

SELECT COMMITTEE ON THE PERTH MINT AND COMMONWEALTH REGULATORY COMPLIANCE

Response by The Perth Mint to questions taken on notice at the hearing of the Select Committee held on 19 February 2024 in Perth, Western Australia

Question 1

Senator COX: At the time, the former CEO Richard Hayes promised that there would be an independent third-party review of audit processes. Just prior to this report, there was also the London Bullion Market Association, or LBMA, which also undertook an investigation. Can you confirm whether this report that Mr Hayes referred to around an independent third-party review of audit processes actually ever took place?

Mr Walsh: Yes, it did take place and was reported to the board.

Senator COX: Can you recall the date?

Mr Walsh: No, I can't. I'll take that question on notice so that I can advise you accurately on that.

Response

25 November 2020.

Question 2

Senator COX: Could you tell us who undertook that review?

Mr Walsh: I will have to give you that on notice.

Response

Corrs Chambers Westgarth and Persuasive Insight.

Question 3

Senator COX: Can you tell us how long this company in PNG was a customer of Perth Mint?

Mr Walsh: No I can't.

Senator COX: Or a sourcing agent?

Mr Walsh: No.

Senator COX: Are you happy to take that on notice and provide that to the committee?

Mr Walsh: Yeah, we'll take that on notice.

Response

From 2006 to 2020, Golden Valley was a refinery client that supplied limited quantities of doré and

secondary gold, firstly to AGR Matthey Joint Venture (2007-2010) and then The Perth Mint (2010-2020). At no time did Golden Valley act as a sourcing agent for The Perth Mint.

Question 4

Senator COX: I'm happy for you to provide this on notice to us as a committee, but how long was the previous auditor in place for Perth Mint?

Mr O'Connor: I'll take it on notice. It was over five years, obviously.

Response

The previous auditor was appointed in 2008. The Perth Mint elected to re-engage the same firm on a number of occasions through to 2021.

Question 5

CHAIR: So there was a shortfall in the organisation in terms of the staff's competencies around AML/CTF in an organisation like the Perth Mint, which I would have thought was a basic requirement.

Mr O'Connor: I'm just reporting to you what the findings of the internal audit were from the perspective of an audit and risk committee. Therefore, our response was to ensure that those shortcomings were addressed.

CHAIR: Can you make that 2018 internal audit report available to the committee?

Mr O'Connor: I'll take that question on notice.

Response

The 2018 internal assurance report contains highly sensitive information relating to The Perth Mint's anti-money laundering and counter-terrorism financing (AML/CTF) systems and processes. Accordingly, there is a risk that in disclosing this information, The Perth Mint may inadvertently enable criminal actors to undermine its systems. On this basis, it is inappropriate for The Perth Mint to table the report.

In the interests of continued engagement with the Select Committee to assist its enquiries, The Perth Mint provides a summary of the report, as follows: There were five findings identified during the internal assurance audit, all of which were rated either 'low' or 'medium'.

The findings related to opportunities for the enhancement of The Perth Mint's AML/CTF processes and/or their application at that time in relation to:

- Training of staff
- Transaction monitoring
- Documentation of enhanced customer due diligence
- Review methodology for AML/CTF Program (two related findings).

The Perth Mint took action to address the findings of the 2018 report in a timely manner.

Question 6

Senator REYNOLDS: As you've done, let's go to the GoldPass. I've got a few more questions, as you've foreshadowed, and then we'll come to the gold token. You said you missed not registering as a remittance service, which is a not insignificant omission for somebody who trades in high-risk commodities in a very high-risk environment. So, for the GoldPass, you didn't register it. Did you register a business trading name with any other regulator for GoldPass?

Mr O'Connor: I'll have to take that question on notice, because—

Senator REYNOLDS: I've let my fingers do the walking—

Mr O'Connor: I just don't know.

Senator REYNOLDS: and I suspect that was another omission as well.

Mr O'Connor: I don't know.

Senator REYNOLDS: Okay. Can you take that on notice. It wasn't registered as a trading name at any point, was it? You can take that on notice as well, if you like.

Mr O'Connor: I'll just take it on notice. There's no point in me giving you an inaccurate response.

