

How gambling authorities missed Crown's criminal ties

By [Stephen Long](#)
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Experts say little action has been taken by regulators over Crown's alleged dealings with organised crime. *(ABC News)*

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It was the kind of news that should have spelt big trouble for James Packer's Crown casino empire.

In September 2014, [Four Corners](#) revealed Crown's joint venture in Macau, [Melco Crown](#), was bringing in high rollers from mainland China using junket operators with links to organised crime — triad gangs notorious for laundering drug money and the proceeds of sex trafficking, as well as for violent debt collection.

The junket operators included Suncity, long identified by law enforcement agencies around the world as having Triad ties.

Four Corners revealed it was "not just running some of Melco Crown's VIP rooms in Macau — it's bringing Chinese high rollers to James Packer's Crown Casinos in Australia".

The fallout from these bombshell revelations? At the time, nothing.

<https://www.abc.net.au/news/2020-11-30/regulators-still-in-the-dark-on-crown-casinos-criminal-ties/12929312>

There was barely a response from the major political parties to these news reports about this powerful and politically connected company.

Nor was there much reaction from the key regulator in Australia, the Victorian Commission for Gambling and Liquor Regulation (VCGLR), which oversees the giant casino complex at Southbank on the Yarra, the jewel in the Crown empire.

A year earlier, in 2013, the Victorian regulator had conducted its fifth periodic review of Crown's licence to operate the Melbourne casino, and passed it with flying colours.

History repeated itself last year, with a carbon-copy failure by the regulator to root out criminal activity that was later exposed by the media.

In June 2018, the VCGLR again reviewed Crown's operating licence and found it a "suitable" operator, which, at law, required it to assess whether the casino's operations were free from criminal influence.

A year later, Nine newspapers and 60 Minutes unearthed compelling evidence that, for years, Crown had been relying on business partners with ties to Asian crime gangs engaged in sex trafficking and drug trafficking.

Its reports showed criminals were laundering money through Crown's casino operations and the giant Casino operator was helping to bring criminals into the country.

This time there was fallout.

The revelations prompted the NSW Independent Liquor and Gaming Authority to establish an inquiry with the powers of a royal commission.

Headed by former NSW Supreme Court judge Patricia Bergin, it has exposed huge failings at Crown.

And Crown's licence to operate the newly completed Barangaroo casino in Sydney is under threat following its admission it has allowed itself to be used as a vehicle for money laundering.

All this raises the question: Why did it take revelations in the media to expose Crown's failings, and why were the regulators in the dark?

Victorian regulator 'asleep at the wheel'

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Former Victorian gaming minister Tony Robinson's response is: "The best you can say about the Victorian regulator is that it appears that over a period of years it was asleep at the wheel."

He points out the first purpose of the state's Casino Control Act is to "establish a system for the licensing, supervision and control of casinos with the aims of ensuring that the management and operation of casinos remain free from criminal influence or exploitation."

"And that's the heart of this," he said.

"You don't need to be presented with an overwhelming case that there is criminal influence there.

"The purpose of the legislation is to ensure that there is no criminal influence, so even the suggestion that there is something untoward should have the regulator down there, demanding answers — and that hasn't happened."

Tim Costello, a former Baptist minister, brother of the former federal Treasurer, and advocate for the Alliance for Gambling reform, said the Victorian regulator had "stunningly and manifestly failed, and failed the Victorian public".

"We all know that casinos around the world are the target for high-level money laundering and crime, drugs, trafficking of women, and this has all happened in Victoria under the regulator's nose and they haven't raised the alarm."

The media revelations about Crown should have been no surprise to the regulator, according to Charles Livingstone, an associate professor at Monash University who researches gambling policy, politics and regulation.

"The VCGLR and other gambling regulators have been, well, abysmally incapable of regulating this business properly," he said.

"Everything that we thought was going on appears to have been going on and the regulators were unable to discover it, which is a major failure."

The VCGLR's chief executive, Catherine Myers, declined a request for an interview, but in written responses to questions from the ABC, the regulator rejected these criticisms.

It argued its sixth review of Crown Melbourne's operations and licence, completed in July 2018, "thoroughly considered the operations of the casino over the entire five-year review period".

