

## **Select Committee on the Perth Mint and Commonwealth regulatory compliance**

The Committee asked AUSTRAC the following question on **10 August 2023**:

**CHAIR:** Then, on 29 January 2021, you had your virtual meeting.

**Mr Brown:** Yes.

**CHAIR:** Who was at that meeting from Gold Corporation?

**Mr Brown:** I would—

**CHAIR:** You can take that on notice.

**Mr Brown:** Yes.

### **The response to the Committee's question is:**

A member of AUSTRAC's regulatory supervision team met with Perth Mint's General Manager, Risk and Compliance, and General Manager, Corporate Governance & Legal/Company Secretary.

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The Committee asked AUSTRAC the following question on **10 August 2023**:

**CHAIR:** On 14 January, you issue the compliance notice and, on 29 January, you have your first virtual meeting.

**Mr Brown:** Yes.

**CHAIR:** What's the substance of that first virtual meeting; what requests does AUSTRAC make of the Gold Corporation?

**Mr Brown:** It's more about discussing the notice that we've issued. The notice is a formal notice that AUSTRAC issues, seeking information and documents. At that meeting, we just provide, I'm going to say, a little bit more colour and movement, in relation to the nature of what we are interested in assessing, which is the nature and extent of the documents that we'll necessarily seek to get. It also provides an opportunity for the Perth Mint to ask us any questions on which they need clarification.

**CHAIR:** You would regard the documentation that you ask for as standard documentation that an organisation like the Gold Corp should have readily at hand?

**Mr Brown:** It's documentation that we would necessarily assume an entity would have under its anti-money-laundering and counter-terrorism financing program more generally; it's processes that they have to undertake for reporting for 'know your customer', whether it be an individual or a business.

**CHAIR:** Can you provide to the committee what information was sought?

**Mr Brown:** I'll have to consider that.

**CHAIR:** You can take it on notice.

**Mr Brown:** The reason I say that is because every document from January 2021 to now is part of the ongoing investigation process that we're in. We are using everything that we've obtained all the way up to now.

**CHAIR:** But in your submission, to be fair, you do say that you had several virtual meetings.

**Mr Brown:** Yes.

**CHAIR:** You reviewed Gold Corp's processes, procedures, training documents, emails and various meeting minutes.

**Mr Brown:** Yes.

**CHAIR:** Perhaps at a suitably high level, to provide information to us but not to disclose—

**Mr Brown:** Yes.

### **The response to the Committee's question is:**

The following information was sought in the notice of 14 January 2021, consistent with AUSTRAC's supervision reviews of reporting entities: organisation chart; anti-money laundering and counter-terrorism financing (AML/CTF) program; money laundering/terrorism financing risk assessments; AML operational policies and procedures; transaction monitoring program; AML training programs; and customer lists for a specified period.

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**CHAIR:** In March 2021, you make a further request of Gold Corporation. What motivates the further request? Why was a further request necessary?

**Mr Brown:** To be very honest, this is normally just a part of every process that we have and every compliance assessment that we do. Once you start to receive materials, that material might indicate something else and so, in that material—

**CHAIR:** Or it might not.

**Mr Brown:** Normally, if we're asking for it, I think it's normally indicated—there might be a form or a process that the program has outlined and we haven't sought that, so we may chase things up. There might be an indication of particular meetings that occurred, so we may actually chase up minutes of meetings, discussions—not necessarily discussions, but the meeting minutes et cetera.

**CHAIR:** Again, at a high level, and respecting and not wanting to compromise the investigation, perhaps you could provide the committee with some information about the type of further information that was requested.

**Mr Brown:** Yes.

### **The response to the Committee's question is:**

On 30 March 2021 AUSTRAC requested further information surrounding transaction records associated with the customer list sought in our initial notice in January 2021. It is common for AUSTRAC to issue further requests for information, to undertake detailed analysis or better understand how end-to-end anti-money laundering and counter-terrorism financing processes and controls are operating in a reporting entity. In this instance, further information was sought to understand how Gold Corporation conducts its customer due diligence procedures.

