

Before Hearing Commissioners

under: the s134 of the Gambling Act 2003

in the matter of: Application for renewal of casino venue licence

between: **Dunedin Casinos Limited**
Applicant

and: **Gambling Commission**
Respondent

Statement of evidence of Kerry Taylor

Dated: 5 September 2024

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STATEMENT OF EVIDENCE OF KERRY TAYLOR

INTRODUCTION

- 1 My full name is Kerry Louise Taylor.
- 2 I am the Anti Money Laundering (*AML*) Compliance Officer at Dunedin Casino Limited (*DCL*).
- 3 I have worked for DCL on two occasions; once in 2022 when I was employed as the Compliance and Risk Manager, and I returned in November 2023 to cover a period of maternity leave as AML Compliance Officer.
- 4 I am familiar with the application to which these proceedings relate, and I am authorised to give this evidence for DCL.

SCOPE OF EVIDENCE

- 5 My evidence will deal with the following:
 - 5.1 My role at DCL;
 - 5.2 A brief history of AML compliance at the Grand Casino since 2022;
 - 5.3 Key AML policies, procedures and controls; and
 - 5.4 AML auditing and compliance requirements.

MY ROLE AT DCL

- 6 As the Anti-Money Laundering Compliance Officer, my role oversees AML compliance at the Grand Casino which includes the following:
 - 6.1 Review and maintenance of the AML Compliance Programme;
 - 6.2 Preparation and submission of the annual regulatory report to Department of Internal Affairs (*DIA*) before 31 August each year;
 - 6.3 Ensure AML procedures are completed successfully including Customer Due Diligence (*CDD*), Enhanced Due Diligence (*EDD*), ongoing monitoring (transactions and *CDD*), Politically Exposed Persons (*PEP's*), and AML exception approvals.
 - 6.4 Receipt, investigation, (and when suspicion is formed) submission of suspicious activity reports (*SAR's*) and suspicious transactions reports (*STR's*) to the New Zealand Police Financial Intelligence Unit;

- 6.5 Review of Jade Third Eye transaction monitoring alerts within required timeframes;
- 6.6 Ensuring robust AML recordkeeping is kept ensuring all decisions are thoroughly documented, even when no further action is taken;
- 6.7 Design and deliver AML related training to DCL staff;
- 6.8 Prepare for and participate in audits and investigations by DIA and ensure any recommendations or suggestions are dealt with and DIA are notified of completion;
- 6.9 Organisation of independent AML audits every three years and ensuring any recommendations or suggestions are dealt with and the independent auditor notified of completion; and
- 6.10 Provide support and oversight to the Compliance Manager, Stacey Murray.

A BRIEF HISTORY OF AML COMPLIANCE SINCE 2022

- 7 I was recruited in 2022 to manage the AML compliance function at Grand Casino and while I was in this role, my sole focus was AML compliance. Since then, the following has been implemented at the Grand Casino to ensure DCL complies with its AML obligations:
 - 7.1 A new Customer Relationship Management system to ensure DCL hold the required data and documentation to comply with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the *AML/CFT Act*).
 - 7.2 A structured risk-based internal assurance programme to test key AML processes regularly to ensure they were being carried out correctly in practice.
 - 7.3 Enhancement of AML staff training (as discussed later in more detail later in my evidence).
 - 7.4 An AML governance structure referred to internally as the 'AML Compliance Group' which provides a forum for key staff from the senior management team and some operational staff to discuss AML compliance, raise issues, discuss assurance testing results and any requests for changes from the business in relation to AML procedures.
 - 7.5 Monthly reporting to the DCL Board on all relevant AML matters.

KEY AML POLICIES, PROCEDURES AND CONTROLS

- 8 The following key AML Policies, Procedures and Controls are in place at Grand Casino, and are set out in detail in the AML Compliance Programme.

Staff vetting

- 9 Staff vetting is conducted for all newly onboarded staff with enhanced vetting completed for staff conducting AML duties (licenced staff with a Certificate of Approval (COA) issued by DIA under section 158 of the Gambling Act 2003). Ongoing vetting is also conducted for existing staff.

Staff training

- 10 Staff training is delivered to all COA licenced staff through online training with a third-party provider, specifically tailored for the Grand Casino, to ensure consistent delivery of AML procedures.
- 11 The online training is completed within a specified time frame and has a minimum pass rate of 80% for all staff.
- 12 The results of DCL's assurance testing are also used to identify where additional training internally may be required, including in response to any legislative/regulatory changes.