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It maintains that it liaised with the anti-money laundering agency, the Australian Criminal Intelligence Commission (AUSTRAC), and the Australian Federal Police, and received information from Crown Melbourne regarding its compliance with its anti-money laundering/counterterrorism finance obligations.

"Consultation with these agencies indicated that Crown was generally compliant," the VCGLR wrote, while compliance with the anti-money laundering laws was "a matter for AUSTRAC".

Yet the fact is, at the time of what the VCGLR says was a "thorough" review, junket operators with links to organised crime were working in partnership with Crown and bringing billions of dollars of gambling revenue through the door of its Melbourne casino.

Concerns had been publicly raised by credible sources about these criminal associates at least as far back as 2014, and there was a wealth of material the regulator could have accessed easily which would have raised red flags.

VCGLR says police provided no information raising concerns about Crown

Why didn't the regulator demand a list of all junket operators working with Crown and conduct its own, independent review of whether they had criminal associations and were headed by people of good repute?

The VCGLR's argument it received no information from law enforcement agencies that raised concerns about Crown and its associates poses questions about a breakdown in communication between police and the gambling regulator — or suggests the regulator wasn't asking the right questions.

It's a matter of public record that law enforcement agencies did have serious concerns about Crown's business partners and their criminal associations.

"Crown's behaviour is detailed in confidential law enforcement and regulatory briefings from police across Australasia," Nine newspapers reported in its Crown Unplugged investigation.

"Starting a decade ago, these briefings have got progressively more damning, raising questions about the gaming regulators, and state and federal security agencies which are accused of being asleep at the wheel."

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Four Corners also reported in 2014 that the head of security for the Hong Kong Jockey Club, Martin Purbrick, that year gave a confidential presentation to police from across Australia at a seminar organised by the Victorian Police.

The former Hong Kong detective alerted those present to Macau's junkets and their links to organised crime and he sounded a particular alarm about some individuals associated with Suncity, warning one of its owners and some of its key personnel were "followers of Wan Kuok-koi, Macau 14K triad, imprisoned in 1998 for 14 years".

At the time of the VCGLR's sixth annual casino review, which cleared Crown Melbourne as free of criminal influence and found it had no associates of ill repute, Suncity was ensconced in Crown's Melbourne casino, running its own VIP room for high rollers.

This is despite the regulator boasting it has "a dedicated team operating from within Crown seven days a week [and] a dedicated audit and investigations team that reviews and assesses Crown's casino activities".

"I think the hallmark of that report was a lack of curiosity, lack of initiative," Mr Robinson said.

"It seems to me that when you are given the task of regulating an entity it's because Parliament has decided that there is a public interest that needs to be defended and you have to go about that task with insatiable curiosity and you have to look out for those things you don't know. Don't be satisfied with the stuff that's presented to you by the party that you are regulating.

"You've got to have ways of getting around them and getting to find information in other ways. And what's disturbing is that some of that information in terms of claims and allegations was presented to the Victorian regulator and it appears to have fallen on deaf ears."

It didn't even look at concerns raised four years earlier about the presence of junket operators linked to criminal gangs in casinos operated by Melco Crown, a joint venture with Lawrence Ho, the son of the notorious Stanley Ho, who was banned by NSW gaming authorities from owning casinos in the state as far back as the 1980s, as well as by Canadian and US authorities for alleged ties to triads and organised crime.

Stanley Ho, who died in May, always denied the allegations of criminal ties and his son has steadfastly denied any criminal influence over his business interests.

Gambling is illegal in China, as is the practice of soliciting "high rollers" to gamble overseas.

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Mr Packer and Crown abandoned the Macau joint venture with the Ho family in 2017 amid a Chinese crackdown on illegal gambling which led to 19 Crown staff in China being arrested and many jailed, with Crown paying fines imposed on its staffing totalling nearly \$1.7 million.

The Victorian regulator was aware of this issue but chose not to consider it as part of its licence review in 2018 because Crown had delayed sending it all relevant documents.

Charles Livingstone condemned the relationship between Crown and its key regulator as "a classic case of regulatory capture".

