

# INTERIM REPORT BY SENATE SELECT COMMITTEE ON THE PERTH MINT

## CLARIFICATIONS BY THE PERTH MINT

### Introduction

On 20 December 2023, the Senate Select Committee on The Perth Mint (Select Committee) published its Interim Report on its enquiries and findings to date.

The Perth Mint notes that some sections of the Interim Report reflect inaccurate or outdated information or may benefit from the inclusion of additional information to allow a reasonable person to form an accurate view of the facts.

This information is not provided with the aim of resiling from The Perth Mint's compliance issues, which it has publicly acknowledged on many occasions and is working hard to remediate, but with the aim of assisting the Select Committee to consider the relevant facts and conclude its important work.

### 1.19 Gold Corp Leadership

In Section 1.19, Figure 1.1 on the Board membership and Executive leadership of Gold Corporation, trading as The Perth Mint (The Perth Mint), states that Mr John Collins is a member of the Board; and that Ms Jane King is Deputy CEO of The Perth Mint.

For clarity, it is noted that Mr Collins concluded his tenure on the Board when he retired in January 2022.<sup>1</sup> Ms King Jane resigned from the Board and The Perth Mint in July 2023.<sup>2</sup>

### 2.30-2.35 AUSTRAC registration / International Funds Transfer Instructions

It is a matter of public record that The Perth Mint registered as a remittance service provider on 5 March 2021 (not February 2021, as stated in the Interim Report). This information has been in the public domain since October 2022.<sup>3</sup>

In this section, the Interim Report includes a claim that "over 5000 IFTIs [International Funds Transfer Instructions] were not reported". The Perth Mint notes this estimate appears to be first made as an anecdotal account in a media report. It is further noted that in July 2023 the relevant Commonwealth regulator, the Australian Transaction Reports and Analysis Centre (AUSTRAC) has publicly affirmed for the Select Committee in July 2023 that this estimate was not made by AUSTRAC.<sup>4</sup>

As advised in The Perth Mint's submission to the Select Committee in July 2023, AUSTRAC ordered the appointment of an independent external auditor to assess The Perth Mint's compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act) and *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007* (No. 1) (AML/CTF Rules) over the historical period from 14 January 2021 to 30 August 2022.

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<sup>1</sup> The Perth Mint Annual Report 2021-22, p24

<sup>2</sup> The Perth Mint Annual Report 2022-23, p35

<sup>3</sup> Question 923, WA Legislative Council, Hansard, 20 October 2022, pp4824-4825

<sup>4</sup> Committee Hansard, 27 July 2023, Mr Bradley Brown, p20

The Perth Mint respectfully notes that the external audit found 3,322 historical instances where The Perth Mint did not report IFTIs during this period. This is publicly stated in the Enforceable Undertaking between AUSTRAC and The Perth Mint that was published on 23 November 2023. This information is not provided with the aim of mitigating The Perth Mint's acknowledged compliance issues, but with the aim of assisting the Select Committee to consider the relevant facts.

For clarity, The Perth Mint affirms that it has commenced reporting IFTIs to AUSTRAC in accordance with its obligations under the AML/CTF Act and continues to engage with AUSTRAC in relation to IFTIs and other matters.

### **2.8-2.10 Procurement and WA CCC referral**

This section of the Interim Report is titled 'Procurement impropriety' and states that "a procurement process involving Sapien Cyber led to a series of audits and governance reviews in 2019".

For clarity, as advised in The Perth Mint's written response to questions taken on notice at the 3 November hearing and tabled to the Select Committee on 24 November 2023, it is noted that:

Since his appointment as Chair of the Corporation in January 2019, Mr Sam Walsh AO...addressed concerns regarding a proposal by the former Chair for the Corporation to consider procuring services from a cybersecurity company.

