



**Report on the implementation of recommendations from the
Independent Review of The Star Pty Ltd by Adam Bell SC under
section 170A of the *Casino Control Act 1992***

August 2023

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Background

1. This report is made by the Minister for Gaming and Racing as required under section 170A of the *Casino Control Act 1992* (Act). The report sets out the Minister's progress in addressing the recommendations contained in the final report of the Review of The Star Sydney Pty Ltd (The Star) by Mr Adam Bell SC (Bell Report).

The Bell Review

2. In September 2021, the Independent Liquor and Gaming Authority (ILGA), as the casino regulator at the time, appointed Mr Adam Bell SC to conduct a review of The Star under sections 30 and 143 of the Act. The main purpose of the review was to assess the suitability of The Star to hold and be associated with a casino licence in NSW, including compliance with its regulatory and legal obligations.
3. The terms of reference required Mr Bell to inquire into, among other things:
 - The Star's compliance with its obligations under the Act, the Casino Control Regulation 2019, its casino licence, legal agreements with ILGA and the State and its Internal Control Manuals (ICMs)
 - The presence and detection of illegal and undesirable activities and people in the casino
 - The Star's management and operation of its bank accounts
 - The Star's implementation and administration of gaming harm minimisation programs
 - The Star's management of international patrons, VIP patrons and high rollers
 - The effectiveness of The Star's risk management framework, and
 - The Star's culture.
4. The review was largely conducted in private but expanded to public hearings from March 2022. The review conducted four months of public hearings with public evidence given by 30 witnesses.

The Casino Legislation Amendment Act 2022

5. Prior to receipt of the Bell Report, Parliament passed the *Casino Legislation Amendment Act 2022* (CLAA).
6. The amendments largely implemented the recommendations of the Bergin Report into Crown Resorts & Crown Sydney (together, Crown) and various other casino inquiries around Australia which had recently concluded. Importantly, the CLAA created the NSW Independent Casino Commission (NICC) which came into effect on 5 September 2022. The NICC took over responsibility for casino regulation from ILGA and was created as an enhanced standalone casino regulator with expanded powers and greater independence.
7. Aside from the creation of the NICC, the CLAA also:
 - Banned NSW casinos from transacting with junket operators or allowing junkets to operate in NSW casinos

- Imposed anti-money laundering requirements, including obligations to monitor patron accounts and perform heightened customer due diligence
 - Required casinos to engage an appropriately qualified compliance auditor to report annually on the casino's compliance with its obligations under all relevant statutes
 - Reformed close associate provisions to strengthen approvals and oversight
 - Imposed periodic reviews of casino licences conducted as public inquiries with Royal Commission-like powers to boost transparency around casino operations
 - Required casinos to proactively report any breach or likely breach of the law
 - Increased the maximum penalty the regulator can impose in relation to disciplinary action from \$1 million to \$100 million
 - Increased all penalties against casino operators tenfold
 - Phased out cash transactions over \$1,000 as cashless gaming is introduced at the casinos, and
 - Required a transition to mandatory carded play with requirements for gamblers to use cards to track their play, assisting with financial crime monitoring and responsible gambling.
8. Other legislative changes in the CLAA were designed to directly address evidence that was uncovered during the Bell Review. The report below details the legislative changes that pre-emptively addressed Bell Report recommendations.
9. From its creation on 5 September 2022, the NICC was responsible for considering the findings of the Bell Report and taking any action necessary within its powers.

The Bell Report and The Star's suitability

10. The Bell Report was delivered to ILGA on 31 August 2022.
11. The Bell Report found that The Star and its close associates are unsuitable to be associated with the management and operation of a casino in NSW. In particular, it found:
- A number of serious governance, risk management and cultural failures
 - Breaches of the Regulation, various internal controls and legal agreements
 - Provision of false documents and misleading, untruthful and unethical communications to The Star's banks
 - Failure of key controls for risks associated with patron bank accounts leading to high risk of money laundering through The Star's various accounts
 - Failure to account for money laundering and counter-terrorism financing risks in various internal risk and governance policies and failure to have adequate regard to such risks in decision-making
 - The creation of a deceptive and unethical process to allow China Union Pay debit cards to be used for gambling

