

Australia, Tarnished Crown: Finding the Thorns of a Gambling Empire

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Theme: [Law and Justice](#)

The Crown Resorts Annual General Meeting last year, held inside the company's now flagging flagship Melbourne casino, was an ill-tempered matter. Members of the board were in no mood to please shareholders, many of whom have occupied the barricades of activism.

Crown executive chairman John Alexander [had little time](#) for those who had been muddying the good name of Australia's foremost gambling brand. "There have been a number of sensationalist and unproven claims made, with many focused on allegations from over five years ago. Let me be clear - Crown does not tolerate any illegal activity by its employees or its patrons."

At the same gathering, former government minister and current Crown Resorts chairman Helen Coonan also [took issue](#) with those "unsubstantiated and unproven allegations that have been made against Crown," all of which had "been deeply distressing to all of us."

The meeting was conducted in conditions hostile to transparency. It lacked a monitoring webcam. There were no pictures or recordings. One shareholder activist, the continuously plucky Stephen Mayne, daringly asked if there would be a transcript. "No," fumed Alexander.

Mayne has been a shareholder warrior over the years, and the reply from Alexander would have come as no surprise. He [suggested](#) to those in attendance that a "crisis" was afoot. "When are you going to address the concerns your own shareholders are expressing here to the tune of AU\$1.5 billion worth of stock, or is this just going to be ignored or dismissed like everything else at Crown?"

The organisation is suffering from a surfeit of attention, and for good reason. Regulators are breathing heavily down neck and body for a range of alleged irregularities from money laundering to old fashioned corruption. A name long associated with James Packer, who still retains a 36% stake in the company, has truly tarnished.

In August 2019, the Australian Commission for Law Enforcement Integrity thought the claims serious enough to launch [Operation Angove](#), an investigation into allegations of corruption between staff at the Department of Home Affairs regarding the provision of visas for Crown VIPs; possible corruption between Australian Border Force (ABF) staff regarding clearing those VIPs at the Australian border; and whether one ABF member "engaged in corrupt conduct while employed by a VIP junket operator."

Last month, the [findings](#) of Operation Angove were published. While it promised exposing many smells in the relationship between Crown and Australian government authorities,

officials in the ABF and Home Affairs could rest easy. “Our investigation did not find evidence of corrupt conduct by Home Affairs or ABF staff in relation to any of the three corruption issues which we investigated.” No concrete instances of corruption, perhaps, but certainly some looming ethical questions. The ACLEI noted that “too much weight” had been given by Home Affairs officials to Crown’s visa applications, effectively granting the organisation a special form of access for their high roller clients. While “face to passport checks” for the passengers did take place on chartered flights, the inquiry was “provided with insufficient information to comment on baggage checks, other than it appears that they were conducted rarely.”

The New South Wales Independent Liquor and Gaming Authority has also been busying itself [receiving evidence](#) into alleged breaches of the company’s Sydney license. Interest was sparked by the sale of a 19.9% stake in Crown Resorts to Lawrence Ho’s Hong Kong-based casino operation Melco Resorts & Entertainment Limited. This was problematic, largely because the issuing of a licence to Crown in 2013 by the New South Wales state government had been made on the proviso that the company not involve itself with various companies run by Stanley Ho, Lawrence Ho’s billionaire father [long suspected](#) of being linked to organised crime in Macau. Lawrence might well be furiously clean, but Great Respect Ltd., a company [with links](#) to his father, is on the NSW prohibited list and claims a stake in Melco. Stanley would have seen the fun in this, having been previously frustrated by licensing regulators in Australia, Canada and the United States from expanding his casino imperium.

Coonan, in giving evidence to the inquiry on October 20, was asked about Crown’s relationship with SunCity, a Macau-based outfit notorious for recruiting batteries of heavily cashed gamblers from China. For doing so, the company had private rooms at various casino operators, including Crown, enabling millions to be frittered away in blissful, unscrutinised seclusion. The activities piqued the interest of regulators given allegations of SunCity’s links to organised crime made last year by *The Sydney Morning Herald*, *The Age* and *60 Minutes*.

Senior counsel assisting the inquiry, Naomi Sharp, asked Coonan why the private function room for SunCity had not been shut down despite evidence of money laundering. “Isn’t it a quintessential example of Crown Resorts turning a blind eye to the prospects of money laundering occurring at its casino?” Coonan’s [response](#) was all fudge and qualification. “It may have been ineptitude or a lack of attention, I don’t think it was deliberately turning a blind eye, I do think it’s a different adjectival conclusion.

The last five years have been a bit too colourful, even by the standards of most casinos. But it conforms to a pattern, where hubris eventually meets nemesis. Crown’s Macau operations received a shudder in 2016 when Chinese authorities detained 19 Crown employees. This was precipitated, in no small part, by the company’s “whaling” efforts that eventually caught the attention of the ACLEI: the program of recruiting wealthy Chinese gamblers on Australian trips, largely to cover revenue shortfalls from Beijing’s anti-corruption campaign. This was a risky circumvention, given that Chinese law [criminalises](#) the practice of organising groups of more than 10 to gamble offshore. Crown’s unconvincing argument was that it did not operate casinos, more “integrated resorts”.

A warning had already been fired by Chinese authorities in their June 2015 [arrest](#) of thirteen South Korean casino managers, accused of “enticing” Chinese nationals to gamble in their

casino. The sweeteners were extensive: gratis tours, free accommodation and sexual services. Convictions for the 19 Crown employees followed. Packer decided to exit the once lucrative Macau scene.

The latest round of probing to be added to the dishonour board comes from the anti-money laundering government agency AUSTRAC (Australian Transaction Reports and Analysis Centre). According to a [statement](#) from Crown, there were areas of alleged “non-compliance” including “concerns in relation to ongoing customer due diligence, and adopting, maintaining and complying with an anti-money laundering/counter-terrorism financing program.” The concerns surfaced during a compliance assessment commencing in September 2019, with a focus on “Crown Melbourne’s management of customers identified as high risk and politically exposed persons.”

As with much in the field of gambling and regulations, the regulators themselves can prove, if not inattentive, then unwilling to sink their teeth in. The onus is left to the corporation to manage and self-regulate, filing reports on suspicious conduct. AUSTRAC had already warned Crown in June 2017 that SunCity’s Macau-based executive Alvin Chau was a “foreign PEP”, otherwise known as a politically exposed person. “It is not acceptable,” AUSTRAC CEO Nicole Rose [explained](#) to an Australian Senate hearing, “for the entities to simply report and not to manage the risks.” Much, then, to talk about for the shareholders at the October 22 Annual General Meeting.

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