to whether the ML/TF risks posed by Customer 93 and the provision of designated services to Customer 93 by Star Sydney, and whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

There are no records of senior management consideration of Customer 93 prior to October 2017 in Star Sydney's due diligence records.

On 5 October 2017 that Star Sydney issued a WOL in respect of Customer 93.

Contravention of s36 of the Act in respect of Customer 93

2338. By reason of the matters pleaded from paragraphs 2326 to 2337 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 93 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2339. By reason of the matters pleaded at paragraph 2338, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 5 October 2017 with respect to Customer 93.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 94

2340. Customer 94 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$12 million for Customer 94.

Particulars

Customer 94 was a customer of Star Sydney from at least 29 January 2016.

2341. Star Sydney provided Customer 94 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a junket funder, junket representative and junket player. Between 2019 and 2020, Star Sydney recorded that junkets partly funded by Customer 94 had a turnover exceeding \$100 million.

Particulars

On 29 January 2016, Star Sydney opened an FMA and SKA for Customer 94, which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 94 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 94's risk profile* below.

2342. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 94.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 94's risk profile

2343. On and from 30 November 2016, Customer 94, and the provision of designated services to Customer 94 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 94's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 94 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 94;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on five occasions between 23 February 2016 and 23 November 2016.

The SMRs reported that:

- a. Customer 94 was a junket representative for Customer 7 and Customer 8; and
- b. Customer 94 engaged in large cash transactions, and transactions indicative of ML/TF typologies, involving Customer 7 and Customer 8's accounts at Star Sydney: see paragraphs 2343.a.iii and 2343.a.iv below.
- ii. Customer 94 was connected to other customers at Star Sydney, including junket funders, junket operators, junket representatives and junket players who posed higher ML/TF risks and players who Star Sydney considered had acted suspiciously such as Customer 8, Customer 7, Customer 49 and Customer 65;

Particulars

In 2016, Customer 94 was a junket representative for at least two junket operators at Star Sydney, Customer 8 and Customer 7:

- a. between 1 April 2016 and 30 November 2016, Customer 94 was a junket representative for eight junkets operated by Customer 8 and funded by Customer 7 at Star Sydney. Customer 49 was also a junket representative on these programs. Junket players on these programs included Customer 65; and
- b. between 1 April 2016 and 1 September 2016, Customer 94 was a junket representative for four junkets operated and funded by Customer 7 at Star Sydney. Customer 49 was also a junket representative on some of these programs.
- iii. Customer 94, in his capacity as a junket representative for Customer 7 and Customer 8's junkets, transacted using large amounts of cash at Star Sydney; and

Particulars

See paragraphs 611 to 618 above.

On 19 February 2016, junket representative Customer 94 and another Star Sydney customer presented \$450,000 in cash and requested the

cash be deposited into the customer's account. The cash was comprised of \$100 notes and had previously been issued by Star. Once deposited, Customer 94 and the other customer requested that the funds be transferred to the junket operator's, Customer 7's, account: SMR dated 23 February 2016.

On 6 June 2016, Customer 94 deposited \$300,000 in cash into Customer 7's Star Sydney account. The cash was comprised of \$100 notes with Star straps: SMR dated 8 June 2016.

On 20 June 2016, Customer 94, on behalf of Customer 7, exchanged \$102,884 in a foreign currency for cash at Star Sydney. Following the exchange, Customer 94 requested that the funds be deposited into Customer 7's account: SMR dated 21 June 2016.

On 21 November 2016, Customer 94 withdrew \$300,000 in cash from Customer 8's Star Sydney account: SMR dated 23 November 2016.

- iv. Customer 94, in his capacity as a junket representative for Customer 7's junket, engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including quick turnover of money (without betting);

Particulars

See paragraph 25 above.

On 13 July 2016, Customer 94 withdrew \$500,000 in cash from Customer 7's account. Over the course of the next seven hours, the junket representative incrementally deposited the same cash back into the Customer 7 account via three deposits: SMR dated 14 July 2016. This transaction was indicative of the ML/TF typology of quick turnover of money without betting.

Customer 94's risk profile from 30 November 2016

- b. Customer 94 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with domestic junkets at Star Sydney;
 - i. between 28 August 2019 and 10 January 2020, Customer 94 partly funded five domestic junkets at Star Sydney;

Particulars

At Star Sydney, Customer 94 partly funded five domestic junkets for Customer 95.

Customer 94 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

Customer 94 was also a junket player on two of the junkets that he partly funded and a junket representative on each junket that he partly funded.

- ii. Star Sydney recorded that the total cumulative turnover of junkets partly funded by Customer 94 between 28 August 2019 and 10 January 2020 was \$105,577,369 with losses of \$107,315;

Particulars

In 2019, junket programs partly funded by Customer 94 had a turnover of \$80,311,566 with losses of \$962,690.

Between January and March 2020, junket programs partly funded by Customer 94 had a turnover of \$25,245,802 with wins of \$855,375.

- iii. the junkets partly funded by Customer 94 had two junket representatives, including Customer 94; and
- iv. the junkets partly funded by Customer 94 facilitated the provision of high value designated services to at least 29 junket players including players in respect of whom Star Sydney had formed suspicions such as Customer 86;

Particulars

See paragraphs 497 to 498 and 643 to 649 above.

See Customer 86's risk profile.

- c. Customer 94 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through domestic junket programs;
 - i. between 6 February 2018 and 10 January 2020, Customer 94 was a player on 16 domestic junkets at Star Sydney operated by Customer 95;
 - ii. two of the junkets were partially funded by Customer 94, with the balance funded by Customer 95; and
 - iii. between 6 February 2018 and 10 January 2020, Star Sydney recorded high turnover totalling \$31,347,038 with losses of \$293,115 for Customer 94's gaming activity on domestic junket programs;

Particulars

In 2018, Customer 94's turnover on domestic junket programs was \$30,498,785 with losses of \$300,760.

In 2019, Customer 94's turnover on domestic junket programs was \$848,253 with wins of \$5,445.

- d. designated services provided to Customer 94 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- e. Customer 94 was connected to other customers at Star Sydney, including junket funders, junket operators, junket representatives and junket players including players who posed higher ML/TF risks and players who Star Sydney considered had acted

suspiciously such as Customer 14, Customer 95, Customer 8, Customer 7, Customer 65, Customer 59, Customer 62, Customer 56 and Customer 86;

Particulars

During the relevant period, Customer 94 was a junket representative for at least five junket operators at Star Sydney, including Customer 14, Customer 95, Customer 8 and Customer 7:

- a. between 31 December 2016 and 28 November 2017, Customer 94 was a junket representative on five international junkets operated and funded by Customer 7 at Star Sydney. Customer 49 was also a junket representative on these junket programs. Junket players on these programs included Customer 59; and
 - b. between 1 December 2016 and 2 January 2018, Customer 94 was a junket representative on 12 international junkets operated by Customer 8 and funded by Customer 7 at Star Sydney. Customer 49 was also a junket representative on some of these junket programs. Junket players on these programs included Customer 65 and Customer 59;
 - c. between 29 January 2018 and 29 July 2019, Customer 94 was a junket representative on 17 international junkets operated by Customer 14 and funded by Customer 13 at Star Sydney. Customer 13 was also a junket representative on these junket programs. Junket players on the programs included Customer 62 and Customer 56; and
 - d. between 11 January 2018 and 31 March 2020, Customer 94 was a junket representative on 40 domestic junkets operated and funded by Customer 95 at Star Sydney. Junket players on these programs included Customer 86.
- f. Customer 94 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$12,110,621 for Customer 94;

Particulars

See paragraph 752 above.

In 2016, Customer 94's individual rated turnover was \$143,005.

In 2017, Customer 94's individual rated turnover was \$130,446.

In 2018, Customer 94's individual rated turnover escalated to \$1,506,681.

In 2019, Customer 94's individual rated turnover further escalated to \$7,9873,473.

In 2020, when the COVID-19 pandemic closures commenced, Customer 94's turnover dropped but remained high.

In 2020, Customer 94's individual rated turnover was \$2,237,016.

- g. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 94 by remitting large amounts of money out of and within the casino environment via his accounts;

Particulars

Remittances out of the casino environment

See paragraph 327.

On 14 May 2019, on behalf of junket operator Customer 95, Customer 94 withdrew \$193,900 from Customer 95's Star Sydney account. Customer 94 then transferred the funds to his own personal bank account in Australia.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349.

On or about 6 January 2020, a customer requested to transfer \$100,000 from her Star Sydney account to another customer's Star Sydney account. Soon after, the second customer requested that the \$100,000 be transferred from their account to Customer 94's Star Sydney account. There were no known links between the three customers, and Star Sydney considered the transactions to be an attempt to disguise the ownership and source of the funds. Star Sydney also noted that the transfers did not appear to serve any purpose. The funds remained in Customer 94's account: SMR dated 6 January 2020.

- h. Star Sydney was aware that Customer 94, in his capacity as a junket representative for the Customer 8, Customer 95 and Customer 14 junkets:
- i. transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and contained in various carry bags at Star Sydney;
 - ii. had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

Between 15 February 2016 and 31 January 2022, Star Sydney gave the AUSTRAC CEO 369 TTRs in respect of Customer 94 totalling \$13,753,718, including:

- a. 288 outgoing TTRs totalling \$9,457,868;
- b. 81 incoming TTRs totalling \$4,295,850;
- c. \$4,445,018 in chip or cash exchanges;

- d. \$9,278,470 in account deposits or withdrawals; and
- e. \$30,230 in EGM payouts.

Large and suspicious cash transactions in 2017

In 2017, Customer 94 withdrew a total of \$776,000 from Customer 8's account at Star Sydney in his capacity as a junket representative for Customer 8's junket:

- a. on 4 February 2017, Customer 94 asked Star Sydney to transfer \$193,000 by telegraphic transfer from Customer 8's Star Sydney account to a junket player on Customer 8's junket. Star Sydney declined to process the transaction as the nominated account was in the name of the junket player's daughter. Customer 94 then withdrew \$193,000 in cash from Customer 8's account. Star Sydney staff observed him handing the cash to the junket player's daughter, who placed the funds in a black carry bag and left the premises: SMR dated 6 February 2017;
- b. on 8 February 2017, Customer 94 withdrew \$300,000 in cash from Customer 8's Star Sydney account and gave the cash to a junket player. Later that evening, Customer 94 withdrew a further \$131,000 in cash from the account. Star Sydney was unaware who the funds were for: SMR dated 9 February 2017; and
- c. on 14 November 2017, Customer 94 withdrew \$152,000 in cash from Customer 8's Star Sydney account. Star Sydney staff observed Customer 94 give the cash to Customer 70, who was not a player on Customer 8's junket. Star Sydney was unaware of any connection between Customer 70 and Customer 8: SMR dated 14 November 2017.

Large and suspicious transactions in 2018

In 2018, Customer 94, in his capacity as a junket representative for Customer 14's and Customer 95's junkets, was involved in suspicious cash transactions totalling at least \$1,713,000 involving Customer 14 and totalling at least \$464,000 involving Customer 95 at Star Sydney:

- a. on 21 February 2018, Customer 94 presented \$100,000 in cash at Star Sydney. The cash comprised \$4,700 in \$100 notes, \$94,300 in \$50 notes, \$900 in \$20 notes, \$80 in \$10 notes and \$20 in \$5 notes. The cash was bundled in small rubber bands. Customer 94 requested that \$86,000 be deposited into Customer 14's account and the remaining \$14,000 be placed in Customer 95's safe deposit box: SMR dated 22 February 2018;
- b. on 26 February 2018 and 27 February 2018, Customer 94 deposited large amounts of cash into Customer 14's Star Sydney account. The cash comprised \$50 notes. The cash was bundled with rubber bands into \$10,000 units. Although Star Sydney acknowledged that large cash transactions were common for a

junket operator, it considered that the cash all being in \$50 notes was unusual: SMR dated 28 February 2018;

- c. on 27 February 2018, Customer 94 withdrew \$400,000 in cash from Customer 14's Star Sydney account. The cash was for a junket player on Customer 14's junket who had recorded a turnover of \$1,964,215 with a loss of \$98,900. Star Sydney considered the transaction to be unusual given the loss recorded for the junket player: SMR dated 28 February 2018;
- d. on 19 May 2018, Customer 94 exchanged \$193,000 in chips for cash at Star Sydney on behalf of Customer 14. Customer 94 split the cash between two junket players on Customer 14's junket. One customer had recorded a turnover of \$828,115 with a win of \$31,015 and the other customer had recorded a turnover of \$1,276,675 with a win of \$785: SMR dated 21 May 2018;
- e. on 10 July 2018, Customer 94 deposited a total of \$200,000 in cash into Customer 14's account at Star Sydney for a buy-in. The cash was presented in a shopping bag in multiple denominations. The cash was bundled in rubber bands. Customer 94 was given the cash by another Star Sydney customer who was not a player on Customer 14's junket program. Customer 94 deposited \$88,850 and then left Star Sydney in a vehicle. He returned later to deposit a further \$111,150: SMR dated 11 July 2018;
- f. on 14 July 2018, Customer 94 deposited \$204,000 in cash into Customer 14's account at Star Sydney. The cash had been given to Customer 94 by his 'local companion' in a cloth bag and comprised \$22,300 in \$100 notes, \$180,100 in \$50 notes, \$20 in \$1,560 notes and \$40 in \$10 notes. The 'local companion' was not a player on Customer 14's junket. The cash was used as a buy-in for a junket player: SMR dated 17 July 2018;
- g. on 29 July 2018, Customer 94 withdrew \$150,000 in cash from the Customer 95 account at Star Sydney. Customer 94 then gave the cash to a Star Sydney customer who deposited the cash into his account. The customer then withdrew the cash again and left Star Sydney in a vehicle. The customer was not a player under Customer 95's junket but was a player on Customer 14's junket. Star Sydney considered that it was a large amount of cash to withdraw given that the customer had recorded a turnover of \$1,708,000 with a win of \$39,325 under Customer 14's junket and was not a player on Customer 95's junket: SMR dated 31 July 2018;
- h. on 15 August 2018, Customer 94 withdrew \$630,000 in cash from Customer 14's account. The cash was given to a player on Customer 14's junket, Person 36, who had a recorded turnover of \$8,770,100 with a win of \$845,320 and was the only key player

on that junket program. Star Sydney considered that it was a large amount of cash to withdraw: SMR dated 17 August 2018;

- i. on 23 October 2018, Customer 94 withdrew \$100,000 in cash from Customer 95's account at Star Sydney. Customer 94 gave the cash to two other Star Sydney customers, including Person 41, neither of whom were junket players on Customer 95's junket. The first customer had minimal gaming activity recorded on Customer 14's junket and Person 41 had no gaming activity recorded and no history of junket activity. Star Sydney considered it suspicious that Customer 94 withdrew funds from a junket and gave the cash to customers not affiliated with that junket: SMR dated 24 October 2018;
- j. on 8 November 2018, a junket representative, Person 35, settled the accounts for a junket group operated by Person 18 and took \$97,557 in cash at Star Sydney. Shortly after, Customer 94 deposited \$100,000 in cash into Customer 95's junket operator account. Star Sydney noted that \$95,000 of that deposit comprised the same cash from the earlier junket settlement. Star Sydney considered it unusual for junkets to swap large amounts of cash between themselves for no apparent reason: SMR dated 9 November 2018; and
- k. on 1 December 2018, Customer 94 deposited \$100,000 in cash into Customer 95's junket operator account at Star Sydney. The cash comprised \$50,000 in \$100 notes and \$50,000 in \$50 notes. The \$50 notes were bundled with elastic bands and the \$100 notes were bundled with Star issued straps. Customer 94 had received the cash from another customer in a red bag. Star Sydney noted that the customer was not a player on a Customer 95 junket, and lived locally so was not eligible to play on one. Star Sydney was not aware of a relationship between the customer and the junket: SMR dated 3 December 2018.

Large and suspicious transactions in 2019

In 2019, Customer 94, in his capacity as a junket representative for the Customer 14 and Customer 95 junkets, was involved in suspicious cash transactions totalling at least \$2,500,000 involving Customer 14 and totalling at least \$593,000 involving Customer 95 at Star Sydney:

- a. on 3 January 2019, Customer 94 deposited \$135,000 in cash into Customer 14's account at Star Sydney. The cash had been given to Customer 94 by another Star Sydney customer, Person 3, and an unknown person in a yellow paper bag with a logo on the side of it. The cash comprised \$120,000 in \$50 notes and \$15,000 in \$20 notes. The cash was bundled with elastic bands. Person 3 was a local player and not a junket player. The unknown person was not a Star customer or known to Star Sydney. Star Sydney considered it unusual that cash was being delivered from

someone not associated with Customer 14's junket to be deposited into Customer 14's account: SMR dated 7 January 2019;

- b. on 23 January 2019, Customer 94 deposited \$150,000 in cash into Customer 14's account at Star Sydney. The cash was in \$50 notes. The cash was bundled into \$10,000 units with rubber bands and was noted by Star Sydney staff to be partially sticky. The funds were allocated to a junket player on Customer 14's junket, Person 13. At the time Star Sydney gave the AUSTRAC CEO an SMR reporting the transaction, the funds had not yet been used by Person 13 for gaming purposes: SMR dated 24 January 2019;
- c. on 27 January 2019, Customer 94 exchanged \$200,000 of chips for cash on behalf of a junket operator, Customer 95. Soon afterwards, a customer returned with \$150,000 in cash to open a Star Sydney account in which to deposit the funds. The funds presented were made up of the same cash that Customer 94 had taken following his chip exchange. The customer transferred the \$150,000 to Customer 14's account to fund a junket player. The customer then deposited \$200,000 in cash which comprised \$100 notes issued by Star Sydney. Star Sydney was unable to determine when or why the funds were issued. Later that day, Customer 94 gave \$200,000 worth of chips to the customer which were deposited into the customer's account. Star Sydney was unaware of any link between the customer and any of Customer 94, Customer 14 or Customer 95. The customer lived locally and was ineligible to play on the junket. Further, the gaming activity recorded for the customer was minimal compared with the large transactions conducted: SMR dated 30 January 2019;
- d. on 1 February 2019, Customer 94 deposited \$138,000 in cash into Customer 14's account. The cash comprised \$50 and \$20 notes and was contained in a shopping bag. Star Sydney considered it unusual for such a large cash transaction to be completed using small denomination notes: SMR dated 4 February 2019;
- e. on 7 February 2019, Customer 94 and a Star Sydney customer approached the Star Sydney cashiers to deposit \$200,000 into the customer's account. The customer was a junket player on Customer 14's junket. The cash was comprised of \$50 notes bundled with rubber bands in units of \$10,000 and was contained in a shopping bag. The customer had recorded a turnover of \$760,590 with a win of \$65,105 on Customer 14's junket. Soon after the transaction, Customer 94 returned with a further \$100,000 in cash to be deposited into Customer 14's account.

The cash again was comprised of \$50 notes contained in a shopping bag: SMR dated 8 February 2019;

- f. on 8 February 2019, a Star Sydney customer deposited \$200,000 in cash into his account with Customer 94 present. The customer was a junket player on Customer 14's junket. The cash comprised \$50 notes bundled with rubber bands in \$10,000 units contained in white shopping bags. After the deposit, the customer transferred the funds to Customer 14's account. Star Sydney identified that this was the largest single cash transaction recorded for the customer. Star Sydney also noted that the transaction was consistent with other recent dealings with Customer 94 involving the deposit of large amounts of cash comprising \$50 notes bundled and presented in the same way: SMR dated 11 February 2019;
- g. on 9 February 2019, another Star Sydney customer deposited \$200,000 in cash into his account with Customer 94 present. The customer was a junket player on Customer 14's junket. The cash comprised \$190,000 in \$50 notes and \$10,000 in \$100 notes bundled with rubber bands in \$10,000 units and was contained in white shopping bags. After the deposit, the customer withdrew \$20,000 in cash and transferred the remaining \$180,000 to Customer 14's account. Star Sydney identified that this was the largest single cash transaction recorded for the customer. Star Sydney also noted that the transaction was consistent with other recent dealings with Customer 94 and the deposit of large amounts of cash comprising \$50 notes bundled and presented in the same way: SMR dated 11 February 2019;
- h. on 10 February 2019, Customer 94 presented \$220,000 in cash to be deposited into Customer 14's account at Star Sydney. The cash was comprised of \$100 notes, some of which had Star straps but the majority of which were bundled with rubber bands in units of \$10,000. Star Sydney noted that Customer 94 had been involved in several large cash transactions in respect of Customer 14's junket in recent days. Star Sydney identified that it was out of the ordinary for such large amounts of cash to be deposited daily: SMR dated 12 February 2019;
- i. on 13 February 2019, Customer 94 deposited \$120,000 in cash into Customer 14's account at Star Sydney. The cash was comprised of \$100,000 in \$50 notes bundled in rubber bands in units of \$5,000 and \$20,000 in \$100 notes bundled in Star straps. The cash had been withdrawn from Customer 95's safe deposit box. Customer 94 was a representative of both Customer 95's and Customer 14's junkets. Star Sydney considered it unusual that Customer 94 would be taking cash from one junket's safe deposit box to give to another junket: SMR dated 15 February 2019;

- j. on 14 February 2019, Customer 94 deposited \$110,000 in cash into Customer 14's account at Star Sydney. Shortly afterwards, Customer 94 deposited a further \$10,000 in cash into Customer 14's account. The cash comprised \$50 notes bundled with rubber bands in units of \$10,000. Star Sydney identified that Customer 94 had made similar deposits on numerous occasions: SMR dated 15 February 2019;
- k. on 15 February 2019, Customer 94 presented \$250,000 in cash to be deposited into Customer 14's account at Star Sydney. The cash comprised \$249,200 in \$50 notes and \$800 in \$100 notes. Customer 94 initially provided \$200,000 and then left the room and returned with another \$40,000. Customer 94 realised that he was still 'short' and so left again to collect another \$10,000. Customer 94 was noted to have met with another junket representative who was supplying the cash: SMR dated 19 February 2019;
- l. on 16 February 2019, Customer 94 presented \$200,000 in cash bundled in rubber bands and contained in a shoe box. The cash comprised \$100 notes. Customer 94 requested that \$180,000 of the funds be deposited into Customer 14's account and the remaining \$20,000 be returned to him. Customer 94 purchased \$20,000 of chips with the cash later that evening but recorded no play. Star Sydney identified that this was another deposit into Customer 14's account by Customer 94 involving a large amount of cash or cash received in suspicious packaging: SMR dated 19 February 2019;
- m. on 21 February 2019, junket operator Customer 95 deposited \$200,000 into his account at Star Sydney. Customer 95 was accompanied by Customer 94. The cash comprised \$50 notes and was bundled with rubber bands and carried in a shopping bag. Star Sydney considered the number of \$50 notes provided to be suspicious: SMR dated 22 February 2019;
- n. on 5 April 2019, Customer 94 presented \$300,000 in cash to be deposited into Customer 14's account. The cash comprised \$7,300 in \$100 notes, \$290,500 in \$50 notes and \$2,200 in \$20 notes. The cash was bundled with rubber bands and contained in a beige duffel bag. Customer 94 had been given the cash by another Star Sydney customer, Person 3, who had no known links to Customer 94 or Customer 14's junket: SMR dated 8 April 2019;
- o. on 14 May 2019, on behalf of junket operator Customer 95, Customer 94 withdrew \$193,900 from Customer 95's Star Sydney account. Customer 94 then transferred the funds to his own personal bank account in Australia. Customer 94 was a player on the junket, but had recorded no play and a loss of

\$51,315. Star Sydney considered it unusual that Customer 94 had transferred funds from Customer 95's Star Sydney account to his own personal bank account in Australia: SMR dated 15 May 2019; and

- p. on 19 June 2019, a Star Sydney customer presented \$200,000 in chips from his program and exchanged them for eight \$25,000 plaques. A short time later, Customer 94 deposited the same plaques into Customer 14's account. The customer was not a junket player on Customer 14's junket and Star Sydney was unaware of any link between the customer and Customer 94 or the customer and Customer 14: SMR dated 19 June 2019.

In 2019, Customer 94 was also involved in a number of other suspicious cash transactions at Star Sydney:

- a. on 9 January 2019 and 11 January 2019, a Star Sydney customer who was not playing on any junkets for which Customer 94 was a junket representative, made several large and suspicious cash deposits into his account. The cash was comprised of \$50 notes bundled with elastic bands. On one of the occasions, the customer deposited \$95,000 in cash in the presence of Customer 94. The cash was presented in a plastic bag and comprised \$20,000 in \$50 notes in \$5,000 bundles, with the remainder loose in the bag. Following this deposit, the customer left the premises: SMR dated 14 January 2019;
- b. on 18 August 2019, a customer deposited \$100,000 in cash into his Star Sydney account. The cash comprised \$50 notes in \$5,000 bundles, wrapped with elastic bands and presented in a plastic bag. The customer was accompanied by an unknown male customer. The cash had been given to the customer by an unknown female customer. Star Sydney noted that the customer was currently playing on a junket and the junket representative was Customer 94. Customer 94 had instructed that the funds be transferred to the junket as a buy-in. Star Sydney considered the amount of cash comprised in small denominations and handed to the customer by the unknown female customer to be suspicious: SMR dated 20 August 2019; and
- c. on 6 November 2019, Customer 94 deposited \$190,000 into his Star Sydney account. The cash comprised \$50 notes bundled with elastic bands in \$10,000 units. The cash was in a green recyclable shopping bag. When asked about the source of the funds, Customer 94 replied that it was his money. He advised that the funds were to be used for a buy-in for another junket operator. The funds were transferred to the other junket operator's account on 7 November 2019: SMR dated 8 November 2019.

Large and suspicious transactions in 2020

On 26 January 2020, Customer 94 deposited \$110,000 in chips to Customer 95's Star Sydney FMA, and withdrew the equivalent amount in cash from Customer 95's Star Sydney SKA. At this time the junket had recorded a loss of \$50,440.

On 1 March 2020, Customer 94 presented \$35,000 in cash at Star Sydney. The cash comprised wet \$50 notes. Customer 94 stated that the notes were wet because water had spilled on them in a suitcase.

- i. at various times, Customer 94 had significant parked or dormant funds in his FMA at Star Sydney;

Particulars

Between 31 July 2020 and at least 5 August 2022, Customer 94 had \$57,318 parked in his FMA.

See paragraph 284 above.

- j. Customer 94, in his capacity as a junket representative for Customer 95's junket, engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including quick turnover of money (without betting);

Particulars

See paragraph 25 above.

For example, on 10 October 2018, Customer 94 deposited \$100,000 in cash into Customer 95's account at Star Sydney. The cash was in a black shopping bag and was comprised of \$50 notes and one \$100 note. The cash was bundled with elastic bands. Four hours later, Customer 94 returned and withdrew \$119,000 in cash from the account. The funds from the initial deposit were not used for gaming purposes at any time. Star Sydney considered that the funds had been deposited and withdrawn shortly after in order to exchange the Star issued notes: SMR dated 11 October 2018.

This transaction was indicative of the ML/TF typology of quick turnover of money (without betting).

- k. Customer 94 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 94 had access to private gaming rooms at Star Sydney, including the Sovereign, Chairman's, Oasis and Lakes Salons.

- l. between 2018 and 2020, Customer 94 was the subject of law enforcement enquiries at Star Sydney;

Particulars

In March 2018, a law enforcement agency made enquiries at Star Sydney about a transaction involving Customer 94.

In November 2018, a law enforcement agency requested that Star Sydney provide to it Customer 94's profile and details.

In February 2019, Star Sydney advised a law enforcement agency of a suspicious cash deposit made by Customer 95 in the company of Customer 94. Star Sydney set the cash aside for review.

In February 2019, Customer 94 was referred to the JRAM following interest in him by a law enforcement agency.

In July 2019, a law enforcement agency requested information about Customer 94's accommodation at Star Sydney.

By November 2019, Star Sydney understood that Customer 94 was being investigated by a law enforcement agency in respect of alleged financial crimes.

In March 2020, Customer 94 was referred to the PAMM and JRAM following interest in him by law enforcement agencies.

- m. by January 2019, Star Sydney was aware that Customer 94 was formerly an employee of another Australian casino who had been terminated for serious misconduct;

Particulars

In November 2018, a law enforcement agency notified Star Sydney that Customer 94 had formerly been a manager at another Australian casino.

On 18 January 2019, the Director of Surveillance at that other Australian casino sent an email to a Star Sydney Investigations Officer identifying that Customer 94:

- a. was formerly an employee at that other Australian casino in the international business operations team;
 - b. had been terminated by that other Australian casino in 2015 for serious misconduct; and
 - c. had been issued with an indefinite WOL by that other Australian casino.
- n. by February 2019, Star Sydney was aware that Customer 94 was providing fraudulent utility bills to it in order to confirm that junket players did not live in New South Wales and so were eligible to play on junket programs; and

Particulars

On 14 February 2019, a Premium Services Operations Manager, SEG sent an email to the Star investigations team alerting them to the fact that Customer 94, as the junket representative for

Customer 95, had provided fraudulent utility bills as evidence that junket players did not live in New South Wales and so were eligible to play on junket programs.

The Premium Services Operations Manager, SEG suggested that the purpose of the deception was to grow the junket business.

- o. Star Sydney did not have adequate reason to believe that Customer 94's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 94 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood Customer 94's occupation to be as a junket representative.

By 30 November 2016, Customer 94 had made large cash transactions as a junket representative for multiple junkets and engaged in transactions indicative of the ML/TF typology of quick turnover of money (without betting).

Customer 94 was a junket funder, junket representative and junket players. Junkets partly funded by Customer 94 had a turnover exceeding \$100 million at Star Sydney. At no time was Customer 94's stated source of wealth commensurate with the high value financial and gambling services provided to him.

In 2018 and 2019, Customer 94's turnover escalated significantly. Customer 94 was the subject of multiple law enforcement enquiries. Concurrently, Customer 94 engaged in increasingly frequent large and suspicious cash transactions, using small denomination notes, that regularly involved multiple third parties, junket operators and junket representatives. Star Sydney formed suspicions as to the origin of the cash but did not take steps to verify Customer 94's source of funds.

By January 2019, Star Sydney was aware that Customer 94 had been terminated from employment at another Australian casino due to serious misconduct.

By February 2019, Star Sydney was aware that Customer 94 was providing fraudulent utility bills to it as evidence that junket players did not live in New South Wales and so were eligible to play on junket programs.

By November 2019, Star Sydney understood that Customer 94 was being investigated by a law enforcement agency in respect of alleged financial crimes.

Despite this, Customer 94 continued to engage in large and suspicious cash transactions until at least March 2020, the value of which exceeded \$145,000.

Star Sydney's determination of the ML/TF risks posed by Customer 94

2344. For the reasons pleaded at paragraph 110, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 94 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 94.

- a. On and from 30 November 2016, Customer 94 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 94's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 94 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 6 May 2016, Customer 94 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 94's transactions

2345. At no time did Star Sydney apply appropriate transaction monitoring to Customer 94's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 94, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket funders, representatives and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 94 through:
 - i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- d. Star Sydney provided designated services to Customer 94 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 94's KYC information

- 2346. Star Sydney did not review, update and verify Customer 94's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 94's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 94's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 94's source of wealth and source of funds were not legitimate: see *Customer 94's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 94's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 94.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 94's high ML/TF risks

2347. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 94 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 94; and
- c. reviewing and updating Customer 94's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 94 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 94*.

ECDD triggers in respect of Customer 94

2348. Star Sydney was required to apply the ECDD Programs to Customer 94 following any ECDD triggers in respect of Customer 94.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2349. Customer 94 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 6 February 2017 and 6 January 2020, Star Sydney gave the AUSTRAC CEO 35 SMRs with respect to Customer 94.

2350. The matter pleaded in paragraph 2349 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2351. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 94 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 94 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 94 and the provision of designated services to Customer 94 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 4 February 2019, 5 April 2019, 14 May 2019, 18 June 2019, 18 August 2019, 6 November 2019 and 2 January 2020, Star Sydney conducted ECDD in respect of Customer 94.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 94's higher ML/TF risks: see *Customer 94's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 94's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 94's source of wealth and source of funds were not legitimate: see *Customer 94's risk profile*.

- b. Customer 94 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 94 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 94 and the provision of designated services to Customer 94, and whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 21 March 2019, Customer 94 was discussed at a JRAM. The minutes of the meeting noted that:

- a. Customer 94 deposited large amounts of cash on behalf of junket operator Customer 95;
- b. law enforcement agencies had taken an interest in Customer 94; and
- c. the Group Investigation Manager would provide further information from the law enforcement agencies.

However, Customer 94 was not discussed again at a JRAM or PAMM until February 2020.

Between February 2020 and August 2020, Customer 94 was discussed at JRAMs and PAMMs.

The minutes of the meetings noted that:

- a. Customer 94 lived overseas and his occupation was as a junket representative;
- b. Customer 94 was a former employee of another Australian casino;

- c. law enforcement agencies were interested in Customer 94; and
- d. Customer 94 handed out business cards while at the Star Sydney property, and it appeared as though he was recruiting junket players on behalf of Star.

The minutes of the JRAMM on 23 February 2020 noted the following action items with respect to Customer 94:

- a. the Group Investigation Manager would investigate whether Customer 94 was indeed recruiting junket players, as he did not work for Star; and
- b. Customer 94 would be discussed again at an out of cycle JRAMM once Star began operating again.

The minutes of the PAMM on 9 July 2020 noted the following action items with respect to Customer 94:

- a. the matter would be escalated internally due to Customer 94's behaviour in relation to swapping funds between junkets;
- b. notes would be placed in Synkros to contact certain Star Sydney staff when Customer 94 was next at the Star Sydney property; and
- c. a Star Sydney staff member would raise awareness amongst Star Sydney staff to monitor Customer 94's behaviour.

The minutes of the JRAMM on 20 August 2020 noted that:

- a. Customer 94 was removed from the JRAMM, as action by the staff member as per the July meeting had been completed; and
- b. Customer 94's rating was to remain a medium.

Contravention of s36 of the Act in respect of Customer 94

2352. By reason of the matters pleaded from paragraphs 2340 to 2351, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 94 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2353. By reason of the matters pleaded at paragraph 2352, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 94.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 95

2354. Customer 95 was a customer of Star Sydney during the relevant period. Between 2018 and 2019, Star Sydney recorded turnover exceeding \$69 million for Customer 95.

Particulars

Customer 95 was a customer of Star Sydney from at least 11 January 2018.

2355. Star Sydney provided Customer 95 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a domestic junket operator, junket funder and junket player. Between 2018 and 2020, Star Sydney recorded that junkets operated by Customer 95 had a turnover exceeding \$780 million.

Particulars

On 11 January 2018, Star Sydney opened an FMA and SKA for Customer 95 which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 95 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 95's risk profile below.

2356. At all times from 11 January 2018, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 95.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 95's risk profile

2357. On and from 11 January 2018, Customer 95, and the provision of designated services to Customer 95 by Star Sydney, posed higher ML/TF risks because of the following red flags:

- a. Customer 95 was a domestic junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6) at Star Sydney;
 - i. between 2018 and 2020, Customer 95 operated 40 domestic junkets at Star Sydney, seven of which were funded by Customer 14 and two of which were funded by Customer 8;

Particulars

Between 2018 and 2020, Customer 95 was a top 10 junket operator by number of programs operated.

Funding for Customer 95's domestic junkets comprised:

- a. \$2,801,986 funded by Customer 14; and
- b. \$192,500 funded by Customer 8.

- ii. between 2018 and 2020, Star Sydney recorded that the total cumulative turnover of domestic junkets operated by Customer 95 was \$780,405,934 with losses of \$14,804,644;

Particulars

In 2018, junkets operated by Customer 95 had turnover of \$412,016,037 with losses of \$5,098,610.

In 2019, junkets operated by Customer 95 had turnover of \$302,235,249 with losses of \$8,585,554.

In 2020, prior to the COVID-19 pandemic closures, junkets operated by Customer 95 had turnover of \$66,154,648 with losses of \$1,120,480.

- iii. although Customer 95 was a player on a number of their own junkets, between 2018 and 2020, Star Sydney recorded a cumulative turnover of \$71,663,120 for Customer 95 as a junket player on their own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 2357.c below.

- iv. between 2018 and 2020, total benefits of \$5,726,626 were payable to Customer 95 by Star Sydney in their capacity as a domestic junket operator including rebates earned, percentages of earnings from revenue share programs and other complimentary services;

Particulars

Customer 95 was entitled to benefits from Star Sydney in their capacity as a junket operator, including:

a. in 2018, total benefits of \$3,097,979 were payable to Customer 95;

b. in 2019, total benefits of \$2,309,941 were payable to Customer 95; and

c. in 2020, total benefits of \$318,706 were payable to Customer 95.

- v. Customer 95 operated junkets in private gaming rooms including private gaming rooms that were exclusive to the domestic junket at Star Sydney;

Particulars

Customer 95 operated junkets in non-exclusive private gaming rooms, including Sovereign Room, Oasis Room, Chairman's Room and Pit 80.

Customer 95 operated junkets in exclusive private gaming rooms, including Salon 68, Salon 69, Salon 76, Salon 85 and Salon 86.

- vi. Customer 95 had two junket representatives at Star Sydney, one of which was Customer 94; and
- vii. Customer 95 and their junket representatives facilitated the provision of high value designated services to at least 95 domestic junket players at Star Sydney including players who Star Sydney considered had acted suspiciously;

Particulars

See paragraph 643 to 649 above.

- b. Customer 95 was a junket funder who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) in connection with international junkets at Star Sydney;
 - i. between 2018 and 2019, Customer 95 funded five junkets at Star Sydney;

Particulars

At Star Sydney, Customer 95 funded:

- a. four junkets totalling \$1,533,868 for the junket operator, Customer 14; and
- b. one junket totalling \$204,500 for junket operator, Customer 7.

Customer 95 funded junket operators in circumstances where the division of funds to the individual players on the junket was not controlled by Star Sydney.

- ii. Star Sydney recorded that the total cumulative turnover of junkets funded by Customer 95 between 2018 and 2019 was \$300,429,665 with losses of \$7,564,240;

Particulars

In 2018 and 2019, Customer 14's junket programs funded by Customer 95 had turnover of \$300,429,665 with losses of \$7,564,240.

In 2019, Customer 7's junket programs funded by Customer 95 had turnover of \$65,278,096 with losses of \$4,079,920.

- c. Customer 95 was a domestic junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 2018 and 2019, Customer 95 was a player on 15 of their own junket programs at Star Sydney;
 - ii. seven of the junket programs were funded by Customer 14 and two of the junket programs were funded by Customer 8; and
 - iii. between 2018 and 2019, Star Sydney recorded high turnover totalling \$69,239,952 with losses of \$418,440 for Customer 95's gaming activity on junket programs;

Particulars

In 2018, Customer 95's turnover on junket programs was \$47,352,885 with losses of \$100,770.

In 2019, Customer 95's turnover on junket programs was \$21,887,067 with losses of \$317,670.

- d. designated services provided to Customer 95 lacked transparency as the services were provided through the junket channel at Star Sydney;

Particulars

See paragraph 650 above.

- e. Customer 95 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2018 and 2020, Star Sydney recorded individual rated turnover totalling \$9,799 for Customer 95;

Particulars

In 2018, Customer 95's individual rated turnover was \$9,132.

In 2019, Customer 95's individual rated turnover of \$654.

In 2020, Customer 95's individual rated turnover of \$13.

- f. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 95 by remitting large amounts of money into, out of, and within the casino environment via her accounts;

Particulars

Remittances involving third parties

See paragraphs 281 and 327 above.

For example, on 14 May 2019, Customer 94 instructed Star Sydney to transfer \$193,900 from Customer 95's account at Star Sydney to Customer 94's personal bank account in Australia: SMR dated 15 May 2019.

Remittances into the casino environment

See paragraph 327 above.

Between 11 January 2018 and 12 March 2020, Star Sydney received 156 telegraphic transfers totalling \$8,524,610, each of which was made available to Customer 95's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

Between 16 January 2018 and 14 September 2019, Star Sydney sent seven telegraphic transfers totalling \$337,920 from Customer 95's account to an Australian bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349.

On 11 February 2018, Customer 95 received \$100,000 into their Star Sydney FMA from their junket representative's Star Sydney FMA.

- g. designated services provided to Customer 95 included EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

For example, on 16 December 2018, Star Sydney gave the AUSTRAC CEO one TTR detailing EGM payouts to Customer 95 totalling \$10,460.

- h. Customer 95, and persons associated with their junket including Customer 94, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and shopping bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 12 January 2018 and 23 March 2020, Star Sydney gave the AUSTRAC CEO 446 TTRs totalling \$14,491,112, including:

- a. 149 TTRs detailing account deposits totalling \$6,595,300;
- b. 130 TTRs detailing account withdrawals totalling \$4,359,857;
- c. 165 TTRs detailing cash and chip exchanges totalling \$3,525,955; and
- d. one TTR detailing other monetary value in totalling \$10,000.

Large and suspicious cash transactions in 2018

On 11 February 2018, Customer 95's junket representative deposited \$150,000 in cash into Customer 95's FMA.

On 21 February 2018, Customer 94, a junket representative for Customer 14's and Customer 95's junkets, presented \$100,000 in cash at Star Sydney. The cash was comprised of \$4,700 in \$100 notes, \$94,300 in \$50 notes, \$900 in \$20 notes, \$80 in \$10 notes and \$20 in \$5 notes, and was bundled in elastic bands. Customer 94 deposited \$86,000 in cash to Customer 14's junket account and

requested that the remaining \$14,000 be placed in Customer 95's safe deposit box: SMR dated 22 February 2018.

On 27 May 2018, Customer 95's junket representative, Customer 94, deposited \$100,000 in cash in \$50 notes into Customer 95's FMA at Star Sydney.

On 29 July 2018, Customer 94, a junket representative for Customer 14's and Customer 95's junkets, withdrew \$150,000 in cash from Customer 95's junket account at Star Sydney. Customer 94 then gave the cash to a Star Sydney customer who deposited the cash into his account but then withdrew the cash and left Star Sydney. Star Sydney considered the amount of cash withdrawn to be large given that the customer had recorded a turnover of \$1,708,000 with a win of \$39,325 under the Customer 14 junket and was not a player in the Customer 95 junket: SMR dated 31 July 2018.

On 10 October 2018, Customer 94, Customer 95's junket representative, deposited \$100,000 in cash into Customer 95's junket account at Star Sydney. The cash was presented in a black shopping bag and comprised \$50 notes and one \$100 note. The cash was bundled with elastic bands. Four hours later, Customer 94 returned and withdrew \$119,000 in cash from the account. The funds from the initial deposit were not used for gaming purposes at any time. Star Sydney considered that the funds were deposited and withdrawn shortly after to exchange the notes for notes issued by Star: SMR dated 11 October 2018.

On 12 October 2018, Customer 94, Customer 95's junket representative presented a total of \$101,000 in \$100 notes, bundled in units of \$5,000 in straps from Star Sydney at the Cage.

On 23 October 2018, Customer 94, a junket representative for Customer 14's and Customer 95's junkets, withdrew \$100,000 in cash from Customer 95's junket account at Star Sydney. Star Sydney staff observed Customer 94 hand the cash to two other Star Sydney customers, including Person 41. The first customer had minimal gaming activity recorded on the Customer 14 junket and was not a junket player on the Customer 95 junket. Person 41 had no gaming activity recorded and no history of junket activity. Star Sydney considered it suspicious that Customer 94 would withdraw funds from Customer 95's junket and gave the cash to customers not affiliated with that junket: SMR dated 24 October 2018.

On 18 November 2018, a junket representative, Person 35, settled the accounts for a junket operated by Person 18 by withdrawing \$97,557 in cash. Soon after, Customer 95's junket representative, Customer 94, deposited \$100,000 cash to Customer 95's FMA. Star Sydney noted that \$95,000 of the cash deposited was comprised the same cash from the earlier settlement conducted by Person 35. Star Sydney noted it was unusual for junkets to swap large amounts of

cash between themselves for no apparent reason: SMR dated 9 November 2018.

On 1 December 2018, Customer 94, Customer 95's junket representative, deposited \$100,000 in cash into Customer 95's junket account at Star Sydney. The cash was comprised of \$50,000 in \$100 notes and \$50,000 in \$50 notes. The \$50 notes were bundled with elastic bands. The \$100 notes were bundled with Star issued straps.

Customer 94 had received the funds from another customer. Star Sydney noted that the other customer was not a player on Customer 95's junket and lived locally so was not eligible to play on Customer 95's junket in any event. There was no known relationship between the customer and the junket: SMR dated 3 December 2018.

Large and suspicious cash transactions in 2019

On 27 January 2019, Customer 94, exchanged \$200,000 of chips to cash on behalf of Customer 95. Shortly afterwards, a customer returned with \$150,000 in cash to open a Star Sydney account and deposit the funds. The funds were the same as those given to Customer 94. The customer then transferred \$150,000 to Customer 14's junket account to fund another junket player. The customer then deposited \$200,000 in cash comprised of \$100 notes issued by Star Sydney. Star Sydney was unable to determine the origin of the funds.

Later that day, Customer 94 gave \$200,000 worth of chips to the customer which were deposited into the customer's account. Star Sydney was unaware of any link between the customer and any of Customer 94, Customer 14 or Customer 95: SMR dated 30 January 2019.

On 13 February 2019, Customer 94, in their capacity as a junket representative for Customer 14's junket, deposited \$120,000 in cash into the Customer 14 junket account. The cash had been withdrawn from Customer 95's safe deposit box. The cash comprised \$100,000 in \$50 notes bundled in rubber bands in units of \$5,000 and \$20,000 in \$100 notes bundled in Star straps. Customer 94 was a representative of both the Customer 95 and the Customer 14 junkets. Star Sydney considered it unusual that Customer 94 would be taking cash from a safe deposit box held by one junket operator to another junket operator's FMA: SMR dated 15 February 2019.

On 13 February 2019, a junket representative deposited \$90,000 in cash to a junket operator's account. The cash was presented in a black plastic bag. The cash was comprised of \$5,000 in \$100 notes, \$74,600 in \$50 notes and \$10,400 in \$20 notes. Later that evening, the same junket representative returned with an additional \$80,000 in cash. The cash was presented in a yellow plastic bag. The junket representative deposited \$70,000 into the first junket operator's account. The remaining \$10,000 was deposited in Customer 95's FMA. Star Sydney noted that it was unusual for a junket to deposit

large amounts of cash with small denomination notes. Further, it was unusual for two different junkets to split cash: SMR dated 15 February 2019.

On 21 September 2019, Customer 95 deposited \$200,000 in cash in \$50 notes contained in a shopping bag, secured with elastic bands, into her FMA.

On 24 September 2019, a third party presented a \$100,000 plaque to be deposited to Customer 95's FMA. The third party then requested to withdraw \$95,000 in cash from Customer 95's FMA. Following the transaction, the third party was observed giving the cash to an unknown male who promptly left the casino with the cash. On review, Star Sydney noted that an unknown male had given the \$100,000 plaque to the third party. Star Sydney noted that it was unusual for the third party to receive a plaque from an unknown male and then to transact on his behalf. The relationship between the two was unknown: SMR dated 25 September 2019.

Large and suspicious cash transactions in 2020

On 26 January 2020, Customer 94 deposited \$110,000 in premium chips into Customer 95's FMA, then withdrew \$110,000 in cash from the FMA, despite that Star Sydney's records indicated that the junket program had recorded a loss of \$50,550.

On 29 February 2020, Customer 94 deposited \$52,500 in cash, comprised of \$5000 bundles wrapped in rubber bands into Customer 95's SKA. Star Sydney observed that the cash had come from a junket player on Customer 95's junket, who had retrieved the cash from a luxury sports car.

- i. in 2018 and 2020, Customer 95 was the subject of law enforcement enquiries on three occasions at Star Sydney;

Particulars

In 2018, Star Sydney received a request from a law enforcement agency with respect to Customer 95.

In 2020, Star Sydney received two requests from a law enforcement agency with respect to Customer 95.

- j. by February 2019, Star Sydney was aware that Customer 94, a junket representative acting on behalf of Customer 95, was providing fraudulent documentation in respect of players on their domestic junkets;

Particulars

On 14 February 2019, a Star staff member identified that Customer 94 was providing fraudulent documentation to evidence that prospective junket players held interstate residency, such that they qualified to play on domestic junkets operated by Customer 95. This

issue was raised with the Star investigations team and Star banned players from continuing to play on the junket programs.

- k. Customer 95 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

See particulars to paragraph 2357.a.

- l. Star Sydney did not have adequate reason to believe that Customer 95's source of wealth/funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 95 at Star Sydney.

Particulars

See paragraph 808 above.

During the relevant period, Star Sydney recorded Customer 95's occupation was as a junket operator and junket representative.

At no time did Star Sydney take appropriate steps to verify Customer 95's occupation or source of wealth and source of funds in circumstances where:

- a. large amounts of suspicious cash were being presented at the Cage for deposit into Customer 95's FMAs and safe deposit boxes at Star Sydney, including by Customer 94;
- b. Customer 95's domestic junkets recorded turnover exceeding \$780 million at Star Sydney; and
- c. Customer 95 was linked to other customers who posed higher ML/TF risks, including Customer 8, Customer 14 and Customer 94: see *Customer 95's risk profile* above.

Star Sydney's determination of the ML/TF risks posed by Customer 95

- 2358. For the reasons pleaded at paragraph 110, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 95 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 95.

- a. On and from mid-2018, Customer 95 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 95's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 95 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 12 January 2018, Customer 95 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 22 February 2018, Customer 95 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 5 March 2021, Customer 95 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 95's transactions

2359. At no time did Star Sydney apply appropriate transaction monitoring to Customer 95's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 95, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not make and keep complete and reliable records of designated services provided to junket funders, operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 95 through:

- i. the Star Patron account channel;

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783.

- d. Star Sydney provided designated services to Customer 95 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 95's KYC information

2360. Star Sydney did not review, update and verify Customer 95's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 95's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 95's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 95's source of wealth and source of funds were not legitimate: see *Customer 95's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 95's KYC information on and from 11 January 2018, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 95.

Particulars

See paragraph 155 above.

See particulars to paragraph 2365.a and 2365.c.

Failure to apply appropriate due diligence suited to Customer 95's high ML/TF risks

2361. Had Star Sydney conducted ongoing customer due diligence on and from 11 January 2018 by:

- a. identifying and assessing the ML/TF risks posed by Customer 95 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 95; and
- c. reviewing and updating Customer 95's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 95 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 95*.

ECDD triggers in respect of Customer 95

2362. Star Sydney was required to apply the ECDD Programs to Customer 95 following any ECDD triggers in respect of Customer 95.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2363. Customer 95 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 22 February 2018 and 25 September 2019, Star Sydney gave the AUSTRAC CEO 12 SMRs with respect to Customer 95.

2364. Each matter pleaded in paragraph 2363 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2365. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 95 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 95 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 95 and the provision of designated services to Customer 95, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 15 February 2019, 14 May 2019, 24 September 2019 and March 2021, Star Sydney conducted ECDD in respect of Customer 95.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 95's higher ML/TF risks: see *Customer 95's risk profile*.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 95's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 95's source of wealth and source of funds were not legitimate: see *Customer 95's risk profile*.

- b. Customer 95 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite;

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 95 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 95 and the provision of designated services to Customer 95, and whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

In 2018, Customer 95 was the subject of law enforcement enquiries at Star Sydney: see *Customer 95's risk profile*.

However, it was not until 27 February 2019 and March 2019 that Customer 95 was discussed at JRAMMs. The minutes of the meetings noted that:

- a. Customer 94 was depositing large amounts of cash on behalf of Customer 95;
- b. law enforcement had taken an interest in Customer 94; and
- c. the AML/CTF Compliance Officer was to provide further information from law enforcement.

Despite being aware of these matters, Star Sydney allowed Customer 95 to deposit \$200,000 in cash in \$50 notes in September 2018 and allowed Customer 95's junket representative, Customer 94, to deposit a further \$52,500 in cash, strapped in \$5000 bundles with rubber bands in February 2020: see *Customer 95's risk profile*.

Contravention of s36 of the Act in respect of Customer 95

2366. By reason of the matters pleaded from paragraphs 2354 to 2365 above, on and from 11 January 2018, Star Sydney:
 - a. did not monitor Customer 95 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2367. By reason of the matters pleaded at paragraph 2366, Star Sydney contravened s36(1) of the Act on and from 11 January 2018 with respect to Customer 95.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 96

2368. Customer 96 was a customer of Star Sydney during the relevant period. Between 2016 and 2017, Star Sydney recorded turnover exceeding \$1,800,000 for Customer 96.

Particulars

Customer 96 was a customer of Star Sydney from at least 1995.

On 23 November 2020, Star Sydney issued a WOL in respect of Customer 96.

2369. Star Sydney provided Customer 96 with designated services within the meaning of table 1 and 3, s6 of the Act during the relevant period.

Particulars

On 9 October 2012, Star Sydney opened an FMA and SKA for Customer 96, which were both closed on 24 April 2019 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 96 remitted funds to and from their account (items 31 and 32, table 1, s6 of the Act).

See Customer 96's risk profile below.

2370. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 96.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 96's risk profile

2371. On and from 30 November 2016, Customer 96, and the provision of designated services to Customer 96 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 96's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 96 had a risk history at Star Sydney. In particular, Customer 96 had transacted using large amounts of cash at Star Sydney;

Particulars

Between 25 September 2012 and 6 November 2016, Star Sydney gave the AUSTRAC CEO 27 TTRs detailing chip and cash exchanges, account deposits and account withdrawals made by Customer 96 totalling \$790,530.

Customer 96's risk profile from 30 November 2016

- b. Customer 96 received high value financial and gambling services (tables 1 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2017, Star Sydney recorded individual rated turnover totalling \$1,891,045 for Customer 96, with cumulative losses of \$33,704;

Particulars

See paragraph 752 above.

In 2016, Customer 96's individual rated turnover was \$912,377 with losses of \$20,174.

In 2017, Customer 96's individual rated turnover was \$978,668 with losses of \$13,530.

- c. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 96 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 21 December 2016 and 30 March 2017, Star Sydney received three telegraphic transfers totalling \$45,000, each of which was made available to Customer 96's FMA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

On 29 December 2016, Star Sydney sent a telegraphic transfer of \$15,000 from Customer 96's FMA to an Australian bank account.

The above transaction was conducted through the Star Patron account channel.

- d. Customer 96 transacted using large amounts of cash;

Particulars

See paragraphs 611 to 618 above.

Between 29 December 2016 and 23 May 2017, Star Sydney gave the AUSTRAC CEO eight TTRs detailing account deposits and chip cash outs made by Customer 96 totalling \$143,415.

- e. Customer 96 had access to private gaming rooms at Star Sydney until November 2019;

Particulars

See paragraph 616 above.

Customer 96 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Lakes Salons, Sovereign Cage and Springs Salon Cage.

By November 2019, Customer 96's access to private gaming rooms at Star Sydney had been revoked.

- f. by 30 November 2016, Star Sydney was aware of a number of media articles which reported that Customer 96 had been imprisoned for money laundering offences carried out at another Australian casino;

Particulars

On 16 December 2013, an open source media article reported that Customer 96, a financial advisor and authorised representative of a junket group, had been sentenced to more than two years imprisonment for recklessly dealing with the proceeds of crime. The article reported that Customer 96 had used a bank account at another Australian casino to launder \$682,000 derived from drug importations and trafficking by an international crime syndicate.

On 20 June 2014, an Australian government agency published a press release naming Customer 96 as a person who had been permanently banned from providing financial services due to his criminal conviction for recklessly dealing with the proceeds of crime where the value of the money was \$100,000 or more.

- g. during the relevant period, Star Sydney was aware that:
- i. Customer 96 was a person of interest referred to in the Bergin ILGA Inquiry; and
 - ii. was identified in a number of media reports connecting him to overseas organised criminal syndicates; and

Particulars

In July 2019, an Australian television program:

- a. reported that Customer 96 was alleged to have engaged in money laundering activity on behalf of a transnational drug trafficking and money laundering syndicate, including through another Australian casino;
- b. showed footage of Customer 96 at the Australian casino taking possession of cash suspected to be the proceeds of crime in the amount of \$191,000 in a plastic bag; and
- c. reported that, at the time of his arrest for money laundering, Customer 96 had allegedly admitted to law enforcement that laundering money through casinos was 'easier than using a bank'.

In 2020, the Bergin ILGA Inquiry report referenced Customer 96's appearance on the Australian television program referred to above, and concluded that there was no doubt that the money laundered by

Customer 96 through the Australian casino came from the proceeds of criminal activity by a known international drug trafficking syndicate.

- h. Star Sydney did not have adequate reason to believe that Customer 96's source of wealth or source of funds was sufficient to explain the gambling services (tables 1 and 3, s6 of the Act) received by Customer 96 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney recorded Customer 96's occupation as 'Businessman – Import'.

At all material times, Star Sydney was aware that:

- a. Customer 96 was a convicted money launderer who had laundered money derived from drug importations through another Australian casino; and
- b. Customer 96 had been permanently banned from his previous occupation of providing financial advice.

In January 2017, Star purported to restrict Customer 96's access to private gaming rooms, unless he could provide occupation and source of wealth information.

Despite this, Star Sydney failed to obtain any further information concerning Customer 96's source of wealth or source of funds during the time that Customer 96 was a customer.

See particulars to paragraphs 2371.f, 2371.g, and 2379.c.

Star Sydney's determination of the ML/TF risks posed by Customer 96

- 2372. On and from 25 November 2016, Customer 96 was rated by Star Sydney as a high risk customer for the purpose of the Act and Rules.

Particulars

On 25 November 2016, Customer 96 was rated critical, being high for the purpose of the Act and Rules.

- 2373. Nevertheless, for the reasons pleaded below, Star Sydney failed to monitor the high ML/TF risks posed by Customer 96 appropriately on an ongoing basis because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by it with respect to Customer 96.

Monitoring of Customer 96's transactions

- 2374. At no time did Star Sydney apply appropriate transaction monitoring to Customer 96's transactions because:
 - a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 96, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 96 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- c. Star Sydney provided designated services to Customer 96 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 96's KYC information

- 2375. Star Sydney did not review, update and verify Customer 96's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above

- b. Star Sydney did not appropriately review the nature of Customer 96's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 96's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 96's source of wealth and source of funds were not legitimate: see *Customer 96's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 96's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 96.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

ECDD triggers in respect of Customer 96

2376. Star Sydney was required to apply the ECDD Programs to Customer 96 following any ECDD triggers in respect of Customer 96.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1) and 15.10 of the Rules.

2377. Customer 96 was determined to be high risk for the purpose of the Act and Rules by 30 November 2016 by Star Sydney.

Particulars

On 25 November 2016, Star Sydney determined that Customer 96 was high risk for the purpose of the Act and Rules: see *Star Sydney's determination of the ML/TF risks posed by Customer 96* above.