Note: the company was not engaged by the Corporation.<sup>5</sup>

The Interim Report includes quotes from a media report published in June 2020, but omits information in the same media report that the Crime and Corruption Commission (CCC) had found (emphasis added):

Given that the former Chair had retired from his position prior to the consideration of these matters, it was determined that any investigation of potential minor misconduct, such as breaches of procurement policies and procedures and the Corporation's Code of Conduct, would not have had any force.<sup>6</sup>

The Perth Mint holds concerns that this section of the Interim Report may lead a reasonable person to form an inaccurate view that The Perth Mint had improperly procured services, and that there may have been a referral made to the Public Sector Commission (PSC) regarding that matter.

### **2.36-2.37 The Perth Mint cashless policy**

In this section of the Interim Report correctly notes that The Perth Mint adopted a cashless payment policy from July 2021, but appears to suggest that The Perth Mint continues to "offer" customers the option of cash deposits.

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<sup>5</sup> Committee Additional Documents, Perth Mint answers to questions taken on notice at a public hearing in Perth, 3 November 2023 (tabled 24 November 2023), Question 5

<sup>6</sup> The West Australian, Perth Mint investigated by Corruption and Crime Commission after officials held share in tech company Sapien Cyber while it was considered for security tender, 29 June 2020

For clarity, The Perth Mint advises that the “review” referenced in the Interim Report was conducted by The Perth Mint, in consultation with its transactional banking partners, and affirmed that The Perth Mint does not accept cash payments.

Further, The Perth Mint’s cashless payment policy is stated on The Perth Mint’s website and in its various Terms and Conditions documents as follows: The Perth Mint does not accept payment by cash, cheque or money order.

### **2.38-44 Shanghai Gold Exchange**

The Perth Mint affirms that its gold bullion products have, and continue to, adhere to the requirements that the percentage of gold in a product is the same or higher than the purity stamped on the product.

Section 2.38 states that in September 2021, it was identified that “Perth Mint gold bullion bars” included silver content which exceeded the SGE specification of no more than 50 parts per million in the 0.01 per cent non-gold component of the bars.

This section includes references to statements in *Hansard* from 14 March 2023 by the then Premier, Mr Mark McGowan. The Perth Mint notes that key information is omitted from Mr McGowan’s statements in the same Parliamentary sitting that clarified the concern related to the non-conformance of a limited number of gold one-kilogram bars to the unique product specifications of the SGE.<sup>7</sup>

This production issue, and its prompt resolution, has been acknowledged through public statements made by The Perth Mint in March 2023<sup>8</sup>, addressed in submissions tabled to the Select Committee in July 2023<sup>9</sup> as well as in two documents tabled to the Select Committee in November 2023.<sup>10</sup>

The Perth Mint holds concerns that this section of the Interim Report may lead a reasonable person to form an unduly adverse view regarding the quality of all bullion products made by The Perth Mint.

### **2.45 Accreditation**

Section 2.45 states that it is unclear whether The Perth Mint is “still accredited by the Shanghai and other gold exchanges that it was previously accredited with”.

The Perth Mint affirms its accreditation by the London Bullion Market Association (LBMA), the independent global authority for precious metals, and that it remains on the LBMA Good Delivery List.<sup>11</sup>

The Perth Mint must meet various requirements for its products to be traded on other international gold exchanges. A key requirement for these gold exchanges is the maintenance of LBMA accreditation.

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<sup>7</sup> Mark McGowan MLA, WA Legislative Assembly, *Hansard*, 14 March 2023, p859

<sup>8</sup> The Perth Mint, The Perth Mint responds to ABC TV allegations, 8 March 2023; The Perth Mint, Statement from Sam Walsh AO, Non-Executive Chairman of The Perth Mint, 21 March 2023

<sup>9</sup> State of Western Australia, *Submission 5*, p4; Gold Corporation, *Submission 8*, p2

<sup>10</sup> Committee Additional Documents, Perth Mint answers to questions on notice received 24 October 2023 (tabled 2 November 2023), Question 5; Perth Mint answers to questions taken on notice at a public hearing in Perth, 3 November 2023 (tabled 24 November 2023), Question 2

<sup>11</sup> Committee Hansard, 3 November 2023, Mr Bill Johnston MLA, p50

The information available on The Perth Mint's corporate website and in the Perth Mint's Annual Report 2022-23 is accurate, and supersedes information published prior to 2023.