"They are too close to the people they are supposed to be regulating, they lack the wherewithal to deal with them appropriately and, importantly, I think, they also lack the political backing to go after them in the way that they should," he said.

Mr Costello said: "Culture is invisible and unseen and in Victoria it's been a culture of Crown's political dominance and dominance of the regulator. The regulator has shown almost deferential, submissive, acquiescence to Crown."

The VCGLR flatly rejects this.

In its response to the ABC, it pointed to, among other things, a "record 20 recommendations to Crown to improve its operations in the key areas of corporate governance and risk, regulatory compliance, money laundering and responsible gambling".

Only one of these recommendations related to money laundering.

Most related to responsible gambling or problem gambling, and the remainder to largely technical issues about corporate governance.

None went to the exploitation of Crown by organised crime figures.

The Victorian regulator also pointed to fines it had imposed on the casino operator, including a record \$300,000 fine for altering poker machines to limit betting options, and a \$150,000 fine in 2017 "for failing to ensure that the approved system of internal controls" had been implemented for junket operators.

Yet, compared to the billions that Crown has raked in from Chinese high rollers introduced by junket operators, such fines are small change.

"The fines are nothing to Crown," Mr Costello said.

"They are not a disincentive at all."

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Livingstone said it would be "hard to imagine the type of fine that would deter them from behaviour that is making them millions if not billions of dollars, so properly regulation would involve the capacity to inflict serious penalties and that might mean a suspension or loss of the licence to operate".

Yet that course of action in Victoria has already been categorically rejected.

Victorian Premier says there's no possibility Crown could lose Melbourne license



Victorian Premier Daniel Andrews says Crown's licence will not be revoked or suspended following the NSW inquiry. (AAP: Rob Blakers)

Victorian Premier Daniel Andrews is a former gaming minister.

Weeks ago, in the midst of scandalous revelations from the NSW inquiry, he stated publicly there was no possibility Crown could lose its licence to operate the Melbourne casino.

After Crown admitted at the NSW hearings that money laundering had occurred at its Melbourne and Perth casinos, he was asked if there was now a prospect that Crown's licence could be revoked or suspended.

The Premier answered in one word: "No."

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On October 9, the VCGLR released a statement saying it had "requested" Crown Melbourne Limited "provide an explanation of its conduct regarding its engagement with junket participants".

It said potential disciplinary action may include "the imposition of a fine, the issuing of a letter of censure, or direct Crown to take corrective action", with the most serious sanctions of suspension or loss of licence ruled out.

One reason for the reluctance to consider revoking or suspending Crown's licence is that it is such an imposing presence in the economy of Victoria and the City of Melbourne.

Crown is the largest single-site employer in the state, and possibly the entire country, providing thousands of jobs and huge revenue to the Government from gambling taxes.

"Crown, when it runs well, contributes mightily to the state of Victoria," Mr Robinson said.

"The taxes it pays probably exceed any other business in the state. It's a vital part of the state's major events strategy.

"The dilemma of Crown is that it is so important to the City of Melbourne, the state of Victoria and to thousands and thousands of Victorians whose livelihoods depend on the business continuing."

Crown's board and management boasts a number of people drawn from the world of politics with strong political connections, including long-time former Liberal senator Helen Coonan who chairs the board, Labor powerbroker Carl Bitar and Daniel Andrews's former right-hand man, Chris Reilly. Mark Arbib, the former federal Labor senator, left just days ago.

But Crown's board and executive leadership is almost certainly in for a shake-up.



Former Liberal senator Helen Coonan is now Crown Resorts chair.(ABC TV)

"I would think that the only way that Crown could continue as the licence holder is through wholesale change, and that would have to be the clearing out of all of the board and all of the senior management," Mr Robinson said.

"The board and the senior management were part of the business when criminal influence was exerted through the money laundering, which they have admitted to. You could not have that acknowledged and then have those people pass the suitability test which is also part of the legislation."

He also believes the era of state-based casino regulation may be drawing to an end, and that the nation needs a national casino-control body, perhaps linked to AUSTRAC and the AFP, with tough investigative powers.

"The real risk with casinos is money laundering, which of course is the other end of the drug trade," he said.

Combating this "is something AUSTRAC and other federal agencies are far better equipped to do."