



THE STAR

ASX Announcement

17 October 2024

NICC RESPONSE TO BELL TWO AND UPDATE ON REVISED REMEDIATION PLAN (QLD)

The Star Entertainment Group Limited (ASX code:SGR) (**The Star, the Group or the Company**) announces that the New South Wales Independent Casino Commission (**NICC**) has provided its regulatory response to the Bell Two Report * (including disciplinary action in respect of the Show Cause Notice which the NICC issued to The Star Pty Limited on 13 September 2024). A copy of the NICC's notice under the *Casino Control Act 1992 (NSW)* (**CCA**) in respect of disciplinary action is attached with the NICC's Press Release made today.

Following its deliberations, the NICC has:

1. Issued a pecuniary fine of \$15 million in respect of the breaches identified in the Bell Two Report including those relating to internal control manuals (**Breach Findings**). The fine in respect of the Breach Findings will be payable in 3 equal tranches: on 31 December 2024, 31 March 2025 and 30 June 2025.
2. Issued directions under the CCA in respect of various governance and operational matters relating to The Star Sydney. The directions are consistent with the findings in the Bell Two Report.
3. Proposed amendments to The Star Sydney's licence conditions relating to key management personnel and the composition of The Star Sydney board.

The Group will continue to engage constructively with the NICC in respect of The Star Sydney and its operations while its licence remains suspended including regarding the directions above and the proposed amendments to The Star's Sydney's licence conditions.

In addition, the Group's Revised Remediation Plan (**RRP**) as it applies to The Star Gold Coast and The Star Brisbane (as operator of that casino) has been approved. As part of the RRP approval, the Office of Liquor and Gaming Regulation Queensland (**OLGR**) has also issued directions to various Group subsidiaries in respect of the RRP specifying certain requirements, including in respect of budgets and funding to support the plan, ongoing monitoring and oversight of the plan and in consultation with the OLGR and the Special Manager and External Adviser, releasing an overview of the plan. The Overview of the RRP will be published in due course following the consultation outlined above.

The Group will continue to confer with the NICC and OLGR in respect of the approved RRP and may make further changes to that plan as required.

The Star looks forward to continuing its constructive engagement with both the NICC and OLGR, and its other stakeholders, as it embeds a sustainable remediation of the Group and progresses a viable pathway toward suitability.

*The final report and recommendations in connection with the 2024 Independent Inquiry into The Star Sydney undertaken by Adam Bell SC in accordance with the *Casino Control Act 1992 (NSW)* which was released to the Group on Friday 30 August 2024.

Authorised by:

Anne Ward
Chairman

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NOTICE UNDER SECTION 23(4) OF THE CASINO CONTROL ACT 1992 (ACT)

FROM: NEW SOUTH WALES INDEPENDENT CASINO COMMISSION (NICC)
TO: THE STAR PTY LIMITED (ACN 060 510 410) (THE STAR)
DATE: 17 OCTOBER 2024

BACKGROUND:

1. On 13 September 2024, the NICC issued The Star with a Show Cause Notice under section 23(2) of the Act (**Notice**).
2. On 27 September 2024, The Star responded to the Notice by providing submissions titled “NOTICE ISSUED TO THE STAR PTY LIMITED UNDER SECTION 23(2) OF THE CASINO CONTROL ACT 1992 (NSW), RESPONSE OF THE STAR PTY LIMITED” (**Submissions**).

DETERMINATION:

3. The NICC has considered the Submissions.
4. In all the circumstances, including having regard to the primary objects set out in section 4A of the Act and the objects of the NICC set out in section 140 of the Act, the NICC is satisfied that, for the reasons set out in the Notice, The Star (whether by itself, its agents or employees) has contravened provisions of the Act and its casino licence.
5. The NICC has determined that in all the circumstances it is appropriate that certain disciplinary action be taken against The Star pursuant to section 23 of the Act, by the imposition of a pecuniary penalty.
6. In all the circumstances, the NICC has determined that it is appropriate to impose a pecuniary penalty of \$15 million.
7. The NICC is also satisfied that it is appropriate that the disciplinary action set out above should be taken and that it is not appropriate to take alternative action under section 24 of the Act.

THE NICC HEREBY GIVES YOU NOTICE PURSUANT TO SECTION 23(4)(a) OF THE ACT THAT:

1. A PECUNIARY PENALTY OF \$15 MILLION IS IMPOSED UPON THE STAR PURSUANT TO SECTION 23(1)(b) OF THE ACT. PAYMENT OF THE PECUNIARY PENALTY IS SUSPENDED UNTIL THE FOLLOWING DATES:
 - A. \$5 MILLION IS PAYABLE BY 31 DECEMBER 2024
 - B. \$5 MILLION IS PAYABLE BY 31 MARCH 2025
 - C. \$5 MILLION IS PAYABLE BY 30 JUNE 2025



PHILIP CRAWFORD, CHIEF COMMISSIONER, NEW SOUTH WALES INDEPENDENT CASINO COMMISSION

Media release

The Star fined \$15 million, licence suspension for review in March

The NSW Independent Casino Commission has handed The Star a \$15 million fine and imposed a suite of directions and licence conditions on the Sydney casino operator in response to the Bell Two Inquiry.

The Star's licence will remain suspended and the NICC-appointed Manager, Mr Nick Weeks, will continue to have oversight of casino operations until at least 31 March 2025, at which time the NICC will reassess The Star's suitability to regain its casino licence.

NICC Chief Commissioner, Mr Philip Crawford said the second Bell inquiry identified continuing compliance failures and operations at The Star that fell far short of suitability.

"Despite more prescriptive supervision that prevented the type of misconduct seen in the first inquiry, numerous shortcomings in governance, regulatory compliance, technology and risk management remain, including in areas that The Star claimed it had remediated" Mr Crawford said.

"Reform in the systems, policies, processes and culture that support these areas cannot be understated in a business as complex as The Star's.

"In a casino setting, compliance breaches can have serious consequences for the community, and the Bell Report illustrated how quickly weak controls can lead to criminal infiltration and gambling harm.

"The NICC understands the many challenges The Star is facing and will continue to closely monitor The Star's progress in proving it is capable of regaining its casino licence."

In response to the Bell Two Report, the NICC has:

- imposed a \$15m fine for serious breaches of four internal control manuals
- made directions that reflect Adam Bell SC's report recommendations
- stipulated additional financial and operational reporting required between now and March 2025
- is proposing to amend The Star's suspended casino licence to include more prescriptive requirements around board constitution and key management personnel
- requested amendments to the Casino Control Act as recommended by Mr Bell.

"The Star CEO, Steve McCann, has established open lines of communication and cooperation with the NICC which has resulted in a much healthier relationship between the company and the regulator.

"The NICC is encouraged by the steps initiated since Mr McCann's appointment, and the company is now taking the opportunity to reset its remediation priorities, strengthen its financial position and bolster the leadership team to refocus the business.

"However, more work needs to be done before The Star can be regarded as a compliant and responsible operator, deserving of a licence.

Mr Weeks will continue to hold the licence until at least 31 March 2025, thus allowing The Star to operate gaming facilities while its licence is suspended.

ENDS