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The Committee asked AUSTRAC the following question on **10 August 2023**:

**Senator REYNOLDS:** So we've got those two meetings. Page 9 of your submission outlines the process of appointing an external auditor and then the auditing process. Could you also list the meetings that were conducted as part of that. I don't know whether the auditor met with the board, with the CEO, and with the risk and audit committee. Could you take on notice the meetings that occurred through that process of external auditing, and with whom at Gold Corp.

**CHAIR:** I think Senator Reynolds is talking about post-30 August 2022.

**Senator REYNOLDS:** Yes.

**Mr Brown:** I am not too sure whether I can answer that one. That was the external auditor that was brought on by Perth Mint itself. AUSTRAC issued the notice on 30 August. In November, Perth Mint engaged the external auditor. The external auditor then conducted their own audit process. We didn't—

**Senator REYNOLDS:** I get that point, Mr Brown, but you got a copy of that audit report, didn't you?

**Mr Brown:** That's correct.

**Senator REYNOLDS:** In the audit report—if it is like any other audit report—it should have a summary upfront of the audit activities that were conducted and with whom.

**Mr Brown:** We'll take it on notice.

**Senator REYNOLDS:** If you've got a copy of that audit report, you should have information, I would have thought, on the conduct of that audit. We'll take this up with Perth Mint, but you do have access to that information. We'd ask for that on notice.

**Mr Brown:** Senator, we will certainly take that on notice.

### **The response to the Committee's question is:**

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* contains protections governing the access and use of AUSTRAC information. All information and reports received from reporting entities during the conduct of AUSTRAC's regulatory engagements fall within the definition of 'AUSTRAC information'. For this reason, AUSTRAC does not disclose content from audit reports. The manner in which the audit was conducted, including who the auditor met with as part of the audit, is best addressed by Gold Corporation.

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The Committee asked AUSTRAC the following question on **10 August 2023**:

**Mr Brown:** I am trying to explain maybe what an intelligence picture is and how law enforcement operates and the information we necessarily have—I don't have specific details of matters. More generally, there were concerns.

**Senator REYNOLDS:** As per the chair's comments at the beginning, would you take that on notice and work out what you can say on the public record, and what might need to go behind closed doors? Clearly, in the public domain and through the Serious Financial Crime Taskforce there were issues of concern in 2020, which in 2021 led to you, on January 14, issuing that notice.

**Mr Brown:** Correct.

### **The response to the Committee's question is:**

AUSTRAC cannot comment on the specifics of the national intelligence picture formed by law enforcement partners and joint initiatives such as the Serious Financial Crime Taskforce.

AUSTRAC's notification [Fighting financial crime together – SMRs during the COVID-19 pandemic](http://www.austrac.gov.au/smrs-during-covid-19) ([www.austrac.gov.au/smrs-during-covid-19](http://www.austrac.gov.au/smrs-during-covid-19)), published on 1 April 2020, advised industry of the areas of interest for suspicious matter reporting during the COVID-19 pandemic. These included out-of-character purchases of precious metals and gold bullion.

Sharing information with industry about the financial crime methods used by criminals is a critical part of AUSTRAC's industry education and outreach. AUSTRAC has undertaken a range of education and outreach activities with the bullion sector, to help businesses understand emerging crime risks and protect their business from criminal exploitation.

## **Select Committee on the Perth Mint and Commonwealth regulatory compliance**

The Committee asked AUSTRAC the following question on **10 August 2023**:

**CHAIR:** On 29 June 2021, you have a virtual assessment?

**Mr Brown:** That's correct. We rejigged our processes, and that's the best way that we could engage with Perth Mint on a meaningful level at that point in time, which was not ideal, to engage with them more fully throughout sessions on that date.

**CHAIR:** In a very different way, we experience the limitations of virtual participation in the parliament. How does a virtual assessment work?

