



**ASX/MEDIA RELEASE
FOR IMMEDIATE RELEASE
23 December 2021**

VCGLR – DISCIPLINARY ACTION

MELBOURNE: Crown Resorts Limited (ASX: CWN) (Crown) refers to a Show Cause Notice received by Crown Melbourne Limited (Crown Melbourne) from the Victorian Commission for Gambling and Liquor Regulation (VCGLR) on 28 September 2021 relating to historical non-compliance by Crown Melbourne with its Internal Control Statements (ICS) with respect to junkets and premium players. The non-compliance relates to events that took place in 2015 and 2016.

On 22 December 2021, the VCGLR has taken disciplinary action, by issuing a fine in the amount of \$1 million to Crown Melbourne in relation to this Show Cause Notice. A copy of the media release issued by the VCGLR today is attached.

Steve McCann, Crown's Chief Executive Officer, said:

"Crown will consider the findings of the VCGLR carefully, with a view to continuing to advance its reform agenda and taking into consideration all available learnings.

Crown was the first Australian casino group to announce the cessation of dealings with junkets. The announcement today from the VCGLR is a reflection of past practices which no longer occur at Crown."

ENDS

This announcement was authorised for release by the Chairman.

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COPIES OF RELEASES

Copies of previous media and ASX announcements issued by Crown are available on Crown's website at www.crownresorts.com.au

VCGLR imposes second \$1 million fine on Crown

23 December 2021

The Victorian Commission for Gambling and Liquor Regulation (VCGLR) has fined Crown Melbourne Limited (Crown) \$1 million for disobeying a direction of the Commission and failing to comply with other regulatory requirements in relation to particular historical junket operations.

Commission's findings

Having considered all relevant materials and information, including submissions by Crown, the Commission has determined that Crown failed to comply with its regulatory obligations in relation to junket operations. The Commission assessed Crown's conduct regarding an individual junket operator and his associates, including actions taken by Crown after the Commission directed Crown to cease its relationship with that individual.

The Commission concluded that Crown had failed to comply with the relevant Internal Control Statement regarding junket operations as it had:

- failed to cease its relationship with an unsuitable junket operator following a formal direction to cease its relationship
- failed to conduct adequate due diligence with respect to an associate of that unsuitable junket operator and permitted that associate to conduct junkets
- failed to notify the Commission of that associate, as a new non-resident junket operator, before commencement of her junket program.

Disciplinary action taken

The conduct discovered as a result of this investigation was an example of significant and serious non-compliance, in particular the failure to abide by a direct order of the VCGLR, and therefore it was considered appropriate to take significant regulatory action in relation to this breach.

As a result, the Commission has imposed a fine of \$1 million. This is the maximum available at present, and reflects the serious nature of Crown's direct disobedience following a direction by the Commission to cease its relationship with an unsuitable junket entity.

The Commission considered whether additional directions or restrictions were required but notes:

- the Commission banned junket operations as part of its April 2021 disciplinary action (when Crown was also fined \$1 million)
- the recently passed *Casino and Gambling Legislation Amendment Act 2021* legislatively bans junket operations in Victoria.

“The amount of this fine reflects the seriousness of this matter, particularly Crown’s conduct in failing to immediately implement the requirements of the Commission’s direction to cease a relationship with an unsuitable junket operator,” said VCGLR Chair Ross Kennedy.

“The VCGLR expects its regulated entities to be proactive in their compliance with regulatory requirements, and firm action will continue to be taken against those that wilfully disregard or disobey directions of the regulator,” he said.

The Commission has published detailed reasons for its decision, excluding personal information relating to individuals. A copy of this is available on the VCGLR’s [Gaming Decisions page](#).

The junket operations subject to this disciplinary action occurred in 2015 and 2016 and the investigation into the failures by Crown involved a lengthy and complex process. However, the relationship between Crown and the individual was not ongoing during this time. Mr Kennedy said the imposition of this penalty showed that the Commission will hold to account any regulated entity which failed to comply with regulatory requirements, even when non-compliance was in the past.

The Royal Commission into the Casino Operator and Licence

This matter was not one mentioned in the Royal Commissioner’s report. Rather, it arose from an investigation commenced by the VCGLR before the Royal Commission was established and was separate from that process.

The VCGLR has been carefully considering Commissioner Finkelstein’s report and will decide what further regulatory action is appropriate in relation to the findings from that report, noting that the *Casino and Gambling Legislation Amendment Act 2021* has now passed the Victorian Parliament. The Act imposes stronger regulatory obligations on the casino operator and increases the maximum fine under the Act to \$100 million (from \$1 million).

This is the legislation the Victorian Gambling and Casino Control Commission (VGCCC) will administer when it replaces the VGCLR on 1 January 2022.

The VCGLR notes that it commenced its consideration, issued a show cause notice and made its decision in this matter under the existing legislative provisions that contain the \$1 million maximum penalty. Disciplinary proceedings conducted by the VGCCC after 1 January 2022 would occur under the stronger regulatory obligations imposed by the amending Act, including the increased maximum penalty.

Victorian Commission for Gambling and Liquor Regulation