Response

In relation to other, non-Australian, regulatory authorities, from February 2020, The Perth Mint was registered with the Financial Crimes Enforcement Network (FinCEN) in the United States of America (US). The registration maintained by The Perth Mint with FinCEN was in relation to a money transmitter business as a type of Money Services Business (MSB) for services provided through the GoldPass application.

At no time was 'GoldPass' registered as a trading name as it was a product offered by The Perth Mint, rather than business operated by The Perth Mint. The Perth Mint did take steps to trademark the GoldPass name and logo in Australia and the US on 22 May 2018 and 5 May 2020 respectively.

Question 7

Senator REYNOLDS: Can I clarify that, Mr Walsh, just so I have it clear? Are you saying that the owners of InfiniGold—those who set this company up and then rolled it into Trovio—came to the Perth Mint and pitched this product to you?

Mr Walsh: I will need to take that question on notice. I don't know the process that actually took place.

Senator REYNOLDS: Yes, could you please take that on notice?

Response

As advised in The Perth Mint's response to questions on notice received on 9 February 2024 and tabled on 15 February 2024, GoldPass was proposed by the then Perth Mint Treasurer Mr Gerard (Joe) Metcalfe and was subsequently approved by the then Board in February 2018.

As previously advised, around 2018 discussions commenced in relation to the proposed development of the Perth Mint Gold Token (PMGT). The Perth Mint is bound by contractual confidentiality obligations which prevent it from disclosing further information regarding its commercial discussions with InfiniGold/Trovio in relation to PMGT.

Question 8

Senator REYNOLDS: Thank you. Did the board do any due diligence on InfiniGold and Trovio, given that a state government backed, state taxpayer backed commodity was providing the guarantee? Did you do any due diligence on InfiniGold and Trovio at any point?

Mr Walsh: I'm aware that there was a lot of work done as to how the app would work and the application and so on. I will have to take on notice your question about how exactly we determined that Trovio was a suitable company for us to do business with.

Response

Yes, The Perth Mint commenced due diligence on InfiniGold in 2018, and then conducted due diligence again when the company rebranded as Trovio in June 2021.

The Perth Mint made the determination that InfiniGold/Trovio was a suitable company after conducting due diligence, as outlined above, and engaging external parties to provide specialist advice in relation to GoldPass and to PMGT. This was outlined in The Perth Mint's written response to questions on notice received on 9 February 2024 and tabled on 15 February 2024.

Question 9

Senator REYNOLDS: That's true, but my understanding is that Trovio was the one that ceased. Can you check the order of it because it's publicly reported that Trovio was the one that ceased their relationship with the mint, not the other way around. Anyway, if you could just find out and provide something more, that'd be great.

Mr Walsh: I'll come back to you.

Response

It is a matter of public record that The Perth Mint made the decision on 2 December 2021 to exit GoldPass and advised Trovio of this decision on 25 January 2022. It is also a matter of public record that The Perth Mint was precluded from making its decision public due to confidentiality provisions in the GoldPass contract.

As advised in the 'Clarifications by The Perth Mint to the Interim Report' document tabled to the Select Committee on 16 January 2024 (**Appendix 1**), Trovio delisted PMGT on 30 June 2023 and The Perth Mint discontinued the GoldPass app on 30 March 2023 for US-based customers, and on 30 November 2023 for Australia-based customers.

Question 10

Senator REYNOLDS: Also, was the board aware that Trovio has offices in Nassau in the Bahamas? As you know, that a well-known location for money laundering facilitation and it's a high risk for AML and CTF noncompliance. They also have offices in Amsterdam, which, again, is not unknown for those activities. This is due to availability.

Did you look into the use of trust office foundations, or what's publicly called stackers, which only reveal the name of the company directors and conceal actual stakeholders and their assets? So, both of those locations—I'm not saying that they did anything wrong, but, again, if you're looking into the people you work with and you do business with, I want to know how much due diligence you did, because all of this is publicly available.