2378. The matter pleaded in paragraph 2377 was an ECDD trigger.

Particulars

See paragraphs 792, 798 and 799 above.

2379. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 96 following an ECDD trigger because:

- a. on each occasion prior 3 November 2020 that Star Sydney conducted ECDD in respect of Customer 96 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 96 and the provision of designated services to Customer 96 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 29 August 2019, Star Sydney conducted ECDD in respect of Customer 96 which identified numerous media reports from December 2013 to July 2019 regarding Customer 96's links to a foreign criminal organisation and his conviction for laundering money through another casino.

On 17 October 2019 and 22 October 2020, Star Sydney conducted ECDD in respect of Customer 96 and identified the same adverse

media reports mentioning Customer 96 as identified on 29 August 2019.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 96's higher ML/TF risks: see *Customer 96's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 96's source of funds or source of wealth: see *Customer 96's risk profile* above.

By reason of the matters set out above, there were real risks that Customer 96's source of wealth and source of funds were not legitimate: see *Customer 96's risk profile* above.

It was not until 23 November 2020 that Star Sydney issued a WOL in respect of Customer 96.

- b. Customer 96 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 23 November 2020 that Customer 96 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 96 and the provision of designated services to Customer 96 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between November 2016 and 23 November 2020, senior management considered the higher ML/TF risks posed by Customer 96 on numerous occasions:

Senior management consideration in late 2016

By late December 2016, the Group General Counsel and Company Secretary was aware that:

- a. in November 2013, Customer 96 pleaded guilty to money laundering, and was sentenced to 2 years and 3 months imprisonment;
- b. Customer 96 was permanently banned from providing financial services and engaging in credit activity from June 2014; and
- c. Customer 96's risk rating would be raised to critical.

On 29 December 2016, the Group General Counsel and Company Secretary asked the Star Sydney AML/CTF Administrator to confirm with the VIP team whether Star Sydney had occupation and source of funds information on file for Customer 96, and, if not, to carry out customer due diligence for that information. There is no evidence that any steps were taken to obtain Customer 96's occupation or source of funds information.

Senior management consideration in 2017

In January and February 2017, Customer 96 was discussed at JRAMMs.

- a. On 18 January 2017, JRAM noted:
 - i. Customer 96's conviction for money laundering in 2013;
 - ii. that Customer 96's risk had been raised to critical;
 - iii. that Customer 96 would no longer be allowed into private gaming room areas without providing occupation and source of wealth information; and
 - iv. that Customer 96's wife was also raised to high risk (previously being medium for the purpose of the Act and Rules) due to concerns that she may be involved with Customer 96 and money laundering.
- b. On 16 February 2017, the same information in relation to Customer 96 was discussed at a JRAM. JRAM determined that no action was required.

Senior management consideration in 2019

On 15 August 2019, the Group General Counsel and Company Secretary presented a paper to the SEG Board in relation to the recent adverse media in relation to another Australian casino's links to foreign organised crime groups. The Board Paper noted that Customer 96's access to private gaming rooms had been revoked in February 2017 that Customer 96 had been identified by JRAM.

Between August 2019 and 23 November 2020, Customer 96 was discussed at 13 JRAMs and 12 PAMMs, including:

- a. on 15 August 2019, JRAM and PAMM both noted that Customer 96 was mentioned in recent adverse media in relation to another casino's links to foreign organised crime groups. Media reports identified Customer 96 as having been hired by an organised crime, and as having laundered almost \$1,000,000 through another casino. PAMM noted Customer 96's occupation to be 'Businessman – Import';
- b. in September and October 2019, at meetings of JRAM, the Group Investigations Manager noted adverse media concerning

Customer 96 and his money laundering at another casino. Meeting minutes recorded that Customer 96 would be maintained on the JRAM list as a 'watch and brief' in relation to adverse media coverage regarding junkets at another casino;

- c. in September, October, November 2019, PAMM noted the adverse media concerning Customer 96, referred to above;
- d. in November 2019, JRAM noted that Customer 96 would be retained on the JRAM list as a 'watch and brief' until a risk assessment in relation to a junket (with which Customer 96 had been associated in media reports) was complete;
- e. in December 2019, JRAM and PAMM both noted that Customer 96 had been placed on a banned list for all private gaming rooms in November 2019;

f. In December 2019, JRAM noted that:

- i. Group Investigations Manager commented that adverse media reports concerning junkets at another Australian casino (in which Customer 96 was mentioned) were 'currently media allegations only'; and
- ii. a 'full ECDD' would be undertaken for the junket with which Customer 96 had been associated in media reports.

Senior management consideration in 2020

In January 2020, PAMM and JRAM noted that Star Sydney was considering issuing a WOL in respect of Customer 96. JRAM noted that, due to Customer 96's 'criminal background' there was 'no reason to retain him as a patron of The Star'. Customer 96 was retained as a patron until November 2020.

In February 2020, JRAM noted that Customer 96 would be retained on the discussion list until the conclusion of the Bergin Inquiry.

Between March 2020 and November 2020, PAMM also noted that Customer 96 would remain on the PAMM list until the end of the Bergin Inquiry.

Between March and July 2020, JRAM noted that Star Sydney was 'highly' considering issuing a WOL in respect of Customer 96, but that it considered Star Sydney's risk in relation to Customer 96 to be 'currently managed' because Customer 96 was not attending its property. Star Sydney was closed due to the COVID-19 pandemic restrictions between 23 March 2020 to 1 June 2020.

In August 2020 and September 2020, JRAM noted that Customer 96 would remain in JRAM discussions 'until the outcome of due diligence' was reached.

In October 2020, JRAM noted that the 'outcome of due diligence' in relation to Customer 96 was 'still pending'.

On 23 November 2020, Star Sydney issued a WOL in respect of Customer 96.

Findings in respect of Customer 96 in Star's internal review of high-risk patrons in August 2021

In August 2021, an internal lookback undertaken by Star concluded that it was 'highly surprising' that Customer 96 had not been issued with a WOL during 2016, and that, notwithstanding the broadcast of the Australian television program in July 2019, it took until November 2020 for a WOL to be actioned.

This conclusion took into account the fact that senior management, including JRAM and PAMM, considered Customer 96 on a number of occasions on and from 2016.

On 16 August 2021, in a report addressed to the Chief Legal and Risk Officer and Group Investigations Manager, the Due Diligence Program Manager noted that Customer 96 had demonstrated links to serious and organised crime entities and had a conviction for money laundering that was connected to conduct at another Australian casino.

However, it was not until 23 November 2020 that Star Sydney issued a WOL in respect of Customer 96.

Contravention of s36 of the Act in respect of Customer 96

2380. By reason of the matters pleaded from paragraphs 2368 to 2379 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 96 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2381. By reason of the matters pleaded at paragraph 2380, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 23 November 2020 with respect to Customer 96.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 97

2382. Customer 97 was a customer of Star Sydney during the relevant period. Between 2018 and 2021, Star Sydney recorded turnover exceeding \$860,000 for Customer 97.

Particulars

Customer 97 was a customer of Star Sydney from at least 5 September 2018.

On 11 June 2021, Star Sydney issued a WOL in respect of Customer 97.

2383. Star Sydney provided Customer 97 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 30 November 2020, Star Sydney opened an FMA and SKA for Customer 97 which were closed on 4 February 2022 (item 11, table 3, s6 of the Act).

On 30 November 2020, Star Sydney opened a CWA for Customer 97 which was closed on 11 June 2021 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 97 remitted funds to and from their account (items 31 and 32, table 1, s6 of the Act).

See Customer 97's risk profile below.

2384. At all times from 5 September 2018, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 97.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 97's risk profile

2385. On and from 5 September 2018, Customer 97, and the provision of designated services to Customer 97 by Star Sydney, posed higher ML/TF risks because of the following red flags:
- a. Customer 97 was connected to other customers at Star Sydney, including players who posed higher ML/TF risks and who Star Sydney considered had acted suspiciously such as Customer 90;

Particulars

Customer 97 was a known associate of Customer 90.

By at least 24 February 2017, Customer 90 had been identified by the Star Investigations team as a person who raised extreme money laundering concerns together with concerns about the legitimacy of his source of funds.

See Customer 90's risk profile.

- b. Customer 97 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2018 and 2021, Star Sydney recorded high and escalating individual rated turnover totalling \$862,691 for Customer 97;

Particulars

See paragraph 752 above.

In 2018, Customer 97's individual rated turnover was \$6,852.

In 2019, Customer 97's individual rated turnover was \$8,033.

In 2020, despite the COVID-19 pandemic closures, Customer 97's turnover escalated.

In 2020, Customer 97's individual rated turnover escalated to \$184,263.

In 2021, Customer 97's individual rated turnover escalated to \$663,543.

- c. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 97 by remitting large amounts of money within the casino environment via his account;

Particulars

See paragraphs 347 to 349 above.

For example, on 23 December 2020, Star Sydney sent a telegraphic transfer of \$3,000 from Customer 97's account to Star Qld.

- d. Customer 97 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 97 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Lakes Salons, Sovereign Harbourside, Vantage, Oasis and Chairman's.

- e. in 2020 and 2021, Customer 97 was the subject of law enforcement enquiries on multiple occasions at Star Sydney;

Particulars

On 1 July 2020, Star Sydney received a request from a law enforcement agency seeking details in respect of Customer 97, which Star Sydney provided.

On 12 October 2020, Star Sydney received a request from a law enforcement agency indicating that Customer 97 may be the subject of an exclusion order in the future.

On 3 June 2021, Star Sydney was informed by a law enforcement agency that Customer 97, together with Customer 90, had been arrested and charged with serious drug related offences.

Shortly afterwards, on 11 June 2021, Star Sydney issued a WOL in respect of Customer 97.

- f. Customer 97 had reportedly been convicted in 2006 of drug importation offences;

Particulars

In June 2021, publicly accessible media articles reported that Customer 97 had been imprisoned in 2006 and released on parole in connection with drug importation offences.

There is no evidence that Star Sydney was aware, or took steps to become aware, of Customer 97's reported conviction.

On 11 June 2021, Star Sydney issued Customer 97 with a WOL.

- g. by June 2021, media reports named Customer 97 as a person arrested and charged as an accomplice, together with Customer 90, in connection with a transnational organised criminal syndicate engaged in a conspiracy to supply cocaine with a potential street value of \$900,000,000; and

Particulars

In June 2021, Star Sydney became aware that Customer 97 had been charged in connection with an alleged plot related to drug smuggling.

Shortly afterwards, on 11 June 2021, Star Sydney issued Customer 97 with a WOL.

- h. Star Sydney did not have adequate reason to believe that Customer 97's source of wealth or source of funds was sufficient to explain the financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 97 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood that Customer 97 was retired.

Despite this, between 2018 and 2021, Star Sydney recorded high and escalating individual rated turnover totalling \$862,691 for Customer 97. At no time was Customer 97's stated source of wealth or source of funds commensurate to the designated services provided to him by Star Sydney.

Further, Customer 97 was a known associate of Customer 90, a person who Star Sydney understood raised extreme money laundering concerns together with concerns about the legitimacy of his source of funds.

Star Sydney's determination of the ML/TF risks posed by Customer 97

2386. For the reasons pleaded at paragraph 110, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 97 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 97.
- a. On and from mid-2020, Customer 97 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 97's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. On 4 June 2021, Customer 97 was rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

Until 4 June 2021, Customer 97 was rated low risk by default, not being high risk for the purpose of the Act and Rules.

On 4 June 2021, Customer 97 was rated very high risk, being high risk for the purpose of the Act and Rules.

On 11 June 2021, Star Sydney issued a WOL in respect of Customer 97.

Monitoring of Customer 97's transactions

2387. At no time did Star Sydney apply appropriate transaction monitoring to Customer 97's transactions because, where Star Sydney conducted any transaction monitoring of transactions involving Customer 97, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

The review, update and verification of Customer 97's KYC information

2388. Star Sydney did not review, update and verify Customer 97's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 97's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 97's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

Star Sydney understood that Customer 97 was retired.

Despite this, between 2018 and 2021, Star Sydney recorded high and escalating individual rated turnover totalling \$862,691 for Customer 97. At no time was Customer 97's stated source of wealth or source of funds commensurate to the designated services provided to him by Star Sydney.

By reason of the matters set out above, there were real risks that Customer 97's source of wealth and source of funds were not legitimate: see *Customer 97's risk profile*.

On 11 June 2021, Star Sydney issued a WOL in respect of Customer 97.

- d. to the extent that Star Sydney reviewed Customer 97's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 97.

Particulars

See paragraph 155 above.

Section 36(1)(a), (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Customer 97 was a known associate of Customer 90, a person who Star Sydney understood raised extreme money laundering concerns together with concerns about the legitimacy of his source of funds.

From July 2020, Customer 97 was the subject of law enforcement enquiries at Star Sydney.

In June 2021, Star Sydney issued a WOL in respect of Customer 97.

Failure to apply appropriate due diligence suited to Customer 97's high ML/TF risks

2389. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 97 appropriately;

- b. applying appropriate risk-based transaction monitoring to Customer 97; and
- c. reviewing and updating Customer 97's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 97 at a time before the ECDD trigger pleaded below: see *ECDD trigger in respect of Customer 97*.

ECDD triggers in respect of Customer 97

2390. Star Sydney was required to apply the ECDD Programs to Customer 97 following any ECDD triggers in respect of Customer 97.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1) and 15.10 of the Rules.

2391. Customer 97 was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney.

Particulars

On 4 June 2021, Star Sydney determined that the ML/TF risks posed by Customer 97 were high for the purpose of the Act and Rules: see *Star Sydney's determination of the ML/TF risks posed by Customer 97* above.

2392. The matter pleaded in paragraph 2391 was an ECDD trigger.

Particulars

See paragraph 792, 798 and 799 above.

2393. On 11 June 2021, Star Sydney issued a WOL in respect of Customer 97.

Contravention of s36 of the Act in respect of Customer 97

2394. By reason of the matters pleaded from paragraphs 2382 to 2393 above, on and from 5 September 2018, Star Sydney:

- a. did not monitor Customer 97 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2395. By reason of the matters pleaded at paragraph 2394, Star Sydney contravened s36(1) of the Act on and from 5 September 2018 to 11 June 2021 with respect to Customer 97.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 98

2396. Customer 98 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$130 million for Customer 98.

Particulars

Customer 98 was a customer of Star Sydney from at least 21 June 2014.

On 23 February 2021, Star Sydney issued a WOL in respect of Customer 98.

2397. Star Sydney provided Customer 98 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 23 September 2016, Star Sydney opened an FMA and SKA for Customer 98 which were closed on 26 May 2021 (item 11, table 3, s6 of the Act).

Between 29 June 2015 and 4 September 2018, Star Sydney approved CCFs for Customer 98 on six occasions, ranging from \$20,000 to \$500,000 (item 6, table 1, s6 of the Act).

See Customer 98's risk profile below.

2398. Customer 98 was a customer of Star Qld during the relevant period. Between 2016 and 2021, Star Qld recorded turnover exceeding \$170 million for Customer 98.

Particulars

Customer 98 was a customer of Star Qld from at least 9 August 2012.

On 23 February 2021, Star Qld issued a WOL in respect of Customer 98.

2399. Star Qld provided Customer 98 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 7 September 2012 and 4 August 2017, Star Qld opened FMAs for Customer 98 which were closed on 1 June 2021 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 98 remitted funds to and from his FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 98's risk profile below.

2400. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 98.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 98's risk profile

2401. On and from 30 November 2016, Customer 98, and the provision of designated services to Customer 98 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 98's risk history as at 30 November 2016

a. by 30 November 2016:

- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 98;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 2 June 2015 and 4 June 2015.

The SMRs reported that Customer 98 was involved in several large and suspicious cash transactions: see paragraph 2401.a.vi below.

- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 98;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 17 February 2014.

The SMR reported that Customer 98 was involved in a large and suspicious cash transaction: see paragraph 2401.a.vii below.

- iii. Customer 98 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. By 30 November 2016, Star Sydney recorded high turnover totalling \$27,899,593 for Customer 98;

Particulars

See paragraphs 623 and 752 above.

In 2015, Star Sydney recorded high individual rated turnover totalling \$16,988,993 for Customer 98.

By 30 November 2016, Star Sydney recorded high turnover on individual rebate programs totalling \$10,910,600 for Customer 98.

- iv. Customer 98 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. By 30 November 2016, Star Qld recorded high turnover totalling \$16,067,189 for Customer 98;

Particulars

See paragraphs 623 and 752 above.

In 2015, Star Qld recorded high individual rated turnover totalling \$9,125,789 for Customer 98.

By 30 November 2016, Star Qld recorded high turnover on individual rebate programs totalling \$6,941,400 for Customer 98.

- v. between 29 June 2015 and 28 March 2016, Star Sydney provided Customer 98 with significant amounts of credit upon request, up to limits of \$500,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 29 June 2015, Star Sydney approved a single trip CCF limit of \$500,000 for Customer 98.

On 17 August 2015, Star Sydney senior management, including the General Manager (Credit and Collections), approved a single trip CCF limit of \$100,000 for Customer 98.

On 19 March 2016, Star Sydney senior management, including the Managing Director and CEO, approved a single trip CCF limit of \$125,000 for Customer 98.

On 18 March 2016, Star Sydney senior management, including the General Manager (Credit and Collections), approved a single trip CCF limit of \$75,000 for Customer 98.

- vi. Customer 98 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 9 February 2015 and 14 November 2016, Star Sydney gave the AUSTRAC CEO 17 TTRs detailing incoming payments involving Customer 98 totalling \$776,776 which comprised:

- a. \$532,776 in account deposits; and
- b. \$244,000 in chip exchanges.

Between 28 October 2014 and 5 September 2016, Star Sydney gave the AUSTRAC CEO 24 TTRs detailing outgoing payments involving Customer 98 totalling \$986,106 which comprised:

- a. \$631,320 in account withdrawals;
- b. \$354,786 in chip exchanges.

On 1 June 2015, Customer 98 deposited \$150,000 in cash into his Star Sydney account. The cash comprised \$100 notes with straps from another Australian casino. Star Sydney noted that the deposit was not consistent with his previous history: SMR dated 1 June 2015.

On 3 June 2015, Customer 98 withdrew a large amount of cash from his Star Sydney account and cashed out a large amount of chips. Star Sydney considered that the transactions were supported by his 1 June 2015 deposit of \$150,000 and further play since that deposit: SMR dated 4 June 2015.

- vii. Customer 98 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 24 September 2012 and 3 August 2016, Star Qld gave the AUSTRAC CEO 15 TTRs detailing incoming payments to Customer 98 totalling \$379,100 which comprised:

- a. \$106,600 in account deposits; and
- b. \$272,500 in chip exchanges.

Between 6 July 2012 and 22 August 2016, Star Qld gave the AUSTRAC CEO 18 TTRs detailing outgoing payments from Customer 98 totalling \$586,299 which comprised:

- a. \$311,555 in account withdrawals;
- b. \$254,744 in chip exchanges; and
- c. \$20,000 in other monetary value out.

On 15 February 2014, Customer 98 purchased \$100,000 in chips with cash at Star Qld. Star Qld considered this purchase not to be consistent with Customer 98's previous history and a large amount of cash to carry. Customer 98 did not appear to play with the funds: SMR dated 17 February 2014.

- viii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 98 by remitting large values into and within the casino environment via his account; and

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 1 July 2015 and 19 April 2016, Star Sydney received three telegraphic transfers totalling \$753,000, each of which was made available to Customer 98's account. At least \$500,000 of the funds were transferred for the purpose of redeeming outstanding CCFs.

In March 2016, Star Sydney received at least two telegraphic transfers totalling \$200,000 from another Australian casino, both of which it made available to Customer 98.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 22 December 2015 and 17 May 2016, Star Sydney sent two telegraphic transfers totalling \$32,410 from Customer 98's account to Star Qld.

- ix. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 98 by remitting large amounts of money out of and within the casino environment via his accounts;

Particulars

Remittances out of the casino environment

See paragraph 327.

On 10 March 2016, Star Qld facilitated a telegraphic transfer of \$500,000 from Customer 98's FMA at Star Gold Coast to Customer 98's Australian bank account.

The above transaction was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349.

On 17 April 2016, Star Qld facilitated a telegraphic transfer of \$178,000 from Customer 98's FMA at Star Gold Coast to Star Sydney.

On 15 May 2016, Star Qld received a telegraphic transfer of \$7,410 from Star Sydney, which it made available to Customer 98's FMA at Star Gold Coast.

Customer 98's risk profile from 30 November 2016

- b. Customer 98 was connected to other customers at Star Qld, including persons in respect of whom Star Qld had formed suspicions (such as Customer 84);

Particulars

By July 2018, Star Qld was aware that Customer 98 and Customer 84 were involved together in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose: see paragraph 2401.g below.

By July 2018:

- a. Star Qld had given the AUSTRAC CEO 56 SMRs in respect of Customer 84;
- b. Customer 84 had been the subject of law enforcement enquiries on at least one occasion; and

- c. Star Qld was aware that Customer 84 had been excluded at Star Sydney.

See Customer 84's risk profile.

- c. Customer 98 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2020, Star Sydney recorded high and escalating turnover totalling \$138,201,419 for Customer 98;
- i. between 2016 and 2020, Star Sydney recorded high individual rated turnover totalling \$97,685,465 for Customer 98; and

Particulars

See paragraph 752 above.

In 2016, Customer 98's individual rated turnover escalated to \$71,937,082.

In 2017, Customer 98's individual rated turnover was \$22,118,210.

In 2018, Customer 98's individual rated turnover was \$495,965.

In 2019, Customer 98's individual rated turnover was \$592,520.

In 2020, despite the COVID-19 pandemic closures, Customer 98's individual rated turnover increased.

In 2020, Customer 98's individual rated turnover escalated to \$2,541,688.

- ii. between 2017 and 2019, Star Sydney recorded high and escalating turnover on individual rebate programs totalling \$40,515,954 for Customer 98;

Particulars

See paragraph 623 above.

In 2017, Customer 98's turnover on individual rebate programs was \$8,843,516.

In 2018, Customer 98's turnover on individual rebate programs escalated to \$25,366,424.

In 2019, Customer 98's turnover on individual rebate programs was \$6,306,014.

- d. Customer 98 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2021, Star Qld recorded high and escalating turnover totalling \$170,865,316 for Customer 98;
- i. between 2016 and 2021, Star Qld recorded high and escalating individual rated turnover totalling \$142,571,602 for Customer 98; and

Particulars

See paragraph 752 above.

In 2016, Customer 98's individual rated turnover was \$59,217,287.

In 2017, Customer 98's individual rated turnover was \$13,548,124.

In 2018, Customer 98's individual rated turnover was \$8,269,284.

In 2019, Customer 98's individual rated turnover was \$40,906.

In 2020, despite the COVID-19 pandemic closures, Customer 98's individual rated turnover remained high.

In 2020, Customer 98's individual rated turnover escalated to \$270,618.

In 2021, Customer 98's individual rated turnover significantly escalated to \$61,225,383.

- ii. between 2017 and 2020, Star Qld recorded high and escalating turnover on individual rebate programs totalling \$28,293,714 for Customer 98;

Particulars

See paragraph 623 above.

In 2017, Customer 98's turnover on individual rebate programs was \$5,823,041.

In 2018, Customer 98's turnover on individual rebate programs escalated to \$21,321,472.

In 2019, Customer 98's turnover on individual rebate programs was \$939,250.

In 2020, Customer 98's turnover on individual rated programs was \$209,950.

- e. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 98 by remitting large values into, out of and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327.

Between 7 May 2017 and 12 March 2019, Star Sydney received 23 telegraphic transfers totalling \$433,000, each of which was made available to Customer 98's account. At least \$60,000 of the funds were transferred for the purpose of redeeming outstanding CCFs.

In addition, in June 2017, Customer 98 transferred \$40,000 from another Australian casino to Star Sydney. The funds were made available to Customer 98's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

Between 4 October 2017 and 15 March 2019, Star Sydney sent eight telegraphic transfers totalling \$322,996 from Customer 98's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 17 April 2017, Star Sydney sent a transfer of \$322,996 from Customer 98's account to Star Qld.

Between 28 August 2017 and 28 February 2020, Star Sydney received three transfers totalling \$116,386 from Star Qld, each of which was made available to Customer 98's account.

- f. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 98 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327.

Between 11 February 2017 and 14 February 2020, Star Qld received nine telegraphic transfers totalling \$383,000, each of which was made available to Customer 98's FMA at Star Gold Coast.

Between 4 August 2017 and 17 August 2018, Star Qld received seven telegraphic transfers totalling \$134,000, each of which was made available to Customer 98's FMA at Treasury Brisbane.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

Between 19 November 2017 and 22 September 2019, Star Qld facilitated seven telegraphic transfers totalling \$1,170,525 from Customer 98's FMA at Star Gold Coast to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 17 April 2017, Star Qld received a transfer of \$50,000 from Star Sydney, which it made available to Customer 98's FMA at Star Gold Coast.

On 15 April 2017, Star Qld facilitated a transfer of \$25,000 from Customer 98's FMA at Star Gold Coast to Star Sydney.

On 28 February 2020, Star Qld facilitated a transfer of \$10,000 from Customer 98's FMA at Star Gold Coast to Star Sydney.

- g. Star Qld was aware that Customer 98:
- i. had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
 - ii. transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and shopping bags at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 29 March 2017 and 19 February 2021, Star Qld gave the AUSTRAC CEO 29 TTRs detailing incoming payments to Customer 98 totalling \$1,570,709 which were comprised of:

- a. \$1,330,509 in account deposits; and
- b. \$240,200 in chip exchanges.

Between 24 April 2017 and 17 February 2021, Star Qld gave the AUSTRAC CEO 51 TTRs detailing outgoing payments from Customer 98 totalling \$1,670,995 which were comprised of:

- a. \$398,933 in account withdrawals;
- b. \$1,122,460 in chip exchanges;
- c. \$12,718 in EGM payouts; and
- d. \$136,884 in other monetary value out.

Large and unusual transactions in 2017

On 23 June 2017, Customer 98 presented a \$100,000 bank cheque and a \$100,000 cheque from another Australian casino at Star Qld. Customer 98 deposited the funds into his FMA and used the funds to gamble on an individual rebate program. At settlement, Customer 98 received \$325,000. On 25 June 2017, Customer 98 used the funds from settlement to repurchase his two cheques. He withdrew the remaining \$136,884 funds in his FMA in cash: SMR dated 28 June 2017.

Large and unusual transactions in 2018

On 1 July 2018, Customer 98 withdrew \$100,000 in cash chips and handed them to Customer 84 at Star Qld. Later that night, he withdrew \$19,500 in cash from his account and put some of the cash into an envelope and the rest into his pockets. He told Star Qld that the cash was for Customer 84 and that it was the third time that he

had given cash to Customer 84 in the past month. On 2 July 2018, Customer 84 approached the Cage with three parcels of cash chips totalling \$60,000, \$10,000 and \$10,000 respectively. Customer 84 stated that he wanted to arrange a telegraphic transfer to his account for that amount. Customer 84 said that he owed \$100,000 to Customer 98, who had called him to ask where the money was. Star Qld reviewed Customer 84's and Customer 98's FMA and telegraphic transfer records, as well as their gaming records, to confirm this statement. Star Qld considered this activity to be suspicious as Customer 84 had been the subject of numerous previous SMRs and Customer 98's relationship with Customer 84 was unknown: SMR dated 10 July 2018.

Large and unusual transactions in 2021

On 8 February 2021, Customer 98 cashed out \$112,500 in premium chips at Star Qld.

On 9 February 2021, Customer 98 deposited \$300,000 in \$100 notes at the Cage into his FMA. He withdrew the funds from his FMA in chips. On 11 February 2021, Customer 98 presented a bag containing \$195,000 in \$100 notes at the Cage. He advised that it contained \$200,000 in cash but did not dispute the counted amount. \$190,000 of the cash was strapped together in bundles using Star Qld straps, and various dates in 2021 were printed on them, while the remaining \$5,000 was loose. Star Qld could not account for the origin of \$100,000 of the cash which Customer 98 supplied. On that day, Customer 98 won approximately \$1,000,000 and took a casino cheque for that amount: SMR dated 12 February 2021.

On 10 February 2021, Customer 98 purchased chips using \$300,000 in cash which comprised \$100 notes with Star Qld straps.

Between 14 February and 18 February 2021, Customer 98 lost a total of \$130,000 during play at the Star Gold Coast. On 15 February 2021, Star Qld issued Customer 98 with a casino cheque for \$1,000,000 which he redeemed later that day: SMR dated 18 February 2021.

On 16 February 2021, Customer 98 arrived with \$114,000 in \$100 notes to purchase chips. The cash was strapped together in bundles using Star Qld straps. Star Qld considered the transaction to be accounted for by cash-outs over the previous three days: SMR dated 18 February 2021.

On 17 February 2021, Customer 98 presented a bag of cash to the Cage at Star Qld. Customer 98 requested premium chips and then walked back to the gaming table before the money had been counted. The Cage counted \$150,000 in cash comprising \$25,000 in \$100 notes and \$125,000 in \$50 notes. \$75,000 of the \$50 notes were presented in a plastic heat-sealed bag. The remainder of the cash

was strapped together in bundles of \$5,000 using rubber bands.
Customer 98 later returned to the cashier and advised that he obtained the cash from Customer 84 with whom he had played the day before. He also advised that Customer 84 owed him another \$100,000: SMR dated 18 February 2021.

- h. designated services provided to Customer 98 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

See paragraph 2401.g above.

For example, on 8 February 2021, Customer 98 received seven EGM payouts totalling \$9,509.

- i. Customer 98 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 16 January 2017 and 4 March 2020, Star Sydney gave the AUSTRAC CEO 16 TTRs detailing incoming payments to Customer 98 totalling \$628,000 which were comprised of:

- a. \$543,000 in account deposits; and
- b. \$85,000 in chip exchanges.

Between 7 March 2017 and 5 June 2018, Star Sydney gave the AUSTRAC CEO 22 TTRs detailing outgoing payments from Customer 98 totalling \$762,955 which were comprised of:

- a. \$105,100 in account withdrawals;
- b. \$317,215 in chip exchanges; and
- c. \$340,640 in other monetary value out.

On 4 September 2017, Customer 98 deposited \$160,000 into his Star Sydney FMA. The cash was from a program settlement totalling \$143,503 and a payout of \$20,000 two days prior.

- j. between 11 June 2017 and 4 September 2018, Star Sydney provided Customer 98 with credit upon request, up to limits of \$40,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 11 June 2017, Star Sydney senior management, including the General Manager (VIP Credit & Collections), approved a single trip CCF limit of \$40,000 for Customer 98.

On 4 September 2018, Star Sydney approved a single trip CCF limit of \$20,000 for Customer 98.

- k. in 2021, Customer 98 was the subject of law enforcement enquiries on two occasions at Star;

Particulars

In February 2021, Star Qld contacted a law enforcement agency in connection with Customer 98's gaming activity.

On 8 October 2021, Star Qld received a request for information from a law enforcement agency in respect of Customer 98. Star Qld responded on the same day.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- l. Customer 98 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 98 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Chairman's, Oasis, Springs Salons, Lakes Salons and Harbours Salons.

- m. Customer 98 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 98 had access to private gaming rooms at Star Gold Coast, including Pit 9, the Sovereign Room and the Suite.

Customer 98 had access to private gaming rooms at Star Brisbane, including the Club Conrad, Pit 8, Pit 9, Pit 11, Salon 21, Salon 22 and the Sovereign Room.

- n. Star Sydney and Star Qld did not have adequate reason to believe that Customer 98's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 98 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood Customer 98 to be an engineering professional.

Between 2016 and 2021, Customer 98 recorded hundreds of millions of dollars in turnover at Star Sydney and Star Qld.

Customer 98's stated source of wealth and source of funds was not commensurate with his turnover.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 98

2402. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to appropriately identify or assess the ML/TF risks posed by Customer 98 because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 98.
- a. On and from 30 November 2016, Customer 98 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 98's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 98 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

On 4 June 2015, Customer 98 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 23 February 2021, Star Sydney and Star Qld issued a WOL in respect of Customer 98.

On 31 January 2022, Customer 98 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 98's transactions

2403. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 98's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 98, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 98 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- c. Star Sydney and Star Qld provided designated services to Customer 98 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 98's KYC information

2404. Star Sydney and Star Qld did not review, update and verify Customer 98's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 98's business with Star Sydney and Star Qld, including the nature, extent and purpose of his transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 98's source of funds, including the origin of funds, having regard to the high ML/TF risks;

Particulars

By reason of the matters set out above, there were real risks that Customer 98's source of wealth and source of funds were not legitimate: see *Customer 98's risk profile*.

Star understood Customer 98 to be an engineering professional.

In 2016, Customer 98's turnover escalated very significantly at both Star Sydney and Star Qld. Between 2016 and 2021, Customer 98 recorded hundreds of millions of dollars in turnover at Star Sydney and Star Qld.

Customer 98's stated source of wealth and source of funds was not commensurate with his turnover. Customer 98 transacted using large amounts of cash and cash that appeared suspicious.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 98's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 98.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 98's high ML/TF risks

2405. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 98 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 98; and
 - c. reviewing and updating Customer 98's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 98 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 98*.

2406. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 98 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 98; and
 - c. reviewing and updating Customer 98's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 98 as a high risk customer for the purpose of the Act and Rules at a time before Customer 98 was issued with a WOL at Star Sydney.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.5 of the Rules.

2407. Had Star Sydney rated Customer 98 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 98 at a time before Customer 98 was issued with a WOL at Star Sydney.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 98

2408. Star Qld was required to apply the ECDD Programs to Customer 98 following any ECDD triggers in respect of Customer 98.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2409. Customer 98 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 28 June 2017 and 18 February 2021, Star Qld gave the AUSTRAC CEO four SMRs with respect to Customer 98.

2410. The matter pleaded in paragraph 2409 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2411. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 98 following an ECDD trigger because:

a. at no time did Star Qld apply the ECDD Programs to Customer 98;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

b. Customer 98 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

c. on any occasion prior to 24 February 2021 that Customer 98 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 98 and the provision of designated services to Customer 98, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

After several suspicious cash transactions at Star Gold Coast, in which Star Qld formed suspicions that Customer 98 was engaging in money lending, associated with Customer 84, exhibiting bad behaviour and acting violently on Star Qld premises, Customer 98 was referred to the Star investigations manager in 2018. No further action was taken.

It was not until 24 February 2021 that Star Qld issued a WOL in respect of Customer 98.

Contravention of s36 of the Act in respect of Customer 98

2412. By reason of the matters pleaded from paragraphs 2396 to 2411 above, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 98 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2413. By reason of the matters pleaded at paragraph 2412, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 24 February 2021 with respect to Customer 98.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2414. By reason of the matters pleaded from paragraphs 2396 to 2411 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 98 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2415. By reason of the matters pleaded at paragraph 2414, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 24 February 2021 with respect to Customer 98.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 99

2416. Customer 99 was a customer of Star Qld during the relevant period. In 2021, Star Qld recorded turnover exceeding \$3 million for Customer 99.

Particulars

Customer 99 was a customer of Star Qld from at least 8 October 2020.

On 25 October 2021, Star Qld issued a WOL in respect of Customer 99 at the direction of the Star AML team for 'undesirable behaviour'.

2417. Star Qld provided Customer 99 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 20 October 2021, Star Qld opened an FMA for Customer 99, which remains open (item 11, table 3, s6 of the Act).

See *Customer 99's risk profile* below.

2418. At all times from 8 October 2020, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 99.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 99's risk profile

2419. On and from 8 October 2020, Customer 99, and the provision of designated services to Customer 99 by Star Qld, posed higher ML/TF risks because of the following red flags:
- a. Customer 99 was connected to other customers at Star Qld, who Star Qld considered had acted suspiciously, such as Person 27 and Person 29;

Particulars

See particulars to paragraph 2419.e.

Between 26 August 2021 and 8 September 2021, Star Qld gave the AUSTRAC CEO three SMRs where it reported that Customer 99 and his two associates, Person 27 and Person 29, were exchanging \$50 notes for \$100 notes.

- b. Customer 99 received high value gambling services (table 3, s6 of the Act) at Star Qld other than through junket programs. In 2021, Star Qld recorded individual rated turnover totalling \$3,190,976 for Customer 99;

Particulars

On 9 February 2021, Star Qld identified that Customer 99 had lost \$98,693 since 13 January 2021.

On 7 April 2021, Star Qld recorded that Customer 99 had lost \$42,511 since 11 March 2021. Star Qld considered the losses to be large and the source of Customer 99's cash to be unusual.

- c. designated services provided to Customer 99 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

Between 9 October 2020 and 30 September 2021, Star Qld gave the AUSTRAC CEO 56 TTRs detailing EGM payouts made to Customer 99 totalling \$1,162,923.

- d. Customer 99 transacted using large amounts of cash at Star Qld;

Particulars

TTRs

Between 26 October 2020 and 16 October 2021, Star Qld gave the AUSTRAC CEO 27 TTRs totalling \$283,100 in respect of Customer 99, including:

- a. three TTRs detailing account deposits totalling \$30,000;
 - b. one TTR detailing a cheque cashing transaction totalling \$19,600;
 - c. two TTRs detailing chip and cash exchanges totalling \$20,000;
and
 - d. 21 TTRs detailing other monetary values in totalling \$213,500.
- e. Customer 99 engaged in a number of suspicious cash transactions in a short period of time indicative of a number of ML/TF typologies and vulnerabilities, including refining and structuring;

Particulars

See paragraph 25 above.

Between February 2021 and September 2021, Star Qld identified transactions involving Customer 99 indicative of the ML/TF typologies of refining and structuring.

- a. On 9 February 2021, Customer 99 exchanged \$3,550 in \$50 and \$20 notes for \$100 notes at Star Gold Coast. Star Qld conducted a review of Customer 99's play, which indicated that all of his play was on machines. Customer 99 had played for nearly two and a half hours and recorded a loss of \$18,262.
- b. On 17 February 2021, Customer 99 exchanged \$4,000 in \$50 notes for \$100 notes at Star Gold Coast. Shortly after, he returned and exchanged \$3,900 in \$50 notes and \$1,000 in \$20 notes for \$100 notes. Customer 99's play on machines supported the use of funds, however Star Qld considered it was a large amount of \$20 notes to have. On 20 February 2021, Customer 99 exchanged \$6,300 in \$50 notes for \$100 notes at Star Gold Coast. Customer 99 had played for less than an hour and recorded a loss of \$8,064.
- c. On 25 February 2021, Customer 99 exchanged \$5,700 in \$50 notes for \$100 notes at Star Gold Coast. Star Gold Coast conducted a review of Customer 99's play on two machines that he used prior to this exchange. The review noted that Customer 99 had signed a guest in to the private gaming room, and that the associate may have continued playing on one of the machines whilst Customer 99 made the cash exchange. Customer 99 lost over \$8,000 during this visit.

- d. On 27 February 2021, Customer 99 exchanged a total of \$9,880 in \$20 and \$50 notes for \$100 notes at Star Gold Coast. Later that day he exchanged \$7,700 in \$50 notes for \$100 notes. Star Gold Coast conducted a review of Customer 99's play and found he had lost around \$31,700 during that day. Star Gold Coast noted that Customer 99 appeared to have access to a frequent supply of small denomination notes.
- e. On 11 March 2021, Customer 99 exchanged \$7,850 in \$50 notes for \$100 notes at Star Gold Coast. Customer 99 played for over two and a half hours and lost \$16,205.
- f. On 18 March 2021, Customer 99 exchanged \$5,000 in \$50 notes for \$100 notes at Star Gold Coast. Prior to the cash exchange, Customer 99 had played for over one and a half hours and lost \$10,555. Star Gold Coast sent Customer 99's details to its investigations team and noted he should be monitored.
- g. On 2 April 2021, Customer 99 exchanged \$6,100 in \$50 notes for \$100 notes at Star Gold Coast. Customer 99 played for less than an hour and lost \$6,649.
- h. On 29 April 2021, Customer 99 exchanged \$9,300 in \$50 notes for \$100 notes at Star Gold Coast. Star Gold Coast conducted a review of Customer 99's play, which showed he lost all of these funds. Star Gold Coast noted that Customer 99 had a history of having a large supply of \$50 notes.
- i. On 5 April 2021, Customer 99 exchanged \$7,000 in \$50 notes for \$100 notes at Star Gold Coast.
- j. On 11 June 2021, Customer 99 had a large gaming machine payout of \$35,043 at Star Gold Coast. This cash was paid to Customer 99 in \$100 notes. On 15 June 2021, Customer 99 presented at Star Gold Coast on four separate occasions with small denomination notes totalling \$21,600 and exchanged them for \$100 notes. Star Gold Coast considered it unusual that Customer 99 presented such a large amount of small denomination notes after such a large payout in \$100 notes, and noted that each exchange request was under reporting thresholds.
- k. On 19 June 2021, Customer 99 exchanged \$9,000 in \$50 notes for \$100 notes at Star Gold Coast. On 21 June 2021, Customer 99 again exchanged \$9,000 in \$50 notes for \$100 notes at Star Gold Coast. Customer 99 recorded no play after the second exchange. Star Coast considered that following the recorded win, the second exchange was an odd transaction to make.
- l. On 3 July 2021, Customer 99 attended a cashier at Star Gold Coast with \$11,050 in cash, comprising \$10,100 in \$50 notes, \$40 in \$20 notes, \$640 in \$10 notes and \$270 in \$5 notes.

Customer 99 said the \$50 notes came from the bank and the smaller denominations came from his savings. Shortly after, Customer 99 returned with an EGM ticket for \$11,260 and was paid in \$100 notes. Later that day Customer 99 returned to Star Gold Coast to exchange \$9,800 in \$50 notes for \$100 notes. Star Gold Coast considered this was very unusual considering the amount of cash Customer 99 would have had from his previous exchanges.

- m. On 23 August 2021, Customer 99 exchanged \$6,300 in \$50 notes for \$100 notes at Star Gold Coast. Star Gold Coast noted that two of Customer 99's known associates, Person 27 and Person 29, made similar exchanges at Star Gold Coast around the same time. Star Gold Coast considered that Customer 99, Person 27 and Person 29 may have been working together to split up the \$50 notes to avoid reporting thresholds.
- n. On 31 August 2021, Star Gold Coast identified that:
 - i. Customer 99 and two other Star Qld customers, Person 27 and Person 29, appeared to be known associates and were at the casino property at around the same time;
 - ii. over four separate occasions on 28 and 29 August 2021, Customer 99, Person 27 and Person 29 exchanged a total of \$21,000 in \$50 notes for \$100 notes at Star Gold Coast;
 - iii. shortly after Customer 99 exchanged money on 29 August 2021, he cashed out \$9,000 an EGM ticket, which was paid in \$100 notes; and
- o. on 31 August 2021, one of Customer 99's associates, Person 27, deposited \$9,450 in \$50 notes to his CWA.
- p. On 6 September 2021, Customer 99 was unable to provide Star Gold Coast with any photo identification when he tried to cash out an EGM ticket. Customer 99 refused to take his winnings in the form of a cheque. He later returned with alternative identification and was paid out \$15,011 in cash. The Star Gold Coast staff member serving Customer 99 noted that he was only interested in getting cash for his EGM ticket. Shortly after, Customer 99 exchanged \$10,000 in \$50 notes for \$100 notes. Star Gold Coast considered this suspicious, as it had just paid Customer 99 over \$15,000 in \$100 notes.
- q. On 8 September 2021, Customer 99 exchanged another \$10,000 in \$50 notes for \$100 notes at Star Gold Coast. Shortly after, he exchanged \$2,900 in \$50 notes for \$100 notes. Later that night Customer 99 was observed with a known associate of his, Person 29. Person 29 cashed out an EGM ticket for \$5,000 and handed

over another \$7,700 in cash in exchange for chips. Star Gold Coast staff were concerned about the identification that Person 29 provided, and a law enforcement agency indicated that the identification provided may not be genuine. Customer 99 and Person 29 were also observed with another Star Qld customer, who exchanged \$5,000 in \$50 notes for \$100 notes. A second known associate of Customer 99, Person 27, exchanged \$4,900 in \$50 notes for \$100 notes that evening. Star Gold Coast observed that these customers continued to have access to large amounts of \$50 notes.

- r. On 12 September 2021, Customer 99 and another Star Qld customer each exchanged \$50 notes for \$100 notes at Star Gold Coast. Star Gold Coast understood that Customer 99 and the other patron were known associates of each other. Customer 99 exchanged \$5,200 of mixed smaller denomination notes for \$100 notes at the main gaming floor cashier. Customer 99's associate exchanged \$9,300 in \$50 notes for \$100 notes at the private gaming room cashier, which he only gained entry to as a guest of Customer 99. Star Gold Coast reviewed the recorded play and suspected that the cash supplied by Customer 99's associate may have belonged to Customer 99 and that the pair had conducted these transactions in this manner to avoid reporting thresholds or questions.
- s. On 21 September 2021, Customer 99 exchanged \$6,350 in \$50 notes for \$100 notes at the main gaming floor cashier at Star Gold Coast. Star Gold Coast conducted a review of Customer 99's play, which showed a \$100 bet on a machine and no other play recorded. Star Gold Coast considered it very unusual for Customer 99 not to have his play recorded. Star Gold Coast also considered it unusual for Customer 99 to conduct such a transaction on the main gaming floor, as he would usually do this at a private gaming room cashier.
- f. throughout 2021, law enforcement agencies communicated with Star Qld regarding Customer 99's activity at Star Qld;

Particulars

In 2021, law enforcement agencies informed Star Qld that Customer 99:

- a. was an associate of an individual known to be involved in dealing drugs; and
- b. was a person of interest.

In August 2021, the law enforcement agency informed Star Qld issuing Customer 99 with a WOL would not interfere with its investigation into Customer 99.

On 25 October 2021, Star Qld issued a WOL in respect of Customer 99.

- g. Customer 99 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

From at least 25 February 2021, Customer 99 had access to a private gaming room for machine players at Star Qld and signed guests into the private gaming room.

- h. Star Qld did not have adequate reason to believe that Customer 99's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 99 at Star Qld.

Particulars

See paragraph 808 above.

By at least 17 February 2021, Star Qld was aware that a law enforcement agency was interested in Customer 99's source of cash.

Between April 2021 and August 2021, on at least five separate occasions, Star Qld recorded comments to the effect that Customer 99's source of funds was not known. At the same time, Star Qld was aware that Customer 99 was a person of interest to law enforcement and associated with a person known to deal drugs.

During this period, at Star Qld, Customer 99:

- a. engaged in transactions indicative of the ML/TF typology of refining or structuring;
- b. was involved in 27 threshold transactions totalling \$283,100; and
- c. recorded turnover exceeding \$3 million.

Star Qld recorded Customer 99's occupation as a business owner. However, ECDD conducted on 8 September 2021 found that there were no records to verify this and Customer 99's source of wealth and source funds was therefore unknown.

Despite these concerns, Star Qld did not take appropriate steps to verify Customer 99's source of wealth and source of funds: see *Customer 99's risk profile* above.

Star Qld's determination of the ML/TF risks posed by Customer 99

2420. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 99 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 99.

2421. At no time was Customer 99 rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 9 February 2021, Customer 99 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 19 February 2021, Customer 99 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 99's transactions

2422. At no time did Star Qld apply appropriate transaction monitoring to Customer 99's transactions because, where Star Qld conducted any transaction monitoring of transactions involving Customer 99, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

The review, update and verification of Customer 99's KYC information

2423. Star Qld did not review, update and verify Customer 99's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 99's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 99's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 99's source of wealth and source of funds were not legitimate: see *Customer 99's risk profile*.

- d. to the extent that Star Qld reviewed Customer 99's KYC information on and from 8 October 2020 to October 2021, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 99.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 99's high ML/TF risks

2424. Had Star Qld conducted ongoing customer due diligence on and from 8 October 2020 to October 2021 by:
- a. identifying and assessing the ML/TF risks posed by Customer 99 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 99; and
 - c. reviewing and updating Customer 99's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 99 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 99*.

ECDD triggers in respect of Customer 99

2425. Star Qld was required to apply the ECDD Programs to Customer 99 following any ECDD triggers in respect of Customer 99.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2426. Customer 99 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 10 February 2021 and 23 September 2021, Star Qld gave the AUSTRAC CEO 14 SMRs with respect to Customer 99.

2427. The matter pleaded in paragraph 2426 is an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2428. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 99 following an ECDD trigger because:
- a. on each occasion prior to October 2021 that Star Qld conducted ECDD in respect of Customer 99 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 99, the provision of designated services to Customer 99 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

On 1 May 2021, 18 June 2021, 24 June 2021, 5 July 2021, 1 September 2021, 8 September 2021, 18 September 2021 and 24 September 2021 Star Qld conducted ECDD in respect of Customer 99.

On 8 September 2021, the ECDD screening identified that:

- a. Customer 99's source of wealth had not been accurately established. Customer 99's listed occupation was a Business Owner, but a company search returned no results; and
- b. Customer 99's accounts had been reviewed for potential suspicious activity, and it was noted that he had an FMA at Star Qld.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 99's higher ML/TF risks, including the multiple cash transactions engaged in by Customer 99 indicative of ML/TF typologies and Customer 99's high individual rated gaming activity and losses: see *Customer 99's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 99's source of funds or source of wealth, despite Star Qld being aware from at least February 2021 that a law enforcement agency was interested in Customer 99's supply of cash.

By reason of the matters set out above, there were real risks that Customer 99's source of wealth and source of funds were not legitimate: see *Customer 99's risk profile*.

By 13 August 2021, Star Qld had been advised by the law enforcement agency that issuing Customer 99 with a WOL would not interfere with the agency's investigation.

On 25 October 2021, Star Qld issued a WOL in respect of Customer 99.

At no time was Customer 99 rated high risk for the purpose of the Act and Rules by Star Qld: see *Star Qld's determination of the ML/TF risks posed by Customer 99* above.

- b. Customer 99 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on each occasion prior to October 2021 that Customer 99 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 99 and the provision of designated service to Customer 99 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

On 1 May 2021, 18 June 2021, 24 June 2021, 5 July 2021 and 1 September 2021, the Due Diligence Program Manager determined to maintain Star Qld's relationship with Customer 99.

On 8 September 2021, the Due Diligence Program Manager escalated the decision to maintain a customer relationship to the AML/CTF Compliance Officer, which was not reviewed until 25 October 2021, by which time Customer 99 had already been issued with a WOL by Star Qld.

Between August 2021 and October 2021, Customer 99 was discussed at PAMMs and JRAMs.

In August 2021, the PAMM was made aware that the issuance of a WOL would not interfere with the law enforcement agency's investigation into Customer 99.

On 26 August 2021, a meeting of the JRAM recommended issuing a WOL in respect of Customer 99.

On 9 September 2021, the PAMM agreed to issue a groupwide WOL to Customer 99.

On 23 September 2021, the JRAM agreed with the recommendation to issue a WOL in respect of Customer 99, and an action item was recorded to send the matter to Investigations to issue the WOL.

On 14 October 2021, the PAMM made a decision to follow up the WOL that was to be issued in respect of Customer 99.

However it was not until 25 October 2021 that Star Qld issued a WOL in respect of Customer 99.

Contravention of s36 of the Act in respect of Customer 99

2429. By reason of the matters pleaded from paragraphs 2416 to 2428 above, on and from 8 October 2020, Star Qld:
- did not monitor Customer 99 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2430. By reason of the matters pleaded at paragraph 2429, Star Qld contravened s36(1) of the Act on and from 8 October 2020 to 25 October 2021 with respect to Customer 99.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 100

2431. Customer 100 was a customer of Star Sydney during the relevant period. Between 2017 and 2020, Star Sydney recorded turnover exceeding \$260 million for Customer 100.

Particulars

Customer 100 was a customer of Star Sydney from at least 2 December 2017.

On 28 July 2020, Star Sydney issued a WOL in respect of Customer 100 at the direction of the Star AML team.

2432. Star Sydney provided Customer 100 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 7 August 2018, Star Sydney opened an FMA and SKA for Customer 100 which were closed on 28 July 2020 (item 11, table 3, s6 of the Act).

Between 18 July 2018 and 28 May 2019, Star Sydney approved CCFs for Customer 100 on 12 occasions ranging from \$500,000 to \$3,100,000 (item 6, table 1, s6 of the Act).

While a customer of Star Sydney, Customer 100 remitted funds to and from their account (items 31 and 32, table 1, s6 of the Act).

See Customer 100's risk profile below.

2433. Customer 100 was a customer of Star Qld during the relevant period. Between 2018 and 2019, Star Qld recorded turnover exceeding \$53 million for Customer 100.

Particulars

Customer 100 was a customer of Star Qld from at least 22 August 2018.

On 29 July 2020, Star Qld issued a WOL in respect of Customer 100 at the direction of the Star AML team.

2434. Star Qld provided Customer 100 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 17 August 2018, Star Qld opened an FMA for Customer 100 which was closed on 15 September 2020 (item 11, table 3, s6 of the Act).

Between 16 August 2018 and 18 April 2019, Star Qld approved CCFs for Customer 100 on seven occasions ranging from \$500,000 to \$3,000,000 (item 6, table 1, s6 of the Act).

While a customer of Star Qld, Customer 100 remitted funds to and from their account (items 31 and 32, table 1, s6 of the Act).

See Customer 100's risk profile below.

2435. At all times from 2 December 2017 in respect of Star Sydney and 22 August 2018 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 100.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 100's risk profile

2436. On and from 2 December 2017 in respect of Star Sydney and 22 August 2018 in respect of Star Qld, Customer 100, and the provision of designated services to Customer 100 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:
- a. Customer 100 was connected to other customers at Star Sydney, including players who posed higher ML/TF risks such as Customer 102, Customer 101, Customer 114 and players who Star Sydney considered had acted suspiciously;

Particulars

By July 2018, Star Sydney understood that Customer 102, a former employee of Star Sydney, worked for Customer 100. Star Sydney received reports in March 2018 that Customer 102 was observed gambling at another Australian casino with a significantly increased available funds and \$7.8 million in turnover, associating with persons including Customer 100. Star Sydney understood that Customer 100 'provided funds via transfers, front money and comps to help facilitate Customer 102's stays' at the other Australian casino.

Customer 101 and Customer 100 were business partners. By January 2019, Star Sydney was aware that Customer 100 was involved in recurring private high stakes poker games hosted by Star Sydney involving Customer 100, Customer 114, Customer 102 and other players in respect of whom Star Sydney had formed suspicions. Star Sydney noted that Customer 102 worked for Customer 100, and that Customer 102 has been known to facilitate the pooling together of front money for the poker games, including depositing of bags of cash.

On 14 February 2019, another Star Sydney customer exchanged \$150,000 in chips for cash at Star Sydney. The customer was known to be an associate of Customer 100. On 13 February 2019, the customer recorded a turnover of \$238,000 with losses of \$11,000: SMR dated 15 February 2019. Star Sydney noted that it appeared that the Star Sydney customer was performing the transaction on Customer 100's behalf. On 21 February 2019, Star Sydney observed that the Star Sydney customer had email addresses recorded for him which were in company domains related to Customer 100's company.

On 28 May 2019, Customer 102 presented \$110,000 in cash to purchase chips at Star Sydney. The cash was provided to Customer 102 by his associate. The cash was comprised of \$50 notes wrapped in elastic bands and carried in a cardboard bag. After the transaction, Customer 102 met with Customer 100 and handed him the purchased chips. Star Sydney considered the delivery of chips through multiple people to be unusual: SMR dated 29 May 2019.

On 29 May 2019, Customer 100 was playing poker with two other Star Sydney customers. Star Sydney was unaware of any relationship between these customers. One of the customers carried a light grey plastic bag containing \$150,000 in cash. The cash was comprised of \$50 and \$100 notes held in \$5,000 and \$10,000 bundles bound with elastic bands and Star casino straps. A Star assistant gaming manager requested that \$100,000 be deposited into Customer 100's FMA. The remaining \$50,000 cash was returned to the customer. Customer 100 then withdrew \$100,000 in chips from his FMA. Customer 100 provided the chips to the second customer. Star Sydney considered the involvement of multiple people in this transaction to be unusual, particularly as the relationship between the players was unknown: SMR dated 30 May 2019.

- b. Customer 100 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2017 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$268,247,939 for Customer 100;

Particulars

See paragraph 752 above.

In 2017, Customer 100's individual rated turnover was \$278,482.

In 2018, Customer 100's individual rated turnover escalated to \$59,377,000.

In 2019, Customer 100's individual rated turnover escalated to \$199,487,186.

In 2020, when COVID-19 pandemic closures commenced, Customer 100's individual rated gaming activity declined but remained high.

In 2020, Customer 100's individual rated turnover was \$9,105,271.

- c. Customer 100 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2018 and 2019, Star Qld recorded high and escalating turnover totalling \$53,376,496 for Customer 100;
- i. Between 2018 and 2019, Star Qld recorded high individual rated turnover totalling \$23,127,121 for Customer 100; and

Particulars

See paragraph 752 above.

In 2018, Customer 100's individual rated turnover was \$12,305,291.

In 2019, Customer 100's individual rated turnover was \$10,821,830.

- ii. between 2018 and 2019, Star Qld recorded high and escalating turnover on individual rebate programs totalling \$30,249,375 for Customer 100, with wins of \$1,394,000;

Particulars

See paragraph 623 above.

In 2018, Customer 100's turnover on individual rebate programs was \$10,342,800 with wins of \$1,015,000.

In 2019, Customer 100's turnover on individual rebate programs was \$19,906,575 with wins of \$379,000.

- d. designated services provided to Customer 100 included EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

For example, on 4 December 2018, Star Sydney gave the AUSTRAC CEO one TTR detailing EGM payouts to Customer 100 totalling \$40,000.

- e. Customer 100 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes and in bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Large and suspicious cash transactions in 2017

Between 4 and 5 December 2017, Star Sydney gave the AUSTRAC CEO three TTRs detailing the following transactions involving Customer 100 totalling \$32,806:

- a. one chip cash out of \$10,000;
- b. one sale of foreign currency totalling \$16,806; and
- c. one chip purchase of \$15,000.

Large and suspicious cash transactions in 2018

Between 26 June 2018 and 4 December 2018, Star Sydney gave the AUSTRAC CEO 12 TTRs detailing transactions involving Customer 100 totalling \$481,355, including:

- a. six chip cash outs totalling \$351,355;
- b. four chip purchases totalling \$70,000;
- c. one account withdrawal of \$20,000; and
- d. one EGM payout to Customer 100 totalling \$40,000.

See particulars to paragraph 2436.k.

Large and suspicious cash transactions in 2019

Between 20 February 2019 and 30 May 2019, Star Sydney gave the AUSTRAC CEO four TTRs detailing transactions made by Customer 100 totalling \$1,460,000, including:

- a. three deposits totalling \$1,150,000; and
- b. one chip purchase totalling \$310,000.

