

AUSTRAC enforcement – Star casino entities

- AUSTRAC’s decision to commence civil penalty proceedings in the Federal Court was made following a detailed investigation into The Star Pty Limited and The Star Entertainment QLD Limited (the Star entities).
- I am unable to comment on the details of the matter before the court. However, this is an important reminder to all casinos in Australia to be vigilant to money laundering and terrorism financing risks.
- Australian casinos are vulnerable to criminal misuse. It’s vital that they comply with their anti-money laundering obligations to do their part to protect the Australian community from serious and organised crime.
- Industry are the front line of defence against criminal exploitation.
- AUSTRAC works with the casino sector through ongoing supervision and industry education outreach programs to help them identify risks and put appropriate measures in place to better protect themselves and the community from criminal abuse.
- Australians deserve to have confidence that any serious non-compliance with anti-money laundering laws, in place to protect Australians, will not be tolerated.
- AUSTRAC will continue to work closely with the Star entities to address compliance concerns.

Contact Officer Nicole Patterson, Chief of Staff	Phone s 22(1)(a)(ii)	Date Created 29 November 2022	Date Updated/Reviewed 29 November 2022
--	-------------------------	----------------------------------	--

- As Australia's money laundering and terrorism financing regulator, AUSTRAC will not hesitate to take action where businesses fail to meet their obligations.
- The Government will not speculate on matters before the court. The court will take into account a range of factors when determining any penalty.

If asked: Have any crimes been facilitated or committed as a result?

- Any business which does not have a strong AML/CTF program in place leaves itself susceptible to exploitation by criminals.
- This is an important reminder to all casinos in Australia to be vigilant to money laundering and terrorism financing risks.
- I am not going to comment on any specific allegations, individual entities or intelligence operations underway.

If asked: Is this action a result of media reports and state inquiries into casinos? Was AUSTRAC slow to act?

- AUSTRAC actively regulates Australian casinos and regularly conducts targeted assessments of casinos' compliance, and would refute any suggestion that it has failed or been slow to act.

- Findings of non-compliance and recommendations have been issued to casinos as part of targeted compliance assessments over the past five years, and as part of AUSTRAC's continuous regulatory engagement with the sector.
- In addition, AUSTRAC has worked closely with the Australian Criminal Intelligence Commission (ACIC), Victoria Police, AFP, state and territory law enforcement and other agencies, on operations targeting criminal activity and potential money laundering in Australian casinos.

If asked: Are you concerned about the overall risk of criminal activity in the casino sector? How widespread are the issues across the sector? Are Australian casinos a target for serious and organised crime?

- Casino operations are exposed to significant risk of money laundering and exploitation by criminals.
- That is why it is vital that casinos take their anti-money laundering obligations seriously.
- Any business which does not have a strong AML/CTF program in place to mitigate their risk leaves itself susceptible to exploitation by criminals.

OFFICIAL

PDR: PDR number

- This is an important reminder to all casinos in Australia to be vigilant to money laundering and terrorism financing risks.
- AUSTRAC works closely with other regulators and Commonwealth and state law enforcement partners to address the risks of money laundering through casinos.

Released by AUSTRAC under the FOI Act 1982 on 16 February 2023

OFFICIAL

NOT FOR TABLING

AML issues in the gambling sector

- Australia has a robust anti-money laundering and counter-terrorism financing (AML/CTF) regime based on international standards.
- We have a strong AML/CTF regulator in AUSTRAC. They are actively regulating the gambling sector and working with state regulators to ensure casinos, betting agencies and pubs & clubs comply with their obligations.
- These businesses must actively consider money laundering risks, adjust business models to mitigate crime risks, and report matters to AUSTRAC.
- AUSTRAC will not hesitate to take action where companies fail to meet their obligations, including applying for civil penalty orders.
- AUSTRAC has commenced civil penalty proceedings in the Federal Court against Crown Melbourne and Crown Perth for alleged serious and systemic non-compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act).
- AUSTRAC also has current enforcement investigations into the Star Group and SkyCity Casino in Adelaide.
- As a financial intelligence unit, AUSTRAC has a nationally-coordinated operation targeting criminal activity and potential money laundering in Australian casinos.

Contact Officer Nicole Patterson, Chief of Staff	Phone s 22(1)(a)(ii)	Date Created 1 July 2022	Date Updated/Reviewed 7 July 2022
--	-------------------------	-----------------------------	---

- AUSTRAC works with law enforcement partners by providing targeted financial intelligence on criminal individuals and networks who perpetrate money laundering and financial crimes.
- Police around Australia, who are responsible for conducting money laundering investigations, use AUSTRAC's intelligence to disrupt financial and serious crime, including the offshore arrest of the head of the Suncity junket, Alvin Cheok Wa CHAU, by Macau Police in November 2021.
- AUSTRAC also provides specialist financial intelligence on customers of interest, and profiling capability to detect high-risk, cash-based junket activity, for referral to partners for target development purposes.
- AUSTRAC also helps fight financial crime through its public-private partnership, Fintel Alliance, which brings major financial institutions and law enforcement together to work on joint operations.
- Australians can be confident that these agencies are working hard to keep communities safe from serious and organised crime.