Perhaps I could also ask on notice, in terms of your due diligence, about the Euro Pacific Bank. You've declined to provide some information on that relationship because you said it's commercial-in-confidence, but I will ask—anyway, we'll send you a list of further requirements. Your committee, for example, when you are having a look at the partners that you went into business with and did joint ventures with, what due diligence did you do on the Euro Pacific Bank and also the Bank of Cyprus? Were you aware of the very publicised problems with the Bank of Cyprus and Russian oligarchs in particular and the confiscation of a lot of the oligarchs' money by the government of Cyprus? There's a lot of smoke around those two organisations. I think the Panama Papers and Operation Atlantis and some of these other things were out at the time. Could you take on notice what due diligence you did on all of that?

CHAIR: I'd like to go to Senator Brockman shortly.

Response

The Perth Mint entered into the GoldPass and PMGT contracts with InfiniGold Operating Pty Ltd, which later rebranded as Trovio Group Incorporated. It is a matter of public record that InfiniGold Operating Pty Ltd / Trovio Group Incorporated has its headquarters in Singapore and offices in Sydney, Australia and Amsterdam, The Netherlands.

As outlined above, The Perth Mint made the decision on 2 December 2021 to exit GoldPass and advised Trovio of this decision on 25 January 2022.

Open-source records indicate that the entity Trovio Asset Management Pty Ltd was registered in Nassau on 8 November 2022. At no time did The Perth Mint have any dealings with Trovio Asset Management Pty Ltd.

The Perth Mint conducted due diligence on InfiniGold Operating Pty Ltd / Trovio Group Incorporated and engaged external parties to provide specialist advice in relation to GoldPass and PMGT, as outlined above.

In accordance with its confidentiality obligations under the GC Act, The Perth Mint is precluded from disclosing information regarding previous, current or potential customers.

In the interests of continued engagement with the Select Committee to assist its enquiries, The Perth Mint affirms that the onboarding of this customer followed the prevailing Know Your Customer (KYC) process used for customers of this type at that time.

During this period, the KYC process generally included the collection and review of a customer application form, company registration documents, notarised identification documents of key personnel, and other information as required.

It is respectfully noted that the availability of relevant information, and the associated assessment of risk, continues to evolve over time. The Perth Mint conducts ongoing customer due diligence and re-evaluates current and prospective customers accordingly as information becomes available.

Question 11

Senator REYNOLDS: Sure. Can I also ask, in relation to other companies that were either joint venture strategic partners or advisers to the Perth Mint over the last decade, if you can take on notice whether anyone declared a conflict of interest in any of these companies: Exchange Traded Concepts LLC, Morgan Lewis, BNY Mellon and, I think, Virtu Financial? These are the companies you mentioned to us in your replies. There are also SMX Security Matters, PMGOLD, PMGT, GoldPass, InfiniGold, Trovio, EY, PwC and KPMG. Could take those on notice? My final bit on that one is that, in your responses, you didn't mention EY as a consultant, but I understand that they provided you with an advisory report at some point on, I think, PMGT. You didn't mention that in here, so could you take that on notice?

Response

Records held by The Perth Mint indicated that there were no declarations of a conflict of interest in relation to Exchange Traded Concepts LLC, Morgan Lewis, BNY Mellon and/or Virtu Financial.

It is a matter of public record that EY was engaged by InfiniGold to conduct a review of the InfiniGold operating model. At no time did The Perth Mint engage EY in relation to PMGT.

Question 12

Senator BROCKMAN: What's the success rate of contacting and then compliance being achieved? Let's say you've done 40,000 people. Are 20,000 of them compliant? Are 38,000 of them compliant?

Mr Graham: We've managed to tackle the low-hanging fruit first—active customers. That has been largely an easy exercise for us. It will get harder because a large part of those customers are inactive and may not appreciate that they've actually got a relationship with us. So that takes time to work through that process.

Senator BROCKMAN: How long has it taken you to do the first half?

Mr Graham: I'd have to take that question on notice as to when they started the process. I don't want to give you inaccurate information.

Response

As part of its AML Remediation Program, The Perth Mint commenced the Customer Data Remediation (CDR) project in October 2022 as part of Phase 2 of The Perth Mint's AML Remediation Program.

As advised in the written response by The Perth Mint to questions taken on notice at the hearing on 3 November 2023 and tabled on 24 November 2023, and in verbal evidence by The Perth Mint witnesses at the hearings on 3 November 2023 and 19 February 2024, there are 70,000 in-scope records that are being remediated under the CDR Project.