## **2.46-2.49 GoldPass**

Section 2.47 of the Interim Report references claims that the GoldPass app "required investors to register with only a driver's licence or passport and bank account under the same name, allowed trading without a maximum amount, and allowed gold and silver to be converted to cash or metal at any time".

The Perth Mint affirms that, as outlined on its corporate website and/or per previous information in the West Australian Parliament, that:

1. Downloading the GoldPass app and opening an account were separate processes, and not all downloads led to the opening of an account. Only a customer who had been verified by The Perth Mint in accordance with AML/CTF requirements could trade. Not all open accounts were active.<sup>12</sup>
2. Once a user had been verified and their account opened, the customer could buy and/or sell GoldPass digital certificates, which entitled the certificate holder to the equivalent value in unallocated precious metal stored by The Perth Mint.
3. The customer could either sell the entitlement back to The Perth Mint at the prevailing metal price or pay a fabrication fee to convert the entitlement into physical metal. The customer would subsequently take ownership of the gold (or silver).<sup>13</sup>
4. The conversion of an entitlement to a specific metal product (known as physical redemption) is always subject to the availability of that specific product and fabrication schedules. During periods of increased demand, such as the GoldPass winddown, a customer may experience delays in the fulfillment of redemption requests.

The Perth Mint affirms that the metal which backs entitlements is always available, but in various forms, because The Perth Mint is a working refinery and mint.

Further, The Perth Mint affirms that all prospective GoldPass customers were subject to Know Your Customer (KYC) checks prior to the potential validation of their GoldPass account. The Perth Mint also undertook GoldPass transaction monitoring and other AML/CTF activities, in accordance with its regulatory compliance obligations.

This section of the Interim Report omits the relevant fact that The Perth Mint discontinued the GoldPass app on 30 March 2023 for US-based customers, and on 30 November 2023 for Australia-based customers, in accordance with its public statements in the media and on its website since March 2023.

The Perth Mint holds concerns that this section of the Interim Report may omit relevant contextual information and may lead a reasonable person to form an inaccurate view that GoldPass remains available for trading through The Perth Mint.

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<sup>12</sup> Mr Bill Johnston MLA, WA Legislative Assembly, *Hansard*, 14 February 2023, pp178-180

<sup>13</sup> Mr Bill Johnston MLA, WA Legislative Assembly, *Hansard*, 9 May 2023, pp1988-1989

## **2.50-2.54 Model State Commodity Code**

The Interim Report references a media report that there are compliance issues in “nearly 23” state jurisdictions in the US. As advised in the West Australian Parliament on 22 November 2022, there are 19 states that have adopted the Model Code in a manner that impacts the activities of The Perth Mint.<sup>14</sup>

This information is not provided with the aim of mitigating The Perth Mint’s compliance issues, which it has publicly acknowledged on many occasions, but with the aim of assisting the Select Committee to consider the relevant facts.

The Perth Mint affirms that it voluntarily disclosed the compliance issue to US regulators and continues to engage productively with the regulators with the aim of resolving this issue.

## **2.55-2.57 Perth Mint Gold Token**

Interim Report references claims in media reports that PMGT tokens could be bought and sold through the GoldPass app.

For the avoidance of doubt, The Perth Mint affirms that at no time could token holders buy or sell PMGT through the GoldPass app.

The Interim Report references comments made by the then Minister, Mr Johnston MLA, in the West Australian Parliament in March 2023, but omits the relevant fact that the Minister stated at that time that PMGT was a Trovio product.<sup>15</sup>

For clarity, The Perth Mint affirms that it was the custodian of the gold which was purchased by Trovio to back the PMGT. Trovio purchased this gold in the form of GoldPass certificates through a verified GoldPass account held by Trovio.

Trovio was responsible for matters relating to PMGT token holders, who were customers of Trovio.

For clarity, The Perth Mint affirms that it considered AML/CTF risks, obtained specialist advice as appropriate and implemented AML/CTF risk mitigation measures that aligned with its role in the PMGT matter.