Released by AUSTRAC under the FOI Act 1982 on 16 February 2023

ISSUES

If asked: Why has it taken so long to do something in the casino sector?

- AUSTRAC has undertaken a tremendous amount of work in the casino sector. In the last five years, AUSTRAC completed 12 compliance assessments of Australian casinos—three of which related to Crown Melbourne.
- This proactive body of work commenced prior to the establishment of state-based inquiries and Royal Commissions, and led to a number of detailed enforcement investigations.
- Enforcement investigations into non-compliance under the AML/CTF regime, by their very nature, are very complex. It can take years to build and collect evidence to support a matter, as investigations may raise serious and systemic non-compliance. After this, the matter will go through the courts, which can take up to several years.
- AUSTRAC has worked closely with the ACIC, Victoria Police, AFP, state and territory law enforcement and other agencies, on operations targeting money laundering in Australian casinos.

- AUSTRAC has a nationally-coordinated operation targeting criminal activity and potential money laundering in Australian casinos. As part of this operation, AUSTRAC works closely with Commonwealth and state government, law enforcement and private partners.

Does the Government agree with the NSW Bergin Inquiry recommendations on money laundering?

- My department and AUSTRAC are consulting with the NSW Government on the proposed reforms and the interaction with Commonwealth laws.

If asked: What is AUSTRAC doing about pubs and clubs?

- AUSTRAC has worked with pubs and clubs, and their associations (including Clubs NSW), for many years to help them meet their AML/CTF obligations
- AUSTRAC develops educational products for pubs and clubs to help protect their business from criminal exploitation, understand emerging crime risks and their obligations to have appropriate systems and controls in place, and report high-quality information.
- In November 2021 AUSTRAC commenced a campaign to clarify reporting requirements for 122 pubs and clubs.

- In December 2021 AUSTRAC published a new regulatory guide to help pubs and clubs with electronic gaming machines to understand and apply their AML/CTF obligations. Between March and June 2022 AUSTRAC undertook education visits across state and territory pubs and clubs, reaching more than 600 venues, to promote the regulatory guide and improve their understanding of AML/CTF obligations.
- AUSTRAC will soon commence a pubs and clubs compliance assessment campaign, focusing on obligations for transaction monitoring programs and suspicious matter reporting.

If asked: Is a national gambling regulator needed, as suggested by Andrew Wilkie MP?

- Under the current arrangements in Australia, states are responsible for gambling regulation and licensing. A unified model of gambling regulation would require states to agree to refer all powers to do with gambling. This is ultimately a question for states to consider.

If asked: recent media reporting claiming 'Australia a haven for regime's 'dirty money''

- **The Government keeps its sanctions lists under regular review.**
- **It would be inappropriate to speculate on possible listings.**

- This could provide possible targets with prior notice allowing them to move any of their assets outside of Australia's jurisdiction and reducing the effectiveness of any listing.
- *If pressed:* Australia is committed to ensuring that we detect, deter and disrupt illicit wealth.
 - Our AML/CTF regime includes mitigations to combat the flow of illicit wealth into Australia.
 - AUSTRAC works with ACIC, AFP and DFAT in cases where possible proceeds of corruption are identified.
 - The Government has also committed to implement a public registry of ultimate beneficial ownership to enhance transparency on who actually owns and benefits from companies, and reduce Australia's vulnerability to money-laundering and tax evasion.

Released by AUSTRAC under the FOI Act 1982 on 16 February 2023

Background

As Australia's AML/CTF regulator and financial intelligence unit, AUSTRAC regulates more than 16,000 Australian businesses to ensure they implement processes to protect themselves from criminal abuse, and report financial transactions and suspicious activity to AUSTRAC.

Casinos have a number of reporting obligations to AUSTRAC under the AML/CTF Act, which informs the financial intelligence used by partner agencies, including state and territory gaming regulators.

AUSTRAC commenced civil penalty proceedings against Crown Melbourne and Crown Perth (Burswood Nominees Ltd) in the Federal Court on 1 March 2022. AUSTRAC alleges Crown failed to identify, assess, mitigate and manage its money laundering and terrorism financing risks. In particular, Crown failed to have a compliant AML/CTF program and did not appropriately monitor its customers as required by the AML/CTF Act. AUSTRAC also has current enforcement investigations into the Star Group and SkyCity Casino in Adelaide.

AUSTRAC works closely with other regulators and Commonwealth and state law enforcement partners, to actively address the significant risks of money laundering in the gambling sector.

At a state level, multiple inquiries and Royal Commissions have been held. This includes inquiries in NSW, Victoria and WA. New inquiries have also been announced in SA and Queensland. AUSTRAC has worked collegiately with these state inquiries, and works closely with state regulators in jurisdictions.

Released by AUSTRAC under the FOI Act 1982 on 16 February 2023