Of these records, The Perth Mint had remediated 35,000 records by November 2023 (i.e. in a thirteen-month period).

As at the end of February 2024, The Perth Mint had remediated 44,848 customer records. To date, The Perth Mint has not identified any instances of money laundering or terrorism financing.

Question 13

Senator BROCKMAN: How many people have you contacted through this remediation process who have then failed to actually justify who they are? Have you found any red flags of people who were dealing in gold who should never have been allowed to because they never provided sufficient information or they can't provide that information now?

Mr Graham: I'd have to take that question on notice

Response

As advised in the written response by The Perth Mint to questions taken on notice at the hearing on 3 November 2023 and tabled on 24 November 2023, the customer records that are being remediated by The Perth Mint span years of transactions across all of The Perth Mint's various sales channels, including Minted Products, The Perth Mint Refinery and Depository.

The Perth Mint is checking records of current and recently active customers, as well as records for customers who have not transacted with The Perth Mint recently, or who may have only conducted a single transaction with The Perth Mint in the past.

The Perth Mint has not identified any current customers who have been unable or unwilling to provide appropriate identification documents and comply with any other information requests.

As advised in verbal evidence by The Perth Mint witnesses at the hearings on 3 November 2023 and 19 February 2024, a number of historical customers are deceased. Where the customer had metal holdings with The Perth Mint, the team works with their estate in relation to those holdings.

As advised, some historical customers have been non-responsive to the various contact attempts undertaken as part of CDR Project or have indicated that they do not wish to be contacted further. This is an expected outcome of the CDR Project, particularly with individuals who may have conducted a single transaction with The Perth Mint in the past, and who do not plan on transacting with The Perth Mint again in the foreseeable future.

If a customer is non-responsive or non-cooperative, The Perth Mint suspends their account, and they are unable to transact with The Perth Mint unless and until they complete a full onboarding and KYC process. The CDR Project includes additional checks on this cohort of historical customers to ascertain whether the absence of a positive response is suspicious. To date, The Perth Mint has not identified any concerns in relation to these historical customers.

If The Perth Mint did form suspicions in relation to a historical customer identified under the CDR Project, it will lodge a Suspicious Matter Report (SMR) with AUSTRAC in accordance with The Perth Mint's AML/CTF compliance obligations.

Question 14

Senator BROCKMAN: On notice, can we have the number of red flags that have been raised through this process of people who own or have traded in your system who haven't been able to justify their identity?

Mr Graham: Yes, we'll take that on notice.

Response

No red flags have been raised in relation to persons who have been unable to justify their identity.

Question 15

Senator REYNOLDS: I'll run through a couple of questions. You might be able to answer them. Otherwise, there's no problem with taking them on notice. My understanding from the responses we've got so far is that in relation to SC8, which then became Sapien Cyber, there were at least three board members, including the chair, who had an interest in the company, which was declared. Did anyone else on the board declare an interest at all, or was it just the three of them?

Mr O'Connor: Just the three of them, because they're the only three that I understood had an interest. I certainly don't have an interest.

Senator REYNOLDS: Members of the shareholder group of Sapien Cyber included the then-CEO Richard Hayes. Was he one of the three? It also included the deputy chief executive, Mr Metcalfe, who I understand also had shares. You've got one non-executive director, but were those two part of the three who did declare, plus the chair?

Mr Walsh: No, the three that I was referring to were full directors.

Senator REYNOLDS: Can you take that on notice to clarify.

Response

The then Chair, Mr Don Mackay-Coghill, the then Chief Executive Officer (CEO), Mr Richard Hayes, and the then Perth Mint Treasurer/Deputy CEO Mr Gerard (Joe) Metcalfe declared a conflict of interest in the form of shareholdings in relation to Sapien Cyber.

Question 16

Senator REYNOLDS: I understand that. In relation to the executives and managers who took shareholdings in Sapien Cyber, could you also take on notice the dates for each of them, who they were and any declaration of their shareholdings?

Mr Walsh: The dates of the declarations?