On 16 February 2019, Customer 100 presented \$310,000 in cash at Star Sydney to purchase chips. The cash was presented in \$50 notes (\$294,300) and \$100 notes (\$15,700) and was carried in a pink bag. Customer 100 proceeded to play poker after purchasing the chips: SMR dated 19 February 2019.

On 17 April 2019, Customer 100 presented \$1,000,000 at Star Sydney to redeem a cheque. The cash was carried in two green shopping bags and comprised \$100 notes (\$76,100), \$50 notes (\$901,700), \$20 notes (\$21,220), \$10 notes (\$890) and \$5 notes (\$90). Star Sydney identified that the notes were in good condition. Star Sydney considered the cash presented to be an unusually large amount: SMR dated 18 April 2019. Star Sydney later reviewed surveillance camera footage and determined that the \$1,000,000 cash was delivered to Customer 100 by another Star Sydney customer prior to Customer 100 presenting it.

See particulars to paragraph 2436.a.

Large and suspicious cash transactions in 2020

On 10 February 2020 and Star Sydney gave the AUSTRAC CEO three TTRs detailing three chip purchases made by Customer 100 totalling \$160,000.

On 9 February 2020 Customer 100 presented \$100,000 cash at Star Sydney to purchase chips. The cash was carried in a black Star branded paper bag. The cash comprised of \$50 notes (\$95,000) and \$100 notes (\$5,000). Customer 100 advised Star Sydney staff that the source of the cash was 'from his home.' Customer 100 did not

provide any further explanation. By 11 February 2020, Star Sydney had no record of gaming activity from Customer 100 and the chips had not been returned: SMR dated 11 February 2020.

In June 2020, Customer 100 provided a cheque to the Star for \$2,800,000, which was drawn down on one of his companies, Company 5, to be applied to the payment of an EEIS loan to Customer 5. The cheque was not cashed as Star Sydney needed additional due diligence documentation in relation to Company 5 and Customer 100's authority to present a company cheque for his personal debts, which Customer 100 did not provide.

- f. Customer 100 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

For example, on 14 January 2019, Star Qld gave the AUSTRAC CEO a TTR detailing an account withdrawal made by Customer 100 from Customer 100's betting accounts totalling \$67,097.

- g. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 100 by remitting large amounts of money into, out of and within the casino environment via his accounts;

Particulars

Remittances involving third parties

See paragraphs 278 and 327 above.

For example, on 28 May 2019, Star Sydney received \$2,000,000 to repay part of a CCF provided to Customer 100, via a bank transfer. The money was transferred from a bank account that was in the name of Customer 101, Customer 100's business partner.

The above transaction was conducted through the Star Patron account channel.

Remittances into the casino environment

See paragraph 327 above.

Between 7 August 2018 and 16 March 2020, Star Sydney received 20 telegraphic transfers totalling \$10,635,000, each of which was made available to Customer 100.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 28 August 2018 and 9 February 2019, Star Sydney sent four telegraphic transfers, totalling \$2,400,000 from Customer 100's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 5 December 2018, Star Sydney sent a transfer of \$400,000 from Customer 100's account to Star Qld.

On 9 December 2018, Star Sydney received a transfer of \$50,840 from Star Qld, which it made available to Customer 100.

- h. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 100 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraphs 347 to 349 above.

Between 9 December 2018 and 14 January 2019, Star Qld facilitated three transfers totalling \$1,650,840 from Customer 100's FMA at Star Gold Coast to Star Sydney.

On 5 December 2018, Star Qld received a transfer of \$400,000 from Star Sydney, which it made available to Customer 100's FMA at Star Gold Coast.

- i. between 18 July 2018 and 28 May 2019, Star Sydney provided Customer 100 with significant amounts of credit upon request, up to limits of \$3,100,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 18 July 2018, Star Sydney senior management approved a single trip CCF limit of \$500,000 for Customer 100, which was deactivated at the end of the trip.

On 12 November 2018, Star Sydney senior management approved a CCF limit of \$1,000,000 for Customer 100, which was deactivated at the end of the trip.

On 30 November 2018, Star Sydney senior management approved a single trip CCF limit of \$2,000,000 for Customer 100, which was deactivated at the end of the trip.

On 11 December 2018, Star Sydney senior management approved a single trip CCF limit of \$2,300,000 for Customer 100, which was deactivated at the end of the trip.

On 18 December 2018, Star Sydney senior management approved a single trip CCF limit of \$2,500,000 for Customer 100, which was deactivated at the end of the trip.

On 5 March 2019, Star Sydney senior management approved a single trip CCF limit of \$2,000,000 for Customer 100, which was deactivated at the end of the trip. In its justification for approval, Star noted that Customer 100 had a substantial financial background, and was Group CEO of a company that had just purchased an Australian casino and sold a hotel for over for \$54 million.

On 25 March 2019, Star Sydney senior management approved a single trip CCF limit of \$2,500,000 for Customer 100, which was deactivated at the end of the trip.

On 27 March 2019, Star Sydney senior management approved a single trip CCF limit of \$3,000,000 for Customer 100, which was deactivated at the end of the trip. In its justification for approval, Star Sydney senior management noted that:

- a. Customer 100 currently had \$2,500,000 credit outstanding at The Star which was not yet due;
- b. Customer 100 had a matching credit line of \$2,500,000 outstanding at another Australian casino due on 29 March 2019; and
- c. Customer 100 had made over 10 trips at Star Sydney since 2018 and the cheques he had previously provided had cleared.

On 1 April 2019, Star Sydney senior management approved a single trip CCF limit of \$3,100,000 for Customer 100, which was deactivated at the end of the trip. In its justification for approval, Star Sydney noted that:

- a. Customer 100 had transferred \$100,000 to the Star on 31 March 2019 which was pending clearance;
- b. Customer 100 currently had \$3,000,000 credit outstanding at the Star which was not yet due; and
- c. Customer 100 currently had \$3,000,000 credit outstanding at another Australian casino which was due on 29 March 2019.

On 4 April 2019, Star Sydney senior management approved a single trip CCF limit of \$3,000,000 for Customer 100, which was deactivated at the end of the trip. In its justification for approval, Star Sydney noted that:

- a. Customer 100 currently had \$2,500,000 credit outstanding at another Australian casino which was not yet due;

- b. Customer 100 had previously applied for a similar amount of credit at Star Sydney with no payment issues; and
- c. Customer 100 had made several trips with no payment issues.

On 18 April 2019, Star Sydney senior management approved a single trip CCF limit of \$3,000,000 for Customer 100, which was deactivated at the end of the trip. In its justification for approval, Star Sydney management noted that:

- a. Customer 100 currently had \$2,500,000 credit outstanding at Star Sydney which was due on 6 May 2019; and
- b. Customer 100 currently had \$2,000,000 outstanding at another Australian casino which was not due yet.

In respect of the CCF approved on 18 April 2019, Customer 100 sought to repay the amount of \$3,000,000 using a cheque, which bounced. On 25 May 2019, Customer 100 repaid \$100,000 via a telegraphic transfer. On 28 May 2019, Customer 100 repaid \$2,000,000 of the CCF via a bank transfer from an account in the name of Customer 101 (his business associate), and another \$900,000 in chips.

On 28 May 2019, Star Sydney senior management approved a single trip CCF limit of \$2,000,000 for Customer 100, which was deactivated at the end of the trip. In its justification for approval, Star Sydney management noted that Customer 100 had \$2,000,000 outstanding at another Australian casino and was in a dispute with that casino.

- j. between 16 August 2018 and 5 March 2019, Star Qld provided Customer 100 with significant amounts of credit upon request, up to limits of \$3,000,000;

Particulars

See paragraphs 516 to 518 and 552 above.

On 16 August 2018, Star Qld senior management approved a single trip CCF limit of \$500,000 for Customer 100, which was deactivated at the end of the trip.

On 30 November 2018, Star Qld senior management approved a single trip CCF limit of \$2,000,000 for Customer 100, which was deactivated at the end of the trip.

On 18 January 2019, Star Qld senior management approved a single trip CCF limit of \$2,500,000 for Customer 100, which was deactivated at the end of the trip. In its justification for approval, Star Sydney senior management noted that Customer 100 had a substantial financial background, and was Group CEO of a company that had just purchased an Australian casino and just sold a hotel for over for \$54 million. Star Qld derived this information from the website of Customer 100's company, Company 5.

On 5 March 2019, Star Qld senior management approved a single trip CCF limit of \$2,000,000 for Customer 100, which was deactivated at the end of the trip.

- k. Customer 100 engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Sydney, including cashing-in large value chips with no evidence of play;

Particulars

See paragraph 25 above.

For example, on 25 June 2018, Customer 100 exchanged \$100,000 in chips for cash at Star Sydney. Customer 100 did not have any record of gaming with the Star since December 2017. Star Sydney considered that there was no reason for Customer 100 to possess a large amount of chips.

- l. Customer 100 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 100 had access to private gaming rooms at Star Qld, including Pit 8, Salon 66, Sovereign Room and Sovereign Room Cage.

- m. Customer 100 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 100 had access to private gaming rooms at Star Sydney, including Sovereign, Lakes Salons, Harbours Salons, Sovereign Cage, Oasis Cage, Lakes Salon Cage.

- n. between July 2018 and June 2019, Customer 100 was the subject of law enforcement enquiries on eight occasions at Star;

Particulars

Between July 2018 and June 2019, Star Sydney received several requests from a law enforcement agency for information concerning Customer 100. Star Sydney provided responses.

On 12 April 2019, Star Sydney received a request from a different law enforcement agency for information concerning Customer 100 and others involved in a private high stakes poker game.

On 13 May 2019, Star Sydney was informed by law enforcement that cash deposited by Customer 100 was potentially linked to organised crime.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database.

Star Qld had access to the investigations database: see paragraph 49 above.

- o. by 19 July 2020, open source media reports named Customer 100 as the founder of a collapsed business, Company 5, and referred to multiple legal proceedings and judgments against him and Company 5 for the recovery of loans;

Particulars

By 19 July 2020, an open source media article named Customer 100 as the founder of a collapsed business, Company 5, which had been partly placed into administration as of July 2020. The article reported that Customer 100 had judgments against him in 2019 for payments of \$6.2 million and \$5.8 million respectively.

Star Sydney's due diligence records did not contain details of these reports.

- p. by 23 July 2020, Star Sydney was aware of media articles which reported that Customer 100 was being pursued by investors for at least \$70,000,000 in relation to his collapsed business, Company 5; and

Particulars

An open source media article published on 21 July 2020 reported that Customer 100 was being pursued by investors for at least \$70,000,000 in relation to his collapsed business, Company 5, and that his business had represented that a specific person was its chairman, when in fact that person had never been appointed as a chairman or director of Company 5.

- q. Star Sydney and Star Qld did not have adequate reason to believe that Customer 100's source of wealth and source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 100 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star Sydney recorded Customer 100's occupation as a company director and hotel owner, and also as 'junket promoter / operator'.

Star Sydney and Star Qld frequently provided Customer 100 with substantial amounts of credit, totalling \$26,900,000 at Star Sydney and \$7,000,000 at Star Qld.

Between 2017 and 2020, Customer 100 recorded turnover exceeding \$260 million at Star Sydney and \$53 million at Star Qld.

By May 2019, Star Sydney was aware that cash deposited by Customer 100 was potentially linked to organised crime.

In June 2020, Customer 100 attempted to repay an EEIS loan held by Customer 5 by using a cheque drawn on his company's bank account, Company 5.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 100

2437. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 100 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 100.

- a. By early 2019, Customer 100 should have been recognised as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 100's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 100 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 27 August 2018, Customer 100's rating was changed from low to medium, neither of which were high risk for the purpose of the Act and Rules.

On 26 June 2020, Customer 100 was rated high, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 100's transactions

2438. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 100's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 100, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 100 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 100's of KYC information

2439. Star Sydney and Star Qld did not review, update and verify Customer 100's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 100's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 100's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 100's source of wealth and source of funds were not legitimate: see *Customer 100's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 100's KYC information on and from 2 December 2017 in respect of Star Sydney and 22 August 2018 in respect of Star Qld, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 100.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 100's high ML/TF risks

2440. Had Star Sydney conducted ongoing customer due diligence on and from 2 December 2017 in respect of Star Sydney and on and from 22 August 2018 in respect of Star Qld by:
- a. identifying and assessing the ML/TF risks posed by Customer 100 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 100; and
 - c. reviewing and updating Customer 100's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 100 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 100*.

2441. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by
- a. identifying and assessing the ML/TF risks posed by Customer 100 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 100; and
 - c. reviewing and updating Customer 100's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would likely have rated Customer 100 as a high risk customer for the purpose of the Act and Rules at a time before Customer 100 was issued with a WOL at Star Qld.

Particulars

Section 36(1)(a) and rules 15.2 and 15.5 of the Rules.

2442. Had Star Qld rated Customer 100 as a high risk customer for the purpose of the Act and Rules, they would have been required by the Act and Rules to apply the ECDD Programs to Customer 100 at a time before Customer 100 was issued by the WOL at Star Qld.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 100

2443. Star Sydney was required to apply the ECDD Programs to Customer 100 following any ECDD triggers in respect of Customer 100.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2444. Customer 100 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 25 June 2018 and 11 February 2020, Star Sydney gave the AUSTRAC CEO seven SMRs with respect to Customer 100.

2445. The matter pleaded in paragraph 2444 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2446. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 100 following an ECDD trigger because:

- a. on each occasion prior to 28 July 2020 that Star Sydney conducted ECDD in respect of Customer 100 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 100 and the provision of designated services to

Customer 100 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules

See paragraphs 797 and 807 above.

On 15 February 2019, 17 April 2019, 28 May 2019, 29 May 2019 and 9 February 2020, Star Sydney conducted ECDD in respect of Customer 100.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 100's higher ML/TF risks: see *Customer 100's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 100's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 100's source of wealth and source of funds were not legitimate: see *Customer 100's risk profile*.

On 28 July 2020, Star Sydney issued a WOL in respect of Customer 100.

- b. Customer 100 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 28 July 2020 that Customer 100 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 100 and the provision of designated services to Customer 100, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

On 13 January 2019, an incident occurred between Customer 100 and a staff member at Star Gold Coast. Customer 100 requested that a staff member settle his play and deposit chips which she said she could not do in the way requested. Customer 100 swore at and threatened the staff member. The Star Sydney Premium Guest Manager was notified of the incident. The Chief Operating Officer was also informed of the incident on 14 January 2019.

On 26 June 2020, the Group Investigations Manager emailed the AML Administrator (NSW) advising that Customer 100 had recently come to his attention and he had reviewed Customer 100. The Group Investigations Manager requested that Customer 100's risk rating be upgraded to high (but not being high risk for the purpose of the Act and Rules: see paragraph 110).

In April 2022, an external party was commissioned by Star to review its investigations practices and make recommendations for its AML framework. The external party's report made the following retrospective observations regarding Customer 100's dealings with Star Sydney and its senior management.

On 7 July 2018, the Star Sydney Premium Guest Manager sought approval from the Star Sydney Managing Director to upgrade Customer 100's membership from Silver to Diamond. The Star Sydney Premium Guest Manager proactively sought Customer 100's patronage at the Star.

On 29 May 2019, the Investigations Manager made a comment in an email regarding suspicious activity surrounding a high-stakes private poker game that involved Customer 100, which was the subject of enquiries from a law enforcement agency. The report concluded the comment could be interpreted as 'one of the investigation team not taking the risk of money laundering seriously'.

On 28 July 2020, Star Sydney issued a WOL in respect of Customer 100.

Contravention of s36 of the Act in respect of Customer 100

2447. By reason of the matters pleaded from paragraphs 2431 to 2446 above, on and from 2 December 2017, Star Sydney:
- a. did not monitor Customer 100 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2448. By reason of the matters pleaded at paragraph 2447, Star Sydney contravened s36(1) of the Act on and from 2 December 2017 to 28 July 2020 with respect to Customer 100.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2449. By reason of the matters pleaded from paragraphs 2431 to 2446 above, on and from 22 August 2018, Star Qld:

- a. did not monitor Customer 100 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2450. By reason of the matters pleaded at paragraph 2447, Star Qld contravened s36(1) of the Act on and from 22 August 2018 to 29 July 2020 with respect to Customer 100.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 101

2451. Customer 101 was a customer of Star Sydney during the relevant period. Between August 2018 and June 2020, Star Sydney recorded turnover exceeding \$61,000,000 for Customer 101.

Particulars

Customer 101 was a customer of Star Sydney from at least 7 August 2018.

On 28 April 2021, Star Sydney issued a WOL in respect of Customer 101 at the direction of the Star AML team.

2452. Star Sydney provided Customer 101 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 13 November 2018, Star Sydney opened an FMA and SKA for Customer 101 which was closed on 28 April 2021 (item 11, table 3, s6 of the Act).

While a customer at Star Sydney, Customer 101 remitted funds to Star Sydney (items 31 and 32, table 1, s6 of the Act).

See Customer 101's risk profile below.

2453. At all times from 7 August 2018, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 101.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 101's risk profile

2454. On and from 7 August 2018, Customer 101, and the provision of designated services to Customer 101 by Star Sydney, posed higher ML/TF risks because of the following red flags:
- a. Customer 101 was connected to other customers at Star Sydney who posed higher ML/TF risks, such as Customer 100;

Particulars

For example, see particulars to paragraph 2454.f.

See Customer 100's risk profile.

- b. Customer 101 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2018 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$61,336,711 for Customer 101;

Particulars

See paragraph 752 above.

In 2018, Customer 101's individual rated turnover was \$9,059,036.

In 2019, Customer 101's individual rated turnover escalated to \$37,655,161.

Between January and June 2020, Customer 101's individual rated turnover was \$14,622,514.

- c. Customer 101 transacted using large amounts of cash;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 27 November 2018 and 18 March 2020, Star Sydney gave the AUSTRAC CEO 34 TTRs totalling \$958,280 involving Customer 101, including:

- a. 33 TTRs detailing chip and cash exchanges made by Customer 101 totalling \$932,130; and
- b. one TTR detailing an account withdrawal made by Customer 101 totalling \$26,150.

Large and suspicious cash transactions in 2019

On 20 March 2019, Customer 101 exchanged \$880,000 in chips for a Star non-winning cheque at Star Sydney. Since the beginning of March, Customer 101 recorded a turnover of \$505,000 and a win of \$64,000. Star Sydney believed this transaction was disproportionate to Customer 101's small amount of play and win recorded: SMR dated 22 March 2019.

On 28 September 2019, Customer 101 exchanged \$119,500 of chips for cash.

Large and suspicious cash transactions in 2020

On 21 June 2020, Customer 101 exchanged \$101,250 and \$120,000 in chips for cash.

On 24 June 2020, Customer 101 exchanged \$100,000 in cash in Star straps for chips. Star Sydney observed that Customer 101 had cashed out \$221,250 in chips three days earlier, and this appeared to be the same cash being returned.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 101 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 13 November 2018 and 10 February 2020, Star Sydney received 37 telegraphic transfers totalling \$5,450,000, each of which was made available to Customer 101's account.

In addition, on 28 May 2019, Customer 101 transferred \$2,000,000 from his personal bank account to Star Sydney. The funds were made available by Star Sydney to Customer 101 for the purpose of partly repaying Customer 100's outstanding CCF at Star Sydney.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

Between 17 November 2018 and 16 January 2020, Star Sydney sent 13 telegraphic transfers totalling \$4,000,000 from Customer 101's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

- e. designated services provided to Customer 101 included EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

For example, on 8 January 2019, Star Sydney gave the AUSTRAC CEO one TTR detailing EGM payouts to Customer 101 totalling \$10,000.

- f. by August 2020, media reports named Customer 101 as a person involved in a fraudulent Ponzi scheme together with Customer 100;

Particulars

On 14 August 2020, an Australian media article reported that Customer 101 was the Chief Financial Officer of Company 5 that collapsed and owed creditors \$350,000,000. The article alleged that Customer 101 and Customer 100 ran a crude Ponzi scheme.

Star Sydney's due diligence records did not contain details of this report.

- g. it was not until 5 March 2021 that Star Sydney became aware of media articles which reported that Customer 101 was an international fugitive following the collapse of his business in Australia;

Particulars

Between August 2020 and March 2021, media articles reported that:

- a. Customer 101 had left Australia following the collapse of his business, Company 5, owing debts of approximately \$350,000,000; and
- b. Customer 101 was associated with Customer 100, who was a co-founder of the collapsed business.

It was not until 5 March 2021 that Star Sydney became aware of these reports.

- h. in 2021, law enforcement made enquiries with Star Sydney regarding Customer 101 and Customer 100; and

Particulars

On 27 April 2021, Star Sydney was notified by a law enforcement agency that Customer 101 was linked to suspicious money laundering activity.

- i. Star Sydney did not have adequate reason to believe that Customer 101's source of wealth or source of funds were sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) recorded by Customer 101 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney recorded Customer 101's occupation as a financial investment advisor.

From 2018, Customer 101's turnover was not consistent with his source of wealth.

By 2019, Customer 101's turnover had escalated significantly to over \$37 million: see particulars to paragraph 2454.b.

In August 2020, publicly accessible media articles reported that Customer 101 and Customer 100 operated a Ponzi scheme and owed

creditors \$350,000,000: see particulars to paragraphs 2454.f and 2454.g.

Star Sydney's determination of the ML/TF risks posed by Customer 101

2455. For the reasons pleaded at paragraph 110, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 101 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 101.
- a. On and from November 2018, Customer 101 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons above: see *Customer 101's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 101 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

On 22 March 2019, Customer 101 was rated low, not being high risk for the purpose of the Act and Rules.

On the same day, Customer 101 was rated medium, not being high risk for the purpose of the Act and Rules.

On 30 July 2021, Customer 101 was rated high, not being high risk for the purpose of the Act and Rules. Customer 101 had been issued a WOL on 28 April 2021.

Monitoring of Customer 101's transactions

2456. At no time did Star Sydney apply appropriate transaction monitoring to Customer 101's transactions because:
- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 101, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 101 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of KYC information

2457. Star Sydney did not review, update and verify Customer 101's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 101's business with it, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 101's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 101's source of wealth and source of funds were not legitimate: see *Customer 101's risk profile*.

On and from 2018, Customer 101's turnover was very high and escalated significantly. This turnover was not proportionate to his purported source of wealth. From 2020, publicly accessible media articles identified Customer 101 as a person involved in a fraudulent Ponzi scheme with Customer 100, suggesting that there were real ML/TF risks as to Customer 101's source of funds: see paragraphs 2454.f and 2454.g.

- d. to the extent that Star Sydney reviewed Customer 101's KYC information on and from 7 August 2018 until 28 April 2021, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 101.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

By August 2020, publicly accessible media articles reported that Customer 101 and Customer 100 operated a Ponzi scheme and owed creditors \$350,000,000: see particulars to paragraphs 2454.f and 2454.g.

Between August 2020 and March 2021, there was no record in Star Sydney's due diligence records of the details of these reports.

It was not until 5 March 2021 that an ongoing customer due diligence screening in respect of Customer 101 identified that:

- a. Customer 101 was involved in a fraudulent Ponzi scheme in Australia;
- b. Customer 101 was an international fugitive whose collapsed company owed debts of approximately \$350,000,000; and
- c. Customer 101 was connected to Customer 100 through this company.

Between 8 April 2021 and 28 April 2021, Customer 101 was discussed at JRAMMs and PAMMs.

The minutes of the meetings noted that:

- a. Star had located a media article that reported that Customer 101 had fled Australia with his co-founder, Customer 100, following the collapse of the business which owed \$350,000,000; and
- b. Star was attempting to confirm that the person reported in the article was a match to Customer 101.

It was not until 28 April 2021 that Star Sydney issued a WOL in respect of Customer 101.

Failure to apply appropriate due diligence suited to Customer 101's high ML/TF risks

2458. Had Star Sydney conducted ongoing customer due diligence on and from 7 August 2018 by:
- a. identifying and assessing the ML/TF risks posed by Customer 101 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 101; and
 - c. reviewing and updating Customer 101's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 101 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 101*.

ECDD triggers in respect of Customer 101

2459. Star Sydney was required to apply the ECDD Programs to Customer 101 following any ECDD triggers in respect of Customer 101.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2460. Customer 101 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

On 20 March 2019, Star Sydney gave the AUSTRAC CEO one SMR with respect to Customer 101.

2461. The matter pleaded in paragraph 2460 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2462. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 101 following the ECDD trigger because:

- a. on each occasion prior to 28 April 2021 that Star Sydney conducted ECDD in respect of Customer 101 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 101 and the provision of designated services to Customer 101 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

On 23 March 2019 and 30 September 2019, Star Sydney conducted ECDD in respect of Customer 101 but did not have appropriate regard to his higher ML/TF risks: see *Customer 101's risk profile*.

The ECDD screening did not identify adverse information with respect to Customer 101.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 101's higher ML/TF risks: see *Customer 101's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 101's source of funds or source of wealth, in circumstances where on and from 2018, Customer 101's turnover was very high and escalated significantly. This turnover was not proportionate to his identified source of wealth.

By reason of the matters set out above, there were real risks that Customer 101's source of wealth and source of funds were not legitimate: see *Customer 101's risk profile* above.

However, it was not until 28 April 2021 that Star Sydney issued a WOL in respect of Customer 101.

- b. Customer 101 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 28 April 2021 that Customer 101 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 101 and the provision of designated services to Customer 101 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

There was no record in Star Sydney's due diligence records of senior management consideration of Customer 101 prior to 28 April 2021, when Star Sydney issued a WOL in respect of Customer 101.

Contravention of s36 of the Act in respect of Customer 101

2463. By reason of the matters pleaded from paragraphs 2451 to 2462, on and from 7 August 2018, Star Sydney:
 - a. did not monitor Customer 101 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2464. By reason of the matters pleaded at paragraph 2463, Star Sydney contravened s36(1) of the Act on and from 7 August 2018 to 28 April 2021 with respect to Customer 101.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 102

2465. Customer 102 was a customer of Star Sydney during the relevant period. Between 2018 and 2020, Star Sydney recorded turnover exceeding \$100 million for Customer 102.

Particulars

Customer 102 was a customer of Star Sydney from at least 23 July 2018.

On 1 September 2020, Star Sydney issued a WOL in respect of Customer 102.

2466. Star Sydney provided Customer 102 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 10 December 2018, Star Sydney opened an FMA and SKA for Customer 102 which were closed on 24 June 2021 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 102 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 102's risk profile below.

2467. Customer 102 was a customer of Star Qld during the relevant period. Between 2017 and 2018, Star Qld recorded turnover exceeding \$6.8 million for Customer 102.

Particulars

Customer 102 was a customer of Star Qld from at least December 2018.

On 2 September 2020, Star Qld issued a WOL in respect of Customer 102.

2468. Star Qld provided Customer 102 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 7 December 2018, Star Qld opened an FMA for Customer 102 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 102 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 102's risk profile below.

2469. At all times from 23 July 2018 in respect of Star Sydney and December 2018 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 102.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 102's risk profile

2470. On and from 23 July 2018 in respect of Star Sydney and December 2018 in respect of Star Qld, Customer 102, and the provision of designated services to Customer 102 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

- a. Customer 102 was formerly a Star employee;

Particulars

Customer 102 resigned suddenly from Star and had previously worked in the Salons and with the VIP team.

- b. Customer 102 was connected to other customers at Star Sydney and Star Qld, including players who posed higher ML/TF risks and players who Star Sydney and Star Qld considered had acted suspiciously such as Customer 100;

Particulars

After ceasing to be an employee at Star, Customer 102 became employed by Customer 100. By at least March 2019, Star considered that it was 'highly likely' that Customer 102 was gambling with Customer 100's funds. In July 2020, open sources reported that there were Australian court proceedings related to Customer 100 and his companies which found that Customer 100 had engaged in improper conduct and that the conduct of his companies had been dishonest and evasive.

In March 2019, Customer 102 was involved in a large and suspicious cash transaction involving another Star Sydney customer: see paragraph 2470.g below. By April 2019, a law enforcement agency had contacted Star in relation to the Star Sydney customer, who was implicated in alleged tobacco smuggling and money laundering.

In August 2020, Star Sydney was aware that Customer 102 had been involved in large and suspicious cash transactions involving another Star Sydney customer. Star Sydney recognised that the other customer was gambling beyond his means, had borrowed money from Customer 102 and had been used by Customer 102 to bring money into the casino to purchase chips in order to avoid reporting under Customer 102's name.

- c. Customer 102 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2018 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$102,519,993 for Customer 102;

Particulars

See paragraph 752 above.

In 2018, Customer 102's individual rated turnover was \$2,932,010.

In 2019, Customer 102's individual rated turnover escalated to \$41,178,202.

In 2020, despite the COVID-19 pandemic closures, Customer 102's turnover continued to escalate.

In 2020, Customer 102's individual rated turnover further escalated to \$58,409,722.

- d. Customer 102 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2018 and 2019, Star Qld recorded high and escalating turnover totalling \$6,588,613 for Customer 102;

- i. between 2018 and 2019, Star Qld recorded high and escalating individual rated turnover totalling \$1,673,573 for Customer 102; and

Particulars

See paragraph 752 above.

In 2018, Customer 102's individual rated turnover was \$587,216.

In 2019, Customer 102's individual rated turnover escalated to \$1,086,357.

- ii. between 2018 and 2019, Star Qld recorded high and escalating turnover on individual rebate programs totalling \$4,915,040 for Customer 102, with losses of \$15,400;

Particulars

See paragraph 623 above.

In 2018, Customer 102's turnover on individual rebate programs was \$459,680 with wins of \$74,950.

In 2019, Customer 102's turnover on individual rebate programs escalated to \$4,455,360 with losses of \$90,350.

- e. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 102 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327 above.

Between 6 August 2019 and 27 July 2020, Star Sydney received ten telegraphic transfers totalling \$1,015,000, each of which was made available to Customer 102's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327 above.

Between 13 June 2019 and 13 August 2020, Star Sydney sent 13 telegraphic transfers totalling \$2,190,000 from Customer 102's FMA to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 4 October 2019 and 14 November 2019, Star Sydney sent three transfers totalling \$400,000 from Customer 102's account to Star Qld.

On 10 October 2019 and 14 November 2019, Star Sydney received two transfers totalling \$465,000 from Star Qld, both of which were made available to Customer 102's account.

- f. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 102 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraphs 347 to 349 above.

On 10 October 2019, Star Qld facilitated a transfer of \$345,000 from Star Gold Coast to Star Sydney. The funds were used for a program settlement.

Between 4 October 2019 and 14 November 2019, Star Qld received three transfers totalling \$400,000 from Star Sydney, each of which was made available to Customer 102's FMA at Star Gold coast.

- g. Star Sydney was aware that Customer 102:
- i. had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
 - ii. transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes wrapped in rubber bands, medical bandages and vacuum sealed plastic bags and counterfeit cash;

Particulars

See paragraphs 611 to 618 above.

Between 24 July 2018 and 2 September 2020, Star Sydney gave the AUSTRAC CEO 143 TTRs in respect of Customer 102 totalling \$6,923,714, which comprised:

- a. 113 outgoing TTRs totalling \$4,030,164;
- b. 30 incoming TTRs totalling \$2,893,550;
- c. \$5,089,314 in chip or cash exchanges;
- d. \$1,814,400 in account deposits or withdrawals; and
- e. \$20,000 in EGM payouts.

Large and suspicious cash transactions in 2018

On 11 December 2018, Customer 102 presented a bag containing \$300,000 in cash which was comprised of \$100 notes to deposit into his account. Star Sydney believed the cash had been issued by it in recent weeks. Customer 102 then requested the funds as chips.

Customer 102 recorded minimal play and left the premises with the chips. By 12 December 2018, the chips were still outstanding: SMR dated 12 December 2018.

Large and suspicious cash transactions in 2019

On 20 January 2019, Customer 102 presented \$300,000 in cash to be deposited to his account at Star Sydney. He first presented \$100,200 in \$50 notes contained in a clear vacuum sealed bag. He presented the remaining \$199,800 in \$100 notes. One bundle had straps from an Australian bank, four bundles had straps from the Star, and one bundle had unidentified strap. Customer 102 then requested the funds as chips. Customer 102 left the premises without recording any play. By 21 January 2019, the chips were still outstanding: SMR dated 21 January 2019.

On 1 March 2019, a Star Sydney customer exchanged \$199,600 in cash for chips. The cash comprised \$26,800 in \$100 notes, \$164,400 in \$50 notes and \$8,400 in \$20 notes. The cash was contained in a grey laundry bag and bundled with either elastic bands or medical bandages. After completing the transaction, the customer gave the chips to Customer 102: SMR dated 5 March 2019.

On 20 March 2019, Customer 102 exchanged \$300,000 chips for cash at Star Sydney. After the transaction, Customer 102 left Star Sydney in a private car. The previous day, Customer 102 had recorded a turnover of \$170,000 and a loss of \$58,000. Star Sydney believed the transaction to be excessive given the amount of play and loss recorded prior to the transaction: SMR dated 22 March 2019.

On 21 March 2019, a Star Sydney customer gave Customer 102 a white bag. Customer 102 then met with a second Star Sydney customer. Customer 102 and the second customer proceeded to the Darling Hotel. When they re-emerged, the second customer was holding a blue plastic bag containing \$100,000 cash. He then exchanged \$100,000 in cash for chips. The cash comprised \$92,000 in \$100 notes and \$8,000 in \$50 notes. After the transaction, the second customer met Customer 102 in a gaming area and handed the chips to him. Customer 102 then handed the chips to the first customer: SMR dated 22 March 2019.

On 2 April 2019, Customer 102 exchanged \$130,000 chips for cash at Star Sydney. In the days leading up to the transaction, Customer 102 recorded a turnover of \$13,500 and a win of \$12,000. Star Sydney considered the cash transaction to be disproportionate given the amount of play recorded prior to the transaction: SMR dated 2 April 2019.

On 22 April 2019, Customer 102 exchanged \$200,000 chips for cash at Star Sydney. Star Sydney considered the cash transaction to be disproportionate given that in the five days prior to the transaction,

Customer 102 did not record any gaming activity: SMR dated 23 April 2019.

On 27 April 2019, Customer 102 exchanged \$400,000 in chips for a Star cheque. In the week prior to this, Customer 102 recorded a turnover of \$1,024,700 and a loss of \$11,700 on the gaming tables.

Given the recorded loss, Star Sydney considered it unusual that Customer 102 had \$400,000 in chips: SMR dated 30 April 2019.

On 28 May 2019, Customer 102 exchanged \$110,000 in cash for chips at Star Sydney. The cash was comprised of \$50 notes bundled with elastic bands and carried in a cardboard designer bag. The cash was provided to Customer 102 by his associate. After the transaction,

Customer 102 met up with Customer 100, who was a known associate of Customer 102, and gave him the chips: SMR dated 29 May 2019.

On 7 September 2019, Customer 102 exchanged \$100,000 cash for chips at Star Sydney. The cash was previously issued by the Star and comprised \$100 notes bundled with Star straps. After the transaction, Customer 102 used the funds for gaming activity. Shortly afterwards,

Customer 102 deposited \$200,000 in cash into his account and withdrew the funds in chips. The cash comprised \$100 notes and was bundled with Star straps. Star Sydney considered the amount of cash presented in two separate transactions to be unusual: SMR dated 9 September 2019.

On 18 and 19 December 2019, Customer 102 engaged in large cash transactions at Star Sydney. Customer 102 deposited \$120,000 in cash followed by a further \$200,000 in cash into his account. The cash was comprised of \$100 notes bundled with Star straps.

Customer 102 then withdrew \$320,000 in chips. Customer 102 then recorded a turnover of \$1,610,500 and a win of \$4,500. He then exchanged \$380,000 in chips for cash, and deposited \$100,000 in chips to his account. Star Sydney believed these deposits and the cash out were disproportionate when compared to Customer 102's recorded win: SMR dated 19 December 2019.

Large and suspicious cash transactions in 2020

On 5 March 2020, Customer 102 exchanged \$100,000 in chips for cash at Star Sydney. This transaction was consistent with his play, as Customer 102 had recorded a turnover of \$2,644,000 and a win of \$141,000. After the transaction, Customer 102 handed the cash to a Star Sydney customer. Star Sydney was not aware of any known association between Customer 102 and the other customer: SMR dated 6 March 2020.

On 5 March 2020, a Star Sydney customer exchanged \$200,000 in chips for cash at Star Sydney. Star Sydney considered that the amount cashed out was disproportionate to the customer's recorded

win of \$38,295. After the transaction, the customer gave the cash to Customer 102. Star Sydney was not aware of any known association between Customer 102 and the other customer: SMR dated 9 March 2020.

- h. in 2018 and 2019, Customer 102 was the subject of law enforcement enquiries at Star;

Particulars

By January 2019, Star was aware that Customer 102 was being investigated by a law enforcement agency in respect of a serious of large cash buy-ins under suspicious circumstances.

Between December 2018 and May 2019, Star Sydney sent numerous unsolicited emails to a law enforcement agency in respect of large and suspicious cash transactions involving Customer 102.

Interactions and information shared between Star Sydney and law enforcement agencies were stored on Star's investigations database. Star Qld had access to the investigations database: see paragraph 49 above.

- i. Customer 102 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 102 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Lakes Salons, Vantage, Oasis and Chairman's.

- j. Customer 102 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 102 had access to private gaming rooms at Star Qld, including the Sovereign Room, Salon 66 and Pit 8.

- k. Star Sydney and Star Qld did not have adequate reason to believe that Customer 102's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 102 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By August 2020, Star understood that Customer 102 was an 'investor' but had not confirmed his occupation or source of wealth. That month, Star confirmed that Customer 102 was the director of a company and owned a number of investment properties.

However, a law enforcement agency advised Star in August 2020 that company searches showed that Customer 102 was not connected to

any current or operating business. Further, Customer 102 did not provide proof that he owned any investment properties. Star took inadequate steps to verify Customer 102's source of wealth.

In 2019, Customer 102's turnover escalated at Star Sydney and Star Qld. This coincided with numerous large and suspicious cash incidents involving Customer 102 at Star Sydney. Star was aware of Customer 102's connection with Customer 100, and suspected that Customer 102 was gambling with funds sourced from Customer 100.

However, Star did not take steps to verify the source of Customer 102's funds.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 102

2471. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 102 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 102.
- a. On and from early 2019, Customer 102 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 102's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 102 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 12 December 2018, Customer 102 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 21 January 2019, Customer 102 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 102's transactions

2472. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 102's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 102, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 102 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- c. Star Sydney and Star Qld provided designated services to Customer 102 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 102's KYC information

- 2473. Star Sydney and Star Qld did not review, update and verify Customer 102's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 102's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 102's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 102's source of wealth and source of funds were not legitimate: see *Customer 102's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 102's KYC information on and from 2018, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 102.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 102's high ML/TF risks

2474. Had Star Sydney conducted ongoing customer due diligence on and from 2018 by:
- identifying and assessing the ML/TF risks posed by Customer 102 appropriately;
 - applying appropriate risk-based transaction monitoring to Customer 102; and
 - reviewing and updating Customer 102's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 102 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 102*.

2475. Had Star Qld conducted ongoing customer due diligence on and from December 2018 by:
- identifying and assessing the ML/TF risks posed by Customer 102 appropriately;
 - applying appropriate risk-based transaction monitoring to Customer 102; and
 - reviewing and updating Customer 102's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 102 at a time before Customer 102 was issued with a WOL at Star Qld.

Particulars

Section 36(1)(a) and rules 15.2 and 15.5 of the Rules.

2476. Had Star Qld rated Customer 102 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 102 at a time before Customer 102 was issued with a WOL at Star Qld.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 102

2477. Star Sydney was required to apply the ECDD Programs to Customer 102 following any ECDD triggers in respect of Customer 102.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3), 15.10 of the Rules.

2478. Customer 102 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 12 December 2018 and 9 March 2020, Star Sydney gave the AUSTRAC CEO 13 SMRs with respect to Customer 102.

2479. The matter pleaded in paragraph 2478 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2480. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 102 following an ECDD trigger because:

- a. on each occasion prior to 1 September 2020 that Star Sydney conducted ECDD in respect of Customer 102 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 102 and the provision of designated services to Customer 102, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 5 March 2019, 20 March 2019, 21 March 2019, 1 April 2019, 22 April 2019, 27 April 2019, 28 May 2019, 8 September 2019 and 19 December 2019, Star Sydney conducted ECDD in respect of Customer 102 including open source and media searches.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 102's higher ML/TF risks: see *Customer 102's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 102's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 102's source of wealth and source of funds were not legitimate: see *Customer 102's risk profile*.

On 1 September 2020 that Star Sydney issued a WOL in respect of Customer 102.

- b. Customer 102 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was with Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 1 September 2020 that Customer 102 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 102 and

the provision of designated services to Customer 102 by Star Sydney, and whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between April 2019 and September 2020, Customer 102 was discussed at JRAMMs. Star determined to take steps to verify Customer 102's source of wealth.

Customer 102 was removed from the meeting agenda after he was excluded in September 2020.

On 1 September 2020 that Star Sydney issued a WOL in respect of Customer 102.

On 17 September 2020, JRAMM minutes recorded that Customer 102 had been issued with a WOL for suspected money laundering behaviour.

Contravention of s36 of the Act in respect of Customer 102

2481. By reason of the matters pleaded from paragraphs 2465 to 2480 above, on and from 23 July 2018, Star Sydney:

- a. did not monitor Customer 102 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2482. By reason of the matters pleaded at paragraph 2481, Star Sydney contravened s36(1) of the Act on and from 23 July 2018 to 1 September 2020 with respect to Customer 102.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2483. By reason of the matters pleaded from paragraphs 2465 to 2480 above, on and from December 2018, Star Qld:

- a. did not monitor Customer 102 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and

b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2484. By reason of the matters pleaded at paragraph 2483, Star Qld contravened s36(1) of the Act on and from December 2018 to 2 September 2020 with respect to Customer 102.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 103

2485. Customer 103 was a customer of Star Sydney during the relevant period. Between 2016 and 2018, Star Sydney recorded turnover exceeding \$15 million for Customer 103.

Particulars

Customer 103 was a customer of Star Sydney from at least 26 April 2016.

On 13 December 2018, Star Sydney issued a WOL in respect of Customer 103 at the direction of the General Manager, Compliance and Responsible Gambling for 'undesirable behaviour'.

2486. Star Sydney provided Customer 103 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 11 November 2016, Star Sydney opened an FMA and SKA for Customer 103 which was closed on 17 September 2019 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 103 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 103's risk profile below.

2487. Customer 103 was a customer of Star Qld during the relevant period. Between 2016 and 2018, Star Qld recorded turnover exceeding \$34 million for Customer 103.

Particulars

Customer 103 was a customer of Star Qld from at least 19 August 2012.

On 8 August 2009, Star Qld issued a WOL in respect of Customer 103 in response to a self-exclusion notice which was revoked on 8 August 2014.

On 13 December 2018, Star Qld issued a WOL in respect of Customer 103 at the direction of the General Manager, Compliance and Responsible Gambling for 'undesirable behaviour.'

2488. Star Qld provided Customer 103 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 22 November 2016, Star Qld opened an FMA and SKA for Customer 103 which was closed on 17 September 2019 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 103 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 103's risk profile below.

2489. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 103.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 103's risk profile

2490. On and from 30 November 2016, Customer 103, and the provision of designated services to Customer 103 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 103's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 103 had the following risk history:
 - i. Customer 103 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded individual rated turnover of \$82,083 for Customer 103;
 - ii. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 103 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraphs 347 to 349 above.

For example, on 22 November 2016, Star Sydney sent a transfer of \$40,000 from Customer 103's account to Star Qld.

- iii. Customer 103 transacted using large amounts of cash at Star Sydney; and

Particulars

TTRs

Between 16 May 2016 and 14 November 2016, Star Sydney gave the AUSTRAC CEO 32 TTRs totalling \$631,510, including:

- a. 31 TTRs detailing chip and cash exchanges totalling \$591,510 made by Customer 103; and
- b. one TTR detailing an account deposit totalling \$40,000 made by Customer 103.

Large and suspicious cash transactions in 2016

On 30 November 2016, Customer 103 exchanged \$20,000 in cash for chips at Star Sydney. The cash was comprised of \$50 notes. Customer 103 recorded minimal play after this transaction.

- iv. Customer 103 transacted using large amounts of cash at Star Qld;

Particulars

Between 11 January 2016 and 25 November 2016, Star Qld gave the AUSTRAC CEO 17 TTRs totalling \$234,295, including:

- a. 16 TTRs detailing chip and cash exchanges totalling \$194,295; and
- b. one TTR detailing an account withdrawal totalling \$40,000.

Customer 103's risk profile from 30 November 2016

- b. Customer 103 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld, other than on junket programs. Between 2016 and 2018, Star Qld recorded high and escalating individual rated turnover totalling \$34,985,604 for Customer 103;

Particulars

See paragraph 752 above.

In 2016, Customer 103's individual rated gaming turnover was \$3,229,127.

In 2017, Customer 103's individual rated gaming turnover was \$3,938,840.

In 2018, Customer 103's individual rated turnover significantly escalated to \$27,817,636.

- c. Customer 103 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney, other than on junket programs. Between 2016 and 2018, Star Sydney recorded high and escalating turnover totalling \$15,630,101 for Customer 103;
 - i. between 2016 and 2018, Star Sydney recorded high and escalating individual rated turnover totalling \$11,412,647 for Customer 103; and

Particulars

In 2016, Customer 103's individual rated gaming turnover was \$792,141.

In 2017, Customer 103's individual rated turnover significantly escalated to \$3,995,739.

In 2018, Customer 103's individual rated turnover was \$2,972,132.

- ii. In 2018, Star Sydney recorded high turnover on individual rebate programs totalling \$4,217,454 with wins of \$68,200;
- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 103 by remitting large amounts of money out of and within the casino environment via his accounts;

Particulars

Remittances out of the casino environment

See paragraph 327.

On 13 June 2018, Star Sydney sent a telegraphic transfer of \$50,000 from Customer 103's FMA to an Australian bank account.

On about 13 November 2018, Customer 103 transferred \$112,000 from his Star Sydney account to a personal bank account in Australia: SMR dated 13 November 2018.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349.

On 2 May 2017, Star Sydney sent a transfer of \$35,000 from Customer 103's account to Star Qld.

On 8 July 2017, Star Sydney received a transfer of \$15,000 from another Star Group entity, which it made available to Customer 103's account.

On 12 February 2018, Star Sydney transferred \$90,000 from Customer 103's Star Sydney account to his Star Qld account: SMR dated 8 March 2018.

On 25 August 2018, Star Sydney received a transfer of \$25,000 from Star Qld, which it made available to Customer 103's account.

On 14 November 2018, Star Sydney transferred \$100,000 from his Star Sydney account to his Star Qld account. Customer 103 withdrew this amount in chips at Star Qld. Customer 103 recorded losses of \$148,000, including the \$100,000 transferred from Star Sydney: SMR dated 16 November 2018.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 103 by remitting large amounts of money out of and within the casino environment at Star Qld via his accounts;

Particulars

Remittances out of the casino environment

See paragraph 327.

On 13 September 2018, Star Qld transferred \$15,000 from Customer 103's Star Qld account to a personal bank account in Australia: SMR dated 14 September 2018.

On 21 September 2018 and 24 September 2018, Star Qld transferred \$20,800 and \$10,000 respectively from Customer 103's Star Qld account to a personal bank account in Australia.

On 25 September 2018, Customer 103 presented \$26,000 in chips at the cashier desk at Star Qld. Of this, \$21,000 was exchanged for cash. Star Qld transferred the remaining \$5,000 from Customer 103's Star Qld account to a personal bank account in Australia.

On 26 September 2018 and 30 October 2018, Star Qld facilitated two telegraphic transfers totalling \$25,000 from Customer 103's FMA at Treasury Brisbane to Australian bank accounts.

On 23 October 2018, Customer 103 presented \$54,000 cash at Star Qld. Of this, Customer 103 took \$14,000 in cash and deposited \$40,000 into his FMA. Star Qld transferred \$40,000 from Customer 103's Star Qld FMA to a personal bank account in Australia.

See particulars to paragraph 2490.f.

The above transactions were conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 2 May 2017 and 13 November 2018, Star Qld received four transfers totalling \$240,000 from Star Sydney, each of which was made available to Customer 103's FMA at Treasury Brisbane.

Between 25 January 2018 and 12 October 2018, Star Qld facilitated three transfers totalling \$66,000 from Customer 103's FMA at Treasury Brisbane to Star Sydney: SMRs dated 28 August 2018 and 17 October 2018.

See particulars to paragraph 2490.f.

- f. Customer 103 and persons associated with him transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and plastic bags and boxes and notes which were worn, sticky or omitting a musty odour at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 1 December 2016 and 14 November 2018, Star Qld gave the AUSTRAC CEO 281 TTRs totalling \$6,662,059 involving Customer 103, including:

- a. 258 TTRs detailing chip and cash exchanges totalling \$5,155,354;
- b. 14 TTRs detailing account deposits totalling \$603,500;
- c. five TTRs detailing account withdrawals totalling \$215,000;
- d. four TTRs detailing other monetary value in totalling \$152,500; and
- e. four TTRs detailing other monetary value out totalling \$68,800.

Summary

Between 6 October 2017 and 6 December 2018, Customer 103 and his associates engaged in large and suspicious cash transactions at Star Qld totalling at least \$3,801,282 on at least 103 occasions.

Large and suspicious cash transactions in 2017

On 6 October 2017, Customer 103 presented \$50,000 in cash at Star Qld. The cash was comprised of \$50 notes (\$49,600) and \$20 notes (\$400) notes respectively. Customer 103 exchanged the cash for \$40,000 in \$100 notes and \$10,000 in chips. Customer 103 subsequently used \$5,000 of the chips. Star Qld was aware that Customer 103 had conducted similar transactions since 2016. The transactions were followed by little or no gaming activity: SMR dated 10 October 2017.

Between October 2017 and February 2018, Customer 103 conducted the following transactions under \$10,000 at Star Qld:

- a. on 19 October 2017, Customer 103 exchanged \$9,000 in cash for chips;
- b. on 15 November 2017, Customer 103 exchanged \$9,500 in chips for cash;
- c. on 23 January 2018, Customer 103 exchanged \$9,000 in cash for chips; and
- d. on 7 February 2018, Customer 103 exchanged \$9,000 in cash for chips.

Star Qld considered that some of the transactions above were supported by Customer 103's play.

Large and suspicious cash transactions in February 2018

On 16 February 2018, Customer 103 and another customer, Person 21, arrived at a Star Qld cashier desk with \$22,930 in chips to be exchanged for cash. When asked about the source of the chips, Customer 103 and Person 21 said that all the chips belonged to Person 21. While at the cashier, Customer 103 and Person 21 split the cash evenly between them. Following the transaction, Star Qld ascertained that only Person 21's play could support the transaction.

Star Qld was unaware of the relationship between Customer 103 and Person 21. Star Qld considered that Customer 103 and Person 21 may not have given a truthful account of the ownership of the chips:
SMR dated 20 February 2018.

Large and suspicious cash transactions in March 2018

On 6 March 2018, Customer 103 presented \$107,500 in cash at the Star Qld cashier desk. The cash was comprised of \$50 notes bound together with elastic bands. The cash appeared to be very worn. Customer 103 requested that \$20,000 cash be exchanged for chips and \$87,500 cash be exchanged for \$100 notes. Without being asked, Customer 103 provided specific detail about the cash being sourced from two Australian banks.

Customer 103 then gambled for 30 minutes and lost \$15,000 before returning to the cashier and stated that he had changed his mind. Customer 103 now wanted to exchange \$37,500 of the cash (i.e. the \$87,500) for chips. Customer 103 retained \$50,000 of the cash.

Customer 103 recorded winnings of \$370,000 over the next two hours. Customer 103 then exchanged \$93,550 in chips for cash. Whilst waiting for the cash, Customer 103 answered a telephone call and stated that he would meet the caller to give them \$80,000 cash.

Star Qld contacted the onsite law enforcement unit about these events. Star Qld was aware that Customer 103 appeared to have access to large sums of cash: SMR dated 8 March 2018.

On 20 March 2018, Customer 103 presented \$50,000 in cash at Star Qld in a private gaming room for deposit into his FMA. The cash was contained in a bag. Star Qld noticed that the bag contained more cash which was not presented. Customer 103 left without waiting for the cash to be deposited and without checking the money was counted correctly. He stated that he had to meet a friend. Five hours later, Customer 103 returned to Star Qld with another customer, Person 21.

Customer 103 proceeded to the cashier where he signed for the deposit of the \$50,000 in cash. By the next morning, the deposit had not been used.

Star Qld contacted the onsite law enforcement unit. Customer 103 was a known person of interest following a large cash transaction that

occurred on 6 March 2018. Star Qld did not know the source of cash or the connection between Customer 103 and the other customer.

On 23 March 2018, Customer 103 exchanged \$20,000 in cash for chips at Star Qld. The cash was comprised of \$50 notes that were bound together in bundles of \$5,000 and \$10,000, with elastic bands. Customer 103 also appeared to be carrying another \$5,000 in chips at the time. Customer 103 recorded losses of \$4,000. However, after 30 minutes of play he exchanged \$24,002 in chips for cash.

On 29 March 2018, Customer 103 exchanged \$297,000 in cash for chips. The cash was loose, sticky and was difficult for Star Qld to count. Customer 103 used \$3,000 in chips for play: SMR dated 29 March 2018.

Large and suspicious cash transactions in April 2018

In April 2018, Customer 103 continued to present large volumes of \$50 notes at Star Qld, including the following:

- a. on 13 April 2018, Customer 103 presented \$22,000 in cash and \$3,000 in chips to be deposited into his account. The cash was comprised of \$100 notes, bound together like a brick and with elastic bands;
- b. on 17 April 2018, Customer 103 presented \$15,000 in cash. The cash was comprised of \$50 notes to be exchanged for chips. The cash was bound together with elastic bands in lots of \$1,000;
- c. on 23 April 2018, Customer 103 presented \$11,000 in cash. The cash was comprised of \$50 notes; and
- d. on 26 April 2018, Customer 103 presented \$35,000 in cash comprised of \$50 notes bound together with elastic bands. Customer 103 exchanged the cash for \$20,000 in \$100 notes and \$15,000 in chips. On the same day, Customer 103 exchanged \$50,000 in cash, comprised of \$100 notes, for chips in two transactions occurring within 15 minutes.

Large and suspicious cash transactions in May 2018

On 4 May 2018, Customer 103 exchanged \$45,000 in cash comprised of \$50 notes for chips at Star Qld, then engaged in gaming activity.

After play, Customer 103 exchanged \$55,200 in chips for cash, comprised entirely of \$100 notes: SMR dated 4 May 2018.

After exchanging the \$55,200 in chips for cash, Customer 103 commenced another gaming session. Customer 103 used \$1,500 in cash and \$5,000 in chips. Customer 103 recorded a loss of the entire \$6,500. Customer 103 then exchanged another \$30,400 in chips for cash. Star Qld noted that earlier on the same day, another Star Qld customer, Person 21, had attended the cashier desk with Customer 103. Person 21 presented \$25,000 in cash, which was comprised of

\$100 notes, to be exchanged for chips. Person 21 recorded minimal play but Star Qld did not have any record of him cashing out these chips.

On 8 May 2018, Customer 103 exchanged \$40,000 in cash for chips at Star Qld. The cash was comprised of \$50 notes (\$35,000) and \$20 notes (\$5,000). Customer 103 then proceeded to gamble. After completing play, Customer 103 exchanged \$46,715 in chips for cash: SMR dated 9 May 2018.

On 9 and 10 May 2018, Customer 103 presented \$7,820, \$26,800 and \$6,800 in cash to be exchanged for chips at Star Qld gaming tables. Customer 103 also exchanged \$20,000 cash for chips at a cashier desk. The cash was comprised of \$100 notes.

On 30 and 31 May 2018, Star Qld observed that Customer 103 appeared intent on obtaining cash bound with Star Qld straps. On 30 May 2018, Customer 103 exchanged \$17,750 in chips for cash at Star Qld. Customer 103 then presented \$7,900 in cash, comprised of \$100 notes, and requested that the cash be exchanged for \$100 notes bound with Star Qld straps. Star Qld declined the request. This was Customer 103's second attempt at this type of transaction. Star Qld did not know why Customer 103 wanted to exchange his cash in this manner. Customer 103 then exchanged \$3,000 in chips for cash: SMR dated 31 May 2018.

Large and suspicious cash transactions in June and July 2018

In June and July 2018, Customer 103 exchanged a total of \$23,900 in cash, which was comprised of loose \$50 and \$100 notes, for chips on four separate occasions at Star Qld. Each transaction was in amounts less than \$10,000: SMR dated 3 August 2018.

On 16 July 2018, Customer 103 presented \$19,000 in cash at Star Qld to be exchanged for chips. The cash comprised mostly of \$50 notes. Around this time, Star Qld commenced marking its straps to ascertain whether Customer 103 or another customer would return the cash to the casino.

Large and suspicious cash transactions in August 2018

On 3 August 2018, Customer 103 presented \$27,700 in cash, which was comprised of loose \$50 notes, to be exchanged for chips at Star Qld. Following this transaction, Star Qld monitored Customer 103 in order to ascertain if he associated with any person. At the time, Customer 103 continued to play at gaming table where he presented further unspecified amounts of cash: SMR dated 3 August 2018.

On 7 August 2018, Customer 103 exchanged \$20,000 in cash for chips at Star Qld. Later that day, Customer 103 presented \$65,000 in cash to be deposited into his FMA. On both occasions the cash comprised mostly of \$50 notes bound together with elastic bands.

When asked about the source, Customer 103 stated words to the effect that he had obtained the cash from 'all over the place.' Star Qld considered Customer 103's answers about the source of the cash to be evasive. At the time, Customer 103 was playing in the private gaming room: SMR dated 7 August 2018.

That afternoon, Customer 103 presented \$110,000 in cash in the private gaming room. Customer 103 held the cash in a re-useable shopping bag. The cash was comprised mostly of \$100 notes (\$15,100) and \$50 notes (\$92,800). The cash was bundled in lots of \$5,000 and bound together with elastic bands.

Of these funds, \$20,000 in cash was exchanged for chips and the remaining \$90,000 in cash was deposited into Customer 103's FMA. Following this transaction, Customer 103 withdrew all funds from his FMA, including the funds deposited earlier in the day. Customer 103 had purchased a total of \$195,000 in chips throughout the day.

At the time, Customer 103 had recorded winnings of \$40,000. However, this occurred after he had lost almost all the chips. That evening, Customer 103 exchanged \$201,500 in chips for cash. Given Customer 103's history of cash transactions, Star Qld marked the straps with a code to ascertain whether he, or another person, would return with the same cash: SMR dated 8 August 2018.