Customer due diligence (CDD)

- 13 CDD is completed for new and existing patrons where one or more of the following criteria are triggered:
- 13.1 Joining the Grand Rewards Loyalty Programme;
 - 13.2 Conducting an 'Occasional Transaction', being either:
 - (a) One (or a series of) transactions equal to or exceeding \$6,000; or
 - (b) one (or a series of) foreign exchange transactions equal to or exceeding NZD \$1,000;
 - 13.3 The patron is identified during the account monitoring process as requiring further CDD; or
 - 13.4 A person is acting on behalf of another patron.

Enhanced customer due diligence (EDD)

- 14 EDD is completed for new and existing patrons where one or more of the following criteria are triggered:
- 14.1 The patron is a non-resident customer from a country that has insufficient AML / CFT systems or measures in place.

- 14.2 The patron is a non-resident customer from a country with insufficient AML / CFT systems or measures in place, and the patron seeks to conduct an 'Occasional Transaction'.
- 14.3 If a customer seeks to conduct a complex, unusually large transaction or unusual pattern of transactions that have no apparent or visible economic lawful purpose.
- 14.4 When DCL consider the level of risk involved is such that EDD should apply to a particular situation.
- 14.5 The patron is a PEP.
- 14.6 A PEP patron seeks to conduct an 'Occasional Transaction'.
- 14.7 As soon as practicable after we submit a suspicious activity report.
- 14.8 When a customer is moved to the Elite Tier of the Grand Rewards Loyalty Programme.

Politically Exposed Persons (PEP)

- 15 The casino uses a third-party software to conduct PEP checks:
 - 15.1 during the CDD process to establish whether the new client is a PEP; and
 - 15.2 On an annual basis (July / August), a PEP sweep is completed to ensure no existing clients have become PEP's during the period.

Ongoing due diligence

- 16 Ongoing due diligence is conducted on all patrons using Jade Third Eye software alerts. Alerts are issued when a patron triggers the relevant criteria. These alerts are reviewed within three working days, and ongoing due diligence is carried out on that patron.

Reporting to the New Zealand Police Financial Intelligence Unit (FIU)

- 17 Reports are submitted to the FIU as required, including:
 - 17.1 Prescribed transaction reports for domestic physical cash transactions of \$10,000 or more within ten working days of the transaction being conducted.
 - 17.2 Suspicious transactions and suspicious activity reports no later than three working days after forming suspicion.

AML AUDITING AND COMPLIANCE

- 18 DCL submits an annual report using AML Online to DIA between 1 July and 31 August each year which includes details on the following:
- 18.1 Organisational structure (branch, subsidiary, country the largest owner is located);
 - 18.2 AML/CFT risk assessment (reviews / changes in last 12 months and compliance with the AML/CFT Act);
 - 18.3 Products and services (transaction value / number and annual revenue from services covered by the AML/CFT Act);
 - 18.4 Customers (collection of information, PEP's, non-residents and percentage of New Zealand and non-resident customers);
 - 18.5 Channels (how customers are onboarded); and
 - 18.6 Ministerial exemption (whether the casino has been granted an exemption by the Minister of Justice).
- 19 In addition, DCL also appoints an independent auditor to conduct a systematic check of the AML Compliance Programme every three years with the next one scheduled to begin in September 2024.
- 20 The Grand Casino has a three lines of defence approach to AML compliance as follows:
- 20.1 First Line: operational staff completing AML procedures;
 - 20.2 Second Line: AML Compliance Officer who has oversight of all AML procedures; and
 - 20.3 Third Line: Compliance Manager who generally has oversight of all compliance-related matters.
- 21 The casino has a purpose-designed internal assurance programme to ensure there are regular control measures in place and tests are conducted on key AML processes to ensure they are carried out correctly in practice.

CONCLUSION

- 22 In summary, I am proud of the AML environment that DCL has created and continually improves.
- 23 The Grand Casino has a positive AML compliance culture that is "driven from the top" by our CEO, Dominique Dowding. AML is

thoroughly embedded in the Grand Casino environment where staff strive to conduct AML duties with a best practice approach.

Dated: 5 September 2024

Kerry Taylor