Senator REYNOLDS: Yes, when they made the declaration, because that's relevant. Can you also confirm— and I think you've sort of confirmed it—if every conflicted director went ahead with the discussion and were involved in the decision-making to award the contract. Is that what you were referring to?

Response

The above conflicts of interest were declared at the Board meeting held on 22 November 2018.

As advised in The Perth Mint's written response to questions taken on notice at the 3 November hearing and tabled to the Select Committee on 24 November 2023, and as advised in the 'Clarifications by The Perth Mint to the Interim Report' document tabled on 16 February 2024:

Following his commencement as Chair, Mr Sam Walsh AO addressed concerns regarding a proposal by the former Chair for The Perth Mint to consider procuring services from cybersecurity company Sapien Cyber. The company was not engaged by The Perth Mint. Under Mr Walsh's leadership, the matter was examined by both an external organisation with relevant expertise and the Corruption and Crime Commission. The resolution of this governance matter in 2019 has been in the public domain through media reports and other public documents since June 2020.

INTERIM REPORT BY SENATE SELECT COMMITTEE ON THE PERTH MINT CLARIFICATIONS BY THE PERTH MINT

Introduction

On 20 December 2023, the Senate Select Committee on The Perth Mint (Select Committee) published its Interim Report on its enquiries and findings to date.

The Perth Mint notes that some sections of the Interim Report reflect inaccurate or outdated information or may benefit from the inclusion of additional information to allow a reasonable person to form an accurate view of the facts.

This information is not provided with the aim of resiling from The Perth Mint's compliance issues, which it has publicly acknowledged on many occasions and is working hard to remediate, but with the aim of assisting the Select Committee to consider the relevant facts and conclude its important work.

1.19 Gold Corp Leadership

In Section 1.19, Figure 1.1 on the Board membership and Executive leadership of Gold Corporation, trading as The Perth Mint (The Perth Mint), states that Mr John Collins is a member of the Board; and that Ms Jane King is Deputy CEO of The Perth Mint. For clarity, it is noted that Mr Collins concluded his tenure on the Board when he retired in January 2022.¹ Ms King Jane resigned from the Board and The Perth Mint in July 2023.²

2.30-2.35 AUSTRAC registration / International Funds Transfer Instructions

It is a matter of public record that The Perth Mint registered as a remittance service provider on 5 March 2021 (not February 2021, as stated in the Interim Report). This information has been in the public domain since October 2022.³

In this section, the Interim Report includes a claim that "over 5000 IFTIs [International Funds Transfer Instructions] were not reported". The Perth Mint notes this estimate appears to be first made as an anecdotal account in a media report. It is further noted that in July 2023 the relevant Commonwealth regulator, the Australian Transaction Reports and Analysis Centre (AUSTRAC) has publicly affirmed for the Select Committee in July 2023 that this estimate was not made by AUSTRAC.⁴

As advised in The Perth Mint's submission to the Select Committee in July 2023, AUSTRAC ordered the appointment of an independent external auditor to assess The Perth Mint's compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act) and *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007* (No. 1) (AML/CTF Rules) over the historical period from 14 January 2021 to 30 August 2022.

¹ The Perth Mint Annual Report 2021-22, p24

² The Perth Mint Annual Report 2022-23, p35

³ Question 923, WA Legislative Council, Hansard, 20 October 2022, pp4824-4825

⁴ Committee Hansard, 27 July 2023, Mr Bradley Brown, p20

The Perth Mint respectfully notes that the external audit found 3,322 historical instances where The Perth Mint did not report IFTIs during this period. This is publicly stated in the Enforceable Undertaking between AUSTRAC and The Perth Mint that was published on 23 November 2023. This information is not provided with the aim of mitigating The Perth Mint's acknowledged compliance issues, but with the aim of assisting the Select Committee to consider the relevant facts.

For clarity, The Perth Mint affirms that it has commenced reporting IFTIs to AUSTRAC in accordance with its obligations under the AML/CTF Act and continues to engage with AUSTRAC in relation to IFTIs and other matters.

2.8-2.10 Procurement and WA CCC referral

This section of the Interim Report is titled 'Procurement impropriety' and states that "a procurement process involving Sapien Cyber led to a series of audits and governance reviews in 2019".