- Key risks were not escalated to the Board and members of senior management were prepared to “court the risk” despite the consequences if the risk eventuated
 - The Star treated ILGA as an impediment to be worked around, and
 - The Star had inadequate controls to address gambling harm.
12. On 13 September 2022, the NICC issued The Star with a show cause notice regarding the findings in the Bell Report.
13. On 17 October 2022, the NICC took formal disciplinary action against The Star under section 23 of the Act and:
- Suspended The Star’s casino licence
 - Appointed Mr Nicholas Weeks as Manager and licence holder of The Star to enable it to continue operating, and
 - Imposed a penalty of \$100 million.

Casino Internal Controls

14. A casino’s ICMs are controls approved by the NICC under section 124 of the Act. It is a condition of a casino licence that the casino operators must conduct their operations in accordance with the approved ICMs. Non-compliance with the ICMs can trigger either a penalty of up to \$220,000 under section 124 of the Act, or formal disciplinary action under section 23 of the Act.
15. Following the findings of the Bergin Report, the ICMs for Crown were amended to include additional controls relating to customer probity, anti-money laundering and counter-terrorism financing (AML/CTF) controls, and controls to minimise gambling related harm.
16. Substantial amendments to The Star’s ICMs have also been made to bring them into line with Crown’s ICMs, and to implement many of the Bell Report recommendations.
17. The NICC issued a direction to The Star which required most of the controls in the updated ICMs to be fully implemented by 30 June 2023. The new ICMs were approved by the NICC on 14 June 2023.
18. The NICC will assess the ongoing effectiveness of The Star’s ICM implementation through close monitoring and engagement with The Star’s remediation plan.
19. The casinos’ ICMs are subject to secrecy provisions under the *Gaming and Liquor Administration Act 2007* and cannot be publicly disclosed. This is an important security measure which ensures the ability of the ICMs to, among other things, help prevent and detect instances of criminality, is not undermined by them being publicly available.

Responsibility for implementation of recommendations

20. The Bell Report noted that its Terms of Reference did not allow it to make recommendations in relation to what action The Star needs to take to become suitable. Instead, that was left as a matter for the NICC.
21. Consequently, the majority of the recommendations are framed as recommendations for ILGA (as the casino regulator at the time) to consider what action it should take

in relation to The Star's historic breaches of various regulations, ICMs and agreements.

22. While the NICC is the independent casino regulator and therefore responsible for these recommendations, it delegates many of its functions to Liquor & Gaming NSW (L&GNSW) which sits within the Department of Enterprise, Investment and Trade.
23. Therefore, while the Bell Report addressed its findings to ILGA (and the NICC following its creation), L&GNSW has had responsibility for implementing or operationalising the implementation of various Bell Report recommendations related to the CLAA and ICMs. In addition, the NICC addressed 16 Bell Report recommendations via a 'master letter' which was sent to The Star on 16 January 2023. This letter outlined the action required by The Star to meet the requirements of various Bell Report recommendations.
24. The NICC has established a committee which has oversight of the progress of implementing Bell Report recommendations and regular engagement with the appointed Manager.

Progress on Implementation of Recommendations

25. The recommendations in the Bell Report for the NICC to take note of breaches by The Star and "take such action as it sees fit" have largely been addressed by the NICC through the formal disciplinary action it took against The Star following receipt of the Bell Report (see paragraphs 10 to 13 above).
26. The report below details the further work that has been done to implement each Bell Report recommendation over and above the NICC's disciplinary action against The Star.
27. In total, 22 of the 30 recommendations have been implemented while eight remain in progress.
28. It is important to note that many of the recommendations are multi-faceted, with complex workstreams which require longer time frames to allow for effective implementation and monitoring. In addition, many of the recommendations are expected to be built into The Star's remediation plan which is in the process of being finalised.

