

IN THE MATTER of the Gambling Act 2003

AND

on an application by **SKYCITY
AUCKLAND LIMITED** and
**SKYCITY CASINO
MANAGEMENT LIMITED** for
approval to open overseas bank
accounts

BEFORE THE GAMBLING COMMISSION

Members: P Chin (Chief Gambling Commissioner)
M M Lythe
P J Stanley
G L Reeves

Date of Application: 1 March 2010

Date of Decision: 16 April 2010

Date of Notification
of Decision: 21 April 2010

**DECISION ON AN APPLICATION BY SKYCITY AUCKLAND LIMITED
AND SKYCITY CASINO MANAGEMENT LIMITED
FOR APPROVAL TO OPEN OVERSEAS BANK ACCOUNTS**

Introduction

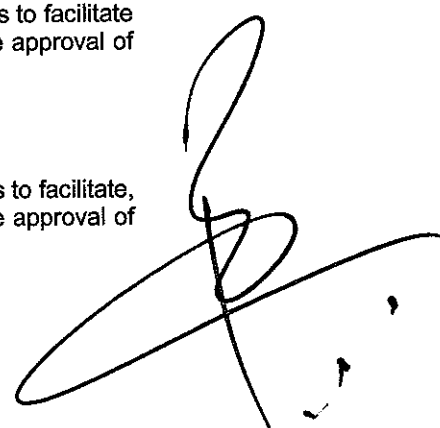
1. SKYCITY Auckland Limited ("**SCAL**") and SKYCITY Casino Management Limited ("**SCML**") (together referred to as the "**Applicants**") applied to the Commission for approval, under condition 22 of SCAL's venue licence, and condition 37 of SCML's operator's licence for the Auckland casino, to open six denomination accounts with the ANZ Bank in Hong Kong. The accounts would be for the following currencies: Singapore dollars, Hong Kong dollars, United States dollars, Australian dollars, Euros, and New Zealand dollars.
2. The relevant licence conditions are as follows:

SCAL venue licence

22. The Licence Holder shall not open any bank account overseas to facilitate or, in connection, with the operation of the Casino without the approval of the Commission.

SCML's operator's licence (Auckland)

37. The Licence Holder shall not open any bank account overseas to facilitate, or, in connection with, the operation of the Casino without the approval of the Commission

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Submissions by the Applicants

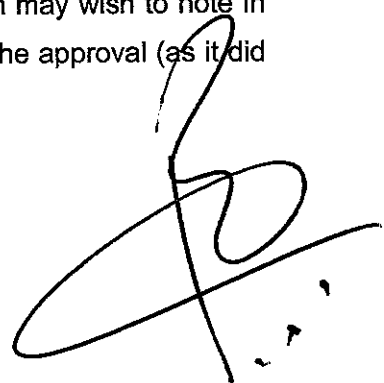
3. The Applicants submitted, in summary, that:

- (a) In decision GC34/06, the Commission approved an application to allow them to open denomination accounts with the Development Bank of Singapore ("DBS") for six currencies. These accounts are used by international players to transfer funds to their casinos in advance of visits.
- (b) They have investigated the possibility of opening multi-denomination accounts with the ANZ Bank in Hong Kong, and have been customers of the ANZ Bank since 1996.
- (c) They are endeavouring to grow their international business with a particular focus on the opportunities in China. Many Chinese patrons hold accounts in Hong Kong and have experienced delays in transferring funds to DBS in Singapore. This has created problems on occasion where players have arranged to transfer funds to SKYCITY's DBS account, but on arrival at the casinos in New Zealand, found that those funds have not yet cleared. This prevents any play and makes it difficult to sustain customer relationships.
- (d) The absence of a foreign currency account in Hong Kong has proved to be a significant obstacle for them in securing new business, particularly when Australian casinos competing for the same business do so.
- (e) The Hong Kong accounts would initially be used alongside the Singapore accounts, and be subject to review over time. The six denominations would be the same as those approved for DBS; namely Singapore dollars, Hong Kong dollars, US dollars, Australian dollars, New Zealand dollars and Euros.
- (f) Foreign currency accounts reduce their exchange rate exposure and eliminate potential bad debt risk which might arise through a cheque cashing facility.

The Secretary's submissions

4. The Secretary submitted, in summary, that:

- (a) He had no objections to the application, but the Commission may wish to note in its decision that it has the ability to add future conditions to the approval (as it did with the approval in decision GC34/06).

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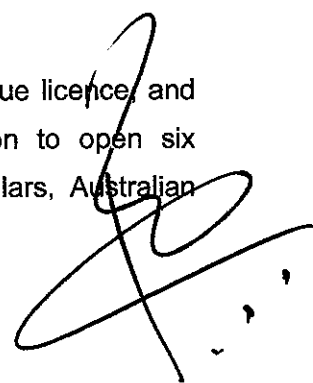
- (b) He has discussed this application with the Financial Intelligence Unit ("FIU") of the New Zealand police. The FIU has no objection and considers both Hong Kong and ANZ to be well regulated. The FIU has had no adverse reports from ANZ Hong Kong and can access suspicious transaction reports on request from the Hong Kong authorities.
- (c) The Financial Action Task Force's 2008 Report on Hong Kong's anti-money laundering and combating terrorist financing measures considered that Hong Kong's supervision is effective for the banking sector, and that the range of sanctions available are broad, and appropriately employed by supervisory authorities.
- (d) The Hong Kong FIU is considered effective, as are the measures for international co-operation.

Analysis

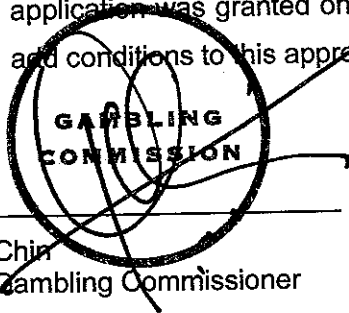
- 5. Condition 22 of SCAL's venue licence and condition 37 of SCML's operator's licence provide that the Applicants cannot open any overseas bank accounts without Commission approval. The Commission understands that the rationale behind these licence conditions is that overseas bank accounts are not subject to New Zealand law, so Licence Holders should not have an unfettered ability to open them without due New Zealand consideration.
- 6. The Applicants previously operated denomination accounts in Hong Kong at the HSBC Bank, but HSBC withdrew this service, resulting in the Applicants opening denomination accounts in Singapore. The Applicants now want to reintroduce denomination accounts in Hong Kong due to operational difficulties with the DBS in Singapore.
- 7. The Secretary has undertaken a number of enquiries regarding this application and is satisfied of the integrity of the ANZ Bank, and the regulatory/money laundering systems in Hong Kong. Given the nature and extent of these investigations, the Commission was satisfied that the Applicants should be allowed to open the overseas bank accounts with the ANZ Bank in Hong Kong, for the denominations sought, but that it is prudent to retain its ability to impose conditions on this approval should it be necessary and appropriate in the future.

Decision of the Commission

- 8. The Commission decided to approve, under condition 22 of SCAL's venue licence, and condition 37 of SCML's operator's licence, the Applicants' application to open six denomination accounts (Singapore dollars, Hong Kong dollars, US dollars, Australian



Dollars, Euros, and New Zealand dollars) with the ANZ Bank in Hong Kong. The application was granted on condition that the Commission retains an unfettered ability to add conditions to this approval.



Peter Chin
Chief Gambling Commissioner

for and on behalf of the
Gambling Commission

21 April 2010