Between 10 and 24 August 2018, Customer 103 presented a total of at least \$60,875 in cash at Star Qld. The cash was primarily comprised of \$100 and \$50 notes: SMR dated 28 August 2018.

On 27 August 2018, Customer 103 presented \$40,000 in cash at Star Qld to be exchanged for chips. The cash was comprised old \$50 and \$100 notes bound together with elastic bands. The transaction took place at the private gaming room. Customer 103 carried the cash in a green reusable shopping bag. Customer 103 gambled for four hours and moved between several gaming tables.

During this time, Customer 103 exchanged another \$5,000 in cash for chips. The \$5,000 comprised of \$100 notes bound in two bundles of \$2,500. Customer 103 concluded play with \$45,300 in chips that he cashed out. The cash received was comprised of nine bundles of \$5,000 bound with Star Gold Coast straps and three \$100 notes. Customer 103 collected two envelopes from the Sovereign private gaming room desk and placed the cash into the envelopes. He then left the casino alone, carrying the cash.

On 27 August 2018, Customer 103 presented \$22,550 in cash at Star Qld to be exchanged for chips. The cash comprised of mostly \$50 notes.

On 29 August 2018, Customer 103 exchanged \$25,000 in chips for cash at Star Qld.

Large and suspicious cash transactions in September 2018

On 7 September 2018, Customer 103 presented \$40,000 in cash at Star Gold Coast to be exchanged for chips. Following play, Customer 103 presented \$42,959 in chips at the Star Gold Coast cashier. Whilst Star Gold Coast were conducting checks of Customer 103's play, he became agitated.

On 12 September 2018, Customer 103 presented \$60,000 in cash at Treasury Brisbane comprised of \$50 notes. Star Qld considered that some of the notes were mouldy in appearance and smelled musty. Of this cash, Customer 103 exchanged \$20,000 for chips and \$40,000 was deposited into Customer 103's FMA. Customer 103 recorded winnings of \$15,000.

Customer 103 then returned to the cashier and requested to transfer \$50,000 to his bank account via telegraphic transfer. When Treasury Brisbane declined his request, Customer 103 asked to speak with the duty manager. Customer 103 asserted that he did not want to carry large amounts of cash at night. The duty manager pointed out that Customer 103 had arrived with a large amount of cash. Customer 103 laughed at this comment. The duty manager advised Customer 103 that he could send his winnings of \$15,000 via telegraphic transfer, but the rest would have to be taken in cash. On 13 September 2018, Customer 103 transferred \$15,000 from his Star Qld account to a personal bank account in Australia.

Upon transferring the \$15,000, Customer 103 asked whether he could send winnings to an account in a foreign country. He did not provide the account details. The duty manager advised Customer 103 that Treasury Brisbane would look into this issue. However, Treasury Brisbane internally noted that it would attempt to obtain the account details before advising Customer 103 that they would not transfer funds to this country. Customer 103 then decided to withdraw \$60,000 in cash from his account in \$100 notes: SMR dated 14 September 2018.

On 14 September 2018, Customer 103 presented \$20,000 in cash at Treasury Brisbane to be exchanged for chips. The cash was comprised of \$50 notes. Customer 103 was with another customer, Person 21, when he arrived at the casino. Customer 103 recorded a loss of the entire \$20,000. Person 21 lost the \$5,000 in chips.

At around 11 pm on 14 September 2018, Customer 103 arrived at Star Gold Coast. Customer 103 presented \$20,000 in cash to be exchanged for chips and \$53,700 cash to be deposited into his FMA. The cash was comprised of \$100 and \$50 notes.

On 15 September 2018, Customer 103 was in the private gaming area at Star Gold Coast with another customer, Person 31, believed to be Customer 103's brother. At that time, Customer 103 was getting his play rated under Person 31's account. Person 31 recorded losses

of \$44,900. Star Qld knew that the chips used by Person 31 had been sourced from the deposits made into Customer 103's FMA. Customer 103 recorded losses of \$38,900.

On 18 September 2018, Customer 103 presented \$10,000 in cash at Treasury Brisbane to be exchanged for chips. Shortly afterwards, Customer 103 exchanged another \$30,000 cash for chips. The cash comprised of \$50 notes that were sticky and smelt musty. Shortly after, Customer 103 commenced play with \$25,000 in chips in the private gaming room. Customer 103 was recorded to have left the private gaming room with \$12,000 in chips. Customer 103 then presented \$5,000 in chips to buy-in at another gaming table. Shortly after, he left that gaming table with \$4,000 in chips. At about 1 pm, Customer 103 left the casino: SMR dated 19 September 2018.

On 19 September 2018, Customer 103 arrived at Star Qld in a red mustang. Customer 103 presented \$30,000 in cash comprised of \$50 notes to be exchanged for chips.

On 20 September 2018, Customer 103 presented \$16,500 in cash at Star Qld to be exchanged for chips. The cash was comprised of \$100 notes and \$50 notes.

On 24 September 2018, Customer 103 exchanged \$20,000 in cash for chips. Customer 103 then proceeded to play at a gaming table for approximately 40 minutes. Shortly after, Customer 103 left the gaming area and exchanged \$30,010 in chips for \$20,010 in cash (which was comprised of \$100 notes) and deposited the remaining \$10,000 into his FMA.

On 25 September 2018, Customer 103 presented \$10,000 in cash at Star Qld to be exchanged for chips. The cash appeared to be sourced from a payment made to Customer 103 the previous day.

Later in the day, Customer 103 exchanged \$26,000 in chips for \$21,000 in cash. Customer 103 requested that the remaining \$5,000 be transferred to his personal bank account via telegraphic transfer.

At about 2:50 pm on 26 September 2018, Customer 103 arrived at Star Qld. Customer 103 proceeded to the cashier desk and presented \$11,000 in chips. Customer 103 requested that \$10,000 be deposited into his FMA at Star Qld and \$1,000 be exchanged for cash.

Large and suspicious cash transactions in October 2018

On 6 October 2018, Customer 103 exchanged \$20,000 in cash for chips. Shortly after, Customer 103 exchanged \$42,000 in chips for cash.

Very early the following day, Customer 103 exchanged a total of \$54,950 cash for chips in two transactions. Customer 103 also deposited \$30,000 cash into his FMA. Star Gold Coast did not know

why Customer 103 would keep purchasing chips in circumstances where he was winning and already held a number of chips.

Shortly afterwards, Customer 103 exchanged \$167,000 in chips for cash. Customer 103 also withdrew the \$30,000 deposited earlier that morning. Star Gold Coast considered it unusual that Customer 103 would unnecessarily make cash purchases of chips: SMR dated 9 October 2018.

On 9 October 2018, Customer 103 arrived at Star Gold Coast in a red Mustang. Shortly after, Customer 103 presented \$20,000 cash to be exchanged for chips. The cash comprised of \$100 notes. After briefly playing table games in the Sovereign room, Customer 103 met with another customer, Person 31, in the main gaming area. Customer 103 played baccarat with Person 31 for 45 minutes.

Customer 103 then left Person 31 at the table and returned to the Sovereign room where he exchanged \$30,000 in chips for cash. Shortly afterwards, Customer 103 carried the cash in his hands, returned to his car and left Star Gold Coast.

Approximately an hour later, Customer 103 returned to Star Gold Coast in the same car. Customer 103 held a large amount of cash which was comprised of \$50 notes. He then presented \$24,000 in cash at the cashier desk, to be exchanged for chips. The cash was comprised of \$50 notes and one \$100 note. Customer 103 then proceeded to the Sovereign room where he met Person 31. Customer 103 and Person 31 sat at a gaming table. However, on two occasions Customer 103 left Person 31 in the gaming area and returned to his car. Customer 103 appeared to collect \$28,850 and \$29,850 in cash from his car on each occasion. On each occasion, Customer 103 returned to the cashier desk where he presented the cash.

After playing more table games, Customer 103 returned to the cashier desk and exchanged \$106,400 in chips for cash. Customer 103 took the cash in a bag, returned to his car and left Star Gold Coast. Customer 103 had only recorded winnings of \$30,000 that day.

On 10 October 2018, Customer 103 presented \$45,000 in cash at Treasury Brisbane to be exchanged for chips. Customer 103 returned to the cashier three times to exchange cash totalling \$100,000 for chips. The straps binding the cash appeared to be those obtained from Star Gold Coast the previous day.

Later on 10 October 2018, Customer 103 exchanged \$150,000 in chips for cash. Customer 103 placed the cash in a box. When a staff member commented about the style of the box, Customer 103 said that it was for someone else.

At that time, Star Gold Coast noted that Customer 103 continued to present large volumes of \$50 notes and that Customer 103 appeared

to regularly win money back after suffering large losses: SMR dated 10 October 2018

Between 11 and 12 October 2018, Customer 103 presented \$50,000 in cash across three transactions at Treasury Brisbane. The cash comprised of \$100, \$50 and \$20 notes. This included \$25,000 in cash which was bound in Star casino straps.

On 17 October 2018, Customer 103 presented approximately \$80,000 in cash at Star Gold Coast to be exchanged for chips. The cash was contained in a black plastic bag and was comprised of various notes that were bound together with elastic bands. Customer 103 asked if he could leave the cash with the cashier whilst he went to dinner. He stated that there should be \$80,000, but it could be more or it could be less. Star Gold Coast's count of the cash came to \$79,900. Upon receiving the chips, Customer 103 said words to the effect; 'I'll have to tell him he was \$100 short.'

Later that day, after finishing play, Customer 103 cashed out winnings of \$100,000 at Star Gold Coast. He was with a customer, Person 31, when this occurred. Person 31 took \$1,500 of the cash presented. Customer 103 and Person 31 requested two envelopes to carry the cash: SMR dated 17 October 2018.

On 19 October 2018, Customer 103 presented \$25,000 in cash at Star Qld to be exchanged for chips. The cash was comprised of \$50 notes. Customer 103 appears to have exchanged a further \$5,900 cash for chips at a gaming table. Customer 103 lost both amounts. Customer 103 then exchanged another \$50,000 cash for chips. The cash comprised mostly of \$100 notes and \$50 notes. At the time, Customer 103 did not appear to use the chips: SMR dated 19 October 2018.

On 22 October 2018, Customer 103 presented \$20,000 in cash for chips at Star Qld. The cash was comprised of \$100 notes that were bound with Star Qld straps. Later that day, Customer 103 exchanged \$106,275 in chips for cash. His record of play supported this transaction. Customer 103 placed the cash into a large plain yellow envelope. At this time, Star Qld overheard him saying that he had just given \$25,000 to another customer. Star Qld considered that this may have been a customer who played at the same table as Customer 103.

On 23 October 2018, Customer 103 presented \$20,000 in cash at Star Qld. The cash was comprised of \$100 notes bound with Star Qld straps. Some of the straps had codes that showed the cash had previously been paid to Customer 103. Customer 103 requested that the cash be transferred to an account in a foreign country in his wife's name. Customer 103 said that he was moving his whole family to that foreign country in April 2019: SMR dated 23 October 2018

Between 24 and 30 October 2018, Customer 103 presented \$114,700 in cash at Star Qld in six separate transactions. The cash presented ranged from \$14,000 to \$25,000 per transaction and mostly comprised of \$100 and \$50 notes. On three occasions the cash was bound with straps stamped and coded to Star Qld.

On 31 October 2018, Customer 103 presented a further \$25,000 in cash at Star Qld. The cash was bound with Star Qld straps displaying a code. Star Qld considered that presentation of cash with these straps was very unusual as the straps were not stamped in the way Star Qld usually stamped straps, were not sourced from any casino in Qld and dated back to July 2018: SMR dated 31 October 2018.

On 1 November 2018, Star Qld determined that the straps belonged to Star Gold Coast. However, Star Qld noted that the Star Gold Coast's license number was CE186846.

Large and suspicious cash transactions in November 2018

On 14 November 2018, Customer 103 presented \$40,000 in cash at Treasury Brisbane to be exchanged for chips. The cash was comprised of \$100 notes bound together with elastic bands. Customer 103 subsequently lost this entire amount.

Customer 103 then withdrew \$100,000 in chips from his FMA. Customer 103 had transferred these funds from Star Sydney following his recent activity at that venue. Shortly after, Customer 103 presented \$9,000 in cash to be exchanged for chips. Customer 103 recorded \$148,000 in losses for the day.

On 15 November 2018, Customer 103 presented \$60,000 in cash at Star Gold Coast to be exchanged for chips. The cash comprised of mostly \$100 notes and \$50 notes. Customer 103 recorded losses of \$75,600 for the day. Star Gold Coast could not ascertain the source of the additional \$15,600, being the difference between \$75,600 and \$60,000: SMR dated 16 November 2018

Between 16 November 2018 and 23 November 2018, Customer 103 conducted eight cash transactions at Star Qld venues. During this period, Customer 103 presented a total of \$132,700 in cash at Treasury Brisbane to be exchanged for chips. On 22 November 2018, Customer 103 exchanged \$80,000 in cash at Star Gold Coast for chips. Customer 103 recorded losses of \$73,500 at Star Gold Coast and \$130,972 at Treasury Brisbane. Star Qld did not know the source of Customer 103's cash. When asked, Customer 103 only implied that the cash came from his bank account: SMR dated 27 November 2018.

On 30 November 2018, Customer 103 waited in line at a cashier desk to exchange chips for cash. Customer 103 allowed other customers to proceed ahead of him as his transaction would take some time. At this time, another Star Qld customer approached the cashier. Customer

103 spoke to the customer and asked if he could buy \$30,000 in chips from him. The customer agreed and Customer 103 purchased the chips from him. As Customer 103 walked away, he informed the cashier that he had given the customer the cash and that it was easier that way. Customer 103 then proceeded to buy-in at a gaming table with \$25,000 in chips. Star Qld did not know if Customer 103 had any connection to the customer or if the meeting was pre-arranged. Star Qld considered that Customer 103 may have been waiting in the queue deliberately, to transact with the customer and avoid reporting of the cash: SMR dated 3 December 2018.

Large and suspicious cash transactions in December 2018

On 5 December 2018, Customer 103 presented \$75,000 in cash at Star Qld to be deposited into his FMA. Customer 103 carried the cash in a plastic shopping bag which itself was contained in a green reusable shopping bag. The cash was mostly comprised of \$50 and \$100 notes. Customer 103 took \$15,000 in chips and said he would return for the balance after the count was finished. Customer 103 discarded the plastic shopping bag and the reusable shopping bag.

Star Qld staff deposited the remaining cash (i.e. \$60,000) into Customer 103's FMA as he did not return for some time. Customer 103 returned to the cashier very early the next morning. Customer 103 exchanged \$15,000 in chips for cash and withdrew \$60,000 in cash from his FMA. Star Qld retrieved the two shopping bags and an Allen key that was found within: SMR dated 6 December 2018.

- g. Customer 103 and persons associated with him transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and plastic bags and boxes at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 1 December 2016 and 14 November 2018, Star Sydney gave the AUSTRAC CEO 51 TTRs totalling \$2,043,635 involving Customer 103, including:

- a. 17 TTRs detailing account deposits totalling \$720,000;
- b. three TTRs detailing account withdrawals totalling \$257,400;
- c. 30 TTRs detailing chip and cash exchanges totalling \$1,006,235;
and
- d. one TTR detailing other monetary value in totalling \$60,000.

Summary

Between 12 December 2016 and 13 November 2018, Customer 103 and persons associated with him were engaged in large and

suspicious cash transactions at Star Sydney totalling at least \$1,336,070 on at least 22 occasions.

Large and suspicious cash transactions in 2016

On 12 December 2016, Customer 103 presented \$60,000 in cash at Star Sydney. The cash was comprised of \$50 notes in bundles of \$5,000, bound together with elastic bands. Customer 103 exchanged the \$50 notes for \$100 notes. Customer 103 then recorded turnover of \$248,500 with losses of \$16,000 for the day: SMR dated 13 December 2016

On 29 December 2016, Customer 103 exchanged \$69,850 in cash for chips at Star Sydney. The cash was comprised of \$50 notes, bound together with elastic bands in bundles of \$5,000 and \$10,000. Customer 103 then exchanged \$50,000 in chips for cash comprising of only \$100 notes: SMR dated 29 December 2016.

Large and suspicious cash transactions in 2017

On about 29 April 2017, Customer 103 exchanged a total of \$200,000 in cash for chips at Star Sydney. The cash was bound in Star casino straps. Customer 103 recorded turnover of \$387,450 and a loss of \$31,600. Following play, Customer 103 exchanged \$105,000 in chips for cash.

Large and suspicious cash transactions in 2018

On 11 February 2018, Customer 103 made three cash deposits totalling \$120,000 into his account at Star Sydney within 15 minutes of each other. Customer 103 then recorded losses of \$18,000 at Star Sydney. Star Qld noted that on 12 February 2018, Customer 103 transferred \$90,000 from Star Sydney to Star Qld: SMR dated 8 March 2018

On 25 August 2018, Customer 103 attended Star Sydney. At this time Customer 103 presented \$3,820 in cash at a gaming table in the private gaming room. Customer 103 also presented \$15,000 in cash and \$5,400 in chips to be deposited into his FMA. Customer 103 had also transferred \$25,000 to his Star Sydney account from his account at Star Qld: SMR dated 28 August 2018.

On 13 or 14 October 2018, Customer 103 attended Star Sydney. At this time, Customer 103 transferred \$31,000 from his Star Qld account to his Star Sydney account. The funds were sourced from play at Star Qld. Customer 103 also added another \$5,000 cash when he arrived at the Star Sydney. Whilst at Star Sydney, Customer 103 recorded losses of \$50,000. The source of the additional funds (i.e. the difference between the \$31,000 and \$5,000 presented and the \$50,000 lost) was unknown: SMR dated 17 October 2018

Between 11 and 12 November 2018, Customer 103 made four cash deposits totalling \$240,000 into his account at Star Sydney. The first

two deposits were for \$50,000 each. The cash was presented to Star Sydney in a black box. Star Sydney counted the total as \$102,400. However, Customer 103 took back \$2,400 and only wanted to deposit \$100,000. Soon after, Customer 103 deposited another \$90,000 and then a further \$50,000. The cash was comprised of \$50 and \$100 notes bound together with elastic bands. Following the cash deposits, Customer 103 recorded turnover of \$881,300 with losses of \$54,900: SMR dated 12 November 2018

On 12 November 2018, Customer 103 made three cash deposits totalling \$140,000 at Star Sydney. The three transactions took place within ten minutes of each other. The cash was comprised of \$50 notes bound together with elastic bands and held in a branded plastic bag.

On the morning of 13 November 2018, Customer 103 requested \$200,000 in cash from his account. Customer 103 also transferred \$112,000 to his Australian bank account. Customer 103 recorded turnover of \$2,000,300 and winnings of \$68,300: SMR dated 13 November 2018

h. between October 2017 and December 2018, Customer 103 engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Qld, including:

i. refining;

Particulars

See paragraph 25 above.

For example, Customer 103 exchanged small denomination notes for \$100 notes on at least four occasions totalling \$155,400.

See particulars at paragraph 2490.f.

ii. structuring;

Particulars

For example, Customer 103 conducted transactions in amounts under \$10,000 to avoid reporting thresholds on at least 11 occasions totalling at least \$57,020.

See particulars at paragraph 2490.f.

iii. cashing-in large value chips with little or no evidence of play;

Particulars

For example, Customer 103 cashed in large amounts of chips on at least eight occasions totalling \$471,842 with little or no evidence of play.

See particulars at paragraph 2490.f.

iv. use of chips and quick turnover of money (without betting); and

Particulars

For example, Customer 103 cashed in large amounts of chips on at least 13 occasions totalling \$763,759 with little or no evidence of play.

See particulars at paragraph 2490.f.

- v. use of casino accounts and facilities;

Particulars

For example, Customer 103 frequently transacted through his Star Qld accounts on at least 16 occasions totalling \$693,700.

See paragraph 25 above.

See particulars to paragraphs 2490.e and 2490.f.

- i. by December 2018, Customer 103 had engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Sydney, including:

- i. refining;

Particulars

See paragraph 25 above.

For example, Customer 103 exchanged small denomination notes for \$100 notes on at least one occasion totalling approximately \$60,000.

See particulars at paragraph 2490.g.

- ii. cashing-in large value chips with little or no evidence of play;

Particulars

See paragraph 25 above.

For example, Customer 103 cashed in large amounts of chips on at least two occasions totalling \$155,000 with little or no evidence of play.

See particulars at paragraph 2490.g.

- iii. use of chips and quick turnover of money (without betting); and

Particulars

For example, Customer 103 had cashed in large amounts of chips on at least four occasions totalling \$140,000 with little or no evidence of play.

See particulars at paragraph 2490.g.

- iv. use of casino accounts and facilities at Star Sydney;

Particulars

For example, Customer 103 had frequently transacted through his Star Sydney accounts on at least five occasions totalling \$458,000.

See particulars at paragraphs 2490.d and 2490.g.

- j. Customer 103 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

From at least 21 March 2018, Customer 103 had access to private gaming rooms at Star Qld.

- k. Customer 103 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

From at least 25 August 2018, Customer 103 had access to private gaming rooms at Star Sydney.

- l. Star Sydney provided information to law enforcement agencies regarding Customer 103's gaming activity and transactions;

Particulars

Star Sydney received three requests from a law enforcement agency in relation to Customer 103 in April and November 2018.

In August and September 2017, and November and December 2018, Star Sydney provided information to a law enforcement agency in relation to Customer 103 on its own initiative.

- m. Star Qld provided information to law enforcement agencies regarding Customer 103's gaming activity and transactions;

Particulars

In October 2017, Star Qld received a request for information from a law enforcement agency in relation to Customer 103.

Between March and December 2018, Star Qld received multiple requests for information from three law enforcement agencies in relation to Customer 103.

On 7 March 2018, Star Qld was advised by a law enforcement agency of suspicions that funds used by Customer 103 may have come from drugs transactions.

- n. in December 2018, Customer 103 was arrested and charged by a law enforcement agency in relation to money laundering activities at Star Sydney and Star Gold Coast; and

Particulars

On about 11 December 2018, Customer 103 was arrested by a law enforcement agency and was charged with dealing with proceeds of crime over \$100,000.

Customer 103 pleaded guilty to this offence.

- o. Star Sydney and Star Qld did not have adequate reason to believe that Customer 103's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 103 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star Sydney and Star Qld recorded Customer 103's occupation as 'Drivers (Automobile)' or limo driver.

Customer 103 frequented Treasury Brisbane and Star Gold Coast in a red mustang.

In 2017 and 2018, Customer 103:

- a. was involved in 281 threshold transactions totalling \$6,662,059 at Star Qld;
- b. was involved in 51 threshold transactions totalling \$2,043,635 at Star Sydney;
- c. recorded turnover exceeding \$34 million at Star Qld; and
- d. recorded turnover exceeding \$15 million at Star Sydney.

Customer 103's gaming and transactional activity was inconsistent with Star Sydney's and Star Qld's understanding of his source of funds and source of wealth: see particulars to paragraphs 2490.f and 2490.g.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 103

2491. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 103 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 103.
2492. It was not until 20 December 2018 that Customer 103 was rated high risk for the purposes of the Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 1 December 2016, Customer 103 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 14 December 2016, Customer 103 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 21 March 2018, Customer 103 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 21 December 2018, Customer 103 was rated critical risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 103's transactions

2493. At no time between 30 November 2016 and December 2018 did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 103's transactions because:
- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 103, Star Sydney's and Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 103 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 103's KYC information

2494. Star Sydney and Star Qld did not review, update and verify Customer 103's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 103's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 103's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 103's source of wealth and source of funds were not legitimate: see *Customer 103's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 103's KYC information on and from 30 November 2016 to December 2018, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 103.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 2499 below.

Failure to apply appropriate due diligence suited to Customer 103's high ML/TF risks

2495. Had Star Sydney and Star Qld conducted ongoing customer due diligence by:
- identifying and assessing the ML/TF risks posed by Customer 103 appropriately;
 - applying appropriate risk-based transaction monitoring to Customer 103; and
 - reviewing and updating Customer 103's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 103 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 103*.

ECDD triggers in respect of Customer 103

2496. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 103 following any ECDD triggers in respect of Customer 103.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2497. Customer 103:
- was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 10 October 2017 and 6 December 2018, Star Qld gave the AUSTRAC CEO 24 SMRs with respect to Customer 103.

- was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

In December 2016 and December 2018, Star Sydney gave the AUSTRAC CEO a total of four SMRs with respect to Customer 103.

2498. Each matter pleaded in paragraph 2497 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2499. Star Sydney and Star Qld did not carry out appropriate risk-based ECDD measures with respect to Customer 103 following an ECDD trigger because:

- a. at no time prior to 13 December 2018 did Star Sydney and Star Qld apply the ECDD Programs to Customer 103; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

- b. prior to 13 December 2018, Customer 103 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's or Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810.

On about 11 December 2018, Customer 103 was arrested by a law enforcement agency and was charged with dealing with proceeds of crime over \$100,000.

On 13 December 2018, Star Qld and Star Sydney issued a group-wide WOL in respect of Customer 103 at the direction of the General Manager, Compliance and Responsible Gambling for 'undesirable behaviour'.

It was not until 21 December 2018 that Customer 103 was rated high risk for the purpose of the Act and Rules, after Customer 103 was arrested.

Contravention of s36 of the Act in respect of Customer 103

2500. By reason of the matters pleaded from paragraphs 2485 to 2499 above, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 103 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2501. By reason of the matters pleaded at paragraph 2500, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to December 2018 with respect to Customer 103.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 104

2502. Customer 104 was a customer of Star Qld during the relevant period. Between 2016 and 2022, Star Qld recorded turnover exceeding \$32 million for Customer 104.

Particulars

Customer 104 was a customer of Star Qld from at least 23 February 2016.

On 22 April 2022, Star Qld issued a WOL in respect of Customer 104.

2503. Star Qld provided Customer 104 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 22 May 2018, Star Qld opened an FMA for Customer 104 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 104 remitted funds from her FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 104's risk profile.

2504. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 104.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 104's risk profile

2505. On and from 30 November 2016, Customer 104, and the provision of designated services to Customer 104 by Star Qld, posed higher ML/TF risks because of the following red flags:

- a. Customer 104 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2022, Star Qld recorded a high individual rated turnover of \$32,333,990 for Customer 104;

Particulars

See paragraph 752 above.

In 2016, Customer 104's individual rated gaming turnover was \$5,867,738.

In 2017, Customer 104's individual rated gaming turnover was \$6,606,611.

In 2018, Customer 104's individual rated gaming turnover was \$5,195,687.

In 2019, Customer 104's individual rated gaming turnover was \$4,742,339.

In 2020, despite the COVID-19 pandemic closures, Customer 104's individual rated turnover remained high.

In 2020, Customer 104's individual rated gaming turnover was \$5,368,047.

In 2021, Customer 104's individual rated gaming turnover was \$4,464,497.

In 2022, Customer 104's individual rated gaming turnover was \$89,071.

- b. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 104 by remitting large amounts of money within the casino environment via her accounts;

Particulars

See paragraphs 347 to 349 above.

For example, on 24 May 2018, Star Qld facilitated a transfer of \$26,000 from Customer 104's FMA at Treasury Brisbane to Star Sydney.

- c. from at least 2 February 2021, Star Qld was aware that Customer 104 was part of a group of customers, including Customer 105 and Customer 106, conducting transactions involving the receipt and movement of small denominations of cash with no visible lawful purpose:
- i. the group of customers, including Customer 104, engaged in suspicious conduct at Star Qld;

Particulars

Red flags reflective of higher ML/TF risks included:

- a. following each other between gaming tables and to the cashier desk: SMRs dated 10 December 2020, 2 February 2021, 4 February 2021, 15 April 2021, 14 June 2021;
- b. exchanging cash and chips on multiple gaming tables or cashiers across several transactions: SMRs dated 2 February 2021, 4 February 2021, 19 February 2021, 26 February 2021, 17 March 2021, 9 April 2021, 14 June 2021, 23 June 2021;
- c. handing chips or cash to one another: SMRs dated 10 December 2020, 2 February 2021, 4 February 2021, 19 February 2021, 26

February 2021, 9 April 2021, 15 April 2021, 29 April 2021, 14 June 2021, 23 June 2021;

- d. handing unknown items to one another: SMRs dated 11 January 2021, 19 February 2021, 15 April 2021, 14 June 2021;
 - e. attempting to deposit funds into one another's FMA: SMR dated 16 April 2021;
 - f. exchanging smaller denomination chips for higher denomination chips: SMRs dated 10 December 2020, 19 February 2021, 9 April 2021, 29 April 2021;
 - g. using small denomination notes: SMRs dated 4 December 2020, 7 January 2021, 28 January 2021, 4 February 2021, 19 February 2021, 26 February 2021, 15 April 2021, 14 June 2021, 23 June 2021, 20 July 2021;
 - h. engaging in minimal gaming activities which did not support transactional activity: SMRs dated 10 December 2020, 11 January 2021, 4 February 2021, 19 February 2021, 26 February 2021, 17 March 2021, 16 April 2021, 29 April 2021, 20 July 2021;
 - i. placing chips or cash in bags: SMRs dated 10 December 2020, 19 February 2021;
 - j. presenting cash from satchels and shopping bags: SMRs dated 10 December 2020, 11 January 2021, 2 February 2021, 19 February 2021, 9 April 2021;
 - k. presenting cash bundled with elastic bands: SMR dated 11 January 2021;
 - l. using a foreign exchange service to explain the source of funds: SMR dated 10 December 2020; and
 - m. providing various and inconsistent explanations for the source of funds: SMRs dated 15 April 2021, 16 April 2021, 29 April 2021, 20 July 2021.
- ii. Star Qld formed suspicions in respect of the conduct of the group of customers;

Particulars

Star Qld considered it suspicious that:

- a. the group of customers' transactions were not supported by gaming activity: SMRs dated 26 February 2021, 17 March 2021;
- b. the group of customers had a steady source of large amounts of cash that was not from the casino, including large amounts of \$50 notes: SMRs dated 2 February 2021, 23 June 2021;
- c. the group appeared to be using smaller amounts of cash across several tables in order to avoid questions about its source: SMRs dated 2 February 2021, 14 June 2021;

- d. the group appeared to be using various methods and casino services to break up transactions and make it difficult to track the origin and destination of the cash: SMRs dated 4 February 2021, 17 March 2021;
 - e. the size of the group continued to expand: SMR dated 17 March 2021;
 - f. the group quickly adapted to the casino's processes and were conducting transactions to dilute and disguise the source of funds: SMR dated 17 March 2021;
 - g. the group appeared to be using EFTPOS facilities to transact a significant amount of funds: SMR dated 2 February 2021;
 - h. the group went to great lengths to deliver and move funds around the casino: SMR dated 15 April 2021;
 - i. there was no known connection between the members of the group: SMR dated 29 April 2021; and
 - j. the group may have been structuring transactions to avoid reporting requirements and questions about the source of cash: SMRs dated 14 June 2021, 23 June 2021, 14 February 2022.
- iii. the group of customers, including Customer 104, engaged in a series of large cash, chip and other exchange transactions with no visible lawful purpose;

Particulars

Cash to chip transactions

Between 28 January 2020 and 21 June 2021, Customer 104 exchanged cash to chips with Star Qld in amounts below \$10,000 on three occasions totalling \$8,500.

Between 8 December 2020 and 10 June 2021, Customer 104 exchanged cash to chips with Star Qld in amounts above \$10,000 on 13 occasions totalling \$318,950.

Between 28 January 2021 and 21 June 2021, other members of the group of customers associated with Customer 104 exchanged cash to chips with Star Qld in amounts below \$10,000 on 17 occasions totalling \$77,200.

Between 8 December 2020 and 17 July 2021, other members of the group of customers associated with Customer 104 exchanged cash to chips transactions with Star Qld above \$10,000 on 15 occasions totalling \$622,950.

Chip to cash transactions

Between 29 January 2021 and 10 June 2021, Customer 104 exchanged chips to cash with Star Qld in amounts above \$10,000 on five occasions totalling \$138,348.

On 15 April 2021, other members of the group of customers associated with Customer 104 exchanged chips to cash with Star Qld in amounts above \$10,000 on one occasion totalling \$50,000.

Cash to cash transactions

Between 8 January 2021 and 21 June 2021, Customer 104 exchanged, or was considered by Star Qld to have exchanged, cash to cash with other customers on 12 occasions totalling \$231,500.

Between 28 January 2021 and 19 April 2021, other members of the group of customers associated with Customer 104 exchanged cash to cash with other customers on three occasions totalling \$30,000.

Chip for chip transactions

On 8 December 2020, Customer 104 exchanged chips for chips with Star Qld above \$10,000, totalling \$25,000.

Between 8 December 2020 and 21 June 2021, Customer 104 exchanged chips for chips with other customers on 11 occasions totalling \$139,500.

Between 28 January 2021 and 21 June 2021, other members of the group of customers associated with Customer 104 exchanged chips to chips with other customers on 11 occasions totalling \$89,400.

Other transactions

On 28 January 2021, members of the group of customers, of which Customer 104 was a part, used EFTPOS and bank cheques to purchase \$60,000 in chips.

- iv. the group of customers engaged in a series of large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

See paragraph 2505.c.iii above.

Large and unusual transactions in 2018

On 22 May 2018, Customer 104 opened an FMA at Star Qld and deposited \$15,200. Customer 104 had recorded losses of \$65,000 since the start of 2018. Star Qld understood Customer 104's occupation to be as a 'housewife'. Star Qld considered that Customer 104's losses were not commensurate with her stated occupation and that the deposit was not supported by winnings: SMR dated 23 May 2018.

Large and unusual transactions in 2020

On 5 November 2020, Customer 104 presented \$50,000 cash, which was comprised of mostly \$100 notes, at Star Qld to be exchanged for chips. Another Star Qld customer, Customer 106, was present during

the transaction. Customer 104 then handed all of the chips to Customer 106. Customer 106 and Customer 104 then proceeded to play at the gaming tables. Customer 104 recorded a loss of \$200 and Customer 106 recorded a loss of \$41,500 for the day. Star Qld considered the purchase and handover of the chips to be unusual: SMR dated 9 November 2020.

Large and unusual transactions in 2021

On 19 January 2021, Customer 104 exchanged \$5,000 in cash for chips at Star Qld. During the day, Customer 104 recorded had a win of \$1,500 but Star Qld was unaware of the source of the other \$3,500 in cash. Later in the day, Customer 104 presented \$10,000 in chips to be exchanged for cash at Star Qld. Since 30 December 2020, Star Qld had given the AUSTRAC CEO four TTRs totalling \$83,000 relating to chip purchases by Customer 104. Customer 104's recorded play did not support this amount. Star Qld considered Customer 104's behaviour in the months prior to the SMR to be unusual: SMR dated 20 January 2021.

On 19 January 2021, another Star Qld customer, Customer 106, presented \$60,410 in chips and requested \$50,410 in cash and a casino cheque for \$10,000. Customer 104 was present at the time of the transaction. Star Qld staff noticed that Customer 106 was also carrying a chip worth \$25,000. Customer 106 had previously attempted to procure a casino cheque at Star Qld. However, that cheque was declined as his play at that time did not support the amount of chips presented. Star Qld believed that Customer 106 had sought a casino cheque for only his recorded winnings of \$10,400. Star Qld also considered that Customer 106 may have been trying to trigger TTRs when he cashed out so that it appeared as though he was recording winnings and could justify the source of the cash: SMR dated 20 January 2021.

On 21 January 2021, Customer 105, who was a known associate of Customer 104, exchanged \$50,010 in chips for cash. Star Qld considered that this was an unusual amount of chips to cash out. Further, Customer 105's gaming activity did not support the cash transaction. Star Qld noticed that the amount exchanged was similar in value to cash that had been paid out to Customer 106 the previous day. Customer 106 was known to be an associate of Customer 105. Customer 104, Customer 73 and two other Star Qld customers were with Customer 106 when the transaction took place: SMR dated 22 January 2021.

Large and unusual transactions in 2022

On 12 February 2022, Customer 104 exchanged a total of \$30,000 in cash for chips at Star Qld. These transactions took place variously at the cashier desk and at gaming tables. Customer 104 staggered the exchanges over a period of several hours and recorded minimal play

between transactions. At the end of play, Customer 104 exchanged \$30,000 in chips for cash. Customer 104 advised Star Qld that her occupation was 'home duties.' Star Qld considered it unusual that Customer 104 would purchase multiple chips in circumstances where she had several unused chips in her possession. Star Qld considered that Customer 104 may have been structuring the exchanges to avoid reporting of the cash brought into the casino. The TTR in respect of the \$30,000 cash exchange could then suggest that the funds were played and won at the casino: SMR dated 14 February 2022.

- d. Customer 104, and persons associated with her, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands contained in shopping bags and satchels at Star Qld;

Particulars

See paragraphs 611 to 618 above.

See paragraph 2505.c above.

Between 7 August 2017 and 31 August 2021, Star Qld gave the AUSTRAC CEO 30 TTRs detailing incoming payments to Customer 104 totalling \$638,150 which comprised account deposits and chip exchanges.

Between 19 February 2018 and 17 February 2022, Star Qld gave the AUSTRAC CEO 14 TTRs detailing outgoing payments from Customer 104 totalling \$305,478 which comprised account withdrawals and chip exchanges.

- e. Customer 104, and persons associated with her, engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Qld, including structuring;

Particulars

See paragraph 25 above.

See paragraphs 2505.c and 2505.d above.

On the following occasions, Customer 104 and persons associated with her were involved in transactions indicative of the ML/TF typology of structuring:

- a. on 3 June 2021, Star Qld considered that transactions involving a group of customers, including Customer 104, and totalling \$40,000, were structured to avoid reporting requirements and questions about the source of cash: SMR dated 14 June 2021;
- b. on 18 June 2021, Star Qld considered that transactions involving a group of customers, including Customer 104, were structured to avoid reporting requirements: SMR dated 23 June 2021; and
- c. on 12 February 2022, Star Qld considered that transactions conducted by Customer 104 may have been structured to avoid reporting requirements and that a TTR had been sought by

Customer 104 in order to give the impression that the funds received were won at the casino: SMR dated 14 February 2022.

- f. between November 2020 and January 2022, Star Qld provided information in respect of Customer 104 and persons associated with her, including Customer 106 and Customer 105 to law enforcement agencies;

Particulars

On 9 December 2020, Star Qld provided information to a law enforcement agency regarding its suspicions in respect of possible money lending or money laundering conducted by Customer 104 or persons associated with her, including Customer 106 and Customer 105.

Between February 2021 and June 2021, Star Qld provided information in respect of Customer 104, and persons associated with her, including Customer 106 and Customer 105, to another law enforcement agency.

On 12 January 2022, Star Qld provided information in respect of transactions involving Customer 104 to two law enforcement agencies.

- g. in December 2021, Star received a law enforcement enquiry in respect of Customer 104 and persons associated with her, including Customer 105 and Customer 106;

Particulars

On 2 December 2021, Star Qld received a request for information in respect of Customer 104 and persons associated with her, including Customer 106 and Customer 105. At that time, Customer 105 had been excluded from Star for problem gambling.

- h. Customer 104 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 104 had access to private gaming rooms at Star Qld including the Suite, Chairman's room, the Cage, the Sovereign Room and the Club Conrad.

- i. Star Qld did not have adequate reason to believe that Customer 104's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 104 at Star Qld.

Particulars

See paragraph 808 above.

By at least 23 May 2018, Star Qld understood that Customer 104 was a housewife. By at least 14 February 2022, Customer 104 confirmed with Star Qld that her occupation was in respect of home duties.

Between 2016 and 2022, Customer 104 received high value gambling services at Star Qld and recorded a cumulative turnover exceeding \$32 million.

From December 2020, Customer 104, in consort with a group of customers, engaged in transactions involving high volumes of cash and cash in small notes. These transactions included those indicative of the ML/TF typology of structuring.

At no time was Star Qld's understanding of Customer 104's source of wealth or source of funds sufficient to explain the high value gambling services received by her at Star Qld.

Star Qld's determination of the ML/TF risks posed by Customer 104

2506. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 104 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 104.
- a. On and from 30 November 2016, Customer 104 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 104's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 104 rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 23 May 2018, Customer 104 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 10 December 2020, Customer 104 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 21 February 2022, Customer 104 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 104's transactions

2507. At no time did Star Qld apply appropriate transaction monitoring to Customer 104's transactions because, where Star Qld conducted any transaction monitoring of transactions involving Customer 104, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

The review, update and verification of Customer 104's KYC information

2508. Star Qld did not review, update and verify Customer 104's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 104's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 104's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 104's source of wealth and source of funds were not legitimate: see *Customer 104's risk profile*.

- d. to the extent that Star Qld reviewed Customer 104's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 104.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 104's high ML/TF risks

2509. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 104 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 104; and
- c. reviewing and updating Customer 104's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 104 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 104*.

ECDD triggers in respect of Customer 104

2510. Star Qld was required to apply the ECDD Programs to Customer 104 following any ECDD triggers in respect of Customer 104.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2511. Customer 104 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 23 May 2018 and 4 February 2021, Star Qld gave the AUSTRAC CEO 21 SMRs with respect to Customer 104.

2512. The matter pleaded in paragraph 2511 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2513. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 104 following an ECDD trigger because:

- a. on each occasion prior to 22 April 2022 that Star Qld conducted ECDD in respect of Customer 104 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 104 and the provision of designated services to Customer 104 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

On 20 April 2021, 30 April 2021 and 16 June 2021, Star Qld conducted ECDD in respect of Customer 104.

On each occasion, Star did not locate any adverse findings in respect of Customer 104.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 104's higher ML/TF risks, including suspicions formed by Star's investigations team regarding Customer 104's activity at Star Qld.

By 4 February 2021, an investigations report was prepared outlining suspicions regarding a group of customers including Customer 104, Customer 106 and Customer 105:

- a. one member of the group, Person 24, was imprisoned for smuggling illegal tobacco and tax fraud;

- b. the group's activities increased following Person 24's conviction;
- c. at least \$850,000 in cash had been passed through the group since the end of 2020, however the true value could be 'a lot more';
- d. the group had modified its behaviour each time Star Qld had begun to ask questions about where the cash originated; and
- e. the group had adopted and used various means, methods and services that Star Qld provided to attempt to make it difficult to track who and how much money was coming into and out of the casino.

By 2 June 2021, an investigations report was updated in respect of the group of customers including Customer 106, Customer 105 and Customer 104, outlining suspicions that:

- a. there was doubt as to the legitimacy of the source of the funds being brought to Star Qld;
- b. there was evidence of potential structuring, layering of transactions and reporting avoidance; and
- c. Star suspected that the group's activity had increased following the conviction of a known associate of the group, Person 24, for smuggling illegal tobacco and tax fraud. Person 24 had also been charged with another money lending and theft incident.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 104's source of funds or source of wealth, in circumstances where:

- a. by at least 23 May 2018, Star Qld understood that Customer 104 was a housewife. By at least 14 February 2022, Customer 104 confirmed with Star Qld that her occupation was in respect of home duties; and
- b. between 2016 and 2022, Customer 104 received high value gambling services at Star Qld and recorded a cumulative turnover exceeding \$32 million.

At no time did Star Qld have a basis to accept that its understanding of Customer 104's source of wealth or source of funds justified the high value gambling services received by her at Star Qld.

By reason of the matters set out above, there were real risks that Customer 104's source of wealth and source of funds were not legitimate: see *Customer 104's risk profile*.

On 22 April 2022, Star Qld issued a WOL in respect of Customer 104.

- b. Customer 104 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 22 April 2022 that Customer 104 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 104 and the provision of designated services to Customer 104, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Decisions to continue to do business with Customer 104

On 22 April 2021, 30 April 2021 and 16 June 2021, on the basis of the ECDD conducted in respect of Customer 104, the Due Diligence Program Manager determined to maintain a customer relationship with Customer 104.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 104's source of wealth (r 15.10(2)(a) of the Rules), having regard to her high turnover despite her stated occupation as a housewife;
- b. Customer 104's source of funds (r15.10(2)(b) of the Rules), having regard to the large volume of cash available to Customer 104 and the group of customers of which she was a part.

There is no record in Star's due diligence records that the Due Diligence Manager took into consideration the report prepared by Star's investigations team regarding Customer 104's activity at Star Qld.

Investigations reports

In June 2021, the Star investigation team prepared a report summarising its suspicions with respect to the activities of Customer 106, Customer 105 and Customer 104, along with others. The report was distributed to the AML/CTF Compliance Officer and Group General Counsel. By March 2022, no response had been received from the recipients to the Star investigations team.

In September 2021, Star senior management, including the AML/CTF Compliance Officer, were provided with the May 2021 report on Customer 106, Customer 105 and Customer 104, along with others. By March 2022, no response had been received from the recipients to the Star investigations team.

On or about 12 January 2022, a summary report regarding a group of customers including Customer 104 was prepared.

JRAM

In March 2022, Customer 106, Customer 105, Customer 104 and others were discussed at a JRAMM.

Following the meeting, on 30 March 2022, a Star Qld investigations manager prepared a further report regarding a group of customers including Customer 104, summarising the history of the investigations into Customer 104 and the group she was associated with, referrals to law enforcement, prior notification of suspicions to Star senior management in May 2021 and September 2021.

The report recommended that Star issue Group-wide WOLs in respect of Customer 104 and others on the basis of the observed suspicious activity summarised in the report.

WOL

On 22 April 2022, Star Qld issued a WOL in respect of Customer 104.

Contravention of s36 of the Act in respect of Customer 104

2514. By reason of the matters pleaded from paragraphs 2502 to 2513, on and from 30 November 2016, Star Qld:
- a. did not monitor Customer 104 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2515. By reason of the matters pleaded at paragraph 2514, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 22 April 2022 with respect to Customer 104.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 105

2516. Customer 105 was a customer of Star Qld during the relevant period. Between 2016 and 2021, Star Qld recorded turnover exceeding \$310 million for Customer 105.

Particulars

Customer 105 was a customer of Star Qld from at least 19 August 2012.

On 6 October 2021, Star Qld issued a WOL in respect of Customer 105 for problem gambling.

2517. Star Qld provided Customer 105 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 28 December 2015, Star Qld opened an FMA for Customer 105 which was closed on 5 October 2021 (item 11, table 3, s6 of the Act).

On 29 November 2020, Star Qld opened a CWA for Customer 105 which was closed on 5 October 2021 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 105 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 105's risk profile below.

2518. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 105.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 105's risk profile

2519. On and from 30 November 2016, Customer 105, and the provision of designated services to Customer 105 by Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 105's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 105 had the following risk history:
- i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 105;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on five occasions between 29 October 2013 and 18 June 2016.

The SMRs reported that Customer 105 engaged in transactions and gaming activity that was not supported by her stated source of wealth.

- ii. Customer 105 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded high individual rated turnover totalling \$8,656,892 for Customer 105;

Particulars

See paragraph 752 above.

- iii. Customer 105 transacted using large amounts of cash at Star Qld; and

Particulars

See paragraphs 611 to 618 above.

Between 14 June 2013 and 4 November 2016, Star Qld gave the AUSTRAC CEO 112 TTRs in respect of Customer 105 totalling \$1,869,898, which comprised:

- a. 99 outgoing TTRs totalling \$1,724,898;
 - b. 13 incoming TTRs totalling \$145,000;
 - c. \$1,447,351 in chip or cash exchanges;
 - d. \$357,000 in account deposits or withdrawals; and
 - e. \$65,547 in EGM payouts.
- iv. on and from October 2013, Customer 105 engaged in large and suspicious transactions and gaming activity which Star Qld considered was not commensurate with her stated source of wealth;

Particulars

In the three months leading up to October 2013, Customer 105 had recorded a loss of \$96,825. Star Qld considered these losses to be unusual in circumstances where Customer 105's stated occupation was 'home duties': SMR dated 29 October 2013.

On 15 May 2014, Customer 105 exchanged \$9,000 in chips for cash. Customer 105's recorded play did not support this transaction. Star Qld again acknowledged that Customer 105's stated occupation was 'home duties': SMR dated 12 June 2014.

In the three months leading up to August 2014, Customer 105 had recorded a loss of \$170,654. Customer 105 had not recorded any significant wins to account for these losses. Star Qld again noted that Customer 105's stated occupation was 'home duties': SMR dated 15 August 2014.

On 1 August 2015, Customer 105 exchanged a \$5,120 EGM voucher for cash. However, Star Qld was aware that another customer's membership card was in the EGM when the collect button was pressed. Star Qld was unaware of any relationship between the other customer and Customer 105: SMR dated 4 August 2015.

In the two months leading up to November 2016, Customer 105 had recorded a loss of \$209,845. Customer 105 had not recorded any significant wins to account for these losses. Star Qld noted that Customer 105 had advised that she was self-employed, and that the amount of the losses were unusual: SMR dated 18 June 2016.

Customer 105's risk profile from 30 November 2016

- b. Customer 105 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2021, Star Qld recorded high individual rated turnover totalling \$310,453,305 for Customer 105;

Particulars

See paragraph 752 above.

In 2016, Customer 105's individual rated turnover was \$22,634,034.

In 2017, Customer 105's individual rated turnover was \$13,186,679.

In 2018, Customer 105's individual rated turnover was \$19,875,230.

In 2019, Customer 105's individual rated turnover escalated significantly to \$88,374,950.

In 2020, when the COVID-19 pandemic closures commenced, Customer 105's turnover remained very high.

In 2020, Customer 105's individual rated turnover was \$81,821,265.

In 2021, Customer 105's individual rated turnover was \$84,561,149.

- c. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 105 by remitting large amounts of money into, out of, and within the casino environment via her accounts;

Particulars

Remittances involving third parties

See paragraphs 278 and 327 above.

On 10 March 2020, Star Qld received a telegraphic transfer of \$10,000 from a third party's Australian bank account, which it made available to Customer 105's FMA at Treasury Brisbane.

The above transaction was conducted through the Star Patron account channel.

Remittances into the casino environment

See paragraph 327.

Customer 105 regularly transferred money via EFTPOS transactions from her debit card, which were made available by Star Qld to her FMA: SMRs dated 16 June 2021, 28 September 2021, 6 October 2021, 6 October 2021.

The above transactions were conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

Between 10 October 2019 and 11 March 2020, Star Qld facilitated five telegraphic transfers totalling \$151,500 from Customer 105's FMA at Treasury Brisbane to Australian bank accounts.

On 14 October 2019, Star Qld facilitated a telegraphic transfer of \$80,000 from Customer 105's FMA at Treasury Brisbane to another Australian casino.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

On 1 August 2018 and 28 July 2019, Star Qld facilitated two transfers totalling \$67,000 from Star Gold Coast to Treasury Brisbane, both of which were made available to Customer 105's FMA at Treasury Brisbane.

Between 8 August 2018 and 30 August 2019, Star Qld facilitated five transfers totalling \$140,025 from Treasury Brisbane to Star Gold Coast, each of which was made available to Customer 105's FMA at Star Gold Coast.

- d. from at least 2 February 2021, Star Qld was aware that Customer 105 was part of a group of customers, including Customer 104 and Customer 106, conducting transactions involving the receipt and movement of small denominations of cash with no visible lawful purpose;
 - i. the provision of designated services to the group of customers, including Customer 105, by Star Qld raised red flags reflective of higher ML/TF risks;

Particulars

Red flags reflective of higher ML/TF risks included:

- a. following each other from between gaming tables and to the cashier desk: SMRs dated 10 December 2020, 2 February 2021, 4 February 2021, 14 June 2021;
- b. exchanging cash with chips on multiple gaming tables or cashiers in several transactions: SMRs dated 2 February 2021, 9 April 2021, 14 June 2021, 23 June 2021;
- c. handing chips or cash to one another: SMRs dated 10 December 2020, 2 February 2021, 4 February 2021, 29 April 2021, 14 June 2021, 23 June 2021;
- d. handing unknown items to one another: SMRs dated 11 January 2021, 14 June 2021;
- e. attempting to deposit funds into one another's FMA: SMR dated 16 April 2021;

- f. exchanging smaller denomination chips for higher denomination chips: SMRs dated 10 December 2020, 4 February 2021, 29 April 2021;
 - g. using small denomination notes: SMRs dated 4 February 2021, 14 June 2021, 23 June 2021;
 - h. engaged in minimal gaming activities which did not support the amounts exchanged: SMRs dated 10 December 2020, 11 January 2021, 4 February 2021, 16 April 2021, 29 April 2021;
 - i. placing chips or cash in bags: SMRs dated 10 December 2020;
 - j. presenting cash from satchels and shopping bags: SMRs dated 10 December 2020, 11 January 2021, 2 February 2021, 9 April 2021;
 - k. presenting cash bundled with elastic bands: SMR dated 11 January 2021;
 - l. using a foreign exchange service to explain the source of funds: SMR dated 10 December 2020; and
 - m. providing various and inconsistent explanations for the source of funds: SMRs 16 April 2021, 29 April 2021.
- ii. Star Qld formed suspicions in respect of the conduct of the group of customers; and

Particulars

Star Qld considered it suspicious that:

- a. the group of customers' transactions were not supported by gaming activity: SMRs dated 26 February 2021, 17 March 2021;
- b. the group of customers had a steady source of large amounts of cash that was not from the casino, including large amounts of \$50 notes: SMRs dated 2 February 2021, 23 June 2021;
- c. the group appeared to be using smaller amounts of cash across several tables in order to avoid questions about its source: SMRs dated 2 February 2021, 14 June 2021;
- d. the group appeared to be using various methods and casino services to break up transactions and make it difficult to track the origin and destination of the cash: SMRs dated 4 February 2021, 17 March 2021;
- e. the size of the group continued to expand: SMR dated 17 March 2021;
- f. the group quickly adapted to the casino's processes and were conducting transactions to dilute and disguise the source of funds: SMR dated 17 March 2021;

- g. the group appeared to be using EFTPOS facilities to transact a significant amount of funds: SMR dated 2 February 2021;
 - h. the group went to great lengths to deliver and move funds around the casino: SMR dated 15 April 2021;
 - i. there was no known connection between the members of the group: SMR dated 29 April 2021; and
 - j. the group may have been structuring transactions to avoid reporting requirements and questions about the source of cash: SMRs dated 14 June 2021, 23 June 2021, 14 February 2022.
- iii. the group of customers engaged in a series of large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 21 January 2021, Customer 105, who was a known associate of Customer 104, exchanged \$50,010 in chips for cash. Star Qld considered that this was an unusual amount of chips to cash out. Further, Customer 105's gaming activity did not support the cash transaction. Star Qld noticed that the amount exchanged was similar in value to cash that had been paid out to Customer 106 the previous day. Customer 106 was known to be an associate of Customer 105. Customer 104, Customer 73 and two other Star Qld customers were with Customer 106 when the transaction took place: SMR dated 22 January 2021.

- e. Star Qld was aware that:
- i. Customer 105 and persons associated with her had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
 - ii. Customer 105 and persons associated with her transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes;

Particulars

Between 28 December 2016 and 5 October 2021, Star Qld gave the AUSTRAC CEO 545 TTRs in respect of Customer 105 totalling \$10,379,888, which comprised:

- a. 312 outgoing TTRs totalling \$7,138,103;
- b. 233 incoming TTRs totalling \$3,241,785;
- c. \$9,578,210 in chip or cash exchanges;
- d. \$568,785 in account deposits or withdrawals; and
- e. \$232,893 in EGM payouts.

Large and unusual transactions in 2019

On 25 June 2019, Customer 105 exchanged \$4,630 in cash for chips at Star Qld. The cash was comprised mostly of \$20 notes. Shortly afterwards, Customer 105 exchanged a further \$10,000 in cash for chips. The cash was comprised of \$50 notes. Soon afterwards, Customer 105 returned with another customer who presented \$30,000 in cash. The cash was comprised of \$50 notes. The customer requested that the cashier count the cash twice and then return \$5,000, which the customer gave to Customer 105. The customer exchanged the balance of the cash for \$25,000 in chips. Star Qld was unaware of the origin of the cash or of the relationship between Customer 105 and the other customer, but believed that the customer owed Customer 105 money: SMR dated 26 June 2019.

On 29 September 2019, a customer, Person 24, exchanged \$70,000 in cash for chips at Star Qld. The cash was comprised of \$100 notes. Person 24 said that he had won the cash at Star Qld, however records did not fully support Person 24 having that much cash. After receiving the chips, Person 24 gave a large amount of the chips to Customer 105. Star Qld was unaware of the connection between Person 24 and Customer 105. Customer 105 did not record any play at Star Qld on that day: SMR dated 30 September 2019.

Large and unusual transactions in 2020

On 17 September 2020, Customer 105 withdrew \$25,000 in chips from her FMA. Later that day, she redeemed a casino cheque for \$49,000. Customer 105 then deposited \$10,000 and \$60,000 into her FMA and withdrew \$70,000. Later that day again, a third party presented \$100,000 in \$50 notes and requested to purchase chips. The customer advised that the cash originated from his family. After the transaction was completed, the third party was observed to meet with Customer 105 at an EGM. The two exchanged text messages and then the third party handed the chips to Customer 105 before leaving the casino with no play recorded. Customer 105 used the chips to gamble: SMR dated 18 September 2020.

On 5 November 2020, Customer 105 exchanged \$30,000 in cash for chips. Customer 105 had retrieved the cash from her car. Star Qld noted that it was unusual for Customer 105 to leave that much cash in an unattended car. Star Qld noted that it was attempted to obtain more information about Customer 105's source of funds, but that Customer 105 was not forthcoming with that information. Customer 105 had variously described herself as a franchisee of an overseas bakery, a media contractor for shopping centres in a foreign country, a clothing manufacturer, an owner of commercial and investment properties and Qld and the beneficiary of her husband's trust: SMR dated 9 November 2020.

Large and unusual transactions in 2021

On 21 April 2021, a Star Qld customer exchanged \$35,600 in cash for chips across seven transactions. The customer only gambled with \$600 in chips. On 22 April 2021, the same customer exchanged \$40,000 in cash for chips across five transactions. No play was recorded with these chips. The customer had been signed in by Customer 105. The two were observed throughout the day. However, no money or chips appeared to have been exchanged: SMR dated 23 April 2021.

On 31 May 2021, a Star Qld customer exchanged \$11,700 in cash for chips. The cash was comprised of \$1,000 in \$20 notes, \$8,500 in \$50 notes and \$2,200 in \$100 notes. The customer played on various tables before she arrived at a table where Customer 105 was playing. Customer 105 appeared to borrow one \$1,000 chip from the customer. After winning the bet, Customer 105 was observed handing \$1,000 in chips back to the customer. Later, the customer appeared to ask for and receive \$15,000 in cash from Customer 105. The customer typed something into her mobile and showed it to Customer 105. The customer then used the cash to purchase \$15,000 in chips and meet another person outside a private gaming room. Customer 105 appeared to give the first customer something. The customer then returned to the private gaming room while Customer 105 left in her car. The customer exchanged \$30,000 in cash for chips. The cash was bundled and comprised \$20,000 in \$50 notes and \$10,000 in \$100 notes with straps. The customer recorded a total loss of \$37,400: SMR dated 9 June 2021.