Recommendation 1: The Authority note and take such action as it sees fit in relation to the Review's finding of The Star's breaches of ICM 5(24) in connection with the cage operations in Salon 95 in 2018 (see Chapter 13)

29. Completed.
30. Changes were made to the Act by the CLAA which address this recommendation. Section 70(1AA) and (1AB) of the Act now require casino operators to only allow chips to be issued by a casino employee to a patron at a gaming table or in a casino cage.
31. The new ICMs also include controls that address staff training and cage access by employees.

Recommendation 2: The Authority note and take such action as it sees fit in relation to the Review's finding of The Star's breaches of its warranties under paragraph 3 of Schedule 3 of the Casino Operations Agreement and paragraphs 1(b) and 7(c) of the

Amended Compliance Deed in connection with Mr Stevens' misleading submission to L&GNSW in 2017 concerning the proposed services to be provided at the Service Desk in Salon 95 (see Chapter 13)

32. Completed.

33. Changes were made to the Act by the CLAA which address this recommendation. Section 22C of the Act now requires casino operators to cooperate with the NICC, including making "full and frank disclosure" of any information requested by the NICC.

34. This recommendation was addressed by the NICC through disciplinary actions outlined above in paragraph 25.

Recommendation 3: The Authority take steps to require the operator of The Star Casino to notify the Authority within 14 days of the casino operator becoming aware of any allegation concerning the holder of a special employee licence employed or working in the casino which, if established, would be grounds for disciplinary action against the special employee (see Chapter 17).

35. Completed.

36. The new ICMs now require The Star to notify the NICC of any allegation which may form grounds for disciplinary action against a special employee, within seven days of The Star becoming aware of the allegation.

Recommendation 4: The Authority note and take such action as it sees fit in relation to the Review's findings of The Star's breach of section 62(1)(c) of the Casino Control Act in failing to notify the Authority within 14 days of Mr Simon Kim ceasing to have functions in or in relation to The Star Casino (see Chapter 17).

37. Completed.

38. This recommendation was addressed by the NICC through disciplinary actions outlined above in paragraph 25.

Recommendation 5: The Authority take steps to require the operator of The Star Casino to provide the report of any independent review of the operator's AML/CTF Program to the Authority within 14 days of the issue of the report (see Chapter 18).

39. Completed.

40. The new ICMs now require the report of any independent review of The Star's AML/CTF program to be provided to the NICC within seven days of the report being finalised.

Recommendation 6: The Authority take steps to require the operator of The Star Casino to ensure and certify to the Authority that its in-house lawyers have received independent and specific training on legal professional privilege and when it can and cannot be claimed, on an annual basis (see Chapter 19).

41. Completed.

42. The new ICMs contain a requirement for The Star's legal advisors to undertake training on legal professional privilege every 12 months.

43. The Star began providing this training to its legal teams in late 2022.

Recommendation 7: The Authority take steps to require the operator of The Star Casino to ensure and certify to the Authority that its special employees receive training regarding conflicts of interest, which identifies how conflicts of interest (actual or potential) may arise and which explains the risks associated with a failure to disclose or manage conflicts appropriately (see Chapter 21).

44. In progress.

45. The new ICMs contain a requirement that employees receive training regarding conflicts of interest every 12 months.

46. A draft version of the conflicts of interest training has been provided to L&GNSW and the NICC, however The Star has further work to undertake on the training before it is finalised.

Recommendation 8: The Authority take steps for an independent expert to be retained to:

- **assess the eligibility of all patrons who engaged in rebate play at The Star from 28 November 2016 until the suspension of rebate programs on 9 May 2022 against “ICM 8: Rebate Play” and the Rebate Play SOP as applicable at the time; and**
- **quantify the amount of any adjustment The Star must pay to the NSW Government in duty that the expert considers owing (see Chapter 22).**

47. In progress.

48. The Star has engaged an independent auditor to conduct a review of its rebate program and duty liability.

49. L&GNSW will consider the outcome of The Star’s independent audit to determine next steps.

50. Rebate play is currently suspended at The Star while remediation work is being undertaken.

51. Note that while this recommendation is directed at the NICC, the determination of duty liabilities and recovery of any unpaid amounts is solely a matter for L&GNSW and the Department of Enterprise, Investment and Trade.