For clarity, as advised in The Perth Mint's written response to questions taken on notice at the 3 November hearing and tabled to the Select Committee on 24 November 2023, it is noted that:

Since his appointment as Chair of the Corporation in January 2019, Mr Sam Walsh AO...addressed concerns regarding a proposal by the former Chair for the Corporation to consider procuring services from a cybersecurity company.

Note: the company was not engaged by the Corporation.⁵

The Interim Report includes quotes from a media report published in June 2020, but omits information in the same media report that the Crime and Corruption Commission (CCC) had found (emphasis added):

Given that the former Chair had retired from his position prior to the consideration of these matters, it was determined that any investigation of potential minor misconduct, such as breaches of procurement policies and procedures and the Corporation's Code of Conduct, would not have had any force.⁶

The Perth Mint holds concerns that this section of the Interim Report may lead a reasonable person to form an inaccurate view that The Perth Mint had improperly procured services, and that there may have been a referral made to the Public Sector Commission (PSC) regarding that matter.

2.36-2.37 The Perth Mint cashless policy

In this section of the Interim Report correctly notes that The Perth Mint adopted a cashless payment policy from July 2021, but appears to suggest that The Perth Mint continues to "offer" customers the option of cash deposits.

For clarity, The Perth Mint advises that the "review" referenced in the Interim Report was conducted by The Perth Mint, in consultation with its transactional banking partners, and

⁵ Committee Additional Documents, Perth Mint answers to questions taken on notice at a public hearing in Perth, 3 November 2023 (tabled 24 November 2023), Question 5

⁶ The West Australian, Perth Mint investigated by Corruption and Crime Commission after officials held share in tech company Sapien Cyber while it was considered for security tender, 29 June 2020

affirmed that The Perth Mint does not accept cash payments.

Further, The Perth Mint's cashless payment policy is stated on The Perth Mint's website and in its various Terms and Conditions documents as follows: The Perth Mint does not accept payment by cash, cheque or money order.

2.38-44 Shanghai Gold Exchange

The Perth Mint affirms that its gold bullion products have, and continue to, adhere to the requirements that the percentage of gold in a product is the same or higher than the purity stamped on the product.

Section 2.38 states that in September 2021, it was identified that "Perth Mint gold bullion bars" included silver content which exceeded the SGE specification of no more than 50 parts per million in the 0.01 per cent non-gold component of the bars.

This section includes references to statements in *Hansard* from 14 March 2023 by the then Premier, Mr Mark McGowan. The Perth Mint notes that key information is omitted from Mr McGowan's statements in the same Parliamentary sitting that clarified the concern related to the non-conformance of a limited number of gold one-kilogram bars to the unique product specifications of the SGE.⁷

This production issue, and its prompt resolution, has been acknowledged through public statements made by The Perth Mint in March 2023⁸, addressed in submissions tabled to the Select Committee in July 2023⁹ as well as in two documents tabled to the Select Committee in November 2023.¹⁰

The Perth Mint holds concerns that this section of the Interim Report may lead a reasonable person to form an unduly adverse view regarding the quality of all bullion products made by The Perth Mint.

2.45 Accreditation

Section 2.45 states that it is unclear whether The Perth Mint is "still accredited by the Shanghai and other gold exchanges that it was previously accredited with".

The Perth Mint affirms its accreditation by the London Bullion Market Association (LBMA), the independent global authority for precious metals, and that it remains on the LBMA Good Delivery List.¹¹

The Perth Mint must meet various requirements for its products to be traded on other international gold exchanges. A key requirement for these gold exchanges is the maintenance of LBMA accreditation.

The information available on The Perth Mint's corporate website and in the Perth Mint's Annual Report 2022-23 is accurate, and supersedes information published prior to 2023.