On 11 June 2021, Customer 105 arrived with another customer and exchanged \$1,300 in cash for chips. The cash was comprised of \$100 notes. At a gaming table, Customer 105 exchanged another \$900 in cash for chips. Customer 105 then exchanged an EGM voucher for \$700 in chips. Shortly afterwards, Customer 105 received \$20,000 via EFTPOS and withdrew it in chips. Customer 105 showed the other customer her chips and then commenced play with them. Early the next day, Customer 105 cashed out \$33,000 in chips for cash, and placed the cash in her bag. Customer 105 then returned to the table and appeared to give the other customer some chips. Later in the morning, Customer 105 and the other customer went to the cashier. Customer 105 exchanged \$12,110 in chips for cash. She was then observed giving the other customer \$10,000 in cash. The other customer was also observed taking an additional \$7,620 from Customer 105, before both left the casino. Early in the afternoon, both customers returned. Customer 105 exchanged \$5,000 in cash for chips. An hour later, Customer 105 cashed out \$12,010 in chips for cash. The other customer was with her. The next day, Customer 105 exchanged \$10,000 in cash for chips. Later that day, she deposited \$60,000 into her account via EFTPOS and withdrew the amount in chips: SMR dated 16 June 2021.

In the three months leading up to July 2021, Customer 105 recorded a loss of \$416,572. Star Qld noted that these losses appeared high given that Customer 105's stated source of funds was as a self-employed property investor: SMR dated 21 July 2021.

In the three months leading up to September 2021, Customer 105 recorded a loss of \$625,622. During this period, Customer 105 had received \$808,000 from EFTPOS payments. Star Qld understood that Customer 105 was the registered business owner of a small retail shopping centre: SMR dated 28 September 2021.

On 2 October 2021, Customer 105 exchanged \$10,000 in cash for chips. Shortly afterwards, Customer 105 exchanged a further \$9,200 in cash for chips at a different cashier. The cash was comprised of \$50 notes. Customer 105's subsequent gaming activities were supported by these transactions. However, Star Qld considered it suspicious that such a large volume of \$50 notes were presented in a short time frame at different cashiers. On 3 October 2021, Customer 105 exchanged \$10,000 in cash, which comprised \$50 notes, for \$6,000 in chips and \$4,000 in \$100 notes. Star Qld noted that Customer 105's usual buy-in method was via EFTPOS transactions. Star Qld considered it unusual that Customer 105 had access to a large volume of \$50 notes: SMR dated 6 October 2021.

On 3 October 2021, Customer 105 deposited \$66,000 via EFTPOS into her FMA, which she withdrew as chips. The following day, another customer deposited \$100,000 via EFTPOS into his FMA, which he withdrew as chips while Customer 105 was present. Customer 105 and the customer proceeded to a gaming table. The customer gave all of the chips to Customer 105, who handed one chip to a second customer. The second customer then passed the chip to a third customer. Customer 105 and the first customer then returned to the cashier and deposited \$66,000 in chips and \$85,000 in chips into her FMA. Customer 105 requested that \$66,000 be transferred to her personal bank account and \$85,000 be issued as a casino cheque. The first customer placed the cheque in an envelope and handed it back to Customer 105. Customer 105 then made enquiries with Star Qld about self-exclusion.

On 6 October 2021, Customer 105 informed Star Qld that the cheque had been damaged and asked for the funds to be transferred to her bank account instead. When Star Qld refused, a new casino cheque was issued. Star Qld considered that it was possible that Customer 105 was attempting to use it to exchange funds with another customer. Star Qld was not aware of the connection between any of the customers: SMR dated 6 October 2021.

On 6 October 2021, Customer 105 self-excluded herself from Star Qld. Later that day, Star Qld received a phone call from another Australian casino to confirm that Star Qld had issued the \$85,000 cheque. Star Qld understood that Customer 105 used the funds from

that cheque to gamble. Star Qld considered it unusual that Customer 105 self-excluded from Star Qld only to use the proceeds of the cheque at another casino: SMR dated 13 October 2021.

- f. Customer 105 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring;

Particulars

See paragraph 25 above.

On 4 February 2019 and 22 February 2019, Customer 105 exchanged \$9,470, \$9,800 and \$9,200 in chips for cash. Star Qld noted that the transactions were just below the reporting threshold and that the 22 February 2019 transactions were not supported by Customer 105's gaming activities. Star Qld further noted that the TTRs given to the AUSTRAC CEO generated by Customer 105 would give the impression that Customer 105 was winning approximately \$100,000, despite having a true loss of approximately \$55,000. Star Qld considered that Customer 105 appeared to be structuring her transactions to give regulators the impression that she was winning more than she was. Further, Customer 105 had advised Star Qld that her source of wealth was from ownership of bakeries overseas, rather than home duties: SMR dated 27 February 2019.

On 18 June 2021, Star Qld considered that transactions involving a group of customers, including Customer 105, were structured to avoid reporting requirements: SMR dated 23 June 2021.

- g. between 2020 and 2021, Star Qld provided law enforcement with information in respect of Customer 105 and persons associated with her, including Customer 106 and Customer 104 on multiple occasions;

Particulars

Between 22 September 2020 and 13 October 2021, Star Qld provided information to a law enforcement agency on nine occasions to report large and suspicious transactions conducted by Customer 105 or persons associated with her, including Customer 106 and Customer 104.

On 9 December 2020, Star Qld provided information to another law enforcement agency regarding their suspicions in respect of possible money lending or money laundering conducted by Customer 105 or persons associated with her, including Customer 106 and Customer 104.

- h. in December 2021, Star Qld received a law enforcement enquiry in respect of Customer 73 and persons associated with her;

Particulars

On 2 December 2021, Star Qld received a request for information in respect of Customer 105 and persons associated with her, including Customer 104 and Customer 106.

Star Qld provided a response stating that Customer 105 had been excluded from the casinos for problem gambling, but that the other two individuals were still active.

- i. Customer 105 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 105 had access to private gaming rooms at Star Qld, including the Suite, the Sovereign Room, Orchid and Pit 9.

- j. Star Qld did not have adequate reason to believe that Customer 105's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 105 at Star Qld.

Particulars

See paragraph 808 above.

From 30 November 2016 to October 2020, Star understood that Customer 105's occupation was in respect of 'home duties'. Between 2016 and 2020, Star Qld recorded high and escalating turnover for Customer 105 at Star Qld exceeding \$220 million.

In October 2020, Customer 105 provided various explanations as to her source of wealth, including that her husband oversaw businesses in a foreign country; that she was a franchisee of bakeries in a foreign country; that she was a media contractor for shopping centres in a foreign country; that she was a clothing manufacturer in a foreign country; and that she owned numerous commercial buildings and investment properties in Queensland. However, at no point did Star verify any of Customer 105's stated sources of wealth. In 2021 alone, Star Qld recorded turnover for Customer 105 at Star Qld which exceeded \$84 million. At no point was Customer 105's stated source of wealth commensurate with the high value designated services provided to her at Star Qld.

From December 2020, Customer 105, in consort with a group of customers, engaged in transactions involving high volumes of cash and cash in small notes. These transactions included those indicative of the ML/TF typology of structuring. By at least June 2021, Star Qld doubted the legitimacy of the source of funds being brought into the casino by the group. There were real risks associated with Customer 105's source of funds.

Star Qld's determination of the ML/TF risks posed by Customer 105

2520. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 105 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 105.
- a. On and from 30 November 2016, Customer 105 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 105's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 105 rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 8 July 2014, Customer 105 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 105's transactions

2521. At no time did Star Qld apply appropriate transaction monitoring to Customer 105's transactions because:
- a. where Star Qld conducted any transaction monitoring of transactions involving Customer 105, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 105 through the Star Patron account channel; and

Particulars

See paragraph 774 above.

- c. Star Qld provided designated services to Customer 105 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and(b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 105's KYC information

2522. Star Qld did not review, update and verify Customer 105's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 105's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 105's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 105's source of wealth and source of funds were not legitimate: see *Customer 105's risk profile*.

- d. to the extent that Star Qld reviewed Customer 105's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 105.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 105's high ML/TF risks

2523. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 105 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 105; and
- c. reviewing and updating Customer 105's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 105 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 105*.

ECDD triggers in respect of Customer 105

2524. Star Qld was required to apply the ECDD Programs to Customer 105 following any ECDD triggers in respect of Customer 105.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2525. Customer 105 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 27 February 2019 and 13 October 2021, Star Qld gave the AUSTRAC CEO 21 SMRs with respect to Customer 105.

2526. The matter pleaded in paragraph 2525 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2527. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 105 following an ECDD trigger because:

- a. on each occasion prior to 6 October 2021 that Star Qld conducted ECDD in respect of Customer 105 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 105 and the provision of designated services to Customer 105 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

On 26 June 2019 and 18 September 2020, Star Qld conducted ECDD in respect of Customer 105. On each occasion, Star did not identify any adverse findings in respect of Customer 105.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 105's higher ML/TF risks, including suspicions formed by Star's investigations team regarding Customer 105's activity at Star Qld.

By 4 February 2021, an investigations report was prepared outlining suspicions regarding a group of customers including Customer 104, Customer 106 and Customer 105, including:

- a. one member of the group, Person 24, was imprisoned for smuggling illegal tobacco and tax fraud, and that the group's activities increased subsequent to his conviction;

- b. at least \$850,000 in cash had been passed through the group since the end of 2020, however the true value could be 'a lot more';
- c. the group had modified its behaviour each time Star Qld had begun to ask questions about where the cash originated; and
- d. the group had adopted and used various means, methods and services that Star Qld provided to attempt to make it difficult to track who and how much money was coming into and out of the casino.

By 2 June 2021, the investigations report was updated outlining in respect of the group of customers including Customer 106, Customer 105 and Customer 104, suspicions that:

- a. there was doubt as to the legitimacy of the source of the funds being brought to Star Qld;
- b. there was evidence of potential structuring, layering of transactions and reporting avoidance; and
- c. Star suspected that the group's activity had increased since the conviction of a known associate of the group, Person 24, for smuggling illegal tobacco and tax fraud who was also charged with another money lending and theft incident.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 105's source of funds or source of wealth, in circumstances where:

- a. from 30 November 2016 to October 2020, Star understood that Customer 105's occupation was in respect of 'home duties';
- b. between 2016 and 2020, Star Qld recorded high and escalating turnover at Star Qld for Customer 105 exceeding \$220 million;
- c. in October 2020, Customer 105 provided various explanations as to her source of wealth, including that her husband oversaw businesses in a foreign country; that she was a franchisee of bakeries in a foreign country; that she was a media contractor for shopping centres in a foreign country; that she was a clothing manufacturer in a foreign country; and that she owned numerous commercial buildings and investment properties in Qld. However, at no point did Star verify any of Customer 105's stated sources of wealth; and
- d. in 2021 alone, Star Qld recorded turnover at Star Qld for Customer 105 exceeding \$84 million.

At no time did Star Qld have a basis to accept that its understanding of Customer 105's source of wealth or source of funds justified the high value gambling services received by her at Star Qld.

By reason of the matters set out above, there were real risks that Customer 105's source of wealth and source of funds were not legitimate: see *Customer 105's risk profile*.

On 6 October 2021 Star Qld issued a WOL in respect of Customer 105 following a decision by Customer 105 to self-exclude from the casino for problem gambling.

- b. Customer 105 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 6 October 2021 that Customer 105 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 105 and the provision of designated services to Customer 105 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

JRAMM and PAMM

Customer 105 was discussed at JRAMMs and PAMMs between September 2020 and January 2021.

The minutes of the September 2020 meeting noted that:

- a. Customer 105 had experienced significant losses;
- b. Customer 105's occupation was self-employed or as a housewife;
and
- c. Star Qld intended to liaise with Customer 105's host to obtain source of wealth details.

On 18 September 2020, an AML/CTF Administrator requested that the AML/CTF Compliance Officer confirm with Customer 105 that the bank account that Star Qld sent funds to on her behalf belonged to her.

The minutes of the October 2020 meetings recorded that Customer 105 had provided information about her source of wealth and source of funds, noting that Customer 105 was very hesitant to provide further information to support her source of wealth.

In October 2020, further source of wealth checks were conducted in respect of Customer 105, who told Star Qld that she was retired but owned a company which invested in a small shopping centre and

some other commercial properties. However, a company search showed that there were no records held for Australian Business Number provided by Customer 105.

The minutes of the November 2020 meeting noted that Star Qld had determined to require documentary proof of Customer 105's source of wealth. However, the minutes of the December 2020 and January 2021 meetings did not include any changes or updates in respect of Customer 105.

On 11 February 2021, the AML/CTF Compliance Officer advised that there was enough information concerning Customer 105's source of wealth and that he was comfortable removing her from discussion.

This was despite there being no additional material concerning Customer 105's source of wealth and no independent verification of the same.

Investigations reports

In June 2021, the Star investigation team prepared a report summarising its suspicions with respect to the activities of Customer 106, Customer 105 and Customer 104, along with others. The report was distributed to AML/CTF Compliance Officer and Group General Counsel. By March 2022, no response had been received from the recipients to the Star investigations team.

In September 2021, Star senior management, including the AML/CTF Compliance Officer, were provided with the June 2021 report on Customer 106, Customer 105 and Customer 104, along with others. By March 2022, no response was received from the recipients to the Star investigations team.

Decisions to continue to do business with Customer 105

On 17 June 2021, 22 July 2021, 29 September 2021 and 8 October 2021, the Due Diligence Program Manager determined to maintain a business relationship with Customer 105. The Due Diligence Program Manager noted that no issues were identified in respect of Customer 105 during the ECDD screening.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 105's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high and escalating turnover; and
- b. Customer 105's source of funds (r15.10(2)(b) of the Rules), having regard to the concerns Star Qld held in respect of the failure to verify their source of funds: see *Customer 105's risk profile* above.

There is no record in Star's due diligence records that the Due Diligence Manager took into consideration the report prepared by

Star's investigations team regarding Customer 105's activity at Star Qld.

WOL

On 6 October 2021 Star Qld issued a WOL in respect of Customer 105 following a decision by Customer 105 to self-exclude from the casino.

Contravention of s36 of the Act in respect of Customer 105

2528. By reason of the matters pleaded from paragraphs 2516 to 2527 above, on and from 30 November 2016, Star Qld:
- a. did not monitor Customer 105 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2529. By reason of the matters pleaded at paragraph 2528, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 6 October 2021 with respect to Customer 105.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 106

2530. Customer 106 was a customer of Star Qld during the relevant period. Between 2016 and 2021, Star Qld recorded turnover exceeding \$130 million for Customer 106.

Particulars

Customer 106 was a customer of Star Qld from at least 20 April 2015.

On 22 April 2022, Star Qld issued a WOL in respect of Customer 106.

2531. Star Qld provided Customer 106 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 29 April 2016, Star Qld opened an FMA and SKA for Customer 106, both of which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 106 remitted funds to their FMA (items 31 and 32, table 1, s6 of the Act).

See *Customer 106's risk profile* below.

2532. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 106.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 106's risk profile

2533. On and from 30 November 2016, Customer 106, and the provision of designated services to Customer 106 by Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 106's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 106 had the following risk history:
- i. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 106;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on one occasion on 18 May 2016.

The SMRs reported that Customer 106 had recorded losses of \$117,550 and \$106,230 in March and April 2016, which Star Qld considered was not commensurate with Customer 106's stated source of wealth, being retail.

- ii. Customer 106 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded individual rated turnover totalling \$1,851,801 for Customer 106; and

Particulars

See paragraph 752 above.

- iii. Customer 106 and persons associated with them transacted using large amounts of cash at Star Qld;

Particulars

TTRs

Between 10 July 2015 and 11 May 2016, Star Qld gave the AUSTRAC CEO 11 TTRs totalling \$210,245 detailing chip and cash exchanges involving Customer 106.

Customer 106's risk profile from 30 November 2016

- b. Customer 106 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2021, Star Qld recorded high and escalating turnover totalling \$137,665,668 for Customer 106;
- i. between 2016 and 2021, Star Qld recorded high and escalating individual rated turnover totalling \$123,207,737 for Customer 106; and

Particulars

See paragraph 752 above.

In 2016, Customer 106's individual rated turnover was \$21,181,971 at Treasury Brisbane.

In 2017, Customer 106's individual rated turnover was \$5,642,402 at Treasury Brisbane and \$1,322,817 at Star Gold Coast.

In 2018, Customer 106's individual rated turnover was \$4,240,847 at Treasury Brisbane and \$55,038 at Star Gold Coast.

In 2019, Customer 106's individual rated turnover was \$9,806,065 at Treasury Brisbane.

In 2020, despite the COVID-19 pandemic closures, Customer 106's individual rated turnover escalated significantly to \$49,144,159 at Treasury Brisbane and \$892,548 at Star Gold Coast.

In 2021, Customer 106's individual rated turnover was \$29,339,158 and \$1,582,823 at Star Gold Coast.

- ii. between 2017 and 2018, Star Qld recorded high turnover on individual rebate programs totalling \$14,457,931 for Customer 106, with losses of \$290,145;

Particulars

See paragraph 623 above.

In 2017, Customer 106's turnover on individual rebate programs was \$5,874,014 with losses of \$159,695.

In 2018, Customer 106's turnover on individual rebate programs was \$8,583,916 with losses of \$130,450.

- c. Star Qld was aware that:

- i. Customer 106 and persons associated with them had engaged in large and unusual transactions and patterns of transactions; and

Particulars

Between 1 January 2018 and 15 April 2019, Customer 106 recorded sustained losses of \$296,000 with no record of recent wins to account for the losses. Star Qld considered these losses to be unusual and not commensurate with Customer 106's stated source of wealth in circumstances where their stated occupation was retail manager: SMR dated 28 April 2021.

On 17 July 2020, a third party deposited a cheque of \$200,000 to his FMA at Star Qld and took the entire amount in chips. Star Qld observed that Customer 106 used approximately \$180,000 of the chips while the third party used \$20,000: SMR dated 23 July 2020.

On 13 December 2020, Customer 106, and two other individuals, engaged in a series of suspicious transactions involving following one

another to private gaming rooms and exchanging cash and chips between one another: SMR dated 16 December 2020.

By 15 April 2021, Star Qld was aware of further instances of unusual activity conducted by a group of customers, which included Customer 106, who went to unusual lengths deliver and move funds around the casino. Star Qld was aware that more customers had become involved in the group and that they were using ETFPOS facilities to transact significant amounts of money. On 13 April 2021, Customer 106 was involved as part of one such instance of movement of cash: SMR dated 15 April 2021.

On 28 April 2021, Star Qld was aware that Customer 106 was part of a group of patrons known to be associated with one another. This included another third party. On 27 April 2021, this customer arrived by himself to Star Qld and deposited \$20,000 in \$50 notes to his FMA, advising that the source of his funds was from Customer 106. He said he had lent money to Customer 106 to go to Adelaide: SMR dated 29 April 2021.

By 27 May 2021, Star Qld recorded that Customer 106 had sustained losses to date of \$41,760 at Star Gold Coast and \$3,054,399 at Treasury Brisbane.

- ii. Customer 106 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 30 December 2016 and 21 June 2021, Star Qld gave the AUSTRAC CEO 102 TTRs totalling \$2,618,478, including:

- a. 76 incoming TTRs totalling \$1,925,400;
- b. 26 outgoing TTRs totalling \$693,078;
- c. 95 TTRs totalling \$2,345,778 detailing chip and cash exchanges involving Customer 106; and
- d. 7 TTRs totalling \$272,700 detailing account deposits and withdrawals involving Customer 106.

Large and suspicious cash transactions in 2021

On 9 April 2021, Customer 106 exchanged \$20,000 cash, comprised of \$13,500 in \$100 notes and \$6,500 in \$50 notes, for chips at Star Qld. Customer 106 advised the cash came from the casino. Star Qld noted that while some of Customer 106's recent transactions supported him being in possession of \$100 notes, Star did not pay out in \$50 notes which appear to have come from another source: SMR dated 9 April 2021.

On 20 April 2021, Customer 106 exchanged \$60,000 cash, all in \$100 notes in rubber bands, for chips at Star Qld. Customer 106 advised the cash was from another Australian casino. However, Star Qld was unable to verify if the other casino paid the cash to Customer 106: SMR dated 21 April 2021.

On 16 May 2021, Customer 106 presented \$10,000 in \$50 notes at Star Qld. Customer 106 advised the cash was from another Australian casino. Star Qld believed this was a large amount of cash for a casino to pay in \$50 notes: SMR dated 18 May 2021.

- d. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 106 by remitting large amounts of money into the casino environment via his account;

Particulars

Remittances involving third parties

See paragraphs 278 and 327 above.

On 7 January 2017 and 19 January 2017, Customer 106 received \$70,000 and \$94,125 into their Star Qld account from a third party individual. Customer 106 used the funds for gameplay but Star Qld was unaware of the connection between the two parties: SMR dated 20 January 2017.

On 15 July 2020, a third party individual transferred \$30,000 with the narrative that the funds were for further credit for Customer 106. Customer 106 advised that was their cousin, but Star Qld could not confirm this relationship. The entire amount was returned to the sender via telegraphic transfer and Star Qld advised Customer 106 that any amounts transferred would be returned if they were not sent from their own bank account. Despite this, Customer 106 advised Star Qld he was expecting a further \$200,000 from the same third party individual via telegraphic transfer: SMR dated 16 July 2020.

On 10 September 2020, Customer 106 arrived at a private gaming room at Star Qld and queried whether a telegraphic transfer of \$30,000 had arrived for him. He was unable to provide a receipt of transfer. After this interaction, Star Qld received \$20,000, which it made available to Customer 106 to play with: 11 September 2020.

Each of the above transactions was conducted through the Star Patron account channel.

- e. Customer 106 and persons associated with him engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including using third parties to conduct transactions, at Star Qld;

Particulars

See paragraph 25 above.

On 21 July 2020, third party gave \$10,000 in cash to Customer 106, who gave him chips in return. Star Qld believed this activity was suspicious as it meant that both patrons avoided threshold reporting requirements: SMR dated 22 July 2020.

- f. Customer 106 was connected to other customers at Star Qld, including players who posed higher ML/TF risks such as Customer 104 and Customer 105 and players who Star Qld considered had acted suspiciously;

Particulars

See Customer 104's risk profile and Customer 105's risk profile.

- g. from at least 2 February 2021, Star Qld was aware that Customer 106 was part of a group of customers, including Customer 104 and Customer 105, who were conducting transactions involving the receipt and movement of small denominations of cash with no visible lawful purpose;
 - i. the provision of designated services to the group of customers, including Customer 106, by Star Qld raised red flags reflective of higher ML/TF risks;

Particulars

Red flags reflective of higher ML/TF risks included:

- a. following each other from between gaming tables and to the cashier desk: SMRs dated 10 December 2020, 2 February 2021, 4 February 2021, 14 June 2021;
- b. exchanging cash with chips on multiple gaming tables or at cashiers in several transactions: SMRs dated 2 February 2021, 9 April 2021, 14 June 2021, 23 June 2021;
- c. handing chips or cash to one another: SMRs dated 10 December 2020, 2 February 2021, 4 February 2021, 29 April 2021, 14 June 2021, 23 June 2021;
- d. handing unknown items to one another: SMRs dated 11 January 2021, 14 June 2021;
- e. attempting to deposit funds into one another's FMA: SMR dated 16 April 2021; exchanging smaller denomination chips for higher denomination chips: SMRs dated 10 December 2020, 4 February 2021, 29 April 2021;
- f. using small denomination notes: SMRs dated 4 February 2021, 14 June 2021, 23 June 2021;
- g. engaged in minimal gaming activities which did not support the amounts exchanged: SMRs dated 10 December 2020, 11 January 2021, 4 February 2021, 16 April 2021, 29 April 2021;
- h. placing chips or cash in bags: SMRs dated 10 December 2020;

- i. presenting cash from satchels and shopping bags: SMRs dated 10 December 2020, 11 January 2021, 2 February 2021, 9 April 2021;
 - j. presenting cash bundled with elastic bands: SMR dated 11 January 2021;
 - k. using a foreign exchange service to explain the source of funds: SMR dated 10 December 2020; and
 - l. providing various and inconsistent explanations for the source of funds: SMRs 16 April 2021, 29 April 2021.
- ii. Star Qld formed suspicions in respect of the conduct of the group of customers; and

Particulars

Star Qld considered it suspicious that:

- a. the group of customers' transactions were not supported by gaming activity: SMRs dated 26 February 2021, 17 March 2021;
- b. the group of customers had a steady source of large amounts of cash that was not from the casino, including large amounts of \$50 notes: SMRs dated 2 February 2021, 23 June 2021;
- c. the group appeared to be using smaller amounts of cash across several tables in order to avoid questions about its source: SMRs dated 2 February 2021, 14 June 2021;
- d. the group appeared to be using various methods and casino services to break up transactions and make it difficult to track the origin and destination of the cash: SMRs dated 4 February 2021, 17 March 2021;
- e. the size of the group continued to expand: SMR dated 17 March 2021;
- f. the group quickly adapted to the casino's processes and were conducting transactions to dilute and disguise the source of funds: SMR dated 17 March 2021;
- g. the group appeared to be using EFTPOS facilities to transact a significant amount of funds: SMR dated 2 February 2021;
- h. the group went to great lengths to deliver and move funds around the casino: SMR dated 15 April 2021;
- i. there was no known connection between the members of the group: SMR dated 29 April 2021; and
- j. the group may have been structuring transactions to avoid reporting requirements and questions about the source of cash: SMRs dated 14 June 2021, 23 June 2021, 14 February 2022.

- iii. the group of customers engaged in a serious of large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

Large and unusual transactions in 2020

On 5 November 2020, another Star Qld customer, Customer 104, presented \$50,000 cash, which comprised mostly \$100 notes, at Star Qld to be exchanged for chips. Customer 106 was present during the transaction. Customer 104 then handed all of the chips to Customer 106. Customer 106 and Customer 104 then proceeded to play at the gaming tables. Customer 104 recorded a loss of \$200 and Customer 106 recorded a loss of \$41,500 for the day. Star Qld considered the purchase and handover of the chips to be unusual: SMR dated 9 November 2020.

Large and unusual transactions in 2021

On 19 January 2021, Customer 106 presented \$60,410 in chips and requested \$50,410 in cash and a casino cheque for \$10,000. Another Star Qld customer, Customer 104 was present at the time of the transaction. Star Qld staff noticed that Customer 106 was also carrying a chip worth \$25,000. Customer 106 had previously attempted to procure a casino cheque at Star Qld. However, that cheque was declined as their play at that time did not support the amount of chips presented. Star Qld believed that Customer 106 had sought a casino cheque for only their recorded winnings of \$10,400. Star Qld also considered that Customer 106 may have been trying to trigger TTRs when he cashed out so that it appeared as though he was recording winnings and could justify the source of the cash: SMR dated 20 January 2021.

On 21 January 2021, Customer 105, who was a known associate of Customer 104, exchanged \$50,010 in chips for cash. Star Qld considered that this was an unusual amount of chips to cash out. Further, Customer 105's gaming activity did not support the cash transaction. Star Qld noticed that the amount exchanged was similar in value to cash that had been paid out to Customer 106 the previous day. Customer 106 was known to be an associate of Customer 105. Customer 104, Customer 73 and two other Star Qld customers were with Customer 106 when the transaction took place: SMR dated 22 January 2021.

- h. in 2020 and 2021, Star Qld provided information in respect of Customer 106 to law enforcement;

Particulars

On 9 December 2020, Star Qld provided information to a law enforcement agency regarding their suspicions in respect of possible

money lending or money laundering conducted by Customer 106 or persons associated with him, including Customer 105 and Customer 104.

Between 4 February 2021 and 25 August 2021, Star Qld provided information to another law enforcement agency in respect of Customer 106, and persons associated with him, including Customer 104 and Customer 105.

- i. in December 2021, Star Qld received a law enforcement enquiry in respect of Customer 106 and persons associated with them, including Customer 104 and Customer 105;

Particulars

On 2 December 2021, Star Qld received a request for information in respect of Customer 106 and persons associated with him, including Customer 104 and Customer 105. At that time, Customer 105 had been excluded from Star for problem gambling.

- j. Customer 106 had access to private gaming rooms at Star Qld, at both Treasury Brisbane and Star Gold Coast; and

Particulars

See paragraph 616 above.

Customer 106 had access to private gaming rooms at Star Qld at Treasury Brisbane, including Pit 9, the Sovereign Room (EGMs and Tables), the Suite (EGMs and Tables).

Customer 106 had access to private gaming rooms at Star Qld at Star Gold Coast, including the Sovereign Room.

- k. Star Qld did not have adequate reason to believe that Customer 106's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 106 at Star Qld.

Particulars

See paragraph 808 above.

By 30 November 2016, Star Qld considered that Customer 106's losses were not commensurate with Customer 106's stated source of wealth, being retail or retail manager.

During the relevant period, Star Qld recorded Customer 106's stated occupation as in retail, retail manager and semi-retired.

By June 2021, Star Qld understood that Customer 106's stated occupation was 'Import/Export firearms to sell to retail stores'.

At various times, Star Qld formed suspicions that Customer 106's gaming losses, which exceeded \$3 million by May 2021, were not commensurate with their stated source of wealth, being retail.

Between 2016 and 2021, Star Qld recorded a cumulative turnover for Customer 106 exceeding \$137 million.

From February 2021, Star Qld was aware that Customer 106, in consort with a group of customers, engaged in transactions involving high volumes of cash and cash in small notes.

At no time was Star Qld's understanding of Customer 106's source of wealth or source of funds sufficient to explain the high value financial and gambling services received by them at Star Qld.

Star Qld's determination of the ML/TF risks posed by Customer 106

2534. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 106 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 106.

- a. On and from January 2017, Customer 106 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 106's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 106 rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 18 May 2016, Customer 106 was rated low, not being high risk for the purpose of the Act and Rules.

On 20 January 2017, Customer 106 was rated medium, not being high risk for the purpose of the Act and Rules.

On 22 April 2022, Star Qld issued a WOL in respect of Customer 106.

Monitoring of Customer 106's transactions

2535. At no time did Star Qld apply appropriate transaction monitoring to Customer 106's transactions because:

- a. where Star Qld conducted any transaction monitoring of transactions involving Customer 106, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 106 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 106's KYC information

- 2536. Star Qld did not review, update and verify Customer 106's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in which circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 106's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 106's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 106's source of wealth and source of funds were not legitimate: see *Customer 106's risk profile*.

- d. to the extent that Star Qld reviewed Customer 106's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 106.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 106's high ML/TF risks

- 2537. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 106 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 106; and

- c. reviewing and updating Customer 106's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 106 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 106*.

ECDD triggers in respect of Customer 106

2538. Star Qld was required to apply the ECDD Programs to Customer 106 following any ECDD triggers in respect of Customer 106.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3), 15.10 of the Rules.

2539. Customer 106 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 20 January 2017 and 23 June 2021, Star Qld gave the AUSTRAC CEO 26 SMRs with respect to Customer 106.

2540. The matter pleaded in paragraph 2539 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2541. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 106 following an ECDD trigger because:

- a. on each occasion prior to April 2022 that Star Qld conducted ECDD in respect of Customer 106 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 106 and the provision of designated services to Customer 106, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

On 15 April 2019, 16 July 2020, 11 January 2021, 20 April 2021, 30 April 2021, 19 May 2021, 15 June 2021, and 24 June 2021, Star Qld conducted ECDD in respect of Customer 106.

The ECDD screenings in respect of Customer 106 included open source and risk intelligence searches in respect of Customer 106.

The ECDD conducted by Star Qld did not have appropriate regard to Customer 106's higher ML/TF risks, including suspicions formed by Star's investigations team regarding Customer 104's activity at Star Qld.

On 4 February 2021, an investigations report was prepared outlining suspicions regarding a group of customers including Customer 106, Customer 104 and Customer 105, including:

- a. one member of the group, Person 24, was imprisoned for smuggling illegal tobacco and tax fraud;
- b. the group's activities increased following his conviction;
- c. at least \$850,000 in cash had been passed through the group since the end of 2020, however the true value could be 'a lot more';
- d. the group had modified its behaviour each time Star Qld had begun to ask questions about where the cash originated; and
- e. the group had adopted and used various means, methods and services that Star Qld provided to attempt to make it difficult to track who and how much money was coming into and out of the casino.

By 2 June 2021, the investigations report was updated in respect of the group of customers including Customer 106, Customer 105 and Customer 104, outlining suspicions that:

- a. there was doubt as to the legitimacy of the source of the funds being brought to Star Qld;
- b. there was evidence of potential structuring, layering of transactions and reporting avoidance; and
- c. Star suspected that the group's activity had increased since the conviction of a known associate of the group, Person 24, for smuggling illegal tobacco and tax fraud who was also charged with another money lending and theft incident.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 106's source of funds or source of wealth, in circumstances where Star Qld suspected, from at least 30 November 2016, that Customer 106's gaming losses, which exceeded \$3 million by May 2021, were not commensurate with their stated source of wealth, being retail or retail manager.

By reason of the matters set out above, there were real risks that Customer 106's source of wealth and source of funds were not legitimate: see *Customer 106's risk profile*.

On 22 April 2022, Star Qld issued a WOL in respect of Customer 106.

- b. Customer 106 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to April 2022 Customer 106 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 106 and the provision of designated services to Customer 106 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Decisions to continue to do business with Customer 106

On 22 April 2021, 1 May 2021, 19 May 2021, 16 June 2021, 26 June 2021, the Due Diligence Program Manager determined to maintain a customer relationship with Customer 106.

In determining that a business relationship could be continued, the Due Diligence Program Manager did not have regard to:

- a. Customer 106's source of wealth (r 15.10(2)(a) of the Rules), having regard to their high and escalating turnover;
- b. Customer 106's source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting that there were higher ML/TF risks as to their source of funds: see *Customer 106's risk profile* above.

There is no record in Star's due diligence records that the Due Diligence Program Manager took into consideration the report prepared by Star's investigations team regarding Customer 106's activity at Star Qld.

Investigations reports

In June 2021, the Star investigation team prepared a further report summarising its suspicions with respect to the activities of Customer 106, Customer 105 and Customer 104, along with others. The report was distributed to AML/CTF Compliance Officer and Group General Counsel. By March 2022, the recipients had not provided a response to the Star investigations team.

In September 2021, Star senior management, including the AML/CTF Compliance Officer, were provided with the May 2021 report on Customer 106, Customer 105 and Customer 104, along with others. By March 2022, the recipients had not provided a response to the Star investigations team.

JRAMM and PAMM

On 30 July 2021, Star Qld added Customer 106 to its watchlist for monitoring.

In September 2021, Customer 106 was discussed at a PAMM.

In March 2022, Customer 106, Customer 105, Customer 104 and others were discussed at a JRAMM.

Following the meeting, on 30 March 2022, a Star Qld investigations manager prepared a further report summarising the history of the investigations into Customer 106 and the group they were associated with, referrals to law enforcement, prior notification of suspicions to Star senior management in May 2021 and September 2021.

The report recommended that Star issue group-wide WOLs against Customer 106 and others on the basis of the observed suspicious activity summarised in the report.

WOL

On 22 April 2022, Star Qld issued a WOL in respect of Customer 106.

Contravention of s36 of the Act in respect of Customer 106

2542. By reason of the matters pleaded from paragraphs 2530 to 2541 above, on and from 30 November 2016, Star Qld:
- a. did not monitor Customer 106 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2543. By reason of the matters pleaded at paragraph 2542, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 22 April 2022 with respect to Customer 106.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 107

2544. Customer 107 was a customer of Star Sydney during the relevant period. Between 2016 and 2017, Star Sydney recorded turnover exceeding \$10 million for Customer 107.

Particulars

Customer 107 was a customer of Star Sydney from at least 30 June 2015.

On 11 February 2019, Star Sydney issued a WOL in respect of Customer 107 at the direction of a law enforcement agency.

2545. Star Sydney provided Customer 107 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

Between 2016 and 2017, Star Sydney recorded high and escalating individual rated turnover of \$10,397,535 for Customer 107 (table 3, s6 of the Act).

See *Customer 107's risk profile* below.

2546. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 107.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 107's risk profile

2547. On and from 30 November 2016, Customer 107, and the provision of designated services to Customer 107 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 107's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 107 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 107;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 23 February 2008.

The SMR reported suspicious cash transactions involving Customer 107 at Star Sydney: see paragraph 2547.a.iv below.

- ii. Customer 107 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded a high individual rated turnover totalling \$59,682 for Customer 107;

Particulars

See paragraph 752 above.

- iii. designated services provided to Customer 107 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

Between 20 July 2016 and 18 November 2016, Star Sydney gave the AUSTRAC CEO 52 TTRs detailing EGM payouts to Customer 107 totalling \$855,314.

- iv. Customer 107 transacted using large amounts of cash at Star Sydney; and

Particulars

See paragraphs 611 to 618 above.

On 22 February 2008, Customer 107 cashed out \$5,000 in chips at Star Sydney. Several minutes later, Customer 107 cashed out a further \$4,000 in chips. Star Sydney considered this to be a suspicious transaction: SMR dated 23 February 2008.

Between 3 March 2016 and 7 November 2016, Star Sydney gave the AUSTRAC CEO 28 TTRs detailing incoming payments to Customer 107 totalling \$345,400 which comprised chip exchanges.

Between 30 June 2015 and 27 September 2016, in addition to the 52 EGM TTRs, Star Sydney gave the AUSTRAC CEO 30 TTRs detailing outgoing payments from Customer 107 totalling \$510,455 which comprised chip exchanges.

- v. by 2013, media reports named Customer 107 as a person involved in fraudulent schemes for his material benefit;

Particulars

In 2012, publicly accessible media articles reported that Customer 107:

- a. had pleaded guilty to a series of identity-theft offences after appropriating over \$50,000 using a stolen identity; and
- b. was at the time of sentencing serving a term of imprisonment for a similar offence.

In 2013, publicly accessible media articles reported that Customer 107:

- a. had escaped from an imprisonment facility; and
- b. prior to his escape, had been serving a sentence for fraud and driving offences as well as breach of parole.

Star Sydney's due diligence records did not contain details of these reports.

Customer 107's risk profile from 30 November 2016

- b. Customer 107 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2017, Star Sydney recorded a high and escalating individual rated turnover totalling \$10,397,535 for Customer 107;

Particulars

See paragraph 752 above.

In 2016, Customer 107's individual rated turnover escalated to \$8,227,724.

In 2017, Customer 107's individual rated turnover was \$2,169,811.

Customer 107 last received designated services at Star Sydney in September 2017.

- c. designated services provided to Customer 107 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

Between 16 December 2016 and 27 September 2017, Star Sydney gave the AUSTRAC CEO 48 TTRs detailing EGM payouts to Customer 107 totalling \$801,467.

- d. Customer 107 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 16 December 2016 and 19 September 2017, Star Sydney gave the AUSTRAC CEO 23 TTRs detailing incoming payments to Customer 107 totalling \$295,500 which comprised chip exchanges.

Between 1 February 2017 and 31 August 2017, Star Sydney gave the AUSTRAC CEO nine TTRs detailing outgoing payments from Customer 107 totalling \$229,920 which comprised chip exchanges and account withdrawals.

- e. in 2017 and 2018, Customer 107 was the subject of law enforcement enquiries on multiple occasions at Star Sydney;

Particulars

On 4 September 2017, 6 March 2018, 28 March 2018 and 13 August 2018, Star Sydney received requests from law enforcement agencies seeking details about Customer 107.

On 19 June 2018, Star Sydney received a request for information from a Commonwealth agency in respect of Customer 107.

On 11 February 2019, Star Sydney issued a WOL in respect of Customer 107 at the direction of a law enforcement agency.

- f. Customer 107 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 107 had access to private gaming rooms at Star Sydney, including the Sovereign Room and Oasis.

- g. in April 2019, Customer 107 was arrested and charged with fraud related offences; and

Particulars

On 11 February 2019, Star Sydney issued a WOL in respect of Customer 107.

In 2020, publicly accessible media articles reported that Customer 107:

- a. had been arrested in April 2019;
- b. was awaiting trial on nearly 600 charges relating to an alleged long-term fraud syndicate which included members of Australian organised crime syndicate;
- c. had committed offences similar to those for which he was sentenced in 2012; and
- d. had gambled large sums of money at Star casino.

In 2021, publicly accessible media articles reported that Customer 107 had allegedly gambled more than \$9,500,000 at Star Sydney after defrauding millions of dollars through luxury car loans.

- h. Star Sydney did not have adequate reason to believe that Customer 107's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 107 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood that Customer 107 was a manager in sales and marketing.

In 2016, Customer 107's turnover escalated significantly. Customer 107's source of wealth was not commensurate with the high value gambling services provided to him by Star Sydney.

By 2013, media reports had identified that Customer 107 was serving a term of imprisonment in respect of a series of identity-theft offences involving the appropriation of significant amounts of money. Despite this, Star Sydney failed to verify Customer 107's source of wealth and source of funds.

Star Sydney's determination of the ML/TF risks posed by Customer 107

2548. For the reasons pleaded at paragraph 110 above, Star Sydney unable to identify or assess the ML/TF risks posed by Customer 107 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 107.

- a. On and from 30 November 2016, Customer 107 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 107's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 107 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 3 May 2019, Customer 107 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 11 February 2019, Star Sydney issued a WOL in respect of Customer 107.

On 13 May 2019, Customer 107 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 107's transactions

2549. At no time did Star Sydney apply appropriate transaction monitoring to Customer 107's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 107, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a), (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney provided designated services to Customer 107 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a), (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 107's KYC information

2550. Star Sydney did not review, update and verify Customer 107's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 107's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 107's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

Star Sydney understood that Customer 107 was a manager in sales and marketing.

By reason of the matters set out above, there were real risks that Customer 107's source of wealth and source of funds were not legitimate: see *Customer 107's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 107's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 107.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 107's high ML/TF risks

2551. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 107 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 107; and
- c. reviewing and updating Customer 107's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 107 as a high risk customer for the purpose of the Act and Rules at a time before Customer 107 was issued with a WOL at Star Sydney.

Particulars

Section 36(1)(a) and rules 15.2 and 15.5 of the Rules.

2552. Had Star Sydney rated Customer 107 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 107 at a time before Customer 107 was issued with a WOL at Star Sydney.

Particulars

Rule 15.9 of the Rules.

Contravention of s36 of the Act in respect of Customer 107

2553. By reason of the matters pleaded from paragraphs 2544 to 2552 above, on and from 30 November 2016, Star Sydney:
- a. did not monitor Customer 107 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2554. By reason of the matters pleaded at paragraph 2553, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 11 February 2019 with respect to Customer 107.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 108

2555. Customer 108 was a customer of Star Qld during the relevant period. Between 2017 and 2021, Star Qld recorded turnover exceeding \$44 million for Customer 108.

Particulars

Customer 108 was a customer of Star Qld from at least 19 August 2012.

2556. Star Qld provided Customer 108 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 9 July 2019, Star Qld opened an FMA for Customer 108 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 108 remitted funds to and from their account (items 31 and 32, table 1, s6 of the Act).

See Customer 108's risk profile below.

2557. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 108.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 108's risk profile

2558. On and from 30 November 2016, Customer 108, and the provision of designated services to Customer 108 by Star Qld, posed higher ML/TF risks because of the following red flags:

- a. Customer 108 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. Between 2017 and 2021, Star Qld recorded high and escalating individual rated turnover totalling \$44,707,507 for Customer 108;

Particulars

See paragraph 752 above.

In 2017, Customer 108's individual rated turnover was \$38,905.

In 2018, Customer 108's individual rated turnover escalated to \$275,153.

In 2019, Customer 108's individual rated turnover further escalated to \$9,285,308.

In 2020, Customer 108's individual rated turnover further escalated to \$16,227,332.

In 2021, Customer 108's individual rated turnover further escalated to \$18,880,809.

Between 1 July 2021 and 22 December 2021, Customer 108's individual rated loss was \$358,605: SMR dated 24 December 2021.

- b. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 108 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraphs 347 to 349 above.

For example, on 30 November 2019, Star Qld facilitated a transfer of \$650 from Star Gold Coast to Treasury Brisbane, which it made available to Customer 108's FMA at Treasury Brisbane.

- c. Star Qld was aware that Customer 108 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose;

Particulars

On 15 March 2021, Customer 108 exchanged \$6,500 in cash for chips. Customer 108 subsequently withdrew \$30,000 in chips from his FMA. Customer 108 later presented \$37,500 in chips and \$1,085 in EGM tickets and requested a casino cheque for the entire amount of \$38,585. Star Qld declined to issue a cheque for the full amounts and instead offered a cheque for \$7,000, which was the total sum gaming records could verify. Customer 108 declined the offer and deposited all the funds into his FMA. Customer 108 later returned with \$6,000 in \$50 notes and exchanged this cash for chips. Star Qld

considered that the inconsistency between Customer 108's initial payout and deposit, and between Customer 108's subsequent deposits and recorded loss for the day of approximately \$9,000, was suspicious: SMR dated 16 March 2021.

On 31 August 2021, Customer 108 exchanged \$20,000 in \$100 notes for chips at Star Qld. After this buy-in, he played on tables and EGMs. At the end of play, he approached the cashier with EGM vouchers totalling \$18,364 and requested payment by either casino cheque or telegraphic transfer. Star Qld declined this request as it had recorded an overall loss for the day of \$7,605 for Customer 108 on table games and EGMs. The EGM vouchers totalling \$18,364 were instead paid out in cash: SMR dated 2 September 2021.

On 1 September 2021, Customer 108 presented EGM vouchers totalling \$16,461 at a Star Qld cashier and requested a casino cheque or telegraphic transfer. Star Qld declined this request as it had recorded an overall loss for Customer 108 for the day of \$3,646.

On 31 August 2021 and 1 September 2021 when Customer 108 presented the EGM tickets for cashing out at Star Qld, Customer 108 specifically mentioned his time of arrival. Star Qld considered that Customer 108's repeated patterns of cash buy-ins and requires for cash out in casino cheque or telegraphic transfers and announcements of his time of arrival, were suspicious. It concluded that Customer 108 seemed to be attempting to make his funds appear to have been won at the casino: SMR dated 2 September 2021.

On 23 December 2021, Customer 108 exchanged \$20,000 in cash for chips. The cash comprised \$19,600 in \$50 notes, and \$400 in \$100 notes. Star Qld observed that the cash was loose and came out of Customer 108's back pocket. Customer 108 subsequently spent a short period of time on an EGM and obtained a voucher for \$105. Customer 108 then collected a bag that was left for him by staff at a private gaming room reception and returned to the cashier. He presented \$24,500 in chips and \$15,509 in nine EGM vouchers, totalling \$40,009, and requested that the funds be transferred to his private bank account. Of the nine gaming vouchers, eight were issued on 20 December 2021. Star Qld declined his request to transfer the funds to his private bank account as it was not fully supported by Star Qld's records. Unlike on previous occasions, Customer 108 did not attempt to question or negotiate this result. Star Qld considered it suspicious that Customer 108 appeared to have access to large amounts of cash, particularly \$50 notes, given that he claimed that his source of wealth was a café business. Star Qld suspected from his behaviour that Customer 108 was endeavouring to mix his independently-sourced cash into what could appear as legitimate funds from play at the casino: SMR dated 24 December 2021.

- d. designated services provided to Customer 108 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

See paragraphs 2558.c and 2558.e.

Between 27 October 2020 and 23 December 2021, Customer 108 conducted at least three EGM ticket to cash exchange transactions at Star Qld that were not the subject of TTRs totalling at least \$28,023.

- e. Customer 108 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small denominations and rubber bands at Star Qld;

Particulars

See paragraphs 611 to 618 above.

See paragraph 2558.c above.

Between 27 May 2019 and 23 September 2022, Star Qld gave the AUSTRAC CEO 349 TTRs in respect of Customer 108 totalling \$6,522,782, which comprised:

- a. 194 outgoing TTRs totalling \$3,711,083;
- b. 155 incoming TTRs totalling \$2,811,698;
- c. \$5,881,507 in chip or cash exchanges;
- d. \$420,798 in account deposits or withdrawals; and
- e. \$220,477 in EGM payouts.

Large and suspicious cash transactions in 2020

On 12 August 2020, Customer 108 conducted four cash and chip exchange transactions at Treasury Brisbane in quick succession totalling \$95,200. He exchanged denominations of cash for chips and then exchanged the same amount of chips back to cash, before placing the cash into a backpack.

On 27 November 2020, Customer 108 exchanged \$34,400 in chips for cash and withdrew \$53,465 from his FMA in cash at Treasury Brisbane. Star Qld considered that these transactions were not supported by Customer 108's recorded play, given that he had recorded a loss of \$238,000 during this same period. Star Qld noted in particulars that this loss was not commensurate with the deposits that he had made into his FMA, and were not supported by his stated occupation as a lawyer: SMR dated 30 November 2020.

On 20 December 2020, Customer 108 exchanged \$35,000 in chips for cash at Treasury Brisbane. Customer 108 subsequently exchanged another \$50,000 in cash for chips at Treasury Brisbane

and lost all of these funds in play. Star Qld considered that this activity was suspicious as Customer 108 had suffered significant losses of \$137,000 during December 2020, his stated occupation as a lawyer did not support these losses, and he had apparently had access to cash which Star Qld could not account for from his gaming activity: SMR dated 21 December 2020.

Large and suspicious cash transactions in 2021

On 8 April 2021, Customer 108 presented \$4,900 and \$5,100 in cash for play at two gaming tables at Star Qld and subsequently lost all of these funds. He later exchanged \$80,000 in \$50 notes for chips at Star Qld. The cash was presented in rubber bands and Customer 108 advised that it came from his business. In subsequent play, Customer 108 only used \$25,000 of the chips and lost them all. Star Qld also observed that he had a bucket of chips in his bag. Customer 108 subsequently presented \$60,000 in chips, exchanged \$20,000 of these chips for cash, and deposited the remaining \$40,000 into his FMA. Star Qld considered that the large amount of cash apparently available to Customer 108 from his operation of a café business and employment at a migration law firm was suspicious: SMR dated 21 December 2020.

On 19 May 2021, Customer 108 exchanged \$39,140 in cash for chips at Star Qld. The cash comprised \$9,800 in \$100 notes, \$28,250 in \$50 notes and \$1,360 in \$20 notes. He advised that the total should have been \$40,000 and asked for it to be recounted three times. He subsequently only played with \$14,000 of the purchased chips. He also later exchanged \$25,000 in chips for cash and withdrew \$20,000 from his FMA in cash. Customer 108 repeated to Star Qld staff that the earlier cash exchange was not for the amount that he understood he had presented. He also advised that he planned to go to his vehicle to check other money that he had previously withdrawn: SMR dated 20 May 2021.

Between 8 July 2021 and 13 July 2021, Customer 108 exchanged \$93,900 in cash for chips at Star Qld. The cash comprised \$83,900 in \$50 notes and \$10,000 in \$100 notes. Star Qld considered that Customer 108's presentation of a large number of \$50 notes in a short period was suspicious. In particular, Star Qld noted that especially when Customer 108 had limited play and a recorded loss of \$16,100 for the same period, and had previously purchased chips with cash in small denominations and then not used the full amount of chips before presenting more cash: SMR dated 13 July 2021.

On 11 July 2021, Star Qld provided Customer 108 with a casino cheque for \$12,500. Star Qld considered that Customer 108 may have been requesting a casino cheque to try and legitimise cash he had presented over the previous days.

Between 12 July 2021 and 15 July 2021, Customer 108 exchanged \$50,500 in \$50 notes and \$4,500 in \$100 notes for chips. Star Qld considered that Customer 108's continued presentation of large amounts of cash in small denominations was highly unusual: SMR dated 16 July 2021.

Between 23 August 2021 and 25 August 2021, Customer 108 exchanged \$70,000 in cash for chips at Star Qld. The cash comprised \$58,000 in \$50 notes, \$2,000 in \$100 notes and \$10,000 in notes of undisclosed denominations. Customer 108 subsequently exchanged \$37,000 in chips for cash in \$100 notes. Star Qld noted that there was an absence of cash-outs or losses to support Customer 108 additional cash buy-ins totalling \$70,000, and considered them suspicious. It also suspected from Customer 108's exchange of \$37,000 in \$100 notes that he may have been using the casino as a channel to legitimise the appearance of his funds: SMR dated 26 August 2021.

On 3 October 2021, Customer 108 exchanged \$20,000 in cash for chips at Star Qld. The cash comprised \$19,700 in \$50 notes and \$300 in \$20 notes. Customer 108 advised that the cash was sourced from his employment and that he had more cash in his car. Star Qld considered that Customer 108's access to large amounts of cash was suspicious and identified that, from 1 September 2021 to 6 October 2021, Customer 108 had presented approximately \$193,000 in cash of which \$126,850 was in \$50 notes: SMR dated 6 October 2021.

Between 10 November 2021 and 17 November 2021, Customer 108 exchanged \$75,000 in cash for chips at Star Qld. During this period, Customer 108 also presented approximately \$17,500 in cash on gaming tables. Star Qld considered that Customer 108's access to large amounts of cash, and the contrast between Customer 108's presentation of this volume of cash over a relatively short period and the fact that Customer 108 did not present any cash for the majority of October 2021, was very unusual and required reporting. Star Qld suspected that Customer 108 may be stockpiling \$100 notes from the casino rather than using this cash for return visits: SMR dated 18 November 2021.

In December 2021, Star Qld identified that between 1 July 2021 and 22 December 2021, Customer 108 had presented approximately \$757,000 in cash including:

- a. \$234,600 in \$100 notes;
- b. \$435,150 in \$50 notes;
- c. \$20,000 in \$20 notes; and
- d. \$85,250 in notes of unspecified denominations: SMR dated 24 December 2021.

Large and suspicious cash transactions in 2022

On 9 September 2022, Customer 108 exchanged \$20,000 in cash for chips at Star Qld. The cash comprised \$4,000 in \$100 notes, \$14,200 in \$50 notes and \$1,800 in lower denomination notes. Customer 108 recorded minimal gaming, with a loss of \$1,750, before returning 39 minutes later and exchanging \$22,625 in chips back to cash. Following the cash out, Customer 108 advised that he had transferred \$10,000 from his bank account to his FMA at Star Sydney, and requested to withdraw the funds as cash. Star Qld noted that Customer 108 had no prior history of transferring funds into his FMA at Star Sydney. Star Qld noted that it was suspicious for Customer 108 to request a withdrawal when he had \$22,625 in cash in his possession. The transaction from Customer 108's bank account was denied and transferred back to the originating bank account. Star Qld considered that Customer 108 appeared to be using the casino to exchange smaller denomination notes for larger denomination notes and to disguise his source of funds, giving them the appearance of casino winnings: SMR dated 9 September 2022.

- f. Customer 108 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring, refining, cashing in large value chips with no evidence of play, and quick turnover of money (without betting);

Particulars

See paragraph 25 above.

See paragraphs 2558.c and 2558.e above.

Between 23 December 2018 and 22 July 2020, Customer 108 conducted at least five transactions indicative of the ML/TF typology of refining totalling \$25,100.

Between 7 July 2020 and 28 October 2020, Customer 108 conducted at least nine transactions indicative of the ML/TF typology of structuring totalling at least \$75,400.

On 30 September 2020, Customer 108 conducted at least two transactions indicative of the ML/TF typology of quick turnover of money (without betting) totalling at least \$60,000.

On 23 December 2021, Customer 108 conducted at least two transactions indicative of the ML/TF typology of cashing in large value chips with no evidence of play totalling over \$60,000.

On 9 September 2022, Customer 108 conducted two transactions indicative of the ML/TF typology of quick turnover of money (without betting) totalling over \$42,000: SMR dated 9 September 2022.

- g. in 2021, Star provided information in respect of Customer 108 to law enforcement; and

Particulars

In September 2021, November 2021 and December 2021, Star Qld provided information about Customer 108 to a law enforcement agency.

- h. Star Qld did not have adequate reason to believe that Customer 108's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 108 at Star Qld.

Particulars

See paragraph 808 above.

At no time was Customer 108's gaming activity commensurate with their stated occupation, source of wealth or source of funds.

Between May 2019 and November 2021, Star Qld reported its concerns that Customer 108's source of wealth and source of funds was not confirmed, and it could not verify his stated source of wealth and source of funds, which he claimed derived from his occupation as:

- a. a café owner;
- b. a lawyer; and
- c. the owner of a range of companies and businesses, including:
 - i. an education and migration business;
- ii. a group company that owned event management, private tutoring and accounting businesses;
- iii. a construction company; and
- iv. a legal business.

Between February 2021 and September 2021, Star Qld recorded its concerns that Customer 108 had declined or been unable to provide further information to support his stated source of wealth and source of funds in response to direct requests.

From 1 September 2021 to 6 October 2021, Customer 108 presented approximately \$193,000 in cash of which \$126,850 was in \$50 notes: SMR dated 6 October 2021.

By November 2021, Customer 108's individual rated turnover at Star Qld was over \$38 million, and Star Qld gave the AUSTRAC CEO 317 TTRs detailing transactions made by Customer 108 totalling over \$6 million.

It was not until January 2022 that Star Qld verified that Customer 108 owned a hospitality business and concluded that Customer 108's source of wealth had been satisfied on this basis.

However, between April 2021 and December 2021, Star Qld reported to the AUSTRAC CEO that the amount of cash Customer 108 was

presenting at its casino seemed a very large amount to be coming out of his café business.

From November 2021 onwards, Customer 108's individual rated turnover at Star Qld was over \$1 million and Star Qld gave the AUSTRAC CEO 25 TTRs detailing transactions made by Customer 108 totalling over \$380,000.

At no time was Customer 108's activity at Star Qld commensurate with his stated source of funds or source of wealth.

Star Qld's determination of the ML/TF risks posed by Customer 108

2559. For the reasons pleaded at paragraph 110, Star Qld was unable appropriately to identify or assess the ML/TF risks posed by Customer 108 because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 108.
- a. On and from May 2019, Customer 108 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 108's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 108 rated high risk for the purpose of the Act and Rules by Star Qld.

Particulars

See paragraph 110 above.

On 24 December 2018, Customer 108 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 4 September 2020, Customer 108 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 30 November 2021, Customer 108 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 108's transactions

2560. At no time did Star Qld apply appropriate transaction monitoring to Customer 108's transactions because, where Star Qld conducted any transaction monitoring of transactions involving Customer 108, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

The review, update and verification of Customer 108's KYC information

2561. Star Qld did not review, update and verify Customer 108's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of its business with Customer 108, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 108's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 108's source of wealth and source of funds were not legitimate: see *Customer 108's risk profile*.