A PMGT token holder was able to open a GoldPass account via the GoldPass App, subject to KYC verification, and then through a verified account request to convert PMGT tokens to digital GoldPass certificates on a 1:1 basis. In practice, this option was exercised by a very limited number of individuals due to the nature of the conversion process and the low consumer appeal of this feature.

The Interim Report omits the relevant fact that Trovio delisted PMGT on 30 June 2023 and PMGT is no longer available.

The Perth Mint holds concerns that this section of the Interim Report may lead a reasonable person to form an inaccurate view that PMGT remains available for trading and that “token holders can trade out over time” through The Perth Mint.

For the avoidance of doubt, The Perth Mint affirms that any remaining PMGT tokens that may exist are a matter for Trovio and are no longer backed by The Perth Mint gold.

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<sup>14</sup> Mr Bill Johnston MLA, WA Legislative Assembly, *Hansard*, 22 November 2022, pp5670-5671

<sup>15</sup> Mr Bill Johnston MLA, WA Legislative Assembly, *Hansard*, 21 March 2023, p1200

## **2.58-2.74 Office of the Auditor General (WA)**

The Perth Mint affirms its public statement in October 2022, thanking the Office of the Auditor General (OAG) for their thorough review of its compliance with AML/CTF obligations, and noting that The Perth Mint will continue to work with AUSTRAC on ensuring its AML/CTF Program is robust and appropriate.

This section of the Interim Report omits relevant facts on the public record that, by the time the limited assurance review was concluded by the OAG, key actions by AUSTRAC and The Perth Mint had been taken:

- AUSTRAC had conducted a Compliance Assessment of The Perth Mint (January 2021 to June 2022)
- The Perth Mint had implemented Phase 1 of its AML Remediation Program (March 2021 to April 2022)
- The Perth Mint had scoped and planned Phase 2 of its AML Remediation Program, informed by the findings in AUSTRAC's Compliance Assessment Report (May to August 2022)
- The Perth Mint had commenced implementing Phase 2 of its AML Remediation Program (September 2022)
- AUSTRAC had ordered the engagement of an independent external auditor to conduct further assessment of The Perth Mint's AML/CTF Program.

This information is not provided with the aim of mitigating The Perth Mint's compliance issues, which it has publicly acknowledged on many occasions and is working hard to remediate, but with the aim of assisting the Select Committee to consider the relevant facts.

## **2.121 – 2.133 Enforceable Undertaking with AUSTRAC**

The section on the Interim Report omits relevant facts in relation to the Enforceable Undertaking by The Perth Mint to AUSTRAC, published on 23 November 2023, that:

- in paragraph 13, AUSTRAC acknowledges The Perth Mint's cooperation and engagement, its commencement of significant AML/CTF remediation and uplift, and completion of a number of key uplift initiatives as at the date of the EU
- in paragraph 16, it is noted that The Perth Mint requested that the scope of the external audit be expanded to include consideration of whether its AML Remediation Program is appropriate to deliver effective remediation of AML/CTF issues
- paragraph 16 also notes that the external auditor's report confirmed that The Perth Mint's AML Remediation Program is appropriate to deliver effective remediation.

The Perth Mint holds concerns that this section of the Interim Report may lead a reasonable person to form an inaccurate view that The Perth Mint has not engaged with AUSTRAC nor made material progress on remediating the compliance issues set out in the Enforceable Undertaking, and well canvassed in the media and public commentary.

## **Conclusion**

As publicly demonstrated by The Perth Mint's legally enforceable commitments to AUSTRAC set out in paragraphs 19 to 32 of the Enforceable Undertaking, The Perth Mint affirms that it continues to engage with AUSTRAC, work hard to meet its regulatory compliance obligations and strengthen AML/CTF systems and processes.

The Perth Mint recognises the ongoing oversight by the Government of Western Australia of The Perth Mint and the Government's strong support for The Perth Mint's AML Remediation Program.

The Perth Mint acknowledges the important work of the Select Committee and affirms its commitment to assisting the Select Committee to finalise its enquiries.