⁷ Mark McGowan MLA, WA Legislative Assembly, *Hansard*, 14 March 2023, p859

⁸ The Perth Mint, The Perth Mint responds to ABC TV allegations, 8 March 2023; The Perth Mint, Statement from Sam Walsh AO, Non-Executive Chairman of The Perth Mint, 21 March 2023

⁹ State of Western Australia, *Submission 5*, p4; Gold Corporation, *Submission 8*, p2

¹⁰ Committee Additional Documents, Perth Mint answers to questions on notice received 24 October 2023 (tabled 2 November 2023), Question 5; Perth Mint answers to questions taken on notice at a public hearing in Perth, 3 November 2023 (tabled 24 November 2023), Question 2

¹¹ Committee Hansard, 3 November 2023, Mr Bill Johnston MLA, p50

2.46-2.49 GoldPass

Section 2.47 of the Interim Report references claims that the GoldPass app “required investors to register with only a driver's licence or passport and bank account under the same name, allowed trading without a maximum amount, and allowed gold and silver to be converted to cash or metal at any time”.

The Perth Mint affirms that, as outlined on its corporate website and/or per previous information in the West Australian Parliament, that:

1. Downloading the GoldPass app and opening an account were separate processes, and not all downloads led to the opening of an account. Only a customer who had been verified by The Perth Mint in accordance with AML/CTF requirements could trade. Not all open accounts were active.¹²
2. Once a user had been verified and their account opened, the customer could buy and/or sell GoldPass digital certificates, which entitled the certificate holder to the equivalent value in unallocated precious metal stored by The Perth Mint.
3. The customer could either sell the entitlement back to The Perth Mint at the prevailing metal price or pay a fabrication fee to convert the entitlement into physical metal. The customer would subsequently take ownership of the gold (or silver).¹³
4. The conversion of an entitlement to a specific metal product (known as physical redemption) is always subject to the availability of that specific product and fabrication schedules. During periods of increased demand, such as the GoldPass winddown, a customer may experience delays in the fulfillment of redemption requests.

The Perth Mint affirms that the metal which backs entitlements is always available, but in various forms, because The Perth Mint is a working refinery and mint.

Further, The Perth Mint affirms that all prospective GoldPass customers were subject to Know Your Customer (KYC) checks prior to the potential validation of their GoldPass account. The Perth Mint also undertook GoldPass transaction monitoring and other AML/CTF activities, in accordance with its regulatory compliance obligations.

This section of the Interim Report omits the relevant fact that The Perth Mint discontinued the GoldPass app on 30 March 2023 for US-based customers, and on 30 November 2023 for Australia-based customers, in accordance with its public statements in the media and on its website since March 2023.

The Perth Mint holds concerns that this section of the Interim Report may omit relevant contextual information and may lead a reasonable person to form an inaccurate view that GoldPass remains available for trading through The Perth Mint.

¹² Mr Bill Johnston MLA, WA Legislative Assembly, *Hansard*, 14 February 2023, pp178-180

¹³ Mr Bill Johnston MLA, WA Legislative Assembly, *Hansard*, 9 May 2023, pp1988-1989

2.50-2.54 Model State Commodity Code

The Interim Report references a media report that there are compliance issues in “nearly 23” state jurisdictions in the US. As advised in the West Australian Parliament on 22 November 2022, there are 19 states that have adopted the Model Code in a manner that impacts the activities of The Perth Mint.¹⁴

This information is not provided with the aim of mitigating The Perth Mint’s compliance issues, which it has publicly acknowledged on many occasions, but with the aim of assisting the Select Committee to consider the relevant facts.

The Perth Mint affirms that it voluntarily disclosed the compliance issue to US regulators and continues to engage productively with regulators with the aim of resolving this issue.

2.55-2.57 Perth Mint Gold Token

The Interim Report references claims in media reports that PMGT tokens could be bought and sold through the GoldPass app.

For the avoidance of doubt, The Perth Mint affirms that at no time could token holders buy or sell PMGT through the GoldPass app.

The Interim Report references comments made by the then Minister, Mr Johnston MLA, in the West Australian Parliament in March 2023, but omits the relevant fact that the Minister stated at that time that PMGT was a Trovio product.¹⁵

For clarity, The Perth Mint affirms that it was the custodian of the gold which was purchased by Trovio to back the PMGT. Trovio purchased this gold in the form of GoldPass certificates through a verified GoldPass account held by Trovio.

Trovio was responsible for matters relating to PMGT token holders, who were customers of Trovio.