Recommendation 9: Any duty agreement with the operator of The Star Casino contain a clear and objective test to determine when a player is to be considered “not normally resident in New South Wales”. The relevant internal controls for the operator of The Star Casino should incorporate the new test. The Current Duty Agreement will need to be varied to include the new test (see Chapter 22).

52. In progress.

53. The new ICMs now refer to the Duty Agreement, including the non-NSW resident test under the agreement.

54. NSW Treasury is considering relevant changes to the Duty Agreement. Any changes to the Duty Agreement require the agreement of The Star.

Recommendation 10: The Authority take steps to require the operator of The Star Casino to update the Duty SOP for consistency with and otherwise to reflect the Current Duty Agreement (see Chapter 22).

55. Completed.

56. The new ICMs align with the Duty Agreement.

57. The Star has implemented a new SOP which reflects the current Duty Agreement.

Recommendation 11: The Authority note and take such action as it sees fit in relation to the Review's finding of The Star's breach of its warranty given to the Authority under paragraph 4 of Schedule 4 of the Amended Casino Operations Agreement concerning the failure of The Star to keep accurate records of patron residency information (see Chapter 22).

58. Completed.

59. The new ICMs include enhanced reporting and record keeping requirements and strengthened customer probity requirements, including in relation to patron residency.

Recommendation 12: The Authority note and take such action as it sees fit in relation to the Review's finding of The Star's breach of ICM 8(1) and section 124(4) of the Casino Control Act in relation to the failure to complete residency assessments in accordance with standard operating procedures for patrons described as Patron 1 and Patron 2 (see Chapter 22).

60. Completed.

61. The new ICMs include strengthened customer probity requirements, including in relation to patron residency.

Recommendation 13: That carded play be compulsory at The Star Casino for all gambling, in a manner which ensures that patrons are identified, and their exclusion status (if any) enforced (see Chapter 23).

62. In progress.

63. Changes were made to the Act and the Casino Control Regulation 2019 (CCR) by the CLAA which address this recommendation. Section 71A of the Act requires that all gaming conducted at the casino must be by use of a player card, issued to each patron, that complies with the requirements prescribed by the regulations, and any other requirements set out in ICMs. This provision will come into effect on 19 August 2024.

64. Section 25A of the Regulation now outlines procedures for issuing player cards that comply with AUSTRAC's AML/CTF requirements.

65. In order to facilitate cashless gaming, section 74(1)(c1) of the Act permits the use of a debit card for gambling transactions provided the transaction complies with requirements in the Regulations. The Regulations will be further amended to include minimum requirements for cashless gaming following consultation with interested stakeholders.

66. In late 2022, The Star proposed an implementation plan for a carded and cashless play system to be rolled out over 2022-2024. L&GNSW is currently providing guidance to The Star to refine the plan, including development of the technical infrastructure of carded play.

Recommendation 14: That all patron cards should collect data relating to the patron's:

- **buy-in time;**
- **buy-out time;**

- **play periods; and**
- **any other information reasonably required by the Authority (see Chapter 23).**

67. Completed.

68. The CLAA amended the Regulation to insert section 25A which implements this recommendation in full.

Recommendation 15: That patrons should have access to their card data (see Chapter 23).

69. Completed.

70. The new ICMs require The Star to provide customers with digital access to their player data.

71. These provisions supplement existing provisions in section 76A of the Act and section 25B of the Regulation relating to the provision of player activity statements.

Recommendation 16: The Authority:

- **seek a detailed submission from the operator of The Star Casino within three months after the date of the Authority's request addressing the question of what data from carded play could feasibly be generated and anonymised for sharing with law enforcement and academic researchers; and**
- **consider that submission once received and take such consequential steps as it sees fit (see Chapter 23).**

72. In progress.

73. The Star is working on its proposed technology solutions to implement the cashless gaming and mandatory carded play requirements. Once these solutions are determined, L&GNSW will work with the NICC and The Star on what data will be provided to the Government and then made available to law enforcement and academic researchers.

Recommendation 17: The Authority require the operator of The Star Casino to have a Time Play Management standard formalised as an internal control for the purposes of section 124 of the Casino Control Act (see Chapter 23).