During the relevant period, Star Qld recorded turnover exceeding \$44 million for Customer 108.

Between May 2019 and December 2021, Star Qld reviewed Customer 108's source of wealth and source of funds but did not take appropriate steps to verify the limited and varied information that Customer 108 provided.

In January 2021, Star Qld conducted searches of open source information and company records and concluded that Customer 108's claims to own and operate at least five businesses were unsupported.

It noted that:

- a. Customer 108 claimed to be the owner or director of an education and migration business, but open source searches suggested that he was only possibly employed by it, and there were inconsistencies between the registered business information and the information that Customer 108 had provided;
- b. Customer 108 claimed to own a café business, but the business name he provided had been deregistered since 2019 and was previously registered to another person;
- c. Customer 108 claimed to own a group company, but Star Qld could not find any information about the company except that it

was registered under Customer 108's name. The purported activities of the group company's subsidiaries could not be verified;

- d. Customer 108 claimed to own two other businesses but did not provide the names of those businesses and company searches indicated that Customer 108 was only associated with one other registered company; and
- e. the professional qualifications stated on Customer 108's business card and websites did not support his claims of being a lawyer or operating an accounting business.

In February 2021, Star Qld requested that Customer 108 provide further clarification of his stated source of wealth and source of funds. Customer 108 declined to provide further information.

Despite this, Star Qld continued to provide designated services to Customer 108.

In late 2021, Star Qld again requested that Customer 108 provide further information in relation to his source of wealth. Customer 108 provided a registered Australian Business Number for a hospitality business in response.

Star Qld subsequently verified that Customer 108 owned a restaurant business and concluded that Customer 108's source of wealth had been confirmed on this basis.

However, between April 2021 and December 2021, Star Qld had reported to the AUSTRAC CEO its suspicions that the amount of cash Customer 108 was presenting at its properties seemed very large to be coming out of his café business.

- d. to the extent that Star Qld reviewed Customer 108's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 108.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 108's high ML/TF risks

2562. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 108 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 108; and
 - c. reviewing and updating Customer 108's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 108 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 108*.

ECDD triggers in respect of Customer 108

2563. Star Qld was required to apply the ECDD Programs to Customer 108 following any ECDD triggers in respect of Customer 108.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1) and (3), 15.10 of the Rules.

2564. Customer 108 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 29 May 2019 and 9 September 2022, Star Qld gave the AUSTRAC CEO 15 SMRs with respect to Customer 108.

2565. The matter pleaded in paragraph 2564 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2566. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 108 following an ECDD trigger because:

- a. on each occasion that Star Qld conducted ECDD in respect of Customer 108 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 108 and the provision of designated services to Customer 108 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

ECDD screenings

Between 20 May 2021 and 11 September 2022, Star Qld conducted ECDD screenings in respect of Customer 108 on nine occasions.

On each occasion, the Due Diligence Program Manager and Group Manager, Due Diligence and Intelligence concluded that the review did not identify any issues and that Star Qld should maintain its customer relationship with Customer 108.

In determining that a business relationship could be continued, the Due Diligence Manager did not have regard to:

- a. Customer 108's stated source of wealth (r 15.10(2)(a) of the Rules), having regard to their high and escalating turnover;

- b. Customer 108's stated source of funds (r15.10(2)(b) of the Rules), having regard to the publicly available information suggesting that there were higher ML/TF risks as to their source of funds: see *Customer 108's risk profile* above; and
- c. Customer 108's conduct, which Star Qld considered suspicious and indicative of ML/TF typologies.

Other ECDD

In December 2021, a Star Qld AML Analyst conducted a review of Customer 108's activity and transaction history following correspondence with a law enforcement agency. They noted a number of red flags in relation to Customer 108, including that:

- a. Customer 108's café business apparently provided him with a continual supply of consistently larger amounts of cash and, in particular, cash in denominations of \$50 and \$20 notes;
- b. there was no way to determine with certainty how many of the \$100 notes that Customer 108 was presenting to Star Qld were originally paid out by Star Qld;
- c. Customer 108 had unsuccessfully attempted on numerous occasions to present large amounts of cash at Star Qld to exchange for chips, appear to play and then request Star Qld to transfer the funds back to his account;
- d. Customer 108's behaviour aligned with a similar pattern of behaviour to other patrons who had been arrested and charged with tobacco offences;
- e. a law enforcement agency was interested in Customer 108's source of cash; and
- f. Star Qld had given the AUSTRAC CEO a significant number of TTRs in respect of Customer 108.

On 6 January 2022, Star Qld removed Customer 108 from its watchlist.

On 9 September 2022, Customer 108 was re-added to Star Qld's watchlist.

As at 13 September 2022, Star Qld had not issued a WOL in respect of Customer 108.

- b. Customer 108 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion that Customer 108 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 108 and the provision of designated services to Customer 108 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

JRAMM and PAMM consideration

Between July 2021 and 30 December 2021, Customer 108 was discussed at PAMMs and JRAMMs.

The minutes of the meetings noted that:

- a. by mid-September 2021, Customer 108 had access to large amounts of cash for gambling. This included \$220,000 in cash at Star Qld, partially comprised of \$167,000 in \$50 notes;
- b. Star Qld had made multiple requests to clarify Customer 108's source of wealth and occupation but had been unable to verify Customer 108's claim that he was a lawyer and owned a migration firm; and
- c. in November 2021, Customer 108 attended Star Gold Coast early in the mornings, and was intent on advising cage staff that this was due to him operating multiple businesses in the mornings, and Star Qld had only verified that Customer 108 owned one of these businesses.

At no time did Star Qld have adequate reason to believe that Customer 108's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6) that Customer 108 received.

In September 2021, the PAMM noted that Star's investigations division was to liaise with a law enforcement agency in relation to Customer 108's presentation of over \$220,000 in cash in the preceding month.

In November 2021, after referring Customer 108 to a Responsible Gaming welfare check, the PAMM and JRAMM removed Customer 108 from their agendas.

As at 13 September 2022, Star Qld had not issued a WOL in respect of Customer 108.

Contravention of s36 of the Act in respect of Customer 108

2567. By reason of the matters pleaded from paragraphs 2555 to 2566 above, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 108 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2568. By reason of the matters pleaded at paragraph 2567, Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 108.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 109

2569. Customer 109 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$44 million for Customer 109.

Particulars

Customer 109 was a customer of Star Sydney from at least 8 October 2011.

On 30 September 2018, Star Sydney issued an involuntary WOL in respect of Customer 109. On 3 March 2020, Star Sydney withdrew the WOL as Customer 109 requested that it be revoked.

On 2 July 2020, Star Sydney issued a further involuntary WOL in respect of Customer 109 for problem gambling. This WOL remains in place.

2570. Star Sydney provided Customer 109 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 25 June 2018, Star Sydney opened an FMA and SKA for Customer 109 which were closed on 3 July 2020 (item 11, table 3, s6 of the Act).

See Customer 109's risk profile below.

2571. Customer 109 was a customer of Star Qld during the relevant period. In 2018, Star Qld recorded turnover exceeding \$780,000 for Customer 109.

Particulars

Customer 109 was a customer of Star Qld from at least 10 February 2018.

On 8 July 2020, Star Qld issued a WOL in respect of Customer 109 for problem gambling.

2572. Star Qld provided Customer 109 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 23 June 2018, Star Qld opened an FMA for Customer 109 which was closed on 3 July 2020 (item 11, table 3, s6 of the Act).

See *Customer 109's risk profile* below.

2573. At all times from 30 November 2016 in respect of Star Sydney and 10 February 2018 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 109.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 109's risk profile

2574. On and from 30 November 2016 in respect of Star Sydney and 10 February 2018 in respect of Star Qld, Customer 109, and the provision of designated services to Customer 109 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 109's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 109 had the following risk history:
- i. Customer 109 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 6 May 2016 and 21 November 2016, Star Sydney gave the AUSTRAC CEO five TTRs detailing incoming payments to Customer 109 totalling \$63,900 in chip exchanges.

Between 2 May 2016 and 31 October 2016, Star Sydney gave the AUSTRAC CEO seven TTRs detailing outgoing payments from Customer 109 totalling \$136,840 in chip exchanges.

On 2 May 2016 and 22 July 2016, Customer 109 made a \$9,000 cash buy-in at Star Sydney.

Customer 109's risk profile from 30 November 2016

- b. Customer 109 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$44,403,633 for Customer 109;

Particulars

See paragraph 752 above.

In 2016, Customer 109's individual rated turnover was \$3,495,233.

In 2017, Customer 109's individual rated turnover was \$22,097,492.

In 2018, Customer 109's individual rated turnover was \$4,853,895.

Between September 2018 and March 2020, Customer 109 was excluded from Star Sydney.

In 2020, despite the COVID-19 pandemic closures, Customer 109's individual rated turnover was \$13,957,013.

- c. Customer 109 received high value gambling services (table 3, s6 of the Act) at Star Qld other than through junket programs. In 2018, Star Qld recorded high individual rated turnover totalling \$787,619 for Customer 109;
- d. Star Sydney was aware that:
 - i. between 25 January 2017 and 30 June 2020, Customer 109 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in shopping bags and a shoebox at Star Sydney; and
 - ii. between 8 June 2020 and 30 June 2020, on multiple occasions, Customer 109 had requested that other Star Sydney customers conduct large and suspicious cash transactions on her behalf;

Particulars

See paragraphs 611 to 618 above.

TTRs

Between 25 January 2017 and 29 June 2020, Star Sydney gave the AUSTRAC CEO 47 TTRs detailing incoming payments to Customer 109 totalling \$1,160,870 in chip exchanges.

Between 6 February 2017 and 30 June 2020, Star Sydney gave the AUSTRAC CEO 42 TTRs detailing outgoing payments from Customer 109 totalling \$788,765 in account withdrawals, chip exchanges and EGM payouts.

Large and suspicious transactions in 2020

On 8 June 2020, Customer 109 presented \$9,900 in cash to purchase chips at Star Sydney. The cash was bundled with straps issued by Star. Customer 109 removed a note from the bundle prior to handing it to the Star Sydney staff. The staff were of the view that

Customer 109 appeared to be avoiding threshold reporting obligations. However, Star Sydney noted that this was the first time that Customer 109 had recorded a transaction between \$9,000 and \$9,999 in 2020 and that Customer 109's subsequent turnover rendered the transaction not suspicious.

On 13 June 2020, Customer 109 exchanged \$100,000 in cash for chips at Star Sydney. The cash was presented in a black paper shopping bag and was comprised of \$3,200 in \$100 notes and \$96,800 in \$50 notes. Star Sydney noted this transaction was, to date, the largest cash transaction recorded for Customer 109. After

purchasing the chips, Customer 109 engaged in gaming activity: SMR dated 15 June 2020.

On 24 June 2020, a Star Sydney customer exchanged \$100,000 in cash for chips at Star Sydney. The cash was presented in a red shopping bag and was comprised of \$3,300 in \$100 notes, \$96,650 in \$50 notes, and \$50 in \$5 notes. The customer advised Star Sydney that they got the cash 'from the bank'. However, Star Sydney was aware that prior to the transaction, Customer 109 had given the cash to the Star Sydney customer. After the transaction, the Star Sydney customer engaged in gaming activity. Star Sydney believed this activity to be suspicious as there were no known links between the Star Sydney customer and Customer 109: SMR dated 25 June 2020.

On 25 June 2020, Customer 109 exchanged \$50,000 in cash for chips at Star Sydney. The cash was presented in a shoe box. When asked how much cash was in the shoe box, Customer 109 stated that there was \$150,000 in \$50 notes. Customer 109 initially advised she wanted to exchange the full amount for chips. However, she changed her mind several times before deciding to exchange \$50,000 in cash for chips. Customer 109 advised Star Sydney that the cash was from her company in a foreign country. Star Sydney observed Customer 109 asking another Star Sydney customer to exchange a further \$50,000 in cash on her behalf. The other Star Sydney customer declined. After the exchange, Customer 109 engaged in gaming activity. Star Sydney noted that this was not the first occasion on which Customer 109 had asked another customer to purchase chips using \$50 notes on her behalf: SMR dated 26 June 2020.

On 28 June 2020, Customer 109 exchanged \$100,000 in cash for chips at Star Sydney, being the remaining cash that had been presented in a shoebox on 25 June 2020. The cash was comprised of \$3,100 in \$100 notes and \$96,900 in \$50 notes. Customer 109 deposited the chips into her account. She then withdrew \$5,000 in cash and \$95,000 in chips. On 30 June 2020, Customer 109 deposited \$60,000 in chips into her account and withdrew the equivalent amount in cash. Star Sydney asked Customer 109 where the cash came from, and she advised she had borrowed it but refused to identify from where. After the chip purchase on 28 June 2020, Customer 109 engaged in gaming activity: SMR dated 29 June 2020.

On 30 June 2020, a Star Sydney customer exchanged \$100,000 in cash for chips at Star Sydney. The cash was presented in three shopping bags, and was comprised of \$50 notes in \$5,000 bundles. Star Sydney asked the customer where the cash came from and she advised she had sold two properties. Shortly after the transaction, the customer exchanged a \$1,000 chip for cash. Shortly afterwards, the Star Sydney customer exchanged the remaining \$99,000 in chips for cash. The Star Sydney customer had not recorded any play since

cashing out the chips. After receiving the cash, the Star Sydney customer met Customer 109 in the hotel lobby. They proceeded to a Star Sydney hotel room. Star Sydney was of the view that the customer completed these transactions on Customer 109's behalf:
SMR dated 3 July 2020.

- e. Customer 109 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

TTRs

On 12 February 2018, Star Qld gave the AUSTRAC CEO a TTR detailing an incoming payment to Customer 109 totalling \$10,002 in a chip exchange.

On 15 February 2018, Star Qld gave the AUSTRAC CEO a TTR detailing an outgoing payment from Customer 109 totalling \$10,000 in a chip exchange.

- f. in June 2020, Star Sydney was aware that Customer 109 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including offsetting (including with unrelated third parties);

Particulars

See paragraph 25 above.

In June 2020, following several large and suspicious cash transactions involving Customer 109 at Star Sydney (see paragraph 2574.d above), an Investigations Manager, Financial Crime and investigations, SEG met with Customer 109.

Customer 109 said that she:

- a. had borrowed the \$100,000 in cash involved in the 27 June 2020 transaction from a friend;
- b. would repay the debt in a foreign country; and
- c. her family had a business in a foreign country which limited the amount of money that could be remitted to Australia. When that limit was reached, Customer 109 said that she borrowed money in Australia from friends or remitters and paid them back in the foreign country.

This arrangement was indicative of the ML/TF typology of offsetting (including with unrelated third parties).

- g. in 2018, 2020 and 2021, Customer 109 was the subject of law enforcement enquiries at Star;

Particulars

In February 2018, Star Qld exchanged emails with a law enforcement agency regarding information in respect of a hotel room connected to Customer 109.

In June and September 2020, Star Sydney received a request from a law enforcement agency seeking details about Customer 109, which Star Sydney provided. Star Sydney also indicated that Customer 109 had been excluded on 2 July 2020.

On 30 November 2021, Star Sydney received a request from a law enforcement agency seeking details about Customer 109, which Star Sydney provided.

Interactions and information shared between Star Sydney, Star Qld and law enforcement agencies were stored on Star's investigations database. Star Qld and Star Sydney had access to the investigations database: see paragraph 49 above.

- h. Customer 109 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 109 had access to private gaming rooms at Star Sydney, including the Chairman's, the Sovereign Room, Lakes Salons, Vantage and Oasis.

- i. Customer 109 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 109 had access to private gaming rooms at Star Qld, including the Suite, the Sovereign Room, Oasis and the Sapphire Room.

- j. Star Sydney and Star Qld did not have adequate reason to believe that Customer 109's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 109 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood Customer 109's occupation to be as a hairdresser.

At all times, Customer 109's high turnover was not consistent with her source of wealth.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 109

- 2575. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 109 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 109.

- a. On and from 2017, Customer 109 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 109's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. On and from 2018, Customer 109 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 109's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- c. At no time was Customer 109 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 25 July 2016, Customer 109 was rated medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 109's transactions

2576. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 109's transactions because, where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 109, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

The review, update and verification of Customer 109's KYC information

2577. Star Sydney and Star Qld did not review, update and verify Customer 109's KYC information, having regard to the high ML/TF risks posed, because:
 - a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 109's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 109's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 109's source of wealth and source of funds were not legitimate: see *Customer 109's risk profile*.

Customer 109's turnover was high throughout the relevant period. This turnover was not proportionate to her source of wealth.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 109's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 109.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 109's high ML/TF risks

2578. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 109 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 109; and
- c. reviewing and updating Customer 109's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 109 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 109*.

2579. Had Star Qld conducted ongoing customer due diligence on and from 2018 by:

- a. identifying and assessing the ML/TF risks posed by Customer 109 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 109; and
- c. reviewing and updating Customer 109's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would likely have rated Customer 109 as a high risk customer for the purpose of the Act and Rules at a time before Customer 109 was issued with a WOL at Star Qld.

Particulars

Section 36(1)(a) and rules 15.2 and 15.5 of the Rules.

2580. Had Star Qld rated Customer 109 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 109 at a time before Customer 109 was issued with a WOL at Star Qld.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 109

2581. Star Sydney was required to apply the ECDD Programs to Customer 109 following any ECDD triggers in respect of Customer 109.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3), 15.10 of the Rules.

2582. Customer 109 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 15 June 2020 and 3 July 2020, Star Sydney gave the AUSTRAC CEO five SMRs with respect to Customer 109.

2583. The matter pleaded in paragraph 2582 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2584. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 109 following an ECDD trigger because:

- a. on each occasion prior to 2 July 2020 that Star Sydney conducted ECDD in respect of Customer 109 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 109 and the provision of designated services to Customer 109 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

On 13 June 2020, 24 June 2020, 25 June 2020, 27 June 2020 and 30 June 2020, Star Sydney conducted ECDD in respect of Customer 109.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 109's higher ML/TF risks: see *Customer 109's risk profile*.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 109's source of funds or source of wealth, in circumstances where Star Sydney recorded Customer 109's stated occupation as 'hairdresser'.

By reason of the matters set out above, there were real risks that Customer 109's source of wealth and source of funds were not legitimate: see *Customer 109's risk profile*.

However, it was not until 2 July 2020 that Star Sydney issued a WOL in respect of Customer 109.

- b. Customer 109 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 109

2585. By reason of the matters pleaded from paragraphs 2569 to 2584 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 109 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2586. By reason of the matters pleaded at paragraph 2585, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 2 July 2020 with respect to Customer 109.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2587. By reason of the matters pleaded from paragraphs 2569 to 2584 above, on and from 10 February 2018, Star Qld:

- a. did not monitor Customer 109 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2588. By reason of the matters pleaded at paragraph 2587, Star Qld contravened s36(1) of the Act on and from 10 February 2018 to 2 July 2020 with respect to Customer 109.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 110

2589. Customer 110 was a customer of Star Sydney during the relevant period. Between 2016 and 2021, Star Sydney recorded turnover exceeding \$350 million for Customer 110.

Particulars

Customer 110 was a customer of Star Sydney from at least 2010.

On 23 November 2021, Star Sydney issued a WOL in respect of Customer 110 at the direction of the Star AML team.

2590. Star Sydney provided Customer 110 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

Between 2016 and 2021, Star Sydney recorded turnover exceeding \$350 million for Customer 110 (table 3, s6 of the Act).

See Customer 110's risk profile below.

2591. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 110.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 110's risk profile

2592. On and from 30 November 2016, Customer 110, and the provision of designated services to Customer 110 by Star Sydney, posed higher ML/TF risks because of the following red flags:

Customer 110's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 110 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 110;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on 8 February 2016.

The SMR reported that designated services provided to Customer 110 included substantial EGM activity at Star Sydney: see paragraph 2592.a.ii below.

- ii. by 30 November 2016, designated services provided to Customer 110 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

See paragraph 2592.a.iv below.

On 7 February 2016, Customer 110 exchanged a \$105,000 EGM payout for cash at Star Sydney. Star Sydney considered that this transaction was suspicious as Customer 110 had recorded a large amount of EGM play the day prior and the payout was not consistent with the amount of play recorded: SMR dated 8 February 2016.

- iii. Customer 110 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high individual rated turnover totalling \$4,216,519 for Customer 110; and

Particulars

See paragraph 752 above.

- iv. Customer 110 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 19 April 2010 and 28 November 2016, Star Sydney gave the AUSTRAC CEO 271 TTRs in respect of Customer 110 totalling \$5,601,596, which comprised:

- a. 261 outgoing TTRs totalling \$5,496,596;
- b. ten incoming TTRs totalling \$105,000;
- c. \$739,935 in chip or cash exchanges;
- d. \$10,000 in account deposits or withdrawals; and
- e. \$4,851,661 in EGM payouts.

Customer 110's risk profile from 30 November 2016

- b. Customer 110 received high value gambling services (table 3, s6) at Star Sydney other than through junket programs. Between 2016 and 2021, Star Sydney recorded high and escalating individual rated turnover totalling \$350,653,609 for Customer 110;

Particulars

See paragraph 752 above.

In 2016, Customer 110's individual rated turnover escalated to \$11,135,897.

In 2017, Customer 110's individual rated turnover was \$7,702,925.

In 2018, Customer 110's individual rated turnover escalated to \$20,269,971.

In 2019, prior to Customer 110's exclusion from Star Sydney on 24 September 2019, Customer 110's individual rated turnover further escalated to \$27,860,300.

In 2020, despite the COVID-19 pandemic closures, Customer 110's turnover escalated dramatically.

Between 22 June 2020 and 31 December 2020, immediately after Customer 110's exclusion was revoked, Customer 110's individual rated turnover escalated significantly to \$73,561,607.

In 2021, Customer 110's individual rated turnover escalated very significantly to \$210,122,908.

c. Star Sydney was aware that:

- i. designated services provided to Customer 110 included substantial EGM activity at Star Sydney;
- ii. Customer 110, and persons associated with him, transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes bundled with elastic bands; and
- iii. Customer 110, and persons associated with him, engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring;

Particulars)

See paragraphs 25, 570, 579 and 611 to 618 above.

TTRs

Between 5 December 2016 and 26 November 2021, Star Sydney gave the AUSTRAC CEO 870 TTRs in respect of Customer 110 totalling \$25,805,210, which comprised:

- a. 437 outgoing TTRs totalling \$20,619,510;
- b. 433 incoming TTRs totalling \$5,185,700;
- c. \$5,488,275 in chip or cash exchanges; and
- d. \$20,316,935 in EGM payouts.

EGM activity involving cash-outs in units of \$100,000

Between 3 April 2019 and 19 November 2021, Customer 110 exchanged EGM payout vouchers totalling \$5,566,567 for \$3,626,890 in cash in units of approximately \$100,000 with the balance taken as TITO vouchers:

- a. on 3 April 2019, Customer 110 exchanged an EGM voucher worth \$120,923 for \$100,000 in cash and \$20,923 in TITO vouchers;

- b. on 16 June 2019, Customer 110 exchanged an EGM voucher worth \$126,152 for \$100,000 in cash and \$26,152 in TITO vouchers;
- c. on 8 August 2020, Customer 110 exchanged an EGM voucher worth \$100,009 for cash;
- d. on 22 August 2020, Customer 110 exchanged an EGM voucher worth \$220,406 for \$200,000 in cash and \$20,406 in TITO vouchers;
- e. on 28 September 2020, Customer 110 exchanged an EGM voucher worth \$179,995 for \$100,000 in cash and \$80,000 in TITO vouchers: SMR dated 30 September 2020;
- f. on 22 December 2020, Customer 110 exchanged an EGM voucher worth \$280,000 for \$200,000 in cash and \$80,000 in TITO vouchers;
- g. on 29 December 2020, Customer 110 exchanged an EGM voucher worth \$180,003 for \$100,000 in cash and \$80,003 in TITO vouchers;
- h. on 2 January 2021, Customer 110 exchanged an EGM voucher worth \$273,718 for \$173,718 in cash and \$100,000 in TITO vouchers;
- i. on 9 January 2021, Customer 110 exchanged an EGM voucher worth \$372,000 for \$200,000 in cash and \$172,000 in TITO vouchers;
- j. on 28 January 2021, Customer 110 exchanged an EGM voucher worth \$150,035 for \$100,000 in cash and \$50,035 in TITO vouchers. The EGM voucher belonged to another Star Sydney customer, Person 22, who was a known associate of Customer 110;
- k. on 29 January 2021, Customer 110 exchanged an EGM voucher worth \$200,031 for \$100,000 in cash and \$100,031 in TITO vouchers;
- l. on 30 January 2021, Customer 110 exchanged an EGM voucher worth \$103,095 for cash. The voucher belonged to Customer 110's wife. Star Sydney understood that Customer 110 was known to use his wife's card while using EGMs;
- m. on 5 February 2021, Customer 110 exchanged an EGM voucher worth \$200,018 for cash. Customer 110 then exchanged a second EGM voucher worth \$147,996 for \$100,000 in cash and \$47,996 in TITO vouchers;
- n. on 7 February 2021, Customer 110 exchanged an EGM voucher worth \$282,600 for \$100,000 in cash and \$182,600 in TITO

- vouchers. Star Sydney observed that Customer 110 handed the cash to another Star Sydney customer, Person 23;
- o. on 8 February 2021, Customer 110 exchanged an EGM voucher worth \$200,035 for cash;
 - p. on 10 February 2021, Customer 110 exchanged EGM vouchers worth \$296,479 for \$200,000 in cash and \$96,479 in TITO vouchers. Customer 110 then exchanged an EGM voucher worth \$100,000 for cash: SMR dated 11 February 2021;
 - q. on 11 February 2021, Customer 110 exchanged an EGM voucher worth \$100,011 for cash;
 - r. on 14 February 2021, Customer 110 exchanged an EGM voucher worth \$200,019 for \$100,000 in cash and \$100,019 in TITO vouchers;
 - s. on 23 February 2021, Customer 110 exchanged EGM vouchers worth \$637,059 for \$400,004 in cash and \$237,055 in TITO vouchers. On each occasion, Customer 110 passed the cash to Person 23, who was a known associate of Customer 110's;
 - t. on 12 March 2021, Customer 110 exchanged EGM vouchers worth \$320,021 for \$250,000 in cash and \$70,021 in TITO vouchers: SMR dated 18 March 2021; and
 - u. on 18 November 2021, Customer 110 exchanged an EGM voucher worth \$230,035 for \$100,000 in cash and \$130,035 in TITO vouchers. On 19 November 2021, Customer 110 exchanged EGM vouchers worth \$452,079 for \$300,000 in cash and \$152,021 in TITO receipts. The following day, Customer 110 exchanged an EGM voucher worth \$150,000 for \$100,000 in cash and \$50,000 in TITO vouchers: SMR dated 25 November 2021.

EGM activity involving third parties

On 18 May 2019, a Star Sydney customer exchanged \$35,000 in chips for TITO vouchers. The customer then gave the TITO vouchers to Customer 110. Star Sydney considered that this activity was suspicious as the patron had no recorded chip purchases to support the exchange: SMR dated 20 May 2019.

On 13 September 2020, Customer 110 and a Star Sydney customer, Person 23, exchanged unusually large amounts of cash for EGM vouchers at Star Sydney. Person 23 exchanged \$22,000 in cash for EGM vouchers. Customer 110 exchanged \$47,000 in cash for EGM vouchers through a series of small transactions. Star Sydney observed that all of the cash presented comprised \$50 notes and originated from Customer 110. Customer 110 recorded a turnover on 13 September 2020 of \$693,609 with a loss of \$10,943. Person 23 recorded a turnover on 13 September 2020 of \$193,461 with a win of

\$29,454. Star Sydney observed that Customer 110 used his wife's membership card in the EGMs. Customer 110's wife recorded a turnover on 13 September 2020 of \$497,418 and a loss of \$2,421: SMR dated 25 September 2020.

On 11 January 2021, a Star Sydney customer, Person 22, was observed purchasing EGM tickets that were ultimately used by other customers, including Customer 110. On seven occasions, Customer 110 handed \$10,000 in cash to Person 22 who used this cash to purchase EGM tickets for Customer 110. On some occasions, Customer 110 gave Person 22 one or two tickets for play. On one occasion, another customer, Person 23, was observed handing \$10,000 in cash to Person 22 who then purchased tickets for Customer 110. Star Sydney considered this activity to be suspicious as Customer 110 and Person 23 appeared to be avoiding reporting thresholds: SMR dated 15 January 2021.

On 20 and 21 January 2021, two Star Sydney customers, Person 22 and Person 23 continued to purchase EGM tickets on Customer 110's behalf and returned the tickets to Customer 110 for his use.

On 12 March 2021, after exchanging EGM vouchers for \$250,000 in cash, Customer 110 handed an unidentified amount of cash to another customer, Person 23. The customer then used this cash to gamble. Customer 110 handed over an undisclosed amount of TITO vouchers to a second customer, Person 22. Customer 110 then exchanged another two EGM vouchers for cash. Customer 110 handed this cash to Person 22 who took the cash to a car before continuing to play. Star Sydney considered these transactions were suspicious given the large amount of cash totalling \$450,011 that Customer 110 received and the fact that the transactions all took place within a short period of time: SMR dated 18 March 2021.

EGM activity indicative of the ML/TF typology of structuring

On 17 June 2019, Customer 110 exchanged \$9,000 in cash for TITO vouchers at Star Sydney. Shortly afterwards, Customer 110 exchanged another \$9,000 in cash for TITO vouchers. The cash comprised \$100 notes. Star Sydney considered that the cash originated from a large win that was recorded for Customer 110 during this period. However, Star Sydney concluded that the transactions were suspicious as Customer 110 appeared to be structuring his purchases to avoid the reporting threshold: SMR dated 19 June 2019.

On 22 August 2019, a Star Sydney customer, Person 22, exchanged \$9,000 in cash for EGM vouchers at Star Sydney. The cash was comprised of \$50 notes. Star Sydney understood that Person 22 was acting on behalf of Customer 110. Customer 110 then exchanged \$9,000 in cash for EGM tickets. The cash comprised \$50 notes bundled with elastic bands. Another customer exchanged \$9,000 in cash for EGM vouchers. The cash comprised \$100 notes. Star

Sydney confirmed that these tickets were for Customer 110. Person 22 then exchanged \$9,000 in cash for EGM vouchers. The cash comprised \$100 notes in good condition. After completing this transaction, Person 22 handed the EGM vouchers to Customer 110.

Star Sydney considered these transactions to be suspicious as patrons were acting on Customer 110's behalf to exchange cash to EGM vouchers below the reporting threshold: SMR dated 23 August 2019.

On 28 September 2020, Customer 110 used cash to purchase four TITO vouchers for \$9,000 each within a short period. The cash comprised \$100 notes bundled together in Star straps, with each bundle having had ten notes removed before each transaction. Star Sydney considered that this activity was suspicious as Customer 110 appeared to be structuring transactions to avoid the reporting threshold: SMR dated 30 September 2020.

In May and June 2021, Star Sydney recorded a number of suspicious TITO ownership alerts relating to Customer 110 and his associates.

- a. On 29 May 2021, Customer 110 swapped \$4,147 worth of TITO vouchers with a customer.
- b. On 11 June 2021, a second customer, Person 22, swapped \$3,000 worth of TITO vouchers with a third customer.
- c. On 16 June 2021, Person 22 swapped \$4,000 worth of TITO vouchers with the first customer.
- d. On 11 June 2021 and 16 June 2021, the third customer purchased TITO vouchers worth \$13,000 which were used by Customer 110 and Person 22.
- e. On 11 June 2021, 12 June 2021 and 17 June 2021, the first customer purchased TITO vouchers worth \$34,000 which were used by Customer 110, Person 22 and a third customer.

Star Sydney considered this activity to be suspicious as it appeared that Customer 110 and the other patrons were structuring their purchases to avoid the reporting threshold and obscure the true ownership of the funds involved. Star Sydney also noted that Customer 110 had a history of swapping tickets with Person 22 and Person 23: SMR dated 30 June 2021.

In October and November 2021, Star Sydney recorded 136 suspicious TITO ownership alerts relating to Customer 110 and his associates with a total value of \$208,071. Star Sydney issued 48 TITO vouchers to Customer 110 with a total value of \$95,002.

- a. On 7 November 2021, Customer 110 gave one voucher worth \$2,000 to Person 22.
- b. On 8 November 2021, Customer 110 gave two vouchers with a total value of \$3,002 to Person 23.

- c. On 9 November 2021, Customer 110 gave 11 vouchers with a total value of \$22,000 to Person 22.
- d. On 10 November 2021, Customer 110 gave 34 vouchers with a total value of \$68,000 to Person 22 and Person 23.

Star Sydney considered this activity to be suspicious due to the large amount of TITO ownership alerts and the apparently organised nature of the group's attempt to disguise the ownership of funds: SMR dated 19 November 2021.

- d. from at least April 2019, Star Sydney was aware that Customer 110 was the target of a law enforcement agency investigation in connection with drug related matters;

Particulars

See particulars to paragraph 2592.e below.

- e. between 2020 and 2021, Customer 110 was the subject of law enforcement enquiries at Star Sydney;

Particulars

In February 2019, Star Sydney was informed by a law enforcement agency that Customer 110 had been the subject of multiple charges involving the use of violence.

In March 2019, a law enforcement agency requested information in respect of Customer 110 from Star Sydney. Star Sydney understood that Customer 110 was suspected to be involved in drug supply and money laundering, including at Star Sydney.

Later in March 2019, a law enforcement agency informed Star Sydney that Customer 110 was associated with persons involved in organised crime.

In April 2019 and July 2019, a law enforcement agency requested information in respect of Customer 110.

On 27 April 2021, Star Sydney received an email from a law enforcement agency in respect of Customer 110 and two of his associates.

- f. on 24 September 2019, Star Sydney excluded Customer 110 on the grounds of illegal and undesirable conduct. On 22 June 2020, Star Sydney revoked this exclusion;
- g. by 30 June 2021, Star Sydney was aware that Customer 110 was involved in criminal conduct; and

Particulars

By 30 June 2021, Star Sydney was aware that media reports identified that Customer 110 had pleaded guilty to possession of a prohibited drug while on Star Sydney premises.

- h. Star Sydney did not have adequate reason to believe that Customer 110's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 110 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood that Customer 110 founded and operated a building and property development business.

In 2018, Customer 110's turnover escalated significantly to over \$20 million.

By March 2019, Star Sydney was aware that a law enforcement agency had received information to suggest that Customer 110 was involved in the supply of drugs in Sydney and was laundering the proceeds of crime through Star Sydney.

In and from April 2019, Customer 110 engaged in large and suspicious EGM transactions involving a very high volume of cash. This included large volumes of cash transactions engaged in by third parties on Customer 110's behalf, and cash transactions indicative of the ML/TF typology of structuring. At no stage did Star Sydney verify Customer 110's source of funds.

Between September 2019 and June 2020, Customer 110 was excluded from Star Sydney pursuant to a WOL. After the WOL was lifted, and despite the COVID-19 pandemic closures, Customer 110's turnover escalated again to over \$73 million in 2020.

In 2021, Customer 110's turnover escalated dramatically to over \$210 million. Despite this, Star Sydney did not take appropriate steps to review, update and verify Customer 110's source of wealth and source of funds information to ensure that it was sufficient to explain the increasingly high value gambling designated services provided to him.

Star Sydney's determination of the ML/TF risks posed by Customer 110

2593. For the reasons pleaded at paragraph 110, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 110 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 110.
- a. On and from 2018, Customer 110 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 110's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 110 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 9 February 2016, Customer 110 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 17 June 2019, Customer 110 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 17 June 2020, Customer 110 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 110's transactions

2594. At no time did Star Sydney apply appropriate transaction monitoring to Customer 110's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 110, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney provided designated services to Customer 110 through multiple accounts and was not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 110's KYC information

2595. Star Sydney did not review, update and verify Customer 110's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 110's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;

- c. Star Sydney did not appropriately review, update and verify Customer 110's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 110's source of wealth and source of funds were not legitimate: see *Customer 110's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 110's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 110.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 110's high ML/TF risks

2596. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 110 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 110; and
- c. reviewing and updating Customer 110's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 110 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 110*.

ECDD triggers in respect of Customer 110

2597. Star Sydney was required to apply the ECDD Programs to Customer 110 following any ECDD triggers in respect of Customer 110.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2598. Customer 110 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 25 May 2019 and 25 November 2021, Star Sydney gave the AUSTRAC CEO 11 SMRs with respect to Customer 110.

2599. The matter pleaded in paragraph 2598 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2600. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 110 following an ECDD trigger because:

- a. on each occasion prior to November 2021 that Star Sydney conducted ECDD in respect of Customer 110 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 110 and the provision of designated services to Customer 110 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

Between 25 September 2020 and 12 March 2021, Star Sydney conducted various ECDD enquiries in respect of Customer 110.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 110's higher ML/TF risks: see *Customer 110's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 110's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 110's source of wealth and source of funds were not legitimate: see *Customer 110's risk profile*.

On 23 November 2021, Star Sydney issued a WOL in respect of Customer 110.

- b. Customer 110 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to November 2021 that Customer 110 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 110 and the provision of designated services to Customer 110 by Star Sydney, and to whether those risks were within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between October 2019 and November 2021, Customer 110 was discussed at JRAMM and PAMM. The meetings considered Customer

110's level of EGM play and his suspicious behaviour, including using other customers' cards to play.

Between 1 July 2021 and 25 November 2021, Star Sydney senior management determined to maintain a business relationship with Customer 110 and noted that there was no adverse information in respect of Customer 110.

In determining that a business relationship could be continued, Star Sydney senior management did not have regard to:

- a. Customer 110's source of wealth (r 15.10(2)(a) of the Rules), having regard to his high and escalating turnover;
- b. Customer 110's source of funds (r15.10(2)(b) of the Rules), having regard to the information provided to Star Sydney by law enforcement agencies concerning the higher ML/TF risks as to his source of funds: see *Customer 110's risk profile* above.

It was not until 23 November 2021 that Star Sydney issued a WOL in respect of Customer 110 at the direction of the Star AML team.

Contravention of s36 of the Act in respect of Customer 110

2601. By reason of the matters pleaded from paragraphs 2589 to 2600 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 110 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2602. By reason of the matters pleaded at paragraph 2601, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 23 November 2021 with respect to Customer 110.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 111

2603. Customer 111 was a customer of Star Sydney during the relevant period. Between 2016 and 2018, Star Sydney recorded turnover exceeding \$250 million for Customer 111.

Particulars

Customer 111 was a customer of Star Sydney from at least 13 July 2007.

On 28 November 2018, Star Sydney issued a WOL in respect of Customer 111.

2604. Star Sydney provided Customer 111 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

See Customer 111's risk profile below.

2605. Customer 111 was a customer of Star Qld during the relevant period. Between 2016 and 2017, Star Qld recorded turnover exceeding \$470,000 for Customer 111.

Particulars

Customer 111 was a customer of Star Qld from at least 19 August 2012.

On 28 November 2018, Star Qld issued a WOL in respect of Customer 111.

2606. Star Qld provided Customer 111 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 18 February 2012, Star Qld opened an FMA for Customer 111 which was closed on 28 November 2018 (item 11, table 3, s6 of the Act).

See Customer 111's risk profile below.

2607. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 111.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 111's risk profile

2608. On and from 30 November 2016, Customer 111, and the provision of designated services to Customer 111 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 111's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 111 had the following risk history:
 - i. Star Sydney had formed suspicions for the purposes of s41 of the Act with respect to Customer 111;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on eight occasions between 29 November 2013 and 20 January 2016.

The SMRs reported that Customer 111:

- a. engaged in cash transactions consistent with the ML/TF typology of structuring totalling at least \$234,850: see paragraph 2608.a.ix below; and
 - b. had substantial EGM activity at Star Sydney: see paragraph 2608.a.vii below.
- ii. Star Qld had formed suspicions for the purposes of s41 of the Act with respect to Customer 111;

Particulars

Star Qld gave the AUSTRAC CEO an SMR on 9 January 2015.

The SMR reported that Customer 111 engaged in cash transactions consistent with the ML/TF typology of structuring totalling at least \$19,300: see paragraph 2608.a.x below.

- iii. Customer 111 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded a high individual rated turnover of \$37,853,575 for Customer 111;
- iv. Customer 111 received high value gambling services (table 3, s6 of the Act) at Star Qld other than through junket programs. In 2015, Star Qld recorded a high individual rated turnover of \$94,365 for Customer 111;
- v. Customer 111 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

See paragraph 2608.a.ix below.

Between 19 April 2011 and 29 November 2016, Star Sydney gave the AUSTRAC CEO 279 TTRs detailing incoming payments to Customer 111 totalling \$4,490,650 which comprised:

- c. \$47,400 in cash exchanges;
- d. \$4,340,725 in chip exchanges; and
- e. \$102,525 in other monetary value in.

Between 12 April 2010 and 28 November 2016, Star Sydney gave the AUSTRAC CEO 85 TTRs detailing outgoing payments from Customer 111 totalling \$1,413,794 which comprised:

- c. \$40,090 in account withdrawals;
- d. \$1,338,704 in chip exchanges; and
- e. \$35,000 in other monetary value out.

- vi. Customer 111 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

See paragraph 2608.a.x below.

Between 5 June 2012 and 19 February 2014, Star Qld gave the AUSTRAC CEO four TTRs detailing incoming payments to Customer 111 totalling \$63,000 in chip exchanges.

Between 17 June 2013 and 10 January 2014, Star Qld gave the AUSTRAC CEO five TTRs detailing outgoing payments from Customer 111 totalling \$82,394 which comprised:

- a. \$26,893 in account withdrawals; and
- b. \$55,500 in chip exchanges.

- vii. designated services provided to Customer 111 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

Between 3 August 2010 and 30 November 2016, Star Sydney gave the AUSTRAC CEO 722 TTRs detailing EGM payouts to Customer 111 totalling \$12,482,929.

On 20 January 2016, Customer 111 exchanged a \$100,000 EGM voucher for chips at Star Sydney: SMR dated 20 January 2016.

- viii. designated services provided to Customer 111 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

On 2 October 2014, Star Qld gave the AUSTRAC CEO one TTR detailing EGM payouts to Customer 111 totalling \$143,559.

- ix. Customer 111 engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Sydney, including structuring;

Particulars

See paragraph 25 above.

On the following occasions, Customer 111 was involved in transactions indicative of the ML/TF typology of structuring totalling \$431,150:

- a. between 16 October 2013 and 1 August 2016, Customer 111 exchanged between \$9,000 and \$9,999 in cash for chips on 42 occasions totalling at least \$402,750; and
- b. between 26 April 2016 and 1 August 2016, Customer 111 made buy-ins between \$9,400 and \$9,500 in cash on three occasions totalling \$28,400.

Customer 111's transactions indicative of the ML/TF typology of structuring included:

- a. on 28 November 2013, Customer 111 exchanged \$9,900 cash to chips at Star Sydney. Customer 111 returned a few minutes later and exchanged a further \$2,500 in cash to chips. Star Sydney considered the transactions to be suspicious as it appeared that Customer 111 had split the transactions in order to avoid reporting obligations: SMR dated 29 November 2013;
 - b. on 12 August 2014, Star Sydney identified that Customer 111 had conducted 22 transactions between \$9,000 and \$9,999 in 2014 totalling \$213,900. Star Sydney considered these transactions to be suspicious as it appeared that Customer 111 was structuring his transactions to avoid reporting obligations: SMR dated 12 August 2014;
 - c. on 15 April 2015, Customer 111 exchanged \$9,950 in \$50 notes for chips at Star Sydney. When asked if he had a further \$50 to round the sum up to \$10,000, he replied that he did not as he wanted to avoid reporting the transaction to the government: SMR dated 17 April 2015;
 - d. on 8 November 2015, Customer 111 presented \$10,000 in chips to exchange for cash at Star Sydney. Customer 111 then took back \$5,000 of the chips and requested cash for the balance. Customer 111 was asked to present his identification and did not cash out the remaining \$5,000: SMR dated 10 November 2015;
and
 - e. on 1 December 2015, Customer 111 presented \$9,950 in cash to exchange for chips at Star Sydney after being observed removing some notes from the bundle. The cash comprised \$100 notes: SMR dated 2 December 2015;
 - f. On 3 September 2016, Customer 111 made two cash buy-ins of \$9,500.
- x. Customer 111 engaged in other transactions indicative of ML/TF typologies and vulnerabilities at Star Qld, including structuring;

Particulars

See paragraph 25 above.

Customer 111 was involved in transactions indicative of the ML/TF typology of structuring totalling \$19,300.

On 22 December 2014, Customer 111 made two chip purchases of \$9,800 and \$9,500 respectively. Star Qld considered that Customer 111 may have been trying to avoid reporting obligations. Star Qld was unaware of Customer 111's occupation: SMR dated 9 January 2015.

- xi. between 2014 and 2015, Customer 111 was the subject of law enforcement enquiries at Star; and

Particulars

Between 2014 and 2015, several enquiries were made by law enforcement agencies in respect of Customer 111.

In February 2016, a law enforcement agency requested information from Star Sydney in respect of Customer 111, including for an investigation related to money laundering.

Interactions and information shared between Star Sydney, Star Qld and law enforcement agencies were stored on Star's investigations database. Star Qld and Star Sydney had access to the investigations database: see paragraph 49 above.

- xii. between 2009 and 2014, media reports named Customer 111 as a person involved in contraventions of Australian labour law and tax fraud;

Particulars

In 2009, publicly accessible media articles reported that:

- a. Customer 111 was formerly the director of a labour hire company;
- b. Customer 111 was suspected of being investigated by an Australian government department in connections with allegations that the labour hire company was involved in the production of false work documents and had supplied illegal labour in Australia; and
- c. former employees of the labour hire company alleged that workers sourced through the company were underpaid, had their passports removed, were given poor housing conditions and sent to work with false documents.

In 2014, publicly accessible media articles reported that:

- a. Customer 111 was the director of a second labour hire company; and
- b. a union alleged that thousands of migrant workers employed in Australian business through the labour hire company were not appropriately paying taxes.

Star Sydney's and Star Qld's due diligence records did not contain details of these reports.

Customer 111's risk profile from 30 November 2016

- b. Customer 111 received high value gambling services (table 3, s6) at Star Sydney other than through junket programs. Between 2016 and 2018, Star Sydney recorded high and escalating individual rated turnover of \$251,100,024 for Customer 111;

Particulars

See paragraph 752 above.

In 2016, Customer 111's individual rated turnover escalated to \$108,025,074.

In 2017, Customer 111's individual rated turnover was \$75,673,144.

In 2018, Customer 111's individual rated turnover was \$67,401,806.

- c. Customer 111 received high value gambling services (table 3, s6) at Star Qld other than through junket programs. Between 2016 and 2017, Star Qld recorded high and escalating individual rated turnover of \$475,977 for Customer 111;

Particulars

See paragraph 752 above.

In 2016, Customer 111's individual rated turnover escalated to \$311,945.

In 2017, Customer 111's individual rated turnover was \$164,032.

- d. designated services provided to Customer 111 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

Between 5 December 2016 and 27 November 2018, Star Sydney gave the AUSTRAC CEO 400 TTRs detailing EGM payouts to Customer 111 totalling \$6,663,485.

- e. Customer 111 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 5 December 2016 and 28 November 2018, Star Sydney gave the AUSTRAC CEO 345 TTRs detailing incoming payments to Customer 111 totalling \$6,334,450 in chip exchanges.

Between 5 December 2016 and 28 November 2018, Star Sydney gave the AUSTRAC CEO 51 TTRs detailing outgoing payments from Customer 111 totalling \$971,040 which comprised chip exchanges and other monetary values out.

- f. Customer 111 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

On 20 December 2016, Star Qld gave the AUSTRAC CEO two TTRs detailing outgoing payments from Customer 111 totalling \$23,008 which comprised chip exchanges and EGM payouts.

- g. Customer 111 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 111 had access to private gaming rooms at Star Sydney including the Sovereign Room, Chairman's, Jade, Oasis and Lakes Salons.

- h. Customer 111 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 111 had access to private gaming rooms at Star Qld including the Suite and the Sovereign Room.

- i. in December 2016, Customer 111 was the subject of a law enforcement enquiry at Star;

Particulars

In December 2016, a law enforcement agency requested information from Star Sydney in respect of Customer 111.

Interactions and information shared between Star Sydney, Star Qld and law enforcement agencies were stored on Star's investigations database. Star Qld and Star Sydney had access to the investigations database: see paragraph 49 above

- j. by 11 May 2018, Star Sydney and Star Qld were aware of publications on an Australian government regulator's website which reported that Customer 111 had been fined \$43,000 for underpaying migrant workers;

Particulars

In May 2018, an article on an Australian government regulator's website reported that Customer 111 had been fined \$43,000 for underpaying migrant workers between March 2011 and July 2013.

Customer 111 was held accessorially liable for the underpayments by the company of which he was formerly the general manager.

- k. between 2019 and 2021, media reports named Customer 111 as a person who had withdrawn nearly \$2,000,000 from ATMs at Star Sydney and who was involved in, among other things, money laundering;

Particulars

In 2019, publicly accessible media articles reported that:

- a. Customer 111 owed \$121,000,000 to the Commonwealth in respect of eight companies operated by Customer 111;
- b. Customer 111 had consented to pay \$42,000,000 in personal taxes and fines to an Australian government agency;

- c. Customer 111 had engaged in 'phoenixing' behaviour in respect of labour hire companies;
- d. Customer 111 was alleged to have gambled vast sums at casinos, mainly Star Sydney, and had withdrawn nearly \$2,000,000 from ATMs there over five years; and
- e. Customer 111 had sent \$43,000,000 overseas.

In 2021, publicly accessible media articles reported that:

- a. in 2018, a law enforcement agency executed search warrants in respect of several properties owned by Customer 111 in connection with a recruitment and labour hire syndicate operated by him;
- b. Customer 111 was suspected of several criminal offences including money laundering, tax fraud, secret commissions and breaches of migration law; and
- c. Customer 111 was, unsuccessfully, resisting requests by an Australian government agency to establish his Australian wealth on the grounds that the documents would tend to incriminate him.

These reports were published after Star Sydney and Star Qld had issued Customer 111 with a WOL on 28 November 2018.

- l. in December 2021, an Australian court made findings that Customer 111 controlled companies involved in money laundering and overseas remittance; and

Particulars

In December 2021, the Australian court held that companies controlled by Customer 111 were involved, over a lengthy period of time, in the employment of common methods of tax evasion and avoidance, including phoenix activity, asset diversion and money laundering, together with improper treatment of employees.

The Court held that there was evidence that the group of companies had made over \$7,000,000 in overseas payments and transfers.

This judgment was published after Star Sydney and Star Qld had issued Customer 111 with a WOL on 28 November 2018.

- m. Star Sydney and Star Qld did not have adequate reason to believe that Customer 111's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 111 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 111 was in the import/export business.

By 30 November 2016, open-source media identified that there were real ML/TF risks associated with Customer 111's source of funds or source of wealth.

Star did not record any information relating to Customer 111's source of wealth or source of funds beyond his occupation.

Between 2016 and 2018, Customer 111 recorded a turnover of hundreds of millions of dollars at Star Sydney and Star Qld. Customer 111 also engaged in transactions indicative of the ML/TF typology of structuring and was the subject of a law enforcement inquiry. Despite this, Star did not take steps to review, update and verify Customer 111's source of wealth and source of funds.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 111

2609. For the reasons pleaded at paragraph 110, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 111 appropriately because the risk-based procedures, systems and controls in the Joint Part A Programs were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 111.
- a. On and from 30 November 2016, Customer 111 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 111's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. It was not until 20 November 2018 that Customer 111 was rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

Until 19 November 2018, Customer 111 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 19 November 2018, Customer 111 was rated high risk, not being high risk for the purpose of the Act and Rules.

On 20 November 2018, Customer 111 was rated critical risk, being high risk for the purpose of the Act and Rules.

On 28 November 2018, Star Sydney and Star Qld issued a WOL in respect of Customer 111.

On 15 July 2020, Customer 111 was rated very high risk, being high risk for the purpose of the Act and Rules.

Monitoring of Customer 111's transactions

2610. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 111's transactions because, where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 111, Star Sydney's and Star Qld's

transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

The review, update and verification of Customer 111's KYC information

2611. Star Sydney and Star Qld did not review, update and verify Customer 111's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 111's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. until November 2018, Star Sydney and Star Qld did not appropriately review, update and verify Customer 111's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

Star understood that Customer 111 was in the import/export business. By 30 November 2016, open-source media identified that there were real ML/TF risks associated with Customer 111's source of funds or source of wealth.

Between 2016 and 2018, Customer 111 recorded a turnover of hundreds of millions of dollars at Star Sydney and Star Qld.

Star did not record any information relating to Customer 111's source of wealth or source of funds beyond his occupation.

On or about 23 May 2018, Star conducted a risk intelligence search in respect of Customer 111 which identified that:

- a. Customer 111 was the former general manager of a company;
and
- b. in May 2018, Customer 111 was fined \$43,000 by the Federal Circuit Court for deliberate exploitation of migrant workers between March 2011 and July 2013.

Customer 111 also engaged in transactions indicative of the ML/TF typology of structuring and was the subject of a law enforcement inquiry. Despite this, Star did not take steps to review, update and verify Customer 111's source of wealth and source of funds.

By reason of the matters set out above, there were real risks that Customer 111's source of wealth and source of funds were not legitimate: see *Customer 111's risk profile*.

- d. until November 2018, to the extent that Star Sydney and Star Qld reviewed Customer 111's KYC information on and from 30 November 2016, they failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 111.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Despite the high ML/TF risks posed by Customer 111 and the provision of designated services to him, it was not until October 2018 that Star senior management considered whether those risks were within Star Sydney's or Star Qld's ML/TF risk appetite.

Between October 2018 and December 2018, Customer 111 was discussed at PAMMs and JRAMMs. Information had been found identifying that Customer 111 had been fined for deliberate exploitation of migrant workers in May 2018.

Between November 2018 and December 2018, Customer 111 was discussed at JRAMMs. The discussion concerned the same matters as the PAMMs.

Star Sydney and Star Qld issued Customer 111 with a WOL on 28 November 2018.

Failure to apply appropriate due diligence suited to Customer 111's high ML/TF risks

2612. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:

- a. identifying and assessing the ML/TF risks posed by Customer 111 appropriately;
- b. applying appropriate risk-based transaction monitoring to Customer 111; and
- c. reviewing and updating Customer 111's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Program to Customer 111 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 111*.

ECDD triggers in respect of Customer 111

2613. Star Sydney and Star Qld were required to apply the ECDD Program to Customer 111 following any ECDD triggers in respect of Customer 111.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(1) and 15.10 of the Rules.

2614. Customer 111 was determined to be high risk for the purpose of the Act and Rules during the relevant period by Star Sydney and Star Qld.

Particulars

On 20 November 2018, Customer 111 was rated critical risk, being high risk for the purpose of the Act and Rules: see *Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 111* above.

2615. The matter pleaded in paragraph 2614 was an ECDD trigger.

Particulars

See paragraphs 792, 798 and 799 above.

2616. On 28 November 2018, Star Sydney and Star Qld issued a WOL in respect of Customer 111.

Contravention of s36 of the Act in respect of Customer 111

2617. By reason of the matters pleaded from paragraphs 2603 to 2616 above, on and from 30 November 2016, Star Sydney and Star Qld:

- a. did not monitor Customer 111 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2618. By reason of the matters pleaded at paragraph 2617, Star Sydney and Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 28 November 2018 with respect to Customer 111.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 112

2619. Customer 112 was a customer of Star Sydney during the relevant period. Between 2016 and 2020, Star Sydney recorded turnover exceeding \$2 million for Customer 112.

Particulars

Customer 112 was a customer of Star Sydney from at least 17 October 2015.

2620. Star Sydney provided Customer 112 with designated services within the meaning of tables 1 and 3, s6 of the Act during the relevant period.

Particulars

On 22 October 2019, Star Sydney opened an FMA and SKA for Customer 112 which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 112 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 112's risk profile below.

2621. Customer 112 was a customer of Star Qld during the relevant period. Between 2016 and 2022, Star Qld recorded turnover exceeding \$165 million for Customer 112.

Particulars

Customer 112 was a customer of Star Qld from at least 2012.

2622. Star Qld provided Customer 112 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 21 October 2019, Star Qld opened an FMA for Customer 112 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 112 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

Star Qld remitted money through high risk international remittance channels, including the Hotel Card channel, which it made available to Customer 112 (items 31 and 32, table 1, s6 of the Act).

See Customer 112's risk profile below.

2623. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 112.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 112's risk profile

2624. On and from 30 November 2016, Customer 112, and the provision of designated services to Customer 112 by Star Sydney and Star Qld posed higher ML/TF risks because of the following red flags:

Customer 112's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 112 had the following risk history:
- i. Customer 112 received high value gambling services (tables 1 and 3, s6 of the Act) at Star Sydney. In 2015, Star Sydney recorded individual rated turnover of \$75,991 for Customer 112;
 - ii. Customer 112 received high value gambling services (tables 1 and 3, s6 of the Act) at Star Qld. In 2015, Star Qld recorded high individual rated turnover of \$2,881,007 for Customer 112;
 - iii. Customer 112, and persons associated with him, transacted using large amounts of cash at Star Qld; and

Particulars

See paragraphs 611 to 618 above.

Between 28 August 2014 and 1 September 2016, Star Qld gave the AUSTRAC CEO 12 TTRs in respect of Customer 112 totalling \$140,270, which comprised:

- a. 10 outgoing TTRs totalling \$120,270;
 - b. two incoming TTRs totalling \$20,000;
 - c. \$96,801 in chip or cash exchanges; and
 - d. \$43,470 in EGM payouts.
- iv. designated services provided to Customer 112 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

See paragraph 2624.a.iii above.

Customer 112's risk profile from 30 November 2016

- b. Customer 112 received high value financial and gambling services (tables 1 and 3, s6 of the Act) other than through junket programs at Star Sydney. Between 2016 and 2020, Star Sydney recorded high and escalating individual rated turnover totalling \$2,881,007 for Customer 112;

Particulars

See paragraph 752 above.

In 2016, Customer 112's individual rated turnover was \$19,480.

In 2017, Customer 112's individual rated turnover was \$31,699.

In 2018, Customer 112's individual rated turnover escalated to \$514,277.

In 2019, Customer 112's individual rated turnover further escalated to \$2,215,084.

From 2020, when the COVID-19 pandemic closures commenced, Customer 112's turnover dropped but remained high.

In 2020, Customer 112's individual rated turnover was \$100,467.

- c. Customer 112 received high value financial and gambling services (tables 1 and 3, s6 of the Act) other than through junket programs at Star Qld. Between 2016 and 2022, Star Qld recorded high and escalating individual rated turnover totalling \$165,270,395 for Customer 112;

Particulars

See paragraph 752 above.

