

Australia Dossier by Robert Barwick

Casino 'honeypots' for money-launderers

Drug dealers are using casino chips to launder money—from casinos owned by drug legalizers.

In early September, the commissioner of the New South Wales (NSW) police, Peter Ryan, exercised his power under the Casino Control Act to ban 30 reputed organized crime figures from the Sydney Harbour Casino, an action some charged was long overdue. Those banned, mostly of Asian ethnic origin, included two of the casino's best customers, both from the suburb of Cabramatta: a heroin dealer who had gambled over \$30 million at the casino, and the operator of an underground bank who had bet over \$35 million. Ryan had to act following charges made in July by senior members of the Australian Federal Police and the NSW police, that the casino had become "a honeypot for criminals to launder money."

Although these claims were dismissed as "ridiculous" by the aptly named manager of the Sydney Harbour Casino, Neil Gamble, it was revealed in the NSW Parliament on Sept. 14, that \$1 million worth of gambling chips is missing from Sydney Harbour Casino on any given day. According to police drug investigators, criminals are using large quantities of chips to replace cash in the drug trade. Because they are not legal tender, chips do not have to be declared as currency when one is going in or out of the country, and do not have to be reported as income. The chips are used to buy and sell heroin, and are later cashed in at the casino. The Australian Customs Service has reported \$20,000 worth of Sydney Harbour Casino chips coming back into Australia in luggage from Asia. Reportedly, drug dealers even use chips to pay their lawyers.

Money-laundering via chips is not

limited to Sydney Harbour: In 1995, the National Crime Authority (NCA) seized 6 kg of heroin and \$80,000 in gaming chips in a drug bust; the chips had come from Melbourne's Crown Casino, the world's largest. The two people arrested were charged with conspiracy to supply heroin and to launder money. The Victoria Police Casino Crime unit confirmed that the defendants, who admitted the charges, were known to the Crown Casino. A spokesman for Crown admitted to the *Herald Sun* on Sept. 22, that \$1.5 million worth of Crown gambling chips was "unaccounted for" at any given time.

More interesting than casinos laundering drug money—which is about as surprising as the news that the Archbishop of Canterbury is an Anglican—are the backgrounds of some of the casinos' leading shareholders. The biggest individual shareholder in Crown is Australia's richest man, billionaire media magnate Kerry Packer, who owns 10% directly, and is the largest shareholder in Hudson Conway, which owns 40%. Packer was the subject of a Royal Commission into drug running in the early 1980s, but the commission was shut down by then-Prime Minister Bob Hawke, a close friend of Packer's, before the allegations against him could be proved or disproved. Worth about \$100 million at the time, Packer is now worth about \$4 billion, and his media empire is leading the charge for drug legalization in Australia.

As for Sydney Harbour, one of its chief shareholders since its inception, has been billionaire currency speculator George Soros. Soros has given

more than \$15 million to the U.S. Drug Policy Foundation, the world's leading pro-drug-legalization lobbyists. One of the DPF's connections in Australia is the Australian Drug Foundation (ADF), which shares philosophy and board members with the DPF. The chairman of the Sydney Harbour Casino, Dick Warburton, is also a member of the board of the Reserve Bank of Australia (RBA), which, in turn, is a leading funder of the ADF. When the "honeypot" casino first started, Soros held 12% of its preferred ordinary shares, and 6.3% of the fully diluted capital; he has since reduced his shareholdings to about 5% of the total, which still ranks him among the largest shareholders.

Aside from drug-money laundering, the casinos are wreaking social mayhem. Newly released figures from the State Coroner's Court show that there have been 13 gambling-related suicides in the past 12 months—up from zero in 1992—and church and social service agencies in the state of Victoria have charged that gambling is destroying families by the thousands. In 1996, almost 10,000 people called G-Line, the telephone counseling service for "problem gamblers."

Australians gamble \$70 billion per year, and lose at least \$10 billion, making Australia, with a population of merely 18 million, second only to the United States, with 260 million people, in the amount spent on gambling each year. However, the Victorian government, at least, will not crack down on gambling, because 1) nearly 14% of the state's revenue comes from it, and 2) because Premier Jeff Kennett's closest friend and political ally, federal Liberal Party treasurer Ron Walker, is a major shareholder in Crown, and because Kennett himself has business connections with the state's biggest poker machine operator, Bruce Mathieson.