74. Completed.

75. The new ICMs include full implementation of a Time Play Management standard consistent with the recommendations from the Victoria Royal Commission Report into Crown Melbourne.

Recommendation 18: That the operator of The Star Casino's Time Play Management standard:

- **include a requirement for Electronic Gaming Machines (EGMs) that a patron cannot gamble continuously on an EGM for more than three hours without a 15-minute break;**
- **clarify that in any 24-hour period, a patron cannot gamble for more than 12 hours (see Chapter 23).**

76. Completed.

77. The new ICMs now require The Star to prevent customers from playing on a gaming machine for more than three consecutive hours without a 15 minute break, or gambling for more than 12 hours in any 24-hour period.

Recommendation 19: The Authority note and take such action as it sees fit in relation to the Review's finding of The Star's contravention of Regulation 15(a) of the Casino Control Regulation (see Chapter 23).

78. Completed.

79. The Star voluntarily ceased the service of free liquor to patrons following the release of the Bell Report, but following numerous requests from The Star, the NICC has since not objected to the service of free liquor in certain circumstances.

80. Specifically, the NICC has engaged with The Star regarding the provision of free liquor to patrons to ensure it does not constitute an inducement to gamble.

81. Guidance has been provided to both casino operators regarding the factors NICC will use when considering whether the provision of free liquor is an inducement to gamble and that the NICC will monitor this issue closely over the coming months. The casino operators have also been reminded of their Responsible Service of Alcohol (RSA) obligations.

Recommendation 20: The operator of The Star Casino be required to have the Patron Liaison Manager or at least one Guest Support Manager present at The Casino at all times when The Star Casino is open (see Chapter 23).

82. Completed.

83. The new ICMs include minimum staffing levels for staff dedicated to identifying and managing patrons experiencing gambling harm.

Recommendation 21: The Authority amend the operator of The Star Casino's licence pursuant to section 22 of the Casino Control Act:

- so that clause 12(g) provides: "Those parts of the Casino comprising the main gaming floor and non-VIP areas must only be open to the public for gaming in accordance with the Act on such days and at such times as are for the time being directed by the Authority in writing served on the Licensee;" and
- to delete clause 12(h) (see Chapter 23).

84. In progress.

85. The NICC has commenced the process of engaging with The Star to amend its casino licence.

Recommendation 22: The operator of The Star Casino be required to:

- seek and obtain advice from the Responsible Gambling Fund (RGF) on its workforce capability framework and associated training, including receiving from the Responsible Gambling Fund materials and resources developed for the broader responsible conduct of gambling training framework in NSW; and
- within six months after obtaining the above advice, provide a report to the Authority on the advice received from the Responsible Gambling Fund and what steps, if any, the operator of The Star Casino has taken and proposes to take as a result (see Chapter 23).

86. In progress.

87. The Office of Responsible Gambling has provided updated Responsible Conduct of Gambling (RCG) training materials to The Star, which is in the process of uplifting its RCG training, including providing a draft of the uplifted training to L&GNSW for

comment. L&GNSW is to approve training materials once it is satisfied with the content.

Recommendation 23: The Authority ensure that to the extent its consideration and, if thought fit, implementation of the recommendations in Chapter 23 involves the imposition of an obligation on the operator of The Star Casino which is not also imposed on Crown Sydney or other licensed gambling venues, the Authority consider imposing the same obligation on those other venues to the extent possible (see Chapter 23).

88. In progress.

89. This recommendation was considered in the updates to internal controls at The Star. Controls for Crown Sydney are to be reviewed and reconciled with The Star's following finalisation, and on an ongoing basis.

Recommendation 24: The Authority amend the ICMs applicable to the operator of The Star Casino to require, at minimum:

- that L&GNSW be given reasonable notice in advance of each step in the process for the destruction of gaming equipment, accepting that reasonable notice may vary depending on the particular equipment;
- that L&GNSW be invited to attend at the destruction of gaming equipment; and
- that the operator's special employees receive training about any controlled contracts relevant to their functions and the ICMs and SOPs relevant to their functions, both at the commencement of their employment and every two years following (see Chapter 24).