In 2016, Customer 112's individual rated turnover escalated to \$2,914,473.

In 2017, Customer 112's individual rated turnover further escalated to \$9,028,991.

In 2018, Customer 112's individual rated turnover further escalated to \$21,787,569.

In 2019, Customer 112's individual rated turnover further escalated to \$80,643,445.

From 2020, despite the COVID-19 pandemic closures, Customer 112's turnover remained high.

In 2020, Customer 112's individual rated turnover was \$26,631,866.

In 2021, Customer 112's individual rated turnover was \$20,846,028.

In 2022, Customer 112's individual rated turnover was \$1,155,807.

- d. Star Qld was aware that:
- i. Customer 112 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
 - ii. Customer 112, and persons associated with him, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 24 January 2017 and 17 October 2022, Star Qld gave the AUSTRAC CEO 796 TTRs in respect of Customer 112 totalling \$17,904,897, which comprised:

- a. 700 outgoing TTRs totalling \$16,098,747;

- b. 96 incoming TTRs totalling \$1,806,150;
- c. \$3,129,433 in chip or cash exchanges;
- d. \$1,879,788 in account deposits or withdrawals; and
- e. \$12,895,676 in EGM payouts.

Large and unusual transactions in 2017

In October and November 2017, Customer 112 recorded losses on EGMs totalling \$73,000. Customer 112's losses in 2017 totalled \$122,000 for table play. Star Qld was unaware of Customer 112's source of income. Star Qld also observed that there was some evidence of repeated transactions conducted by Customer 112 just below the reporting threshold: SMR dated 14 December 2017.

Large and unusual transactions in 2019

On 2 March 2019, Customer 112 presented at the cashier at Star Qld with an EGM payout ticket totalling \$102,556. Customer 112 requested the entire amount in cash and provided a Queensland driver's licence in his anglicised name. Star Qld's records indicated that there was another card in the EGM when the collect button was pressed. Customer 112 said that he had put his partner's card in the EGM before pressing the collect button. Star Qld suspected that Customer 112 was using his partner's card to gamble, possibly to conceal how much he was gambling. Star Qld noted that it had given the AUSTRAC CEO ten TTRs in respect of Customer 112 in the last 30 days for EGMs and table play. Only one was for a table buy-in of \$10,000. The remaining TTRs were for payouts totalling \$292,426. In the same period, Customer 112 recorded a win of \$1,001 for EGMs and table play and Customer 112's partner's account recorded a win of \$85,318. Star Qld considered that these records seemed to support that there was an element of structuring to make it appear as if Customer 112 was winning more than he actually was: SMR dated 5 March 2019.

On 23 September 2019, Star Qld observed that Customer 112's gambling activity had escalated throughout the year. Since the beginning of 2019, Customer 112 had a recorded loss in excess of \$500,000. Most of these losses occurred within the previous three months. Star Qld observed that Customer 112 played both table games and EGMs equally. Star Qld had not yet obtained Customer 112's source of income or occupation, but considered that he did not appear to be avoiding reporting requirements as Star Qld had lodged a substantial number of TTRs in the last 90 days. Star Qld observed that the value total of these TTRs would indicate that Customer 112 was almost even in his losses, but that its own gaming records contradicted this: SMR dated 24 September 2019.

On 17 October 2019, Customer 112 cashed out an EGM payout of \$164,653 at Star Qld. The cash out comprised \$50,000 in chips and \$114,653 in cash. Customer 112 had an original cash buy-in of \$6,725 for the EGMs. Star Qld observed that the play on gaming tables was in line with the chips taken and that EGM records showed substantial play with cash buy-ins. On 18 October 2019, Customer 112 recorded a loss of \$25,000 following play at gaming tables and a loss of \$8,000 following play at EGMs. Star Qld's records showed a win of \$131,168 for the day, indicating that Customer 112 still held \$106,000 in cash and \$25,000 in chips. Star Qld observed that this was an unusually large amount of cash for Customer 112 to carry on himself and that this could be an indication of illegal activity: SMR dated 18 October 2019.

Large and unusual transactions in 2020

On 10 July 2020, Customer 86, who was a known associate of Customer 112, received a large and suspicious telegraphic transfer at Star Qld totalling \$1,000,000. Star Qld determined that Customer 112 was redeeming tickets that were originally generated under Customer 86's card. The amount of tickets generated under Customer 86 and redeemed by Customer 112 totalled \$8,500. Customer 86 originally withdrew \$10,000 from his FMA and deposited it into his CWA. Customer 86 then requested two tickets for \$2,000 and three tickets for \$1,500: SMR dated 14 July 2020.

On 27 July 2020, Star Qld received \$3,000 into its account. The transfer came from another Star Qld customer, Person 48, for the credit of Customer 112. Star Qld was not aware of the connection between Person 48 and Customer 112, or why Person 48 was sending funds to Customer 112. Star Qld was aware that Person 48 held a membership account at Star Qld and was a frequent player at Star Qld. Star Qld suspected that Person 48 and Customer 112 were using the casino to avoid the banking system to make transfers: SMR dated 28 July 2020.

On 31 July 2020, Star Qld's marketing team notified the Star Qld cashier team that Customer 112 was expecting a telegraphic transfer that day, and emailed an image from a mobile device of a fast payment. The image suggested that Star Qld would receive a payment for \$68,000 from a company bank account that listed Customer 112's casino membership number. Star Qld's bank statement did not show that the payment had come from the company account but instead from another Star Qld customer, Person 48. Star Qld suspected that Person 48 may have been able to change the transaction details to conceal that it was coming from a company account. Star Qld was not aware of the connection between the company account, Person 48 and Customer 112: SMR dated 4 August 2020.

- e. Customer 112 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including structuring;

Particulars

See paragraph 25 above.

For example, on 14 December 2017, Star Qld observed that there was some evidence over the previous two months of repeated transactions conducted by Customer 112 just below the reporting threshold: SMR dated 14 December 2017.

- f. designated services provided to Customer 112 included substantial EGM activity at Star Sydney;

Particulars

See paragraphs 570 and 579 above.

See paragraph 2624.j below.

- g. designated services provided to Customer 112 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

See paragraph 2624.d above.

- h. Star Qld provided designated services (items 31 and 32, table 1, s6 above) to Customer 112 by remitting large amounts of money into and out of the casino environment his accounts, including through international remittance channels which involved higher ML/TF risks;

Particulars

Remittances through the Hotel Card channel

See paragraphs 356 to 367 above.

On 23 November 2019 and 26 November 2019, Customer 112 transacted a total of \$40,000 through the Hotel Card channel.

Remittances involving third parties

See paragraphs 278 and 327 above.

See paragraph 2624.d above.

- i. Star Sydney provided designated services (items 31 and 32, table 1, s6 above) to Customer 112 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraphs 347 to 349 above.

On 26 March 2022, Star Sydney sent a transfer of \$10,142 from Customer 112's FMA to Star Qld.

On 22 March 2022, Star Sydney received a transfer of \$160,210 from Star Qld, which it made available to Customer 112's FMA.

- j. Customer 112, and persons associated with him, transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Between 5 November 2018 and 23 March 2022, Star Sydney gave the AUSTRAC CEO 27 TTRs in respect of Customer 112 totalling \$538,600, which comprised:

- a. 23 outgoing TTRs totalling \$498,600;
- b. four incoming TTRs totalling \$40,000;
- c. \$142,080 in chip or cash exchanges;
- d. \$10,000 in account deposits or withdrawals; and
- e. \$386,520 in EGM payouts.

On 15 July 2019, a Star Sydney customer, Person 48, exchanged \$108,500 in cash for chips at Star Sydney. The cash was comprised of \$8,100 in \$100 notes, \$99,500 in \$50 notes and \$900 in \$20 notes.

The cash was bundled with elastic bands and was contained in an orange bag. Following the transaction, Person 48 met with Customer 112 and handed the chips to him. Star Sydney was not aware of the relationship between Person 48 and Customer 112, but considered that it was suspicious that the cash was in mixed denominations and handed over to Customer 112: SMR dated 16 July 2019.

- k. Star Qld was aware that Customer 112 transacted using multiple aliases;

Particulars

On 10 January 2019, Star Qld identified that Customer 112's personal identification was not in the same name as Customer 112's Star Qld account. Star Qld observed that Customer 112's Star Qld account was in his birth name but the identification was in his anglicised name. Star Qld also had a record of a foreign passport connected to Customer 112, but could not confirm the name contained in this document.

Star Qld identified three accounts in its records belonging to Customer 112, two of which were in his birth name. The third account was in his anglicised name.

Star Qld requested name change documents and advice as to which name Customer 112 intended to use. Star Qld observed that it seemed unusual that Customer 112 had been using multiple names for some time: SMR dated 10 January 2019.

As at 5 March 2019, Customer 112 had not provided these documents. Star Qld observed that Customer 112 seemed reluctant to provide them: SMR dated 5 March 2019.

- l. Customer 112 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 112 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Oasis and Chairman's.

- m. Customer 112 had access to private gaming rooms at Star Qld; and

Particulars

See paragraph 616 above.

Customer 112 had access to private gaming rooms at Star Qld, including the Suite, the Sovereign Room, Chairman's, the Oasis and the Club Conrad.

- n. Star Sydney and Star Qld did not have adequate reason to believe that Customer 112's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 above) received by Customer 112 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Between 2016 and 2022, Customer 112 recorded a cumulative turnover at Star Sydney and Star Qld exceeding \$165 million.

At no point did Star Sydney or Star Qld establish Customer 112's source of wealth or source of funds.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 112

2625. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 112 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 112.

- a. On and from 2018, Customer 112 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 112's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 112 rated high risk for the purpose of the Act and Rules by Star Sydney or Star Qld.

Particulars

See paragraph 110 above.

On 6 September 2017, Customer 112 was rated low risk in respect of one of his account numbers, and on 26 April 2019 Customer 112 was rated low risk in respect of a second of his account numbers, not being high risk for the purpose of the Act and Rules.

On 5 March 2019, Customer 112 was rated medium risk in respect of one of his account numbers, and on 4 August 2020 Customer 112 was rated medium risk in respect of a second of his account numbers, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 112's transactions

2626. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 112's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 112, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 112 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. an international remittance channel, specifically the Hotel Card channel; and

Particulars

See paragraphs 777 and 790 above.

- c. Star Sydney and Star Qld provided designated services to Customer 112 through multiple accounts and were not able to collate information from those accounts.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraph 764 above.

The review, update and verification of Customer 112's KYC information

2627. Star Sydney and Star Qld did not review, update and verify Customer 112's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC

information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a), (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 112's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 112's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 112's source of wealth or source of funds:
see Customer 112's risk profile.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 112's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 112.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 112's high ML/TF risks

2628. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 112 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 112; and
 - c. reviewing and updating Customer 112's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 112 at a time before the date of the ECDD triggers pleaded below: *see ECDD triggers in respect of Customer 112.*

2629. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 112 appropriately;

- b. applying appropriate risk-based transaction monitoring to Customer 112; and
- c. reviewing and updating Customer 112's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 112 as a high risk customer.

Particulars

Section 36(1)(a) and rules 15.2 and 15.5 of the Rules.

2630. Had Star Sydney rated Customer 112 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 112.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 112

2631. Star Qld was required to apply the ECDD Programs to Customer 112 following any ECDD triggers in respect of Customer 112.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2632. Customer 112 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 14 December 2017 and 4 August 2020, Star Qld gave the AUSTRAC CEO nine SMRs with respect to Customer 112.

2633. The matter pleaded in paragraph 2632 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2634. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 112 following an ECDD trigger because:

- a. at no time did Star Qld apply the ECDD Programs to Customer 112; and

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

Between 2016 and 2022, Customer 112 recorded a cumulative turnover at Star Qld exceeding \$165 million. At no point did Star Qld establish Customer 112's source of wealth or source of funds.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 112's source of wealth or source of funds:
see *Customer 112's risk profile*.

- b. Customer 112 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 112

2635. By reason of the matters pleaded from paragraphs 2619 to 2634 above, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 112 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2636. By reason of the matters pleaded at paragraph 2635, Star Qld contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 112.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2637. By reason of the matters pleaded from paragraphs 2619 to 2634 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 112 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2638. By reason of the matters pleaded at paragraph 2637, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 112.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 113

2639. Customer 113 was a customer of Star Sydney during the relevant period. Between 2018 and 2019, Star Sydney recorded turnover exceeding \$210,000 for Customer 113.

Particulars

Customer 113 was a customer of Star Sydney from at least 22 May 2011.

On 13 August 2021, Star Sydney issued a WOL in respect of Customer 113.

2640. Star Sydney provided Customer 113 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 22 May 2011, Star Sydney provided Customer 113 with an item 11, table 3, s6 designated service.

See Customer 113's risk profile below.

2641. Customer 113 was a customer of Star Qld during the relevant period. Between 2016 and 2021, Star Qld recorded turnover exceeding \$840,000 for Customer 113.

Particulars

Customer 113 was a customer of Star Qld from at least 22 May 2011.

On 13 August 2021, Star Qld issued a WOL in respect of Customer 113.

2642. Star Qld provided Customer 113 with designated services within the meaning of table 3, s6 of the Act during the relevant period.

Particulars

On 22 May 2011, Star Qld provided Customer 113 with an item 11, table 3, s6 designated service.

See Customer 113's risk profile below.

2643. At all times from 30 November 2016, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 113.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 113's risk profile

2644. On and from 30 November 2016, Customer 113, and the provision of designated services to Customer 113 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:

Customer 113's risk history as at 30 November 2016

- a. by 30 November 2016 Customer 113 had the following risk history:
- i. by 2006, an open source media article linked Customer 113 to a drug trafficker;

Particulars

In 2006, an open source media article linked Customer 113 and his wife to a drug trafficker. The media article alleged that Customer 113's wife, who had been granted a gaming venue operator's licence, was involved in a business venture with family members of the drug trafficker.

Star Sydney's and Star Qld's due diligence records did not contain details of this report.

- ii. by 2008, an open source media article linked Customer 113 to the racing and gaming industry;

Particulars

In 2008, an open source media article alleged that:

- a. Customer 113 was a very close associate of a drug trafficker;
- b. Customer 113 was involved in the racing and gaming industry with the drug trafficker; and
- c. the drug trafficker had laundered millions of dollars through racing in Australia.

Star Sydney's and Star Qld's due diligence records did not contain details of this report.

- iii. by 2015, open source media articles alleged that Customer 113 had been charged with fraud offences;

Particulars

In 2015, open source media articles alleged that:

- a. Customer 113 had appeared in a Queensland court on fraud charges;
- b. law enforcement alleged that Customer 113 co-ordinated an unregulated business offering fraudulent investment opportunities; and
- c. Customer 113 had operated a betting business for a drug trafficker on the Gold Coast.

It was not until October 2017 that Star became aware of these charges.

- iv. by March 2015, Star Qld was aware that Customer 113 was implicated in a boiler room investigation; and

Particulars

In March 2015, a law enforcement agency informed Star Qld that it was investigating a boiler room operating out of Star Gold Coast and Star Brisbane and noted that there appeared to be a substantial quantity of cash being pushed through the casinos.

Customer 113 and Customer 84, among others, were implicated in this investigation by the law enforcement agency.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

- v. by June 2016, open source media articles alleged that Customer 113 had been charged with illegal bookmaking and dishonestly inducing investments in companies that offered fraudulent investments;

Particulars

In June 2016, open source media articles alleged that:

- a. an Australian government agency had launched an action against Customer 113 in respect of an alleged boiler room scam and were seeking over \$10 million from him;
- b. Customer 113 had failed to pay income tax in the previous six years;
- c. Customer 113 had been charged with dishonestly inducing investments in companies that offered fraudulent investments and with illegal bookmaking; and
- d. Customer 113 had been released on bail.

It was not until October 2017 that Star became aware of these charges.

Customer 113's risk profile from 30 November 2016

- b. Customer 113 was connected to other customers at Star Sydney and Star Qld, including players who posed higher ML/TF risks and players who Star Sydney and Star Qld considered had acted suspiciously such as Customer 84;

Particulars

By July 2018:

- a. Star Qld had given the AUSTRAC CEO 56 SMRs in respect of Customer 84;
- b. Customer 84 had been the subject of law enforcement enquiries on at least one occasion; and
- c. Customer 84 had been excluded from Star Sydney.

See *Customer 84's risk profile*.

- c. Customer 113 received high value gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2018 and 2019, Star Sydney recorded high individual rated turnover totalling \$216,167 for Customer 113;

Particulars

See paragraph 752 above.

In 2018, Customer 113's individual rated turnover was \$170,550.

In 2019, Customer 113's individual rated turnover was \$45,617.

- d. Customer 113 received high value financial and gambling services (table 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2021, Star Qld recorded high and escalating individual rated turnover totalling \$848,757 for Customer 113;

Particulars

See paragraph 752 above.

In 2016, Customer 113's individual rated turnover was \$40,759.

In 2017, Customer 113's individual rated turnover was \$63,516.

In 2018, Customer 113's individual rated turnover escalated to \$159,713.

In 2019, Customer 113's individual rated turnover was \$181,392.

In 2020, despite the COVID-19 pandemic closures, Customer 113's turnover remained high.

In 2020, Customer 113's individual rated turnover was \$129,250.

In 2021, Customer 113's individual rated turnover escalated to \$274,127.

- e. Customer 113 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 3 January 2017 and 13 January 2021, Star Qld gave the AUSTRAC CEO 12 TTRs in respect of Customer 113 totalling \$169,700, which comprised chip exchanges:

- a. ten outgoing TTRs totalling \$149,700; and
- b. two incoming TTRs totalling \$20,000.

On 2 April 2018, Customer 113 exchanged \$20,000 in cash for chips at Star Qld. The exchange comprised two transactions of \$10,000 each. Star Qld considered that Customer 113's play did not support these transactions. Star Qld observed that there was no record of the chips being cashed out: SMR dated 4 April 2018.

On 26 March 2019, Customer 113 cashed out \$9,000 in chips, despite that Star Qld had recorded that he was losing \$4,750 at that time.

- f. Customer 113 had access to private gaming rooms at Star Sydney;

Particulars

See paragraph 616 above.

Customer 113 had access to private gaming rooms at Star Sydney, including the Sovereign Room.

- g. Customer 113 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 113 had access to private gaming rooms at Star Qld, including the Sovereign Room, Oasis and the Club Conrad.

- h. in February 2017, open source media articles alleged that Customer 113 was facing a committal hearing in respect of a \$60 million investment scam;

Particulars

In February 2017, an open source media article alleged that:

- a. Customer 113 was facing a committal hearing in March 2017 in respect of a \$60 million investment scam; and
- b. Customer 113 had also been charged with illegal bookmaking.

Star became aware of this report in October 2017.

- i. by June 2017, Star Qld was aware that Customer 113 was implicated in money laundering offences;

Particulars

In June 2017, a law enforcement agency served on Star Qld a notice to produce which included allegations that, between February 2010 and June 2017, Customer 113 and others, including Customer 84, knowingly engaged in money laundering.

Interactions and information shared between Star Qld and law enforcement agencies were stored on Star's investigations database.

Star Sydney had access to the investigations database: see paragraph 49 above.

On 16 February 2018, the notice was emailed to a Star Investigations Manager.

- j. in July 2018, open source media articles alleged that Customer 113 was implicated in tainted property charges;

Particulars

In July 2018, open source media articles alleged that Customer 113 and his father were implicated in tainted property charges.

It was not until 19 November 2018 that Star became aware of this report.

- k. in 2017 and 2021, Customer 113 was the subject of law enforcement enquiries at Star; and

Particulars

On 14 February 2017, Star Qld received a request from a law enforcement agency for information concerning Customer 113 together with other customers, including Customer 84.

On 19 October 2017, Star sent an email to a law enforcement agency advising of a positive risk intelligence search.

Between 8 January 2021 and 8 July 2021, Star sent a number of emails to a law enforcement agency in relation to publicly accessible media articles which alleged that Customer 113, who continued to gamble at Star Qld, had been charged with a number of fraud related offences.

Interactions and information shared between Star Sydney, Star Qld and law enforcement agencies were stored on Star's investigations database. Star Qld and Star Sydney had access to the investigations database: see paragraph 49 above.

On 8 July 2021, following a request by Star for law enforcement information in respect of Customer 113, Star were advised that Customer 113 was heavily involved in organised crime and had been charged with major fraud offences.

On 13 August 2021, Star issued a WOL in respect of Customer 113.

- l. Star Sydney and Star Qld did not have adequate reason to believe that Customer 113's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 113 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

On and from 30 November 2016, there were real risks associated with Customer 113's source of funds. By 30 November 2016, open source media articles alleged that Customer 113:

- a. was personally and professionally associated with a drug trafficker who had laundered millions of dollars through racing in Australia;
- b. was involved in the racing and gaming industry;

- c. was linked to investment and betting companies; and
- d. had been charged with major fraud offences and was on bail for those offences.

By 30 November 2016, a law enforcement agency had informed Star that Customer 113 was implicated in boiler room offences. By June 2017, a law enforcement agency had informed Star that Customer 113 was implicated in money laundering offences.

Star's understanding of Customer 113's source of wealth evolved over time.

Star initially understood that Customer 113's occupation was in construction. By February 2021, Star senior management determined to conduct further enquiries as to Customer 113's source of wealth.

However, by April 2021, no further enquiries had been made.

In May 2021, Star understood Customer 113's occupation to be managing superannuation and investment funds together with some association with his wife's company. By June 2021, Star understood that Customer 113 was self-employed. It was not until August 2021 that Star confirmed Customer 113's source of wealth through discussions with him.

Despite this, Customer 113 continued to gamble at Star Sydney and Star Qld, including in private gaming rooms, in circumstances where Customer 113's source of funds had not been verified by the casinos. In 2018, Customer 113's turnover escalated at Star Sydney and Star Qld. Between 2016 and 2021, Customer 113's cumulative turnover at Star Sydney and Star Qld exceeded \$1 million.

At no point was Star's understanding of Customer 113's source of wealth commensurate with the high value designated services provided to him at Star Sydney and Star Qld.

On 13 August 2021, Star issued a WOL in respect of Customer 113.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 113

2645. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 113 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 113.
- a. On and from 30 November 2016, Customer 113 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 113's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 113 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 11 August 2016, Customer 113 was rated low risk, not being high risk for the purpose of the Act and Rules.

On 20 October 2017, Customer 113 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 16 November 2018, Customer 113 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 113's transactions

2646. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 113's transactions because, where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 113, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

The review, update and verification of Customer 113's KYC information

2647. Star Sydney and Star Qld did not review, update and verify Customer 113's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 113's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 113's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 113's source of wealth and source of funds were not legitimate: see *Customer 113's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 113's KYC information on and from 30 November 2016, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 113.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 113's high ML/TF risks

2648. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 113 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 113; and
 - c. reviewing and updating Customer 113's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 113 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 113*.

2649. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 113 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 113; and
 - c. reviewing and updating Customer 113's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 113 as a high risk customer for the purpose of the Act and Rules at a time before Customer 113 was issued with a WOL at Star Sydney.

Particulars

Section 36(1)(a) and rules 15.2 and 15.5 of the Rules.

2650. Had Star Sydney rated Customer 113 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 113 at a time before Customer 113 was issued with a WOL at Star Sydney.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 113

2651. Star Qld was required to apply the ECDD Programs to Customer 113 following any ECDD triggers in respect of Customer 113.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2652. Customer 113 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

On 4 April 2018, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 113.

2653. Each matter pleaded in paragraph 2652 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2654. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 113 following an ECDD trigger because:

a. at no time did Star Qld apply the ECDD Programs to Customer 113;

Particulars

Rule 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

By reason of the matters set out above, there were real risks that Customer 113's source of wealth and source of funds were not legitimate: see *Customer 113's risk profile*.

It was not until 13 August 2021 that Star Qld issued a WOL in respect of Customer 113.

b. Customer 113 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

c. on any occasion prior to August 2021 that Customer 113 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 113 and the provision of designated services to Customer 113, and to whether those risks were within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Between April 2018 and January 2021, Customer 113 was not escalated to senior management for consideration.

Between January 2021 and August 2021, Customer 113 was discussed at JRAMM and PAMMs.

In January 2021, the minutes of the meetings noted that:

- a. in 2015, Customer 113 had been charged with a boiler room scam worth \$59,000,000;
- b. Customer 113 had faced court in 2017;
- c. Customer 113 appeared to be on bail; and
- d. Customer 113 was associated with other persons suspected to be implicated in organised crime, including Customer 84 and Person 39.

In January 2021, the Star Qld AML/CTF Administrator requested that an Investigations Manager determine whether Customer 113 had been convicted of an offence. This was because the AML/CTF Administrator did not have access to media articles which appeared to suggest that Customer 113 had been convicted in March 2020. A law enforcement agency confirmed that Customer 113 had not yet been convicted of the major fraud offences with which he had been charged.

The Investigations Manager identified that:

- a. Customer 113 was associated with Customer 84, who was described as a 'crook' and linked to an alleged organised crime figure, Person 39; and
- b. Star Qld had received information several years ago that Customer 113 had been arrested and charged for his involvement in a boiler room fraud.

In February 2021, the minutes of the meetings noted that Star would attempt to establish Customer 113's source of wealth. However, by April 2021, no further enquiries had been made as to Customer 113's source of wealth.

In May 2021, the minutes of the meetings noted that Customer 113's occupation was said to be managing superannuation and investment funds.

In June 2021, the minutes of the meetings noted that a Star employee had spoken to Customer 113 regarding his source of wealth and

occupation and had been informed that Customer 113 was self-employed.

In July 2021, the minutes of the meetings noted that the Star Investigations team would liaise with law enforcement agencies to obtain any further information relevant to Customer 113. The minutes noted that Customer 113 was excluded from private gaming rooms on 8 July 2021 and that, if it was confirmed that Customer 113 managed other people's funds, he would be escalated with a view to having a WOL issued in respect of him.

On 13 August 2021, Star Qld issued a WOL in respect of Customer 113.

Contravention of s36 of the Act in respect of Customer 113

2655. By reason of the matters pleaded from paragraphs 2639 to 2654 above, on and from 30 November 2016, Star Qld:

- a. did not monitor Customer 113 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2656. By reason of the matters pleaded at paragraph 2655, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 13 August 2021 with respect to Customer 113.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2657. By reason of the matters pleaded from paragraphs 2639 to 2654 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 113 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2658. By reason of the matters pleaded at paragraph 2657, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 to 13 August 2021 with respect to Customer 113.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 114

2659. Customer 114 was a customer Star Sydney during the relevant period. Between 2016 and 2021, Star Sydney recorded turnover exceeding \$3.4 million for Customer 114.

Particulars

Customer 114 was a customer of Star Sydney from at least 16 October 2007.

2660. Star Sydney provided Customer 114 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 17 April 2011, Star Sydney opened an FMA and SKA for Customer 114 which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 114 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 114's risk profile below.

2661. At all times from 30 November 2016, Star Sydney was required to conduct ongoing customer due diligence in respect of Customer 114.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 114's risk profile

2662. On and from 30 November 2016, Customer 114, and the provision of designated services to Customer 114 by Star Sydney posed higher ML/TF risks because of the following red flags:

Customer 114's risk history as at 30 November 2016

- a. by 30 November 2016, Customer 114 had the following risk history:
- i. Star Sydney had formed suspicions for the purposes of s 41 of the Act with respect to Customer 114;

Particulars

Star Sydney gave the AUSTRAC CEO an SMR on nine occasions between 22 January 2014 and 14 October 2016.

The SMRs reported that Customer 114 conducted several large and suspicious cash transactions, including large transactions associated with minimal or no gaming activity, cash presented in bags, cash bundled with rubber bands, and large amounts of cash presented in mostly \$50 notes: see paragraphs 2662.a.ii and 2662.a.v below.

- ii. Customer 114 was connected to other customers at Star Sydney, including players who posed higher ML/TF risks and players who Star Sydney considered had acted suspiciously, such as Person 50;

Particulars

On 10 October 2015, a Star Sydney customer withdrew \$150,000 in chips from his account, and gave the chips to Customer 114: SMR dated 12 October 2015.

On 12 August 2016, a Star Sydney customer, Person 50, arrived at the poker desk with \$350,000 cash in a knapsack. The cash was mostly in \$50 notes, with some \$20 notes, bundled with rubber bands. Star Sydney advised Person 50 that the note counter wasn't working and that it would take some time to count the cash. After \$120,000 worth of \$50 notes were counted, Person 50 advised that he would exchange the \$120,000 for chips, and have the remaining cash counted in the private gaming room. Person 50 then gave the knapsack containing cash to Customer 114. Customer 114 then took the cash to the private gaming room, had it counted, and deposited the cash into his account. The cash deposited into Customer 114's account totalled \$220,000 which was comprised of \$5,800 in \$100 notes, \$209,200 in \$50 notes and \$5,000 in \$20 notes: SMR dated 15 August 2016.

- iii. Customer 114 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. In 2015, Star Sydney recorded high individual rated turnover totalling \$2,018,116 for Customer 114;

Particulars

See paragraph 752 above.

In 2015, Star Sydney recorded high individual rated turnover totalling \$2,018,116 for Customer 114.

- iv. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 114 by remitting large amounts of money into and out of the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327.

On 28 June 2012, Star Sydney gave the AUSTRAC CEO an incoming IFTI totalling \$18,101 from an overseas casino where Customer 114 was named as the beneficiary. The funds were deposited into Customer 114's Star Sydney FMA.

In addition, between 1 August 2015 and 21 October 2016, Star Sydney received five telegraphic transfers totalling \$356,000, each of which was made available to Customer 114's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

On 8 August 2012, Star Sydney gave the AUSTRAC CEO an outgoing IFTI totalling \$56,000 to Customer 114's bank account overseas. The funds were withdrawn from Customer 114's Star Sydney FMA.

The above transaction was conducted through the Star Patron account channel.

- v. Customer 114 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes, cash bundled with rubber bands and cash in bags at Star Sydney;

Particulars

Transactions recorded by Star Sydney

Between 7 January 2011 and 25 November 2016, Star gave the AUSTRAC CEO 55 TTRs detailing chip and cash exchanges, account deposits, account withdrawals and other transactions made by Customer 114 totalling \$2,888,198, including:

- a. 29 chip purchases totalling \$1,289,120;
- b. five chip cash outs totalling \$50,000;
- c. 13 account deposits totalling \$1,299,000;
- d. five account withdrawals totalling \$131,000;
- e. two other withdrawals of monetary value associated with games of chance or skill, totalling \$93,460; and
- f. one sale of foreign currency totalling \$25,618.

Large and suspicious transactions in 2014

On 3 September 2014, Customer 114 presented \$170,000 in cash at Star Sydney to exchange for chips. The cash was presented in a paper shopping bag, and was made up of \$50 notes in \$10,000 bundles. Minimal play was recorded following the transaction: SMR dated 5 September 2014.

Large and suspicious transactions in 2015

On 27 November 2015, Customer 114 purchased \$190,000 in chips with cash. The cash was presented in a brown designer brand satchel bag, made up of \$170,000 in \$100 notes, and \$20,000 in \$50 notes. By 30 November 2015, no gaming had been recorded since the purchase of the chips: SMR dated 30 November 2015.

See particulars to paragraph 2662.a.ii above.

Large and suspicious transactions in 2016

On 4 April 2016, Customer 114 purchased \$161,120 in chips with cash. The cash was comprised of \$1800 in \$100 notes, \$150,100 in \$50 notes, \$9,200 in \$20 notes, and \$20 in \$10 notes. Shortly after, Customer 114 deposited the chips into his account: SMR dated 5 April 2016.

On 8 June 2016, Customer 114 deposited \$299,000 in cash into his FMA. The cash comprised \$8,900 in \$100 notes, \$283,400 in \$50 notes, \$6,580 in \$20 notes and \$120 in \$10 notes: SMR dated 10 June 2016.

On 6 July 2016, Customer 114 deposited \$210,000 in cash into his FMA. The cash comprised \$1,700 in \$100 notes, \$207,150 in \$50 notes, \$880 in \$20 notes, \$240 in \$10 notes and \$30 in \$5 notes: SMR dated 7 July 2016.

On 20 July 2016, Customer 114 deposited \$146,000 into his FMA. The cash was presented in a plastic shopping bag, in bundles of \$10,000 using elastic bands. The cash was in good condition and comprised \$142,000 in \$50 notes and \$4,000 in \$100 notes.

On 13 October 2016, Customer 114 purchased \$115,100 in chips with cash. The cash was bundled with rubber bands, and comprised \$110,000 in \$50 notes, with the remaining amount in a mixture of \$100 and \$20 notes: SMR dated 14 October 2016.

See particulars to paragraph 2662.a.ii above.

- vi. Star Sydney was aware that Customer 114 had engaged in large and unusual transactions which had no apparent economic or visible lawful purpose;

Particulars

On 23 January 2014, Star Sydney issued Customer 114 with a non-winnings cheque for \$122,000: SMR dated 24 January 2014.

On 25 June 2016, Star Sydney issued Customer 114 with a non-winnings cheque for \$200,000.

- vii. in 2016, Customer 114 was the subject of law enforcement enquiries at Star;

Particulars

On 17 October 2016, Star Sydney received a request from a law enforcement agency for information concerning Customer 114.

Customer 114's risk profile from 30 November 2016

- b. Customer 114 was connected to other customers at Star Sydney, including players who posed higher ML/TF risks such as Customer 100, Customer 102 and players who Star Sydney considered had acted suspiciously, including Person 15;

Particulars

Between 7 and 9 January 2018, a Star Sydney customer purchased a large amount of chips, but did not record any gaming activity. On 9 January 2018, the Star Sydney customer purchased a further \$135,000 in chips using cash. The Star Sydney customer gave the chips to Customer 114: SMR dated 10 January 2018.

By January 2019, Star Sydney was aware that Customer 114 was organising recurring private high stakes poker games hosted by Star Sydney involving players including Customer 100, Customer 102 and other Star Sydney customers respect of whom Star Sydney had formed suspicions.

On 11 January 2022, Customer 114 withdrew \$131,000 in chips from his account. Customer 114 then met with another Star Sydney customer, Person 15, in the Star Sydney retail arcade. Customer 114 and Person 15 were observed on surveillance going into the Star Sydney customer's vehicle for two minutes, before both returning to the retail arcade. Customer 114 then left Star Sydney on foot. Person 15 entered the Star Sydney casino and presented \$141,000 in chips from his black backpack to deposit into his account. The Star Sydney customer then requested \$32,090 be transferred to his personal bank account, and \$10,000 be transferred to Star Qld. A balance of \$100,000 remained in the Star Sydney customer's account. Star Sydney staff considered that Person 15's play was inconsistent with the amount of chips he held. When Person 15 was asked where the chips came from, he claimed that he had the chips prior to lockdown. Person 15 then exchanged \$500 cash for chips at a gaming table, and played for five minutes before leaving. Star Sydney did not know of any relationship between Customer 114 and Person 15: SMR dated 13 January 2022.

- c. Customer 114 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2016 and 2021, Star Sydney recorded high turnover totalling \$3,451,996 for Customer 114;

Particulars

In 2016, Customer 114's individual rated turnover was \$759,447.

In 2017, Customer 114's individual rated turnover was \$393,213.

In 2018, Customer 114's individual rated turnover was \$34,478.

In 2019, Customer 114's individual rated turnover was \$748,045.

In 2020, despite the COVID-19 pandemic closures, Customer 114's individual rated turnover escalated to \$1,436,012.

In 2021, Customer 114's individual rated turnover was \$80,801.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 114 by remitting large amounts of money into, out of and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327.

Between 22 February 2017 and 25 July 2022, Star Sydney received 14 telegraphic transfers totalling \$825,000, each of which was made available to Customer 114's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

See particulars to paragraph 2662.g.

Between 16 March 2017 and 7 July 2022, Star Sydney sent 22 telegraphic transfers totalling \$5,544,000 from Customer 114's account to Australian bank accounts.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

See particulars to paragraph 2662.g.

On 15 September 2022, Star Sydney sent a transfer of \$250,000 from Customer 114's account to Star Qld.

On 7 October 2019 and 29 January 2020, Star Sydney received two transfers totalling \$654,611 from Star Qld, both of which were made available to Customer 114's account.

- e. Customer 114 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes in rubber bands and bags at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

Transactions recorded by Star Sydney

Between 5 December 2016 and 3 June 2022, Star Sydney gave the AUSTRAC CEO 36 TTRs detailing cash transactions involving Customer 114 totalling \$2,740,586 including:

- a. 24 chip purchases totalling \$1,508,950;

- b. one chip cash out totalling \$50,000;
- c. six account deposits totalling \$694,736; and
- d. five account withdrawals totalling \$486,900

Large and suspicious cash transactions in 2016

See particulars to paragraph 2662.g.

Large and suspicious cash transactions in 2017

On 26 May 2017, Customer 114 purchased \$100,000 in chips using cash which was comprised of \$100 and \$50 notes. On 29 May 2017, Star Sydney had not recorded any gaming for Customer 114 since the purchase of the chips: SMR dated 29 May 2017.

See particulars to paragraph 2662.g.

Large and suspicious cash transactions in 2018

See particulars to paragraphs 2662.b. and 2662.g.

Large and suspicious cash transactions in 2019

On 3 April 2019, Customer 114 deposited \$100,000 in cash into his account. The cash comprised \$65,000 in \$50 notes, \$65,000 in \$50 notes, \$33,460 in \$20 notes, and \$1,540 in \$10 notes. The cash was bundled into lots of \$10,000 with rubber bands. Customer 114 later withdrew the funds as chips: SMR dated 4 April 2019.

On 19 April 2019, Customer 114 was part of a high limit poker game at Star Sydney with two other players. After the game, Customer 114 deposited \$450,000 into his FMA, then withdrew \$200,000 in cash. Customer 114's FMA had a balance of \$1,256,000.

See particulars to paragraphs 2662.b and 2662.g.

Large and suspicious cash transactions in 2020

On 16 March 2020, Customer 114 withdrew \$200,000 from his account in cash, in all \$100 notes. After the transaction, Customer 114 was observed on surveillance going to Star Sydney's covered entrance, and giving the cash to the driver of a vehicle. Customer 114 then returned inside to the Star Sydney premises: SMR dated 18 March 2020.

Large and suspicious cash transactions in 2022

See particulars to paragraph 2662.b and 2662.g.

- f. Star Sydney was aware that Customer 114 had engaged in large and unusual transactions which had no apparent economic or visible lawful purpose;

Particulars

See paragraph 2662.e above.

On 13 October 2018, Star Sydney issued Customer 114 with a non-winnings cheque for \$59,000: SMR dated 15 October 2018.

- g. Customer 114 engaged in other transactions indicative of ML/TF typologies and vulnerabilities, including cashing-in large value chips with no evidence of play, and quick turnover of money (without betting);

Particulars

See paragraph 25 above.

On the following occasions, Customer 114 was involved in transactions indicative of the ML/TF typology of quick turnover of money (without betting):

- a. on 8 December 2016, Customer 114 purchased \$100,000 in chips. The cash presented was mostly in \$50 notes, bundled, and in good condition. Customer 114 then deposited \$98,000 in chips into his account;
- b. on 22 August 2017, Customer 114 purchased \$170,000 of chips, using cash presented in all \$50 notes. Later the same evening, Customer 114 deposited \$85,000 of the chips into his account. On 23 August 2017, no gaming had been recorded since the purchase of the chips: SMR dated 23 August 2017;
- c. on 12 October 2018, Star Sydney received \$100,000 for Customer 114 by way of telegraphic transfer. Customer 114 withdrew these funds as chips. Several hours later, Customer 114 deposited \$46,000 in chips back into his account. He then requested a Star Sydney cheque for the \$46,000, as well as the remaining funds in his account. No gaming activity was recorded for Customer 114 between the initial withdrawal of chips and the deposit of the same chips back into his account: SMR dated 15 October 2018;
- d. on 19 January 2019, Customer 114 had deposited \$141,000 in cash into his account, then withdrew that amount as chips. On 20 January 2019, Customer 114 purchased \$90,000 in chips using cash that was presented in a cooler bag. The cash was comprised of \$7,100 in \$100 notes, \$72,900 in \$50 notes and \$10,000 in \$20 notes. After the chip purchase, Customer 114 left the Star Sydney premises. On 21 January 2019, Customer 114 deposited \$736,000 in chips into his account. Star Sydney staff noted that Customer 114 had some gaming recorded, but that the transactions completed seemed excessive for the amount of gaming: SMR dated 21 January 2019;
- e. on 3 April 2019, Customer 114 deposited \$100,000 in cash into his account. The cash was comprised of \$65,000 in \$50

notes, \$65,000 in \$50 notes, \$33,460 in \$20 notes, and \$1,540 in \$10 notes. The cash was bundled into lots of \$10,000 with rubber bands. Customer 114 later withdrew the funds as chips, but no gaming was recorded following the chip purchase: SMR dated 4 April 2019; and

- f. on 6 July 2022, Customer 114 deposited \$17,800 in gaming chips and \$200 in cash into his FMA bringing the account balance to \$396,000. Customer 114 transferred \$250,000 to his bank account via a telegraphic transfer. Star Sydney reviewed surveillance camera footage from the previous day which showed Customer 114 withdrawing \$150,000 in chips from his FMA before meeting up with two other Star Sydney customers, including Person 15. Six hours later, Customer 114 was observed handing \$50,000 in chips to one of the Star Sydney customers in the lift to a private gaming room. Customer 114 then deposited \$342,000 in chips into his FMA without any rated play to support the amount of funds he was transacting with. Star Sydney noted that Customer 114 appeared to be disguising the funds as winnings before transferring funds to his bank account: SMR dated 14 July 2022.
- h. between 2019 and 2020 Customer 114 was the subject of law enforcement enquiries on seven occasions at Star;

Particulars

In April 2019, Star Sydney received a request from a law enforcement agency for information concerning Customer 114 and his involvement in high stakes poker games at Star Sydney.

On 6 June 2019, Star Sydney received a request from a law enforcement agency for information concerning Customer 114 and a suspicious transaction he was involved in.

On 13 June 2019, Star Sydney received a request from a law enforcement agency for information concerning Customer 114.

In September 2019, Star Sydney received a request from law enforcement agency concerning Customer 114 and his involvement in high stakes poker games at Star Sydney.

On 17 August 2020, Star Sydney received a request from a law enforcement agency for information concerning Customer 114.

On 20 October 2020, Star Sydney received a request from a law enforcement agency for information concerning Customer 114.

On 22 September 2020, Star Sydney received a request from a law enforcement agency for information concerning Customer 114.

- i. Customer 114 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 114 had access to private gaming rooms at Star Sydney, including the Sovereign, Sovereign Cage, Oasis, Oasis Cage, Lakes Salon, and Springs Salon Cage gaming rooms.

- j. Star Sydney did not have adequate reason to believe that Customer 114's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 114 at Star Sydney.

Particulars

See paragraph 808 above.

Star Sydney understood Customer 114's occupation to be 'business owner' until at least January 2022.

Until July 2022, Star Sydney took no steps to verify Customer 114's occupation, source of wealth or source of funds in circumstances where:

- a. between 2015 and 2021, Star Sydney recorded turnover exceeding \$5.4 million for Customer 114;
- b. between 2014 and 2022, Star Sydney reported on multiple occasions that Customer 114 conducted high value chip and cash exchanges without recording commensurate gaming activity;
- c. between 5 December 2016 and 3 June 2022, Star Sydney recorded cash transactions made by Customer 114 totalling \$2,740,586;
- d. between 2018 and 2020, Customer 114's individual rated turnover escalated significantly; and
- e. from 2019, law enforcement made enquiries concerning Customer 114 on multiple occasions.

It was not until July 2022 that Star Sydney recorded the following additional information, which did not substantiate Customer 114's stated occupation:

- a. Customer 114 held no current directorships;
- b. Customer 114's source of wealth was funds from a family trust;
- c. the family trust was a discretionary investment trust, but Star Sydney had no further details; and
- d. Customer 114 also earned income from working as a financial consultant and had supplied a payslip for the month of June 2022 showing that he had earned \$12,500.

Star Sydney's determination of the ML/TF risks posed by Customer 114

2663. For the reasons pleaded at paragraph 110, Star Sydney was unable to identify or assess the ML/TF risks posed by Customer 114 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney with respect to Customer 114.

- a. On and from 30 November 2016, Customer 114 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 114's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 114 rated high risk for the purpose of the Act and Rules by Star Sydney.

Particulars

See paragraph 110 above.

On 5 September 2014, Customer 114 was rated medium, being medium for the purpose of the Act and Rules.

Monitoring of Customer 114's transactions

2664. At no time did Star Sydney apply appropriate transaction monitoring to Customer 114's transactions because:

- a. where Star Sydney conducted any transaction monitoring of transactions involving Customer 114, Star Sydney's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a), (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 114 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 114's KYC information

2665. Star Sydney did not review, update and verify Customer 114's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney did not appropriately review the nature of Customer 114's business with Star Sydney, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney did not appropriately review, update and verify Customer 114's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 114's source of wealth and source of funds were not legitimate: see *Customer 114's risk profile*.

- d. to the extent that Star Sydney reviewed Customer 114's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney to Customer 114.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 114's high ML/TF risks

2666. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 114 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 114; and
 - c. reviewing and updating Customer 114's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would have been required by the Act and Rules to apply the ECDD Programs to Customer 114 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 114*.

ECDD triggers in respect of Customer 114

2667. Star Sydney was required to apply the ECDD Programs to Customer 114 following any ECDD triggers in respect of Customer 114.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3), 15.10 of the Rules.

2668. Customer 114 was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period.

Particulars

Between 29 May 2017 and 14 July 2022, Star Sydney gave the AUSTRAC CEO nine SMRs with respect to Customer 114.

2669. The matter pleaded in paragraph 2668 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2670. Star Sydney did not conduct appropriate risk-based ECDD with respect to Customer 114 following an ECDD trigger because:

- a. on each occasion that Star Sydney conducted ECDD in respect of Customer 114 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 114 and the provision of designated services to Customer 114, and to whether those risks were within Star Sydney's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

On 3 April 2019, Star Sydney conducted ECDD in respect of Customer 114 which identified, through open source searches, that Customer 114 was a poker player.

Star Sydney also noted that:

- a. casino records gave the impression that Customer 114 completed large chip purchases and had little play and a low win/ loss recorded;
- b. Customer 114 had a casino account where he transferred funds via bank transfer and used those funds to play;
- c. poker was not a rated game at the casino, and therefore Customer 114's low win/loss did not reflect his true gaming level; and
- d. Customer 114's transactions were not considered suspicious.

On 14 July 2022, Star Sydney conducted ECDD in respect of Customer 114.

The ECDD conducted by Star Sydney did not have appropriate regard to Customer 114's higher ML/TF risks: see *Customer 114's risk profile* above.

The ECDD conducted by Star Sydney did not have appropriate regard to the higher ML/TF risks posed by Customer 114's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 114's source of wealth and source of funds were not legitimate: see *Customer 114's risk profile*.

- b. Customer 114 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 114

2671. By reason of the matters pleaded from paragraphs 2659 to 2670 above, on and from 30 November 2016, Star Sydney:

- a. did not monitor Customer 114 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2672. By reason of the matters pleaded at paragraph 2671, Star Sydney contravened s36(1) of the Act on and from 30 November 2016 with respect to Customer 114.

Particulars

Section 36(1) of the Act is a civil penalty provision: Section 36(2) of the Act.

Customer 115

2673. Customer 115 was a customer of Star Sydney during the relevant period. Between 2018 and 2019, Star Sydney recorded turnover exceeding \$190 million for Customer 115.

Particulars

Customer 115 was a customer of Star Sydney from at least 18 August 2018.

On 4 November 2019, Customer 115 self-excluded from Star Sydney.

2674. Star Sydney provided Customer 115 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 24 January 2019, Star Sydney opened an FMA for Customer 115 which was closed on 4 November 2019 (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 115 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 115's risk profile below.

2675. Customer 115 was a customer of Star Qld during the relevant period. In 2019, Star Qld recorded turnover exceeding \$2.3 million for Customer 115.

Particulars

Customer 115 was a customer of Star Qld from at least 22 February 2019.

2676. Star Qld provided Customer 115 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period.

Particulars

On 22 February 2019, Star Qld opened an FMA for Customer 115 which was closed on 8 December 2020 (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 115 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 115's risk profile below.

2677. At all times from 18 August 2018 in respect of Star Sydney and 22 February 2019 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 115.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 115's risk profile

2678. On and from 18 August 2018 in respect of Star Sydney and 22 February 2019 in respect of Star Qld, Customer 115, and the provision of designated services to Customer 115 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:
- a. Customer 115 was connected to other customers at Star Sydney and Star Qld, including players who Star Sydney and Star Qld considered had acted suspiciously;

Particulars

By October 2018, Star Sydney recorded that Customer 115 had ties to a number of 'undesirable' individuals.

By March 2019, Star Sydney recorded that Customer 115 was the partner of a customer who had been excluded from Star Sydney and

who was associated with a person of interest to a law enforcement agency.

By March 2019, Star Sydney was aware that Customer 115 was associated with a customer who was subject to police warnings with respect to domestic organised criminal syndicates, drugs and firearms.

By June 2019, Star Qld was aware of the same and that Customer 115 was associated with two other customers who were subject to law enforcement suspicions and connected with possible drug supply and proceeds of crime related offences, including Person 16.

- b. Customer 115 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2018 and 2019, Star Sydney recorded high and escalating individual rated turnover totalling \$199,880,535 for Customer 115;

Particulars

See paragraph 752 above.

In 2018, Customer 115's individual rated turnover at Star Sydney was \$51,001,021.

By October 2018, Star Sydney identified that Customer 115 had recorded significant wins on baccarat tables in the two months he had been a customer of Star Sydney.

In 2019, Customer 115's individual rated turnover at Star Sydney was \$148,879,514.

By February 2019, Star Sydney identified that Customer 115 had recorded wins of over \$800,000 since joining in August 2018.

By March 2019, Star Sydney identified that Customer 115 had recorded wins of over \$2.2 million since joining in August 2018.

- c. Customer 115 received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld other than through junket programs. In 2019, Star Qld recorded high turnover totalling \$2,341,226 for Customer 115;
 - i. in 2019, Star Qld recorded high individual rated turnover totalling \$339,463 for Customer 115; and

Particulars

See paragraph 752 above.

In 2019, Customer 115's individual rated turnover at Star Qld was \$339,463.

- ii. in 2019, Star Qld recorded high turnover on individual rebate programs totalling \$2,001,763 for Customer 115, with losses of \$140,380;

Particulars

See paragraph 623 above.

In 2019, Customer 115's turnover on individual rebate programs at Star Qld was \$2,001,763 with losses of \$140,380.

- d. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 115 by remitting large amounts of money into and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327.

Between 13 June 2019 and 17 September 2019, Star Sydney received four telegraphic transfers totalling \$125,000, each of which was made available to Customer 115's account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

For example, on 7 October 2019, Star Sydney received a transfer of \$147,000 from Star Qld, which it made available to Customer 115's account.

- e. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 115 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraphs 347 to 349 above.

For example, on 7 October 2019, Star Qld facilitated a transfer of \$147,000 from Customer 115's FMA at Treasury Brisbane to Star Sydney.

- f. Customer 115 engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose at Star Qld;

Particulars

Around 22 June 2019, a Star Gold Coast customer, Person 16, presented \$10,800 in cash to purchase chips. The cash was comprised of three bundles of \$4,900, \$3,900 and \$5,000. Person 16 initially stated that the amounts were for different people, but then stated that he was to take all the chips himself. While the cash was being counted, Star Gold Coast observed that Customer 115 walked up to Person 16 and asked after 'his' chips. Person 16 then conducted a chip to cash exchange with Star Gold Coast totalling

\$110,000. Star Gold Coast considered that Person 16 appeared to be a relative of another Star Sydney customer who had accompanied Customer 115 to Star Sydney on 1 April 2019: SMRs dated 2 April 2019 and 24 June 2019.

In February 2021, Customer 115 conducted two chip deposits at Star Gold Coast of \$100,000 each. Shortly after each transaction he used these funds gambling at tables and lost them all, recording a loss of \$206,680 during this period. Given that this was Customer 115's only record of play at Star Gold Coast, Star Qld considered that Customer 115's spike in play and losses was suspicious. It also reported that it could not account for the source of the \$200,000 in chips: SMR dated 22 March 2019.

- g. designated services provided to Customer 115 included EGM activity at Star Sydney;

Particulars

See paragraph 2678.h below.

- h. Customer 115 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes, and in rubber bands and bags, at Star Sydney;

Particulars

See paragraphs 611 to 618 above.

By February 2019, Star Sydney was aware that Customer 115 was presenting significant amounts of cash at its casino.

Between 2 October 2018 and 17 October 2022, Star Sydney gave the AUSTRAC CEO 95 TTRs in respect of Customer 115 totalling \$3,357,034, which comprised:

- a. 37 outgoing TTRs totalling \$1,691,834;
- b. 58 incoming TTRs totalling \$1,665,200;
- c. \$2,810,097 in chip or cash exchanges;
- d. \$512,000 in account deposits or withdrawals; and
- e. \$34,937 in EGM payouts.

In relation to Customer 115's cash transactions, Star Sydney recorded that:

- a. on 20 March 2019, Customer 115 conducted a chip to cash exchange with Star Sydney totalling \$108,100 despite recording a win of \$31,275 the day prior: SMR dated 22 March 2019;
- b. on 1 April 2019, Customer 115 conducted a cash to chip exchange with Star Sydney totalling \$120,000. The cash was comprised of \$91,900 in \$100 notes, \$25,100 in \$50 notes, \$2,880 in \$20 notes and \$120 in \$10 notes. Customer 115

subsequently used the chips on gaming tables, recording a turnover of \$751,230 and a loss of \$166,075. Star Sydney considered that this activity was quite unusual due to the large amount of small denomination notes provided: SMR dated 2 April 2019;

- c. on 25 May 2019, Customer 115 conducted a chip to cash exchange with Star Sydney totalling \$98,000: SMR dated 27 May 2019;
- d. on 30 June 2019, Customer 115 conducted a chip to cash exchange with Star Sydney totalling \$100,000 and departed with the cash in a black Sovereign Room bag;
- e. on 22 July 2019, Customer 115 conducted a chip to cash exchange with Star Sydney totalling \$109,000: SMR dated 23 July 2019;
- f. on 30 August 2019, Customer 115 conducted a cash to chip exchange with Star Sydney totalling \$15,000. The cash was comprised of \$800 in \$100 notes, \$14,150 in \$50 notes, \$40 in \$20 notes and a \$10 note. Customer 115 advised that he was not sure how much cash he had presented. After the cash was counted, he advised that the total should have been higher. Star Sydney considered that this activity was highly suspicious as the cash was comprised of notes in mixed denominations, was in poor physical condition and Customer 115 did not know how much cash he had presented: SMR dated 2 September 2019;
and
- g. on 10 October 2019, Customer 115 presented at Star Sydney with \$143,000 in chips issued by Treasury Brisbane and requested that Star Sydney exchange them for cash. The chips included two \$25,000 chips. Star Sydney contacted Treasury Brisbane to confirm that Customer 115 was the owner of the chips. Treasury Brisbane advised that Customer 115 did not have play records to support his being in possession of this many chips, and that he had previously attempted to exchange the chips for cash at Star Gold Coast but was declined. Customer 115 confirmed to Star Sydney that this was true and admitted that he had borrowed the chips from a friend, but refused to identify this friend. Star Sydney advised Customer 115 that it may be able to accept the chips if the original owner presented the chips and the details were confirmed with Treasury Brisbane. However, Customer 115 instead requested to withdraw \$147,000 in cash from his FMA. These funds had been transferred to Star Sydney from Star Gold Coast in the days prior, and were sourced from an individual rebate program at Star Gold Coast where Customer 115 had a balance of approximately \$60,000. Both Star Sydney and Star Qld considered this conduct was

suspicious: SMRs dated 11 October 2019, 14 October 2019, 22 October 2019.

On 21 October 2019, Star Sydney suspected that Customer 115 gave \$100,000 in chips issued by Treasury Brisbane to a Star Sydney customer, who in turn handed them over to another Star Sydney customer. The second customer then presented at Star Sydney with \$100,000 in chips issued by Treasury Brisbane and requested cash. Neither of the customers had any recorded play at Treasury Brisbane and one of them advised that they 'got [the chips] off some friends who owed us money': SMRs both dated 22 October 2019.

- i. Customer 115 transacted using large amounts of cash and cash that appeared suspicious, including large volumes of cash in small notes and in rubber bands at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 24 June 2019 and 10 October 2019, Star Qld gave the AUSTRAC CEO three TTRs detailing transactions made by Customer 115 totalling \$142,425, which comprised:

- a. one account deposit of \$100,000; and
- b. two cash and chip exchanges with Star Qld totalling \$42,425.

In relation to the account deposit, Star Gold Coast recorded that on 6 October 2019, Customer 115 deposited \$100,000 in cash into his FMA and used the funds to commence an individual rebate program.

The cash was comprised entirely of \$50 notes that were bundled together in rubber bands and had a musty smell. Customer 115 also presented \$143,000 in chips that had been issued by Treasury Brisbane. However, he had no record of play at Treasury Brisbane. When Star Gold Coast asked Customer 115 who owned the chips, Customer 115 refused to say and took the chips back. Later that day, Customer 115 recorded a win of \$62,400 in table play. During the day, Customer 115 was in the company of another Star Qld customer, who presented \$50,000 in \$50 notes and conducted a cash to chips exchange with Star Gold Coast for this amount. This customer did not record any play at Star Gold Coast and provided a driver's licence as personal identification that was broken into two pieces: SMR dated 9 October 2019.

See paragraphs 2678.f.

- j. Customer 115 had access to private gaming rooms at Star Sydney and Star Qld;

Particulars

See paragraph 616 above.

From at least March 2019, Customer 115 had access to private gaming rooms at Star Sydney, including the Sovereign Room and the Chairman Room.

From at least June 2019, Customer 115 had access to private gaming rooms at Star Qld, including the Sovereign Room.

- k. in 2019, Customer 115 was the subject of correspondence between Star and law enforcement;

Particulars

In October 2018, November 2018 and February 2019, Star Sydney contacted law enforcement agencies with respect to Customer 115.

In March 2019, Star Sydney responded to requests for information from a law enforcement agency concerning Customer 115.

Between September and October 2019, Star Sydney and Star Qld responded to further requests for information for law enforcement agencies.

- l. by June 2019, Star Qld was aware that Customer 115 was engaged in suspicious behaviour and that cash belonging to him had been seized by law enforcement;

Particulars

On 24 June 2019, Star Qld was aware that a law enforcement agency had seized \$35,000 in cash from a Star Qld customer. Star Sydney subsequently reported to the agency that its records indicated the cash belonged to Customer 115, who had been observed at its casino with the Star Qld customer.