For clarity, The Perth Mint affirms that it considered AML/CTF risks, obtained specialist advice as appropriate and implemented AML/CTF risk mitigation measures that aligned with its role in the PMGT matter.

A PMGT token holder was able to open a GoldPass account via the GoldPass App, subject to KYC verification, and then through a verified account request to convert PMGT tokens to digital GoldPass certificates on a 1:1 basis. In practice, this option was exercised by a very limited number of individuals due to the nature of the conversion process and the low consumer appeal of this feature.

The Interim Report omits the relevant fact that Trovio delisted PMGT on 30 June 2023 and PMGT is no longer available.

The Perth Mint holds concerns that this section of the Interim Report may lead a reasonable person to form an inaccurate view that PMGT remains available for trading and that “token holders can trade out over time” through The Perth Mint.

For the avoidance of doubt, The Perth Mint affirms that any remaining PMGT tokens that may exist are a matter for Trovio and are no longer backed by The Perth Mint gold.

¹⁴ Mr Bill Johnston MLA, WA Legislative Assembly, *Hansard*, 22 November 2022, pp5670-5671

¹⁵ Mr Bill Johnston MLA, WA Legislative Assembly, *Hansard*, 21 March 2023, p1200

2.58-2.74 Office of the Auditor General (WA)

The Perth Mint affirms its public statement in October 2022, thanking the Office of the Auditor General (OAG) for their thorough review of its compliance with AML/CTF obligations, and noting that The Perth Mint will continue to work with AUSTRAC on ensuring its AML/CTF Program is robust and appropriate.

This section of the Interim Report omits relevant facts on the public record that, by the time the limited assurance review was concluded by the OAG, key actions by AUSTRAC and The Perth Mint had been taken:

- AUSTRAC had conducted a Compliance Assessment of The Perth Mint (January 2021 to June 2022)
- The Perth Mint had implemented Phase 1 of its AML Remediation Program (March 2021 to April 2022)
- The Perth Mint had scoped and planned Phase 2 of its AML Remediation Program, informed by the findings in AUSTRAC's Compliance Assessment Report (May to August 2022)
- The Perth Mint had commenced implementing Phase 2 of its AML Remediation Program (September 2022)
- AUSTRAC had ordered the engagement of an independent external auditor to conduct further assessment of The Perth Mint's AML/CTF Program.

This information is not provided with the aim of mitigating The Perth Mint's compliance issues, which it has publicly acknowledged on many occasions and is working hard to remediate, but with the aim of assisting the Select Committee to consider the relevant facts.

2.121 – 2.133 Enforceable Undertaking with AUSTRAC

The section on the Interim Report omits relevant facts in relation to the Enforceable Undertaking by The Perth Mint to AUSTRAC, published on 23 November 2023, that:

- in paragraph 13, AUSTRAC acknowledges The Perth Mint's cooperation and engagement, its commencement of significant AML/CTF remediation and uplift, and completion of a number of key uplift initiatives as at the date of the EU.
- in paragraph 16, it is noted that The Perth Mint requested that the scope of the external audit be expanded to include consideration of whether its AML Remediation Program is appropriate to deliver effective remediation of AML/CTF issues.
- paragraph 16 also notes that the external auditor's report confirmed that The Perth Mint's AML Remediation Program is appropriate to deliver effective remediation.

The Perth Mint holds concerns that this section of the Interim Report may lead a reasonable person to form an inaccurate view that The Perth Mint has not engaged with AUSTRAC nor made material progress on remediating the compliance issues set out in the Enforceable Undertaking, and well canvassed in the media and public commentary.

Conclusion

As publicly demonstrated by The Perth Mint's legally enforceable commitments to AUSTRAC set out in paragraphs 19 to 32 of the Enforceable Undertaking, The Perth Mint affirms that it continues to engage with AUSTRAC, work hard to meet its regulatory compliance obligations and strengthen AML/CTF systems and processes.

The Perth Mint recognises the ongoing oversight by the Government of Western Australia of The Perth Mint and the Government's strong support for The Perth Mint's AML Remediation Program.

The Perth Mint acknowledges the important work of the Select Committee and affirms its commitment to assisting the Select Committee to finalise its enquiries.