
The Star Gold Coast

Treasury Brisbane

Special Manager's Report to the Office of Liquor and Gaming Regulation

18 April 2024

1 Purpose of Report

This addendum provides a short update on certain matters that have advanced since the Special Manager's 20 March 2024 report and 8 April 2024 addendum. It is confined to observations on the early stages of the NSW Bell Inquiry and the effect of those observations on the nature of the Special Manager's advice about the deferred suspension of the licences for The Star Entertainment Group's (TSEG or the Company) Queensland Casinos. This addendum should be read in conjunction with the 20 March 2024 report and the 8 April 2024 addendum.

2 Bell Inquiry

The hearing phase of the second Bell Inquiry in NSW commenced on 15 April 2014 and is scheduled to continue for three weeks. The Bell Inquiry is focussed on the operation of TSEG's Sydney licensee, The Star Pty Limited. Over the first three days of hearings, the Inquiry has heard from the following witnesses: The Manager / Special Manager, TSEG's former Chief Financial Officer, TSEG's former Group Chief Customer and Product Officer and TSEG's former Chief Legal Officer.

Material evidence considered by the Inquiry over the first three days includes:

Evidence of the Manager / Special Manager (Mr. Weeks)

- **Role of the Manager:** Evidence was presented of text message and email exchanges between the Chairman and the former Group CEO in and around January 2024. The evidence included exchanges about whether providing TSEG's response to the Manager's Reports to the OLGR could be a catalyst for bringing the Special Manager's role to an end.
- **Engagement with the Manager:** Evidence was presented of exchanges between the Chairman and the former Group CEO, indicating TSEG knew about a meeting that was going to occur between the Manager, the NSW Independent Casino Commission (NICC), and their legal advisors in February 2024 ahead of time. The evidence included exchanges about the attendees at the meeting, exchanges about "getting ready for war" and exchanges about whether TSEG could establish grounds for a class action from shareholders against the Manager and the NICC. The evidence indicated a level of monitoring of the Manager by TSEG.
- **Whistleblower Complaint:** The Manager was asked about aspects of a whistleblower complaint made against the former Group CEO in early 2024. The questions were limited, as the Inquiry noted the complaint was anonymous, not substantiated, and the former Group CEO had not had an opportunity to respond. The Manager noted his understanding that the complaint had been referred to an external law firm for investigation, which was ongoing.
- **Remediation Plan:** The Manager was asked about TSEG's progress in delivering the remediation plan. The evidence that was presented and questioning focussed mostly on correspondence between the Manager and TSEG from December 2023 to present in relation to the approved remediation plan, the definition of a milestone due date and the completion of assurance over milestones. The 6 February 2024 direction from the Manager and Special Manager specifying due dates for milestone assurance was presented. The Manager noted that TSEG has not met the schedule set out in the direction.

Evidence of the former Chief Financial Officer (Ms Katsibouba)

- **Accounting for the Sydney Ticket-In Cash-Out (TICO) fraud incident:** Ms Katsibouba was asked about how the losses associated with the TICO fraud matter in Sydney should have been and were recorded in TSEG's accounts. Ms Katsibouba gave evidence that although the TICO fraud matter occurred in July 2023 and the losses associated with it should have been accounted for in the same month, she was asked to account for the losses in the November 2023 numbers, which would have misrepresented TSEG's financial position and performance.

Ms Katsibouba gave evidence that she asked the external auditors to assist in the matter, which resulted in accurate financial disclosures being made in and around February 2024.

- **Board's reaction to the Inquiry:** Ms Katsibouba was asked about the Board's reaction to the Inquiry on the day it was notified to TSEG. Ms Katsibouba noted that there was surprise and concern amongst the Board, and that Ms Anne Ward made a comment about trying to "stop the Inquiry".

In addition to the evidence described above, the former Chief Legal Officer gave evidence in relation to aspects of her role at TSEG together with the circumstances of her resignation. In relation to the second issue, Mr. Adam Bell SC expressed reservations about the veracity of information provided by the company to the Inquiry.

The former Chief Customer and Product Officer has also given evidence. Similar themes to that described above emerged in his evidence.

3 Consideration of Deferred Suspension

Below is an extract from the advice included in the Special Manager's 8 April 2024 addendum:

On 2 April 2024, I met with the Attorney-General to provide a briefing on recent developments at TSEG, including the matters described in this report. Based on these developments the Attorney-General questioned whether a deferral of the suspension until 27 September 2024 would provide adequate time to consider all relevant information prior to making a recommendation in relation to the deferred suspension. On balance, given these recent developments, the Attorney-General considered that deferring the suspension for a longer period would enable a more considered assessment of any findings from the Bell Inquiry, an assessment of TSEG's ability to rebuild its executive team, and a longer period of observation of TSEG's remediation plan delivery. The Attorney-General considered an appropriate date to be one toward the end of this calendar year, which may coincide with or be close to the expiry date of the Special Manager's term in December 2024. I consider this to be prudent, given recent developments as outlined in this report.

Some of the evidence that has emerged in the early stages of the Inquiry is material and may ultimately have a bearing on advice the Attorney-General may make to the Governor in Council. While that may be the case, it is important to recognise that at this stage TSEG's executive have not had an opportunity to respond directly to much of the evidence raised above. Until such time as the Inquiry has concluded and Mr Bell SC has issued his report, care should be taken in considering evidence put before the Inquiry.

At this time, the proposal described by the Attorney-General on 2 April 2024 (described above in italics) remains a reasonable approach. However, there is a prospect that circumstances may change, or further evidence may emerge from the Inquiry, that may call for the deferred suspension date to be brought forward. It is important that a mechanism exists to allow this to occur.