On 26 June 2019, Customer 115 advised Star Gold Coast that his cash had been seized by police at an airport and requested a statement that he had won the cash at the casino. Star Gold Coast subsequently identified that Customer 115 helped an associate gamble at a gaming table with his card and that another unknown person waited several metres behind them while they played. When Customer 115 and the associate eventually left the table, the unknown person also left with them.

- m. by October 2019, Star Qld was aware that Customer 115 was suspected as being involved in activity related to organised crime; and

Particulars

On 16 October 2019, a law enforcement agency requested further information about a man that attended a Star Qld casino alongside another person of interest. The agency noted that the man was said to be based in Sydney and involved in some organised crime activity.

Star Qld subsequently identified the man as Customer 115.

- n. Star Sydney and Star Qld did not have adequate reason to believe that Customer 115's source of wealth or source of funds was sufficient to explain the high value financial and

gambling services (tables 1 and 3, s6of the Act) received by Customer 115 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

By late October 2018, around two months after Customer 115 became a customer at Star Sydney, Star Sydney reported that Customer 115 recorded significant wins on baccarat tables, and gave the AUSTRAC CEO three TTRs detailing transactions made by Customer 115 totalling \$160,000. Star also reported that it held concerns in relation to Customer 115's source of wealth and source of income.

By November 2018, Star had made enquiries into Customer 115's source of wealth and source of funds and identified that he was employed in construction or a construction manager, but had failed to verify that information.

Between November 2018 and July 2019, Star continued to provide designated services to Customer 115. By July 2019, Customer 115 recorded turnover at Star Sydney of over \$100 million and Star Sydney gave the AUSTRAC CEO 52 TTRs detailing transactions made by Customer 115 totalling over \$1.5 million.

By June 2019, Star Qld was aware that Customer 115 was engaged in suspicious behaviour and his cash had been seized by law enforcement.

In July 2019, Customer 115 advised Star that he was the owner of an automobile business.

Between July 2019 and November 2019, Star Sydney and Star Qld gave the AUSTRAC CEO 42 TTRs detailing transactions made by Customer 115 totalling over \$1.7 million and Customer 115 recorded turnover at Star Sydney and Star Qld of over \$60 million.

On 4 November 2019, Customer 115 self-excluded from Star Sydney.

At no point was Customer 115's stated source of wealth and source of funds commensurate with the high value designated services provided to him by Star Sydney and Star Qld.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 115

2679. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 115 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 115.
- a. On and from late 2018, Customer 115 should have been recognised by Star Sydney as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 115's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. On and from early 2019, Customer 115 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 115's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- c. At no time was Customer 115 rated high risk for the purpose of the Act and Rules by Star Sydney or Star Qld.

Particulars

See paragraph 110 above.

On 19 November 2018, Customer 115's risk rating was elevated from low to medium risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 115's transactions

- 2680. At no time did Star Sydney and Star Qld apply appropriate transaction monitoring to Customer 115's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 115, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers; and

Particulars

Section 36(1)(a), (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 115 through the Star Patron account channel.

Particulars

See paragraph 774 above.

The review, update and verification of Customer 115's KYC information

- 2681. Star Sydney and Star Qld did not review, update and verify Customer 115's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 115's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 115's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were real risks that Customer 115's source of wealth and source of funds were not legitimate: see *Customer 115's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 115's KYC information on and from 18 August 2018 in respect of Star Sydney and 22 February 2019 in respect of Star Qld, they each failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 115.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Between October 2018 and February 2019, Star Sydney identified that:

- a. In October 2018, Customer 115 had recorded significant wins in baccarat, and Star Sydney held concerns with respect to his source of income and ties to 'undesirable' individuals;
- b. In November 2018, Customer 115 appeared to have access to significant amounts of cash; and
- c. between October 2018 and February 2019, Customer 115 had a recorded turnover of over \$26 million with wins of over \$800,000, and presented significant amounts of cash at Star Sydney.

Between November 2018 and January 2019, Customer 115 was discussed at JRAM and PAMMs:

- a. The minutes of the November 2018 PAMM recorded that Customer 115 had been listed for discussion;

- b. The minutes of the November 2018 JRAMM recorded that Customer 115's risk rating had been raised from low to medium for the purpose of the Act and Rules;
- c. The minutes of the December 2018 PAMM recorded that Customer 115 was imprisoned. However, in January 2019, the PAMM minutes recorded that Customer 115 had been removed from discussion as Star's suspicions that he was imprisoned were incorrect and he had been confused with another person who was imprisoned;
- d. The minutes of the December 2018 JRAMM recorded that a risk review was to be undertaken by Star's investigations division. However, Star's records do not contain further information about this review or its findings; and
- e. The minutes for the January 2019 JRAMM recorded that Customer 115 had been removed from consideration due to him being incorrectly identified as a person who had been imprisoned.

On 4 November 2019, Customer 115 self-excluded from Star Sydney.

Failure to apply appropriate due diligence suited to Customer 115's high ML/TF risks

2682. Had Star Sydney and Star Qld conducted ongoing customer due diligence on and from 18 August 2018 in respect of Star Sydney, and 22 February 2019 in respect of Star Qld, by:
- a. identifying and assessing the ML/TF risks posed by Customer 115 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 115; and
 - c. reviewing and updating Customer 115's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney and Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 115 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 115*.

ECDD triggers in respect of Customer 115

2683. Star Sydney and Star Qld were required to apply the ECDD Programs to Customer 115 following any ECDD triggers in respect of Customer 115.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2684. Customer 115:
- a. was the subject of suspicions formed by Star Sydney for the purposes of s41 of the Act during the relevant period; and

Particulars

Between 22 March 2019 and 27 May 2019, Star Sydney gave the AUSTRAC CEO eight SMRs with respect to Customer 115.

- b. was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

Between 22 March 2019 and 22 October 2019, Star Qld gave the AUSTRAC CEO five SMRs with respect to Customer 115.

- 2685. Each matter pleaded in paragraph 2684 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

- 2686. Star Sydney and Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 115 following an ECDD trigger because:

- a. on each occasion prior to 4 November 2019 in respect of Star Sydney and at all times in respect of Star Qld, that Star Sydney and Star Qld conducted ECDD in respect of Customer 115 in response to an ECDD trigger, they failed to give appropriate consideration to the ML/TF risks posed by Customer 115 and the provision of designated services to Customer 115 by Star Sydney or Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite;

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797 and 807 above.

Between March 2019 and October 2019, Star Sydney conducted ECDD screening in respect of Customer 115 on at least eleven occasions: see *Customer 115's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to Customer 115's higher ML/TF risks: see *Customer 115's risk profile* above.

The ECDD conducted by Star Sydney and Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 115's source of funds or source of wealth.

By reason of the matters set out above, there were real risks that Customer 115's source of wealth and source of funds were not legitimate: see *Customer 115's risk profile*.

- b. Customer 115 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Sydney's and Star Qld's ML/TF risk appetite; and

Particulars

See paragraph 810 above.

- c. on any occasion prior to 4 November 2019 in respect of Star Sydney and at all times in respect of Star Qld, that Customer 115 was escalated to senior management for consideration in response to an ECDD trigger, senior management failed to give appropriate consideration to the ML/TF risks posed by Customer 115 and the provision of designated services to Customer 115 by Star Sydney and Star Qld, and to whether those risks were within Star Sydney's and Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Customer 115 was discussed at JRAMMs and PAMMs in March, April and May 2019. Customer 115 was re-listed for consideration due to a spike in play.

In May 2019, Customer 115 was removed from the JRAMM agenda because his play had settled.

There is no record of either JRAMM or PAMM considering:

- a. Customer 115's source of wealth (r15.10(2)(a)), having regard to his high and escalating turnover; or
- b. Customer 115's source of funds (r15.10(2)(b)), having regard to the available information suggesting there were higher ML/TF risks as to his source of funds: see *Customer 115's risk profile* above.

Contravention of s36 of the Act in respect of Customer 115

2687. By reason of the matters pleaded from paragraphs 2673 to 2686 above, on and from 18 August 2018, Star Sydney:

- a. did not monitor Customer 115 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2688. By reason of the matters pleaded at paragraph 2687, Star Sydney contravened s36(1) of the Act on and from 18 August 2018 to 4 November 2019 with respect to Customer 115.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2689. By reason of the matters pleaded from paragraphs 2673 to 2686 above, on and from 22 February 2019, Star Qld:

- a. did not monitor Customer 115 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2690. By reason of the matters pleaded at paragraph 2689, Star Qld contravened s36(1) of the Act on and from 22 February 2019 with respect to Customer 115.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 116

2691. Customer 116 was a customer of Star Qld during the relevant period. Between 2016 and 2021, Star Qld recorded turnover exceeding \$6 million for Customer 116.

Particulars

Customer 116 was a customer of Star Qld from at least 22 April 2016.

On 16 March 2021, Customer 116 self-excluded from Star Qld.

In August 2022, Star Qld issued a WOL in respect of Customer 116.

2692. Star Qld provided Customer 116 with designated services within the meaning of table 3, s6 of the Act during the relevant.

Particulars

On 16 March 2021, Star Qld closed an FMA, SKA and CWA for Customer 116 (item 11, table 3, s6 of the Act).

See *Customer 116's risk profile* below.

2693. At all times from 30 November 2016, Star Qld was required to conduct ongoing customer due diligence in respect of Customer 116.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 116's risk profile

2694. On and from 30 November 2016, Customer 116, and the provision of designated services to Customer 116 by Star Qld, posed higher ML/TF risks because of the following red flags:
- a. Customer 116 received high value gambling services (table 3, s6 of the Act) at Star Qld other than through junket programs. Between 2016 and 2021, Star Qld recorded high and escalating individual rated turnover totalling \$6,066,359 for Customer 116;

Particulars

See paragraph 752 above.

In 2016, Customer 116's individual rated turnover was \$28,024.

In 2018, Customer 116's individual rated gaming turnover escalated to \$1,128,217.

In 2019, Customer 116's individual rated gaming turnover escalated to \$2,435,431.

From 2020, despite the COVID-19 pandemic closures, Customer 116's turnover remained high.

In 2020, Customer 116's individual rated turnover was \$2,068,387.

In 2021, Customer 116's individual rated turnover was \$406,300.

On 16 March 2021, Customer 116 self-excluded from Star Qld.

- b. designated services provided to Customer 116 included substantial EGM activity at Star Qld;

Particulars

See paragraphs 570 and 579 above.

Between 14 May 2018 and 10 August 2021, Star Qld gave the AUSTRAC CEO seven TTRs detailing EGM payouts to Customer 116 totalling \$122,000.

- c. Customer 116 had access to private gaming rooms at Star Qld;

Particulars

See paragraph 616 above.

Customer 116 had access to private gaming rooms at Star Qld, including The Suite, Sovereign Room, Orchid, Chairman's and The Oasis.

- d. Star Qld did not have adequate reason to believe that Customer 116's source of wealth or source of funds was sufficient to explain the high value gambling services (table 3, s6 of the Act) received by Customer 116 at Star Qld.

Particulars

See paragraph 808 above.

Star Qld did not record occupation details for Customer 116.

Despite this, Star Qld provided high value designated services to Customer 116. In 2018, Customer 116's turnover escalated dramatically. At no time did Star Qld determine Customer 116's source of wealth or source of funds to explain to escalation in turnover.

Star Qld's determination of the ML/TF risks posed by Customer 116

2695. For the reasons pleaded at paragraph 110 above, Star Qld was unable to identify or assess the ML/TF risks posed by Customer 116 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Qld with respect to Customer 116.
- a. On and from 2018, Customer 116 should have been recognised by Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 116's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 116 rated high risk for the purpose of the Act or Rules by Star Qld.

Particulars

See paragraph 110 above.

On 12 December 2010, Customer 116 was rated low risk, not being high risk for the purpose of the Act or Rules.

Monitoring of Customer 116's transactions

2696. At no time did Star Qld apply appropriate transaction monitoring to Customer 116's transactions because, where Star Qld conducted any transaction monitoring of transactions involving Customer 116, Star Qld's transaction monitoring program did not include appropriate risk-based systems and controls to monitor the transactions of customers.

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713.

The review, update and verification of Customer 116's KYC information

2697. Star Qld did not review, update and verify Customer 116's KYC information, having regard to the high ML/TF risks posed, because:
- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Qld did not appropriately review the nature of Customer 116's business with Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;
- c. Star Qld did not appropriately review, update and verify Customer 116's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

Star Qld did not record occupation details for Customer 116. Despite this, Star Qld provided high value designated services to Customer 116. In 2018, Customer 116's turnover escalated dramatically. At no time did Star Qld determine Customer 116's source of wealth or source of funds to explain to escalation in turnover.

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 116's source of wealth or source of funds: see *Customer 116's risk profile*.

On 16 March 2021, Customer 116 self-excluded from Star Qld.

In August 2022, Star Qld issued a WOL in respect of Customer 116.

- d. to the extent that Star Qld reviewed Customer 116's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Qld to Customer 116.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 116's high ML/TF risks

2698. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
- a. identifying and assessing the ML/TF risks posed by Customer 116 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 116; and
 - c. reviewing and updating Customer 116's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would likely have rated Customer 116 as a high risk customer for the purpose of the Act and Rules at a time before Customer 116 was issued with a WOL at Star Qld.

Particulars

Section 36(1)(a) and rules 15.2 and 15.5 of the Rules.

2699. Had Star Qld rated Customer 116 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 116 at a time before Customer 116 was issued with a WOL at Star Qld.

Particulars

Rule 15.9 of the Rules.

Contravention of s36 of the Act in respect of Customer 116

2700. By reason of the matters pleaded from paragraphs 2691 to 2699 above, on and from 30 November 2016, Star Qld:
- a. did not monitor Customer 116 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
 - b. did not do so in accordance with r15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2701. By reason of the matters pleaded at paragraph 2700, Star Qld contravened s36(1) of the Act on and from 30 November 2016 to 16 March 2021 with respect to Customer 116.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customer 117

2702. Customer 117 was a customer of Star Sydney during the relevant period. Between 2018 and 2021, Star Sydney recorded turnover exceeding \$2.7 million for Customer 117.

Particulars

Customer 117 was a customer of Star Sydney from at least 11 August 2018.

2703. Star Sydney provided Customer 117 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a domestic junket operator and junket player. Between 2019 and 2020, Star Sydney recorded that domestic junkets operated by Customer 117 had a turnover exceeding \$23 million.

Particulars

On 18 January 2019, Star Sydney opened an FMA and SKA for Customer 117 which remain open (item 11, table 3, s6 of the Act).

While a customer of Star Sydney, Customer 117 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 117's risk profile below.

2704. Customer 117 was a customer of Star Qld during the relevant period. In 2019, Star Qld recorded turnover exceeding \$200,000 for Customer 117.

Particulars

Customer 117 was a customer of Star Qld from at least 21 January 2019.

2705. Star Qld provided Customer 117 with designated services within the meaning of table 1 and table 3, s6 of the Act during the relevant period including services as a domestic junket operator and junket player. In 2019, Star Qld recorded that domestic junkets operated by Customer 117 had a turnover exceeding \$3.6 million.

Particulars

On 21 January 2019, Star Qld opened an FMA for Customer 117 which remains open (item 11, table 3, s6 of the Act).

While a customer of Star Qld, Customer 117 remitted funds to and from their FMA (items 31 and 32, table 1, s6 of the Act).

See Customer 117's risk profile below.

2706. At all times from 11 August 2018 in respect of Star Sydney and 21 January 2019 in respect of Star Qld, Star Sydney and Star Qld were required to conduct ongoing customer due diligence in respect of Customer 117.

Particulars

Section 36(1) of the Act and rules 9.1.3, 9.1.4 and 15.2 to 15.11 of the Rules.

Customer 117's risk profile

2707. On and from 11 August 2018 in respect of Star Sydney and 21 January 2019 in respect of Star Qld, Customer 117, and the provision of designated services to Customer 117 by Star Sydney and Star Qld, posed higher ML/TF risks because of the following red flags:
- a. Customer 117 was a domestic junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney;
 - i. between 23 February 2019 and 3 February 2020, Customer 117 operated seven domestic junkets at Star Sydney;

Particulars

On 17 January 2019, Customer 117 was approved to be a junket operator at Star Sydney.

- ii. between 23 February 2019 and 3 February 2020, Star Sydney recorded that the total cumulative turnover of junkets operated by Customer 117 was \$23,569,064 with losses of \$713,930;
- iii. although Customer 117 was a player on some of his own junkets, between 23 February 2019 and 28 September 2019, Star Sydney recorded a cumulative turnover of \$673,730 for Customer 117 as a junket player on his own junkets despite not being a junket player on those particular junkets;

Particulars

See paragraph 670 above.

See paragraph 2707.c below.

- iv. Customer 117 had one junket representative at Star Sydney; and
- v. Customer 117 and his junket representatives facilitated the provision of high value designated services to 30 junket players at Star Sydney;

Particulars

See paragraph 643 to 649 above.

- b. Customer 117 was a domestic junket operator who facilitated the provision of high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld;
 - i. between 5 May 2019 and 30 September 2019, Customer 117 operated two domestic junkets at Star Qld;

Particulars

On 17 April 2019, Customer 117 was approved to be a junket operator at Star Qld.

In 2019, Customer 117 was one of the top ten junket operators who operated the highest number of junket programs, and whose junket operations in total involved the highest total turnover, at Treasury Brisbane.

Customer 117 was a junket player on each junket.

- ii. between 5 May 2019 and 30 September 2019, Star Qld recorded that the total cumulative turnover of junkets operated by Customer 117 was \$3,687,042 with losses of \$2,200;

Particulars

Customer 117 provided at least \$275,000 in front money for the junkets.

- iii. Customer 117 operated junkets in private gaming rooms; and

Particulars

Customer 117 operated junkets in non-exclusive private gaming rooms, including the Suite.

- iv. Customer 117 and his junket representatives facilitated the provision of high value designated services to 12 junket players at Star Qld;

Particulars

See paragraph 643 to 649 above.

- c. Customer 117 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Sydney through junket programs;

- i. between 11 May 2019 and 3 February 2020, Customer 117 was a player on three junkets at Star Sydney operated by himself; and
 - ii. between 11 May 2019 and 3 February 2020, Star Sydney recorded high turnover totalling \$1,216,716 with losses of \$3,685 for Customer 117's gaming activity on junket programs;
- d. Customer 117 was a junket player who received high value financial and gambling services (tables 1 and 3, s6 of the Act) at Star Qld through junket programs;
 - i. between 5 May 2019 and 30 September 2019, Customer 117 was a player on two junkets at Star Qld operated by himself; and
 - ii. between 5 May 2019 and 30 September 2019, Star Qld recorded high turnover totalling \$223,873 with losses of \$10,350 for Customer 117's gaming activity on junket programs;
- e. designated services provided to Customer 117 lacked transparency as the services were provided through the junket channel at Star Sydney and Star Qld;

Particulars

See paragraph 650 above.

- f. Customer 117 received high value financial and gambling services (table 3, s6 of the Act) at Star Sydney other than through junket programs. Between 2018 and 2021, Star Sydney recorded high and escalating individual rated turnover totalling \$869,137 for Customer 117;

Particulars

See paragraph 752 above.

In 2018, Customer 117's individual rated turnover was \$38,847.

In 2019, Customer 117's individual rated turnover escalated to \$792,879.

In 2020, Customer 117's individual rated turnover was \$3,289.

In 2021, Customer 117's individual rated turnover was \$34,121.

- g. Star Sydney provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 117 by remitting large amounts of money into, out of, and within the casino environment via his accounts;

Particulars

Remittances into the casino environment

See paragraph 327.

Between 20 February 2019 and 22 August 2019, Star Sydney received three telegraphic transfers totalling \$400,000, each of which was made available to Customer 117's FMA.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances out of the casino environment

See paragraph 327.

Between 24 August 2019 and 26 March 2020, Star Sydney sent three telegraphic transfers totalling \$368,000 from Customer 117's FMA to an Australian bank account.

Each of the above transactions was conducted through the Star Patron account channel.

Remittances within the casino environment

See paragraphs 347 to 349 above.

Between 4 May 2019 and 28 September 2019, Star Sydney sent three transfers totalling \$300,000 from Customer 117's account to Star Qld.

On 6 May 2019 and 30 September 2019, Star Sydney received two transfers totalling \$326,717 from Star Qld, which was made available to Customer 117's FMA.

- h. Star Qld provided designated services (items 31 and 32, table 1, s6 of the Act) to Customer 117 by remitting large amounts of money within the casino environment via his accounts;

Particulars

See paragraphs 347 to 349 above.

On 4 May 2019, Star Qld received two telegraphic transfers totalling \$220,000 from Star Sydney, both of which were made available to Customer 117's FMA at Treasury Brisbane.

On 6 May 2019, Star Qld facilitated a telegraphic transfer of \$246,717 from Customer 117's FMA at Treasury Brisbane to Star Sydney.

- i. Customer 117 transacted using large amounts of cash at Star Sydney;

Particulars

See paragraphs 611 to 618 above

Between 23 April 2019 and 22 October 2019, Star Sydney gave the AUSTRAC CEO 16 TTRs in respect of Customer 117 totalling \$427,273, which comprised:

- a. eight outgoing TTRs totalling \$177,973;
 - b. eight incoming TTRs totalling \$249,300;
 - c. \$19,545 in chip or cash exchanges; and
 - d. \$407,728 in account deposits or withdrawals.
- j. Star Qld was aware that:

- i. Customer 117 had engaged in large and unusual transactions and patterns of transactions, which had no apparent economic or visible lawful purpose; and
- ii. Customer 117 transacted using large amounts of cash at Star Qld;

Particulars

See paragraphs 611 to 618 above.

Between 7 May 2019 and 1 October 2019, Star Qld gave the AUSTRAC CEO 11 TTRs in respect of Customer 117 totalling \$379,975, which comprised:

- a. seven outgoing TTRs totalling \$174,975;
- b. four incoming TTRs totalling \$205,000;
- c. \$10,000 in chip or cash exchanges; and
- d. \$369,975 in account deposits or withdrawals.

On 28 September 2019, Customer 117 arrived at Star Qld. He had transferred \$80,000 from his Star Sydney FMA to his Star Qld FMA and deposited a bank cheque of \$170,000. Customer 117 used the total balance of \$250,000 to fund a junket program and purchased \$80,000 in chips that day.

Soon afterwards, Customer 117 deposited \$35,000 in cash chips into his Star Qld FMA. Customer 117 then presented \$100,000 in cash which comprised \$100 notes. Some of the cash had casino straps and the rest was loose. Customer 117 used the additional cash to fund his junket program. However, Customer 117 only utilised about \$80,000 of the funds for buy-ins and was showing a loss of \$18,000.

Star Qld considered that the large amount of front money was not commensurate with Customer 117's intended play: SMR dated 30 September 2019.

- k. Customer 117 had access to private gaming rooms at Star Sydney; and

Particulars

See paragraph 616 above.

Customer 117 had access to private gaming rooms at Star Sydney, including the Sovereign Room, Oasis and Lakes Salons.

- l. Star Sydney and Star Qld did not have adequate reason to believe that Customer 117's source of wealth or source of funds was sufficient to explain the high value financial and gambling services (tables 1 and 3, s6 of the Act) received by Customer 117 at Star Sydney and Star Qld.

Particulars

See paragraph 808 above.

Star understood that Customer 117's occupation was in sales.

Between 2019 and 2020, junkets operated by Customer 117 recorded a turnover exceeding \$20 million. Over \$1 million was attributable to Customer 117's turnover as a junket player on his own junket programs.

At no time was Customer 117's stated occupation commensurate with the high value designated services provided to him through junket channels.

Star Sydney's and Star Qld's determination of the ML/TF risks posed by Customer 117

2708. For the reasons pleaded at paragraph 110 above, Star Sydney and Star Qld were unable to identify or assess the ML/TF risks posed by Customer 117 appropriately because the risk-based procedures, systems and controls in the Joint Part A Program were not aligned to the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to Customer 117.

- a. On and from 2019, Customer 117 should have been recognised by Star Sydney and Star Qld as a high risk customer for the purpose of the Act and Rules for the reasons pleaded above: see *Customer 117's risk profile*.

Particulars

Section 36(1)(a) and (b) of the Act and Chapter 15 of the Rules.

- b. At no time was Customer 117 rated high risk for the purpose of the Act and Rules by Star Sydney and Star Qld.

Particulars

See paragraph 110 above.

On 3 July 2019, Customer 117 was rated medium risk, not being high risk for the purpose of the Act and Rules.

On 5 March 2021, Customer 117 was rated high risk, not being high risk for the purpose of the Act and Rules.

Monitoring of Customer 117's transactions

2709. At no time did Star Sydney or Star Qld apply appropriate transaction monitoring to Customer 117's transactions because:

- a. where Star Sydney and Star Qld conducted any transaction monitoring of transactions involving Customer 117, Star Sydney's and Star Qld's transaction monitoring programs did not include appropriate risk-based systems and controls to monitor the transactions of customers;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 711, 712 and 713 above.

- b. Star Sydney and Star Qld did not make and keep complete and reliable records of designated services provided to junket operators and players;

Particulars

Section 36(1)(a) and (b) of the Act and rules 15.4 to 15.8 of the Rules.

See paragraphs 666, 667, 668 and 669 above.

- c. appropriate records were not kept of designated services provided to junket players on Customer 117's junket as turnover was recorded against Customer 117 as the junket operator rather than the junket players;

Particulars

See paragraph 670 above.

- d. Star Sydney did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 117 through:
 - i. the Star Patron account channel; and

Particulars

See paragraph 774 above.

- ii. the junket channel; and

Particulars

See paragraph 783 above.

- e. Star Qld did not apply appropriate risk-based transaction monitoring to designated services provided to Customer 117 through the junket channel.

Particulars

See paragraph 783 above.

The review, update and verification of Customer 117's KYC information

- 2710. Star Sydney and Star Qld did not review, update and verify Customer 117's KYC information, having regard to the high ML/TF risks posed, because:

- a. the Joint Part A Program did not include appropriate risk-based systems and controls to enable Star Sydney and Star Qld to determine in what circumstances further KYC information should be collected, verified, reviewed or updated for ongoing customer due diligence purposes;

Particulars

Section 36(1)(a) and (b) of the Act, rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

See paragraph 145 above.

- b. Star Sydney and Star Qld did not appropriately review the nature of Customer 117's business with Star Sydney and Star Qld, including the nature, extent and purpose of their transactions, having regard to the high ML/TF risks;

- c. Star Sydney and Star Qld did not appropriately review, update and verify Customer 117's source of funds, including the origin of funds, having regard to the high ML/TF risks; and

Particulars

By reason of the matters set out above, there were higher ML/TF risks associated with Customer 117's source of wealth or source of funds: see *Customer 117's risk profile*.

- d. to the extent that Star Sydney and Star Qld reviewed Customer 117's KYC information on and from 30 November 2016, it failed to appropriately consider the high ML/TF risks posed by the provision of designated services by Star Sydney and Star Qld to Customer 117.

Particulars

See paragraph 155 above.

Section 36(1)(a) and (b), rule 15.2 of the Rules and the definition of KYC information, in relation to a customer who is an individual, in r1.2.1 of the Rules.

Failure to apply appropriate due diligence suited to Customer 117's high ML/TF risks

- 2711. Had Star Qld conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 117 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 117; and
 - c. reviewing and updating Customer 117's KYC information appropriately, having regard to the high ML/TF risks;

Star Qld would have been required by the Act and Rules to apply the ECDD Programs to Customer 117 at a time before the date of the ECDD triggers pleaded below: see *ECDD triggers in respect of Customer 117*.

- 2712. Had Star Sydney conducted ongoing customer due diligence on and from 30 November 2016 by:
 - a. identifying and assessing the ML/TF risks posed by Customer 117 appropriately;
 - b. applying appropriate risk-based transaction monitoring to Customer 117; and
 - c. reviewing and updating Customer 117's KYC information appropriately, having regard to the high ML/TF risks;

Star Sydney would likely have rated Customer 117 as a high risk customer.

Particulars

Section 36(1)(a) of the Act and rules 15.2 and 15.6 of the Rules.

- 2713. Had Star Sydney rated Customer 117 as a high risk customer for the purpose of the Act and Rules, it would have been required by the Act and Rules to apply the ECDD Programs to Customer 117.

Particulars

Rule 15.9 of the Rules.

ECDD triggers in respect of Customer 117

2714. Star Qld was required to apply the ECDD Programs to Customer 117 following any ECDD triggers in respect of Customer 117.

Particulars

Section 36(1)(a) and (b) of the Act.

Rules 15.9(3) and 15.10 of the Rules.

2715. Customer 117 was the subject of suspicions formed by Star Qld for the purposes of s41 of the Act during the relevant period.

Particulars

On 30 September 2019, Star Qld gave the AUSTRAC CEO an SMR with respect to Customer 117.

2716. The matter pleaded in paragraph 2715 was an ECDD trigger.

Particulars

See paragraphs 792 and 801 above.

2717. Star Qld did not conduct appropriate risk-based ECDD with respect to Customer 117 following an ECDD trigger because:

- a. on each occasion that Star Qld conducted ECDD in respect of Customer 117 in response to an ECDD trigger, it failed to give appropriate consideration to the ML/TF risks posed by Customer 117 and the provision of designated services to Customer 117 by Star Qld, and to whether those risks were within Star Qld's ML/TF risk appetite; and

Particulars

Rules 15.10(2) and (5) of the Rules.

See paragraphs 797, 807, 808 and 809 above.

On 30 September 2019 and 5 March 2021, Star conducted ECDD in respect of Customer 117. During this period, Star understood that Customer 117's occupation was in sales.

Between 2019 and 2020, junkets operated by Customer 117 recorded a turnover exceeding \$20 million. Over \$1 million was attributable to Customer 117's turnover as a junket player on his own junket programs. At no time was Customer 117's stated occupation commensurate with the high value designated services provided to him through junket channels. The ECDD conducted by Star Qld did not have appropriate regard to Customer 117's higher ML/TF risks: see *Customer 117's risk profile* above.

The ECDD conducted by Star Qld did not have appropriate regard to the higher ML/TF risks posed by Customer 117's source of funds or

source of wealth. By reason of the matters set out above, there were higher ML/TF risks associated with Customer 117's source of wealth or source of funds: see *Customer 117's risk profile*.

- b. Customer 117 was not appropriately escalated to senior management in response to emerging ML/TF risks to determine whether an ongoing business relationship was within Star Qld's ML/TF risk appetite.

Particulars

Rules 15.10(6) and (7) of the Rules.

See paragraph 810 above.

Contravention of s36 of the Act in respect of Customer 117

2718. By reason of the matters pleaded from paragraphs 2702 to 2717, on and from 11 August 2018, Star Sydney:

- a. did not monitor Customer 117 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2 and 15.5 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2719. By reason of the matters pleaded at paragraph 2718, Star Sydney contravened s36(1) of the Act on and from 11 August 2018 with respect to Customer 117.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2720. By reason of the matters pleaded from paragraphs 2702 to 2717, on and from 21 January 2019, Star Qld:

- a. did not monitor Customer 117 in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced; and
- b. did not do so in accordance with rr15.2, 15.5 and 15.9 of the Rules.

Particulars

Section 36(1)(a) and (b) of the Act are civil penalty provisions: s36(2) of the Act.

See also rules 9.1.3 and 9.1.4 of the Rules.

2721. By reason of the matters pleaded at paragraph 2720, Star Qld contravened s36(1) of the Act on and from 21 January 2019 with respect to Customer 117.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customers transacting through high ML/TF risk channels

Customers remitting money through the Hotel Card channel – Confidential Schedules A and B

2722. On each of the dates listed in column 2 of Confidential Schedule A, Star Sydney approved a temporary CCF, or approved an increased temporary CCF limit, in the amount specified in column 3 for each of the customers specified in column 1.

Particulars

See paragraph 495 above.

2723. The temporary CCF, or increased temporary CCF limit, approved for each customer on each occasion specified in Confidential Schedule A, was an advance of money to the customer by Star Sydney pending clearance of a Hotel Card payment made by the customer via the Hotel Card channel in the amount specified in column 4.

Particulars

The temporary CCF, or increased temporary CCF limit, was for an amount that was equal or proximate to the total amount stated on the customer's Hotel Card payment receipt.

Star Sydney deposited money drawn from the temporary CCF into the customer's FMA.

See paragraphs 357, 358 and 363 above.

Paragraph (a) of the definition of 'loan' in s5 of the Act.

Star Sydney approved a total of 5,560 temporary CCFs or increased limits for temporary CCFs pending clearance of a Hotel Card payment for the customers specified in Confidential Schedule A between 30 November 2016 and 8 March 2020. Each of the customers specified in Confidential Schedule A received temporary CCFs or had their temporary CCF limits increased during this period.

For example:

- a. between 26 April 2017 and 24 February 2020, Person 71 transacted over \$2.7 million through the Hotel Card channel in 132 transactions. On each occasion, Star Sydney approved a temporary CCF, or approved an increased temporary CCF limit; and
- b. between 8 December 2016 and 17 February 2020, Person 72 transacted over \$7.9 million through the Hotel Card channel in 122 transactions. On each occasion, Star Sydney approved a temporary CCF, or approved an increased temporary CCF limit.

The total value of the Hotel Card payments specified in Confidential Schedule A was over \$424 million.

2724. The approval of each temporary CCF, or the increased limit of a temporary CCF, was a designated service provided by Star Sydney within the meaning of item 6, table 1, s6 of the Act.

Particulars

See paragraph 358 above.

2725. Customers could also access the Hotel Card channel without a temporary CCF.
2726. On each of the dates listed in column 2 of Confidential Schedule B, Star Sydney or Star Qld (as specified in column 4) deposited money in the amount specified in column 3 into the FMA of the customer specified in column 1.

Particulars

Star Sydney or Star Qld made money available to the customer when it credited the customer's FMA with an amount that was equal or proximate to the total amount of the Hotel Card payment.

See paragraphs 357, 358, 359, 363 and 364 above.

Star Sydney deposited money into the FMAs of customers specified in Confidential Schedule B on 75 occasions between 1 December 2016 and 18 February 2022. The total value of the deposits specified in Confidential Schedule B made by Star Sydney over this period was over \$19.9 million.

Star Qld deposited money into the FMAs of customers specified in Confidential Schedule B on 1,102 occasions between 31 January 2017 and 26 October 2021. The total value of the deposits specified in Confidential Schedule B made by Star Qld over this period was over \$50.1 million.

For example:

- a. between 23 December 2016 and 29 December 2019, Star Sydney deposited money into Person 73's FMA drawn from Hotel Card transactions on 18 occasions, totalling \$8.6 million; and
- b. between 22 April 2017 and 27 December 2019, Star Qld deposited money into Person 74's FMA drawn from Hotel Card transactions on 77 occasions, totalling \$5.8 million.

2727. Star Sydney or Star Qld made money available to the customer within the meaning of item 32, table 1, s6 of the Act when it credited the customer's FMA with funds drawn from the Hotel Card payment.

Particulars

See paragraph 360 above.

2728. Transactions involving the designated services pleaded at paragraphs 2724 and 2727 above were provided through the Hotel Card channel.

Particulars

See paragraphs 356 to 362 above.

The Hotel Card channel involved higher ML/TF risks: see paragraph 365 above.

2729. Star Sydney and Star Qld did not appropriately assess the ML/TF risks of providing the designated services pleaded at paragraphs 2724 and 2727 above to the customers specified in Confidential Schedules A and B.

Particulars

See paragraph 366 above.

The Joint Part A Programs did not include appropriate risk-based systems and controls that were capable by design of identifying, mitigating and managing the ML/TF risks reasonably faced by Star Sydney and Star Qld with respect to designated services provided to customers through the Hotel Card channel: see paragraph 367 above.

2730. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to transactions provided or facilitated through the Hotel Card channel at any time.

Particulars

See paragraph 790 above.

2731. By reason of the matters pleaded at paragraphs 2729 and 2730 above, Star Sydney failed to monitor each of the customers specified in Confidential Schedule A, and Star Sydney or Star Qld (as specified in column 4) failed to monitor each of the customers specified in Confidential Schedule B, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced in relation to the provision of designated services.
2732. By reason of the matters pleaded at paragraphs 2722 to 2731 above, Star Sydney did not monitor each of the customers specified in Confidential Schedule A, and Star Sydney or Star Qld (as specified in column 4) did not monitor each of the customers specified in Confidential Schedule B in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they reasonably faced, and did not do so in accordance with the Rules.
2733. By reason of the matters pleaded at paragraph 2732 above, Star Sydney and Star Qld contravened s36(1) of the Act.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customers remitting money through the EEIS remittance channel – Confidential Schedule C

2734. On each of the dates listed in column 2 of Confidential Schedule C, money in the amount specified in column 3 was deposited into an EEIS Patron account by or on behalf of the customer specified in column 1.
2735. Star Sydney or Star Qld (as specified in column 4 of Confidential Schedule C) made each deposit of money specified in column 3 available to each customer specified in column 1, by either:
- a. crediting the customer's CCF account with a CCF repayment;
 - b. crediting the customer's FMA; and/or

- c. crediting the customer's SKA.

Particulars

Item 13, table 3, s6 of the Act.

Item 7, table 1, s6 of the Act.

See paragraphs 461 and 467 above.

2736. Star Sydney or Star Qld (as specified in column 4 of Confidential Schedule C) made each deposit of money specified in column 3 available to each customer specified in column 1 as a result of a transfer through a designated remittance arrangement.

Particulars

Item 32, table 1, s6 of the Act.

See paragraph 468 above.

2737. The transactions in Confidential Schedule C involved the designated services pleaded at paragraphs 2735 and 2736 above, which were provided or facilitated through the EEIS remittance channel.

Particulars

See paragraphs 461 and 422 above.

The EEIS remittance channel involved higher ML/TF risks: see paragraph 491.

The 125 deposits specified in Confidential Schedule C, totalling over AUD 53 million, HKD 50 million and USD 3.3 million, were made available by Star Sydney or Star Qld to the customers specified in Confidential Schedule C between 27 November 2017 and 14 April 2021.

Of the 125 deposits specified in Confidential Schedule C, Star Sydney facilitated the movement of over AUD 48 million and USD 3.3 million via the EEIS remittance channel, for customers specified in Confidential Schedule C between 27 November 2017 and 14 April 2021.

Of the 125 deposits in Confidential Schedule C, Star Qld facilitated the movement of over AUD 4.8 million and HKD 500,000 via the EEIS remittance channel for customers specified in Confidential Schedule C between 27 November 2017 and 15 January 2020.

For example:

- a. between 16 January 2019 and 4 February 2019, Star Sydney made \$3,499,910 available to Person 75 from nine deposits specified in Confidential Schedule C. Each deposit was made by an overseas remittance service provider, Company 8; and
- b. between 19 February 2019 and 21 March 2019, Star Qld made \$2,999,920 available to Person 76 from eight deposits specified in

Confidential Schedule C. Each deposit was made by an overseas remittance service provider, Company 8.

The deposits specified in Confidential Schedule C do not include transactions that were made through the Customer 9 channels. Transactions via the EEIS remittance channel that were made through the Customer 9 channels are specified in Confidential Schedule F.

2738. Star Sydney and Star Qld did not appropriately assess the ML/TF risks of providing the designated services pleaded at paragraphs 2735 and 2736 above to the customers specified in Confidential Schedule C.

Particulars

At no time did Star Sydney or Star Qld carry out an appropriate assessment of the ML/TF risks of the EEIS remittance channel: see paragraph 492 above.

2739. The Joint Part A Programs did not include appropriate risk-based systems and controls to understand the source of funds of transactions through the EEIS remittance channel.

Particulars

See paragraph 493 above.

2740. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to transactions provided or facilitated through the EEIS remittance channel at any time.

Particulars

See paragraph 779 above.

2741. By failing to apply appropriate risk-based transaction monitoring to the transactions involving the designated services pleaded at paragraphs 2735 and 2736 above, Star Sydney or Star Qld (as specified in column 4 of Confidential Schedule C) failed to monitor each of the customers specified in Confidential Schedule C with a view to identifying, mitigating and managing the ML/TF risks they each reasonably faced in relation to the provision of designated services.

2742. By reason of the matters pleaded at paragraphs 2734 to 2741 above, Star Sydney or Star Qld (as specified in column 4 of Confidential Schedule C) did not monitor each of the customers specified in Confidential Schedule C in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they each reasonably faced, and did not do so in accordance with the Rules.

Particulars

Transactions through the EEIS remittance channel involved higher ML/TF risks, including less transparency regarding the source of funds of persons conducting transactions through that channel.

2743. By reason of the matters pleaded at paragraph 2742 above, Star Sydney and Star Qld (as specified in column 4 of Confidential Schedule C) contravened s36(1) of the Act.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Of the 125 deposits specified in Confidential Schedule C, 97 deposits (totalling over AUD 45.6 million, HKD 50.6 million and USD 3.3 million) were made by a third party individual or company.

Of the 125 deposits specified in Confidential Schedule C, 37 deposits totalling over \$15.3 million were made by Company 8, being an overseas remittance service provider. The deposits specified in Confidential Schedule C were also made by other overseas remittance service providers, including Company 1 and Company 9. Deposits by overseas remitters involve higher ML/TF risks: see paragraph 445 above.

Third party deposits through Star Patron accounts – Confidential Schedule D

2744. On each of the dates listed in column 2 of Confidential Schedule D, money in the amount specified in column 3 was deposited by a third party into the Star Patron account held by Star Sydney or Star Qld specified in column 4, for the benefit of the customer specified in column 1.
2745. Star Sydney or Star Qld (as specified in column 5 of Confidential Schedule D) made each third party deposit specified in column 3 available to each customer specified in column 1 by either:
- a. crediting the customer's FMA; and/or
 - b. crediting the customer's SKA.

Particulars

Item 13, table 3, s6 of the Act.

See paragraph 312 above.

2746. Star Sydney or Star Qld (as specified in column 5 of Confidential Schedule D) made each third party deposit specified in column 3 available to each customer specified in column 1 as a result of a transfer through a designated remittance arrangement.

Particulars

Item 32, table 1, s6 of the Act.

See paragraph 324 above.

The 433 third party deposits specified in Confidential Schedule D totalled over \$17.4 million. Star Sydney or Star Qld (as specified in column 5 of Confidential Schedule D) made those funds available to the customers specified in Confidential Schedule D as a result of a designated remittance arrangement.

Of the 433 third party deposits specified in Confidential Schedule D, 385 third party deposits (totalling over \$16.4 million) were made available by Star Sydney to customers specified in Confidential Schedule D between 4 December 2017 and 28 October 2021.

Of the 433 third party deposits specified in Confidential Schedule D, 48 third party deposits (totalling over \$1 million) were made available by Star Qld to customers specified in Confidential Schedule D between 22 January 2018 and 22 September 2021.

For example:

- a. between 28 September 2018 and 17 June 2019, Star Sydney made \$8.5 million available to Person 70 from eight third party deposits specified in Confidential Schedule D; and
- b. between 29 January 2019 and 24 February 2020, Star Qld made \$100,000 available to Person 77 from 11 third party deposits specified in Confidential Schedule D.

2747. Transactions involving the designated services pleaded at paragraphs 2745 and 2746 above were third party deposits into Star Patron accounts held by Star Sydney or Star Qld, which were provided or facilitated through the Star Patron account channel.

Particulars

See paragraphs 311 and 312 above.

The Star Patron account channel involved higher ML/TF risks: see paragraph 327 above.

Third party deposits made available to customers via the Star Patron account channel involved additional high ML/TF risks: see paragraphs 278 and 327 above.

At no time did Star Sydney or Star Qld have appropriate policies or procedures in place to identify which deposits made into Star Patron accounts were made in cash: see paragraphs 276 and 330 above.

The third party deposits into Star Patron accounts specified in Confidential Schedule D included deposits from overseas remittance service providers, including Company 1.

Deposits by overseas remitters involve higher ML/TF risks: see paragraph 445 above.

2748. Star Sydney and Star Qld did not appropriately assess the ML/TF risks of providing the designated services pleaded at paragraphs 2745 and 2746 above to the customers specified in Confidential Schedule D.

Particulars

Star Sydney and Star Qld failed to assess the ML/TF risks of providing item 32, table 1, s6 designated services through the Star Patron accounts channel: see paragraph 329 above.

2749. The Joint Part A Programs did not include appropriate risk-based systems and controls to understand the source of funds of third party transactions facilitated through the Star Patron account channel.

Particulars

See paragraph 330 above.

2750. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to third party transactions provided or facilitated through the Star Patron account channel at any time.

Particulars

See paragraph 779 above.

2751. By failing to apply appropriate risk-based transaction monitoring to the third party transactions involving the designated services pleaded at paragraphs 2745 and 2746 above, Star Sydney or Star Qld (as specified in column 5 of Confidential Schedule D) failed to monitor each of the customers specified in Confidential Schedule D with a view to identifying, mitigating and managing the ML/TF risks they each reasonably faced in relation to the provision of designated services.

Particulars

Star Sydney or Star Qld (as specified in column 5 of Confidential Schedule D) failed to detect that the deposits were made by third parties and failed to carry out appropriate risk-based checks on the source of funds for these deposits.

2752. By reason of the matters pleaded at paragraphs 2744 to 2751 above, Star Sydney or Star Qld (as specified in column 5 of Confidential Schedule D) did not monitor each of the customers specified in Confidential Schedule D in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they each reasonably faced, and did not do so in accordance with the Rules.
2753. By reason of the matters pleaded at paragraph 2752 above, Star Sydney and Star Qld (as specified in column 5) contravened s36(1) of the Act.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Cash deposits into Bank 1 (Macau) accounts – Confidential Schedule E

2754. On each of the dates listed in column 2 of Confidential Schedule E, cash in the amount specified in column 3 of Confidential Schedule E was deposited into one of the Star Patron accounts with Bank 1 (Macau) by or on behalf of the customer specified in column 1.
2755. Star Sydney or Star Qld (as specified in column 4 of Confidential Schedule E) made each deposit of money specified in column 3 available to each customer specified in column 1 by way of a credit to their Star Sydney or Star Qld FMA or SKA, which was an item 32, table 1, s6 designated service.

Particulars

Item 32, table 1, s6 of the Act.

See paragraph 374 above.

2756. The Star Sydney or Star Qld customer specified in column 1 of Confidential Schedule E could then apply the money to:
- a. front money for gambling services, which could be accessed by the customer at the Star Sydney or Star Qld Cage once the deposit had been credited into their FMA or SKA; or
 - b. a debt that was owed by the customer to Star Sydney or Star Qld, such as to an amount owed under a CCF; or
 - c. any transaction otherwise permitted through their FMA or SKA, including cash withdrawals.

Particulars

Item 13, table 3, s6 of the Act.

Item 7, table 1, s6 of the Act.

See paragraph 375 above.

2757. Transactions involving the designated services pleaded at paragraphs 2755 and 2756 above were provided or facilitated through the Bank 1 (Macau) cash channel.

Particulars

See paragraphs 372 and 373 above.

The Bank 1 (Macau) cash channel involved higher ML/TF risks: see paragraphs 380 to 384 above.

Cash deposits via the Bank 1 (Macau) cash channel involved additional high ML/TF risks: see paragraphs 380 to 384 above.

The 45 cash deposits specified in Confidential Schedule E, totalling over \$20.4 million, were deposited into Star Patron accounts at Bank 1 (Macau) between 9 December 2016 and 29 November 2017. Star Sydney or Star Qld made those funds available to the customers specified in Confidential Schedule E via the Bank 1 (Macau) cash channel.

Of the 45 deposits specified in Confidential Schedule E, 40 deposits totalling \$18.1 million were made available by Star Sydney to customers specified in Confidential Schedule E between 14 December 2016 and 29 November 2017.

Five of the 45 deposits specified in Confidential Schedule E (totalling \$2.2 million) were made available by Star Qld to customers specified in Confidential Schedule E between 9 December 2016 and 8 November 2017.

For example:

- a. between 17 May 2017 and 31 October 2017, Star Sydney made over \$5.4 million available to Person 78 from cash deposited into Star Patron accounts at Bank 1 (Macau); and

- b. on or around 1 April 2017, Star Qld made over \$1 million available to Person 74 from cash deposited into Star Patron accounts at Bank 1 (Macau).

2758. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to transactions provided or facilitated through the Bank 1 (Macau) cash channel at any time.

Particulars

See paragraphs 380, 383 and 779 above.

Star Sydney or Star Qld (as specified in column 4 of Confidential Schedule E) did not keep appropriate records of which deposits into the Bank 1 (Macau) accounts were made in cash or which Star customers deposited cash through the Bank 1 (Macau) cash channel: see paragraph 380 above.

2759. Star Sydney and Star Qld did not appropriately assess the ML/TF risks of providing the designated services pleaded at paragraphs 2755 and 2756 above to the customers specified in Confidential Schedule E.

Particulars

See paragraphs 381 and 384 above.

2760. The Joint Part A Programs did not include appropriate risk-based systems and controls to understand the source of funds of cash deposits through the Bank 1 (Macau) cash channel.

Particulars

See paragraph 382 above.

2761. By failing to apply appropriate risk-based transaction monitoring to the transactions involving the designated services pleaded at paragraphs 2755 and 2756 above, Star Sydney or Star Qld (as specified in column 4 of Confidential Schedule E) failed to monitor each of the customers specified in Confidential Schedule E with a view to identifying, mitigating and managing the ML/TF risks they each reasonably faced in relation to the provision of designated services.

Particulars

Star Sydney and Star Qld (as specified in column 4 of Confidential Schedule E) failed to detect that the deposits were made in cash and failed to carry out appropriate risk-based checks on the source of funds for these deposits: see paragraph 380 above.

2762. Star Sydney or Star Qld (as specified in column 4 of Confidential Schedule E) was unable to identify or verify the source of funds of cash deposits by or on behalf of customers through the Bank 1 (Macau) cash channel.

Paragraph

See paragraph 382 above.

2763. By reason of the matters pleaded at paragraphs 2754 to 2762 above, Star Sydney or Star Qld (as specified in column 4 of Confidential Schedule E) did not monitor each of the

customers specified in Confidential Schedule E in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they each reasonably faced, and did not do so in accordance with the Rules.

2764. By reason of the matters pleaded at paragraph 2763 above, Star Sydney and Star Qld (as specified in column 4 of Confidential Schedule E) contravened s36(1) of the Act.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Remittance through the Customer 9 channels – Confidential Schedule F

2765. On or around each of the dates listed in column 2 of Confidential Schedule F, funds approximate to the amount specified in column 3 were made available to each of the customers specified in column 1 via deposits conducted through the Customer 9 channels.

Particulars

See paragraphs 398 and 421 above.

2766. Star Sydney or Star Qld (as specified in Column 4 of Confidential Schedule F) made each deposit of money specified in column 3 available to each customer specified in column 1 by either:

- a. crediting the customer's FMA;
- b. crediting the customer's SKA; and/or
- c. crediting the customer's CCF account with a CCF repayment.

Particulars

Item 32, table 1, s6 of the Act.

Item 13, table 3, s6 of the Act.

See *the Customer 9 channels* above.

2767. Star Sydney or Star Qld (as specified in Column 4 of Confidential Schedule F) made each deposit of money pleaded at paragraph 45 above available to each customer specified in column 1 as a result of a transfer through a designated remittance arrangement.

Particulars

Item 32, table 1, s6 of the Act.

See *the Customer 9 Channels* above.

2768. Transactions involving the designated services pleaded at paragraphs 2766 and 2767 above were facilitated through the Customer 9 channels.

Particulars

See *the Customer 9 Channels* above.

The Customer 9 channels involved higher ML/TF risks: see paragraph 439 above.

Between 11 January 2018 and 2 September 2019, over AUD 32.1 million and HKD 107.6 million was transacted through the Customer 9 channels and made available to the customers specified in Confidential Schedule F. Star Sydney or Star Qld (as specified in Column 4 of Confidential Schedule F) made those funds available to the customers specified in Confidential Schedule F via the Customer 9 channels.

Star Sydney facilitated the movement of over AUD 30.5 million and HKD 107.6 million via the Customer 9 channels for customers specified in Confidential Schedule F between 11 January 2018 and 2 September 2019.

Star Qld facilitated the movement of over \$1.2 million via the Customer 9 channels for customers specified in Confidential Schedule F between 20 July 2018 and 2 July 2019.

For example:

- a. between 14 February 2018 and 27 July 2018, Star Sydney facilitated the movement of approximately HKD 37.8 million to Person 79 via the Customer 9 channels; and
- b. on or around 11 September 2018, Star Qld facilitated the movement of \$810,910 to Person 80 via the Customer 9 channels. The funds were deposited into an EEIS Patron account by an overseas remittance service provider, Company 1.

There were higher ML/TF risks associated with the EEIS Patron accounts: see paragraph 328 above.

Some of the deposits made available to the customers specified in Confidential Schedule F through the Customer 9 channels were made by overseas remittance service providers. For example, 35 deposits (totalling over \$17.4 million) specified in Confidential Schedule F were made by overseas remittance providers Company 1 and Company 9.

Deposits by overseas remitters involve higher ML/TF risks: see paragraph 445 above.

2769. Star Sydney and Star Qld did not appropriately assess the ML/TF risks of providing the designated services pleaded at paragraphs 2766 and 2767 above to the customers specified in Confidential Schedule F.

Particulars

The provision of designated services by Star Sydney and Star Qld through the Customer 9 channels involved high ML/TF risks: see paragraph 439 above.

At no time did SEG or Star Sydney or Star Qld, carry out an appropriate risk assessment of the ML/TF risks posed by the Customer 9 channels: see paragraph 440 above.

2770. The Joint Part A Programs did not include appropriate risk-based systems and controls to understand the source of funds of transactions facilitated through the Customer 9 channels.

Particulars

See paragraph 441 above.

2771. Star Sydney and Star Qld did not apply appropriate risk-based transaction monitoring to transactions provided or facilitated through the Customer 9 channels at any time.

Particulars

See paragraphs 771, 777, 781 and 782 above.

2772. By failing to apply appropriate risk-based transaction monitoring to the transactions involving the designated services pleaded at paragraphs 2766 and 2767 above, Star Sydney or Star Qld (as specified in Column 4 of Confidential Schedule F) failed to monitor each of the customers specified in Confidential Schedule F with a view to identifying, mitigating and managing the ML/TF risks they each reasonably faced in relation to the provision of designated services.

Particulars

Star Sydney or Star Qld (as specified in Column 4 of Confidential Schedule F) had no systems or controls in place to identify who was depositing money through the Customer 9 channels and failed to carry out appropriate risk-based checks on the source of funds for these deposits.

Star Sydney or Star Qld (as specified in Column 4 of Confidential Schedule F) had no systems or controls in place to identify or appropriately monitor transactions through Customer 9's FMA or SKA that were being conducted on behalf of customers who were using the Customer 9 channels.

2773. By reason of the matters pleaded at paragraphs 2765 to 2772 above, Star Sydney or Star Qld (as specified in Column 4 of Confidential Schedule F) did not monitor each of the customers specified in Confidential Schedule F in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks they each reasonably faced, and did not do so in accordance with the Rules.

2774. By reason of the matters pleaded at paragraph 2773 above, Star Sydney and Star Qld contravened s36(1) of the Act.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Customers subject to a NSW exclusion order

2775. From the date listed in column 2 of Confidential Schedule G, each customer specified in column 1 was subject to a NSW exclusion order (the **Sydney excluded customers**).

Particulars

See paragraph 159 above.

2776. From the date specified in column 3 of Confidential Schedule G to the date specified in column 4, Star Qld provided designated services to each of the customers specified in column 1 at Star Gold Coast and/or Treasury Brisbane, as specified in Column 5.
2777. Star Qld provided incentives to attract the customers specified in Confidential Schedule G to the Star Qld casinos, notwithstanding that they were subject to a NSW exclusion order.

Particulars

Star Qld offered the customers specified in Confidential Schedule G complimentary incentives including:

- a. travel to Star Gold Coast or Treasury Brisbane including airfares and limousines;
- b. hotel accommodation and upgrades;
- c. food and beverage packages; and
- d. accrual and redemption of loyalty and membership points.

2778. Star Qld failed to apply appropriate risk-based criteria to:
- a. identify, escalate and risk rate Sydney excluded customers; and
 - b. determine whether designated services should be, or should continue to be, provided to Sydney excluded customers having regard to the ML/TF risks.

Particulars

See paragraph 168 above.

The 13 customers specified in Confidential Schedule G were provided with designated services by Star Qld after each was subject to a NSW exclusion order.

Furthermore, 12 of these customers continued to receive designated services after February 2019, despite the exclusion policies that required that customers subject to a NSW exclusion order be issued with a withdrawal of licence or venue exclusion in respect of Star Qld casinos. The most recent designated service provided to one of the Sydney excluded customers was provided in March 2022: see paragraph 173 above.

2779. Star Qld did not appropriately assess the ML/TF risks of providing designated services to the customers specified in Confidential Schedule G.

Particulars

See paragraphs 110 and 168 above.

2780. By reason of the matters pleaded at paragraphs 2778 and 2779 above, Star Qld failed to monitor each of the customers specified in Confidential Schedule G with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced in relation to the provision of designated services.

2781. By reason of the matters pleaded at paragraphs 2775 to 2780 above, Star Qld did not monitor each of the customers specified in Confidential Schedule G in relation to the provision of designated services, with a view to identifying, mitigating and managing the ML/TF risks it reasonably faced, and did not do so in accordance with the Rules.
2782. By reason of the matters pleaded at paragraph 2781 above, Star Qld contravened s36(1) of the Act.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

Contraventions in respect of Confidential Schedules A to G

2783. By reason of the matters pleaded at paragraphs 2733, 2743, 2753, 2764 and 2774 above, on and from 30 November 2016 Star Sydney contravened s36(1) of the Act in relation to 1,087 customers specified in Confidential Schedules A to F.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

2784. By reason of the matters pleaded at paragraphs 2733, 2743, 2753, 2764, 2774 and 2782 above, on and from 30 November 2016 Star Qld contravened s36(a) of the Act in relation to 251 customers specified in Confidential Schedules B to G.

Particulars

Section 36(1) of the Act is a civil penalty provision: s36(2) of the Act.

And the Applicant claims the relief specified in the accompanying Application.

Date: 30 November 2022



.....
Sonja Marsic
AGS Lawyer
for and on behalf of the Australian Government Solicitor
Lawyer for the Applicant

This pleading was prepared by Sonja Marsic, lawyer.

CERTIFICATE OF LAWYER

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

Date: 30 November 2022



.....
Sonja Marsic
AGS Lawyer
for and on behalf of the Australian Government Solicitor
Lawyer for the Applicant

Schedule A (confidential)

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Schedule B (confidential)

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Schedule C (confidential)

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Schedule D (confidential)

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