**Mr Brown:** I'm going to say 'in a similar way to what we would otherwise do face to face'. With respect to what we were seeking from Perth Mint, we may get an overview of their entire program, so they'll actually present to us—virtually, you can provide PowerPoint presentations et cetera in the same way that we would face to face in the room. Largely, it is adopted as an agenda on the same type of approach. We would have asked them to present their program. We then would have asked them to provide more detail in relation to specific parts of that program—in relation to their processes around 'knowing your customer' and in relation to the processes around their reporting requirements to AUSTRAC, which we discussed in the first week. We were obviously interested in their enhanced due diligence requirements—what they do if they're concerned about particular customers they have. Again, we would have asked for more specific detail about how the business does things; that is what we would have asked them to present to us, and hence the team that's doing the supervision would necessarily ask relevant questions, to try to drill down and understand further—a bit like this committee.

**CHAIR:** Who attended the virtual assessment from the Gold Corp?

**Mr Brown:** Again, I would have to take that on notice to know who was there on each side. There was some changing representation, probably both from AUSTRAC's side and from Perth Mint's side, throughout this process because some key personnel changed throughout the course of 2021-22.

**CHAIR:** On notice, can you provide us with an agenda for that virtual assessment?

**Mr Brown:** Yes, I'll take that on notice.

### **The response to the Committee's question is:**

On 29 June 2021 AUSTRAC's regulatory supervision team met with Perth Mint's Chief Executive Officer, Chief Risk Officer, Acting Chief Financial Officer, Group Manager—Head of Security Operations, Financial Crime Compliance Manager and Group Manager—Compliance and Regulatory Engagement.

The agenda covered Perth Mint's business overview, anti-money laundering (AML) program and risk assessment, 'know your customer' and AML training.

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The Committee asked AUSTRAC the following question on **10 August 2023**:

**Mr Brown:** Following our meeting in June, we had that virtual assessment process. Following that meeting, we did ask for further information because we had gleaned new things.

**CHAIR:** This is the third request for further information?

**Mr Brown:** Yes. There were multiple requests. In August, we received that additional information from Gold Corporation. On 6 September, we had a second virtual meeting with Gold Corporation. Normally, when we do an onsite assessment we may be there for multiple days.

Because we had to do it differently through COVID, the separation of those meetings was—

**CHAIR:** Western Australia was still in its pandemic experience in terms of travel restrictions.

**Mr Brown:** And some of our staff are based in Victoria. It was from both sides of the equation.

**CHAIR:** At this virtual meeting, who attends from Gold Corporation?

**Mr Brown:** I would have to take that on notice. I don't have the details of the attendees. On 6 September, we had that virtual meeting. It might have been a deeper dive into specific aspects. It might have been discussing particular matters and files et cetera. As I said, we were doing file testing as well. That file testing largely had to happen virtually as well. We would have got information from them and done the checks and balances. At that point in time, following that meeting, again we requested further information.

### **The response to the Committee's question is:**

On 6 September 2021 AUSTRAC's regulatory supervision team met with Gold Corporation to discuss its Anti-Money Laundering Remediation Program. The team met with Gold Corporation's Chief Risk Officer, Group Manager—Compliance and Regulatory Engagement, and the Project Coordinator.

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The Committee asked AUSTRAC the following question on **10 August 2023**:

**Senator COX:** Mr Brown, can you confirm something for me? There are four requests, as per your submission, for further information. Can you confirm for me whether there was information relating to the governance of the board, directors, senior leadership, within Perth Mint and Gold Corp that was obtained by AUSTRAC in that capacity?

**Mr Brown:** I would have to take that on notice.

**Senator COX:** Okay.

### **The response to the Committee's question is:**

AUSTRAC requested information from Gold Corporation to understand the entity's compliance with anti-money laundering and counter-terrorism financing obligations. These requests included matters considered by the Gold Corporation board, audit and risk management committee, and senior executives.

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**Senator REYNOLDS:** Could you also confirm when you expect the matter to be concluded and when you would be in a position to share that information, either in camera or publicly, with us?

**Mr Brown:** Yes. I think we did discuss it on 27 July.

**Senator REYNOLDS:** We did, but the conversation has moved on. Could you provide that information as well, in that context?

**Mr Brown:** Yes.

**The response to the Committee's question is:**

AUSTRAC is unable to comment on specific time frames as the matter is ongoing.