

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 an overseas bank
account

BEFORE THE GAMBLING COMMISSION

Members: G L Reeves (Chief Gambling Commissioner)
P J Stanley
L M Hansen
R D Bell

Date of Application: 28 August 2012

Date of Decision: 12 October 2012

Date of Notification
of Decision: 12 October 2012

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

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 an account with AmBank in Malaysia. The accounts would provide for the following currencies: Malaysian Ringgits, New Zealand Dollars, Australian Dollars, United States Dollars, Singapore Dollars and Hong Kong Dollars.
2. The relevant licence conditions are as follows:

SCAL venue licence

22. The Licence Holder shall not open any bank account 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.

Submissions by the Applicants

3. The Applicants submitted, in summary, that:
- (a) They currently operate bank accounts in Australia, Hong Kong and Singapore, and want to open a further foreign holding account with AmBank in Malaysia.
 - (b) The Malaysian account will also provide for the additional currencies: New Zealand Dollars, Australian Dollars, United States Dollars, Singapore Dollars and Hong Kong Dollars.
 - (c) The new account would be used on the same basis as their other foreign accounts, which allow international players (in this case from Malaysia) to deposit funds in advance of a casino visit. Upon arrival at the casino, the international player would be issued with chips up to the New Zealand dollar equivalent of the funds held in the Malaysian account at the date of arrival. At the time of departure, the player's win/loss position would be determined, with wins transferred from SKYCITY's Malaysian account to an account nominated by the player, and with losses credited to SKYCITY's account.
 - (d) Foreign currency accounts reduce their exchange rate exposure, and eliminate potential bad debt risk, which might arise through a cheque cashing facility. All major casinos in Australia operate foreign currency accounts, and they represent an important component in servicing the needs of the international market.
 - (e) Malaysia has a well developed anti-money laundering ("AML") and counter-terrorist financing framework ("CTF") in place, and is rated as a jurisdiction with a medium money laundering risk – similar to that of Hong Kong. Malaysia does not feature on the Financial Action Task Force ("FATF") list of uncooperative countries, or those who are otherwise seen as being AML/CTF deficient.

The Secretary's submissions

4. The Secretary submitted, in summary, that:
- (a) He has discussed the application with the Financial Intelligence Unit ("FIU") of the New Zealand Police. The FIU has no adverse reports on the AmBank Group.
 - (b) The New Zealand FIU also contacted the Malaysian FIU to see if it has any adverse reports against AmBank – it does not, and further advised that AmBank has adequate systems and controls to manage AML/CTF risk.
 - (c) It was also confirmed that AmBank has a strategic alliance with the ANZ Bank.

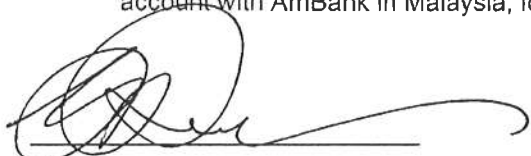
- (d) FATF's 2007 report on the mutual evaluation of Malaysia in relation to AML/CTF notes that some areas require improvement, but overall is positive with respect to the facets relevant to this application.
- (e) He also notes that SKYCITY is aware of its obligations under the AML/CTF Act 2009 – to detect and deter money-laundering, and the financing of terrorism, through monitoring and reporting any suspicious transactions to the FIU.
- (f) He has no regulatory concerns with this proposal.

Analysis

- 5. The Applicants have sought approval to open an account with AmBank in Malaysia with five additional currencies. 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 Secretary has undertaken an enquiry regarding the proposal and is satisfied that SKYCITY's operation of an account with AmBank will raise no issues of regulatory concern. Given the nature and extent of the investigation, the Commission was satisfied that the Applicants should be allowed to open the account with AmBank in Malaysia, for the denominations sought.

Decision of the Commission

- 7. The Commission approved, under condition 22 of SCAL's venue licence, and condition 37 of SCML's operator's licence, the Applicants' application to open a foreign holding account with AmBank in Malaysia, for the abovementioned six denominations.



Graeme Reeves
Chief Gambling Commissioner

for and on behalf of the
Gambling Commission

12 October 2012