

# PUBLIC STATEMENT

## SUITABILITY INVESTIGATION – CHOW TAI FOOK ENTERPRISES LIMITED

The Honourable Yvette D'Ath, Attorney-General and Minister for Justice and Minister for the Prevention of Domestic and Family Violence, has made a decision in connection with a review of the suitability of certain individuals and entities associated with The Star Brisbane casino.

### Concept and tests of suitability

In making a decision about the suitability of a licensee or their associates, the Minister has regard to matters set by the *Casino Control Act 1982*, such as:

- that each person in question is of good repute, having regard to character, honesty and integrity; and
- that each person in question does not have any business association with any person, body or association who or that is not of good repute having regard to character, honest and integrity or has undesirable or unsatisfactory financial sources.

Past conduct is relevant to an assessment of suitability. So too is how the person (or company) will conduct themselves going forward. Remedial work and commitments therefore inform the issue of whether a person or company is suitable. Remedial measures includes whether:

- the measures have, or will remove any impediments to suitability;
- the person demonstrates a sense of appreciation of what had miscarried in the past and the ability to identify the issues to be addressed; and
- the person shows a resolve and capacity of those who govern and manage an organisation to bring about changes that are needed in a timely and effective way.

Further, careful consideration must be given to the materiality and probative value of available evidence.

### Background to suitability investigation

Chow Tai Fook Enterprises Limited (CTFE) is a 25% interest-holder in the joint venture, Destination Brisbane Consortium, that holds The Star Brisbane casino licence granted in October 2016.

Before the grant of that licence, in 2014-2015 the Office of Liquor and Gaming Regulation (OLGR) undertook an investigation under section 20 of the Act to inform the Governor in Council whether the proposed casino licensee and those associated with it were suitable to hold such a licence. The findings of that investigation resulted in a recommendation being made to the Governor in Council that CTFE was suitable to be associated with the ownership of a Queensland casino.

An external private firm specializing in financial investigations has reviewed the sufficiency of the original suitability investigation conducted by OLGR, forming the view that the investigation was conducted with diligence, due care and appropriate scope and that the findings of that investigation were reasonable and consistent with the evidence gathered by the investigation team.

The OLGR has monitored the ongoing suitability of CTFE and its associates since the licence was issued by means that include:

- monitoring media and other sources for any information adverse to suitability
- intelligence gathering through interjurisdictional regulator and law enforcement forums;
- monitoring compliance with legislative reporting requirements; and
- review of periodic financial reporting by casino entities and associates.

The focus of these ongoing monitoring activities is to ensure that casino entities and associates are of good repute, sound financial background and only maintain business associations with persons of good repute.

## **Process**

In September 2022, the former Attorney-General and Minister for Justice directed that the OLGR investigate the suitability of CTFE following adverse media allegations about CTFE.

The purpose of the investigation was to determine whether CTFE is fit to be associated or connected with the ownership, administration or management of the operations or business of the licensee of The Brisbane Star Casino at Queen's Wharf Brisbane.

The investigation took place over 16 months (October 2022 – February 2024). It involved consideration of the adverse media allegations which included that CTFE was associated with a person of poor repute, and who was arrested in Macao and later convicted there for significant fraud perpetrated against the Chinese government. That association was said to arise because (among other reasons) CTFE and the relevant person each held an interest (although not directly) in a casino project in Vietnam. Another matter the subject of the investigation was whether CTFE concealed that relationship in its dealings with the regulator, OLGR.

The investigation was conducted by OLGR, with the assistance of an external private firm specializing in financial investigations. Considerable investigative work was undertaken, including the conduct of interviews with CTFE senior management, the conduct of formal and informal interviews with other people including overseas sources, information gathering from CTFE, and preparation of a detailed investigation report. The investigation also drew on the earlier suitability investigation completed by OLGR in 2015.

A finding of unsuitability is a serious matter with grave consequences. Consequently, any allegations must be supported by probative material and evidence.

## **Decision**

The Attorney-General's decision was reached after taking legal advice from a King's Counsel about what findings were open and the legal parameters of the test for unsuitability.

The Attorney-General's ultimate decision is that there is insufficient evidence to conclude that CTFE or its relevant associates are unsuitable.

In some respects, the allegations were not supported by material that showed them to be true.

In other respects, there was not an appropriate basis to find unsuitability.

The investigation showed that CTFE had a previous business association with a person subsequently shown to be a person of poor repute which they did not disclose to the regulator.

The Attorney-General determined, with the benefit of further advice from King's Counsel, that the evidence fell short of establishing that CTFE knew that the relevant person was a person of poor repute during the period of the association. The allegation that the relevant person was of poor repute during this period lacked probative value given it was based on suspicion, rumour, and hearsay. On that basis, the investigation did not substantiate any motive for CTFE to intentionally conceal that business association from OLGR.

The Attorney-General also took into consideration the materiality of CTFE's indirect association which related to a common interest in one project. The association was promptly ceased at the time the relevant person was arrested and his poor repute became known.

In respect to assertions that a CTFE subsidiary premises was a front for money laundering, the Attorney-General noted that information supporting such assertions fell well short of any cogency necessary to support a finding of CTFE or the CTF Group being involved in, or an accessory to, criminal conduct.

The Attorney-General found that CTFE lacked candour and fulsomeness in several dealings with OLGR and previously adopted a narrow interpretation of OLGR's requests for information. This is understood to be based on differences in cultural and organisational expectations.

However, the evidence falls short of establishing that the concealment was deliberate.

The Attorney-General noted CTFE's apology and assurances about future communication with the regulator. CTFE has become very forthcoming with sharing information and cooperating with the regulator and has committed to amending their business practices to align with expectations of the regulator.

The findings come with a number of actions to remediate CTFE's dealings with OLGR and to keep under close scrutiny the suitability of CTFE and its associates going forward.

These actions include appointment of a local Australian representative to monitor CTFE's investment in QWB and ensure CTFE is readily available to engage with the regulator when required; proactive information sharing requirements; and uplifting CTFE's corporate integrity policies and training regime.

Failure by CTFE to meet its duty to cooperate would bear upon CTFE's ongoing suitability and may render CTFE liable to criminal sanction.