90. Completed.

91. The new ICMs now require The Star to notify the NICC before each step of gaming equipment destruction and invite a delegate to attend. Staff training on ICMs and SOPs is also required at the commencement of employment and every 12 months thereafter.

Recommendation 25: The Authority seek a detailed written submission from the operator of The Star Casino, within three months after the date of the Authority's request, which addresses:

- a new ICM for the implementation, monitoring and evaluation of staff training on SOPs, including a requirement to report to the Authority on a regular basis as to the status of training and compliance; and
- the specific ICM(s) and SOP(s) which the operator has in place in relation to Free Bet Vouchers to ensure the prevention of conduct similar to that of the Gaming Market Executive referred to in Chapter 24 and the early detection of such conduct, and take such action in response to that submission as the Authority sees fit (see Chapter 24).

92. Completed.

93. The new ICMs now require The Star to provide staff training on SOPs and provide the NICC with information on training and compliance with SOPs, upon training completion or as requested.

94. Free bet vouchers are not currently offered at The Star.

Recommendation 26: The Authority note and take such action as it sees fit in relation to the Review's finding of The Star's breach of ICM 4(15) and section 124(4) of the

Casino Control Act in relation to the destruction of gambling chips on 28 September 2020 (see Chapter 24).

95. Completed.

96. This recommendation was addressed by the NICC through disciplinary actions outlined above in paragraph 25.

97. The new ICMs require the casino operator to record details of destruction, notify the regulator before each step of the destruction process, and invite a delegate of the regulator to attend the destruction.

Recommendation 27: The Authority note and take such action as it sees fit in relation to the Review's finding of The Star's breach of ICM 13(9) and section 124(4) of the Casino Control Act in relation to the failure to conduct weekly audits of daily transactions against source paperwork in connection with Free Bet Vouchers (see Chapter 24).

98. Completed.

99. This recommendation was addressed by the NICC through disciplinary actions outlined above in paragraph 25.

Recommendation 28: Within one year from the date of this Report the Authority work with the operator of The Star Casino to review all of the ICMs in place for The Star Casino and ensure that the ICMs have a greater level of prescription than the present ICMs in relation to the essential operations of The Star Casino and on the basis that all important control mechanisms for the operations of The Star Casino should be provided for in the ICMs themselves, and not SOPs (see Chapter 25).

100. Completed.

101. The new ICMs were amended to ensure that certain mechanisms for casino operations are specified in the controls, rather than limited to The Star's SOPs.

Recommendation 29: The Authority take steps to ensure that the senior management of the operator of The Star Casino includes a risk officer (whatever the title which is used), whose role and responsibility is focused exclusively on risk management for The Star Casino (see Chapter 26).

102. Completed.

103. The Star updated its Risk Committee Charter which was ratified by the full Star board on 2 February 2023.

104. A Chief Risk Officer has been appointed and has met with the NICC.

Recommendation 30: The Authority take steps to ensure that the operator of The Star Casino has a Compliance Committee having a majority of independent members, with responsibility for:

- **monitoring and assessing the casino operator's compliance with its obligations under all regulatory statutes, both Commonwealth and State, in particular the Casino Control Act, the Casino Control Regulation and the terms of its licence;**
- **reporting to the casino operator any breach of any relevant regulatory requirement or the terms of the casino operator's licence of which the Committee becomes aware or which it suspects;**

- **reporting to the Authority if the Committee is of the view that the casino operator has not taken, or does not propose to take, appropriate action to deal with the matter reported by the Committee; and**
 - **such other functions as the Authority considers appropriate (see Chapter 26).**
105. Completed.
106. The Star provided a copy of the Compliance Committee Charter to the NICC on 31 March 2023.
107. The Star's new Compliance Committee structure was considered by the NICC on 14 June 2023 and the NICC had no objections to this structure.
108. The NICC expects a revised draft of the Compliance Committee Charter to be provided by 30 September 2023 which reflects recent discussions about compliance committee structure, roles and responsibilities and reporting.