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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE DAVID IPP AO QC

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON MONDAY, 17 OCTOBER, 2011

AT 2.20 PM

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<GEOFFREY LEONARD HADLEY, on former oath [2.22pm]

MR CAMPBELL: Mr Hadley, do you remember this morning I asked you about whether you started as a storeman on 16 September, 1996?---Yes, sir.

Now, that was the day you were appointment storeman at the Bathurst Regional Council. Did you work in the store before you became the storeman?---Yeah, I had that, Dave Nickell was my boss and I came, I came
10 in as the, the yards person or something like that, yes.

And did you - were you, was the classification you had called depot assistant?---Yes, I was.

All right. And was that from 31 January, 1995, doing the best you can to remember it precisely?---Yes, it'd be close to that, yes.

All right. But from the time you became storeman on 16 September, 1996 you were the, you were in charge of the store, is that correct?---Yes.
20

And when you became a senior storeman in 2004 that was a reclassification because the Bathurst Council had amalgamated with the Evans Shire Council, was that correct?---Yes.

And became the Bathurst Regional Council?---That's correct.

All right. So that you had been in charge of the store going all the way back to, as you've said, 16 September, 1996?---Yes.

30 All right. Now, sir, I just want to try and make - clarify some of the things we discussed this morning. Commissioner, could Mr Hadley be shown folder 1 and could folder 1 be opened to - at tab 3 page 3. It's the first page after tab 3?---Thank you.

Just open it, you'll see some grey tabs, if you open it to tab 3 and the first, the first page you'll see is page 3. Have you got that?---Page 7 at the bottom it's got written down the bottom.

Well, if you've got tab 3 of folder 1 it's got page at the bottom of it and
40 there's a page 3 at the top.

THE COMMISSIONER: No.

THE WITNESS: No (not transcribable)

MR CAMPBELL: It hasn't been turned up. I see. This hasn't been tendered, Commissioner, but I'll be tendering this for this witness.

THE COMMISSIONER: Well - - -

MR CAMPBELL: I'll give, I'll give a copy of a document to, to the witness, that's okay. Mr - if you can look at this document you'll now be shown by the court officer. You see that that's a, headed Statement of Facts?--Yes.

Now I want, I want you to have a quick look at it and tell me whether those are the police facts to which you've pleaded guilty in court?---Yes.

10

And do you see how it says on page 1 that all of the invoices in respect of which you and Mr Newman were charged related to bogus invoices issued in the name of Robin Newman Pty Limited. Do you see that?---Yes, I do.

Okay. Now does that refresh your memory as to the source of the invoices which lay the foundation of the charges to which you've pleaded guilty? ---Yes, they do. But I did deny the total use.

THE COMMISSIONER: I beg your pardon?

20

MR CAMPBELL: I did deny the totality of it, he says, Commissioner.

THE COMMISSIONER: Well you didn't deny the \$757,467?---No, that was the total amount of the invoices, sir, and I was told that I had to go for half, yeah, so I just pleaded guilty on half.

MR CAMPBELL: You pleaded guilty to half of that amount?---Yes.

My point is that, you remember I asked you this morning whether all those invoices related to Robin Newman Pty Limited?---Yes.

30

Looking at that document do you now agree that they did?---From this document, yes.

All right.

THE COMMISSIONER: Sorry, which invoices Mr Campbell?

MR CAMPBELL: The invoices in respect of which the guilty plea was entered, Commissioner.

40

Right.

MR CAMPBELL: I, Commissioner, I tender that, that document.

THE COMMISSIONER: Well this - - -

MR CAMPBELL: Statement, sorry. It's in the brief, Commissioner, I'm sorry, I'm getting mixed instructions. It's page 1 of folder 3.

THE COMMISSIONER: Right. Well then we don't, no order needs to be made. Page 3 of tab 3 of folder 1.

MR CAMPBELL: Yes, Commissioner.

THE COMMISSIONER: Yes.

10

MR CAMPBELL: Okay. Now what I – now sir, could I ask you these questions. As you know you've agreed with me this morning that you've made your financial records available for inspection by the Commission? ---Yes.

20

Please just listen carefully to these numbers that I'm going to ask you about. Now would you agree with me, and tell me if you don't, that your financial records show a total of \$217,168.40 deposited into your account either by way of cheque or direct deposit by Mr Robin Newman on behalf of that company Robin Newman Pty Limited?---Sir, I don't know the exact amount, but, yes, money was, yes.

It may well be?---It may well be, yes.

Do you also agree that your financial records show that either by way of cheque or direct deposit the sum of \$17, 500 was deposited by Pinnacle Traders Pty Limited?---That's possible too, sir. I'll say yes to it.

30

Right. Would you also agree that we can accurately show that by way of cheque or direct deposit \$8,300 was deposited by R&R Tapes Suppliers Pty Limited?---I'd say yes, but I don't know the amount, yes.

And would you agree on the same basis that \$6,200 was deposited by Universal Cartridges Pty Limited?---Yes, but I don't know the amount, sir.

THE COMMISSIONER: You mean you're agreeing with - - -?---I'm agreeing to money being - - -

40

- - - that sums of that order were deposited?---Yes. Yes, sir.

MR CAMPBELL: And you're agreeing with me are you not that those particular deposits which I've asked you about were put it by either cheque or a direct transfer?---I think yes, they would be, I can't remember them of course.

All right. We understand that. And it's the, I'm sorry. And you've already told me this morning that Mr Robin Newman had nothing to do with R&R Tape Supplies Pty Limited?---Not that I know of sir, no.

And so far as you know he had nothing to do with Universal Cartridges Pty Limited?---Not that I know of sir, no.

Now I was asking you before lunch and you were telling me something about it that in addition to those defiantly traceable deposits that the Commission's investigators have identified 39 deposits totally \$94,842.50 in cash. Do you understand that?---Yes, sir.

10 And you mentioned, oh well, you got \$10,000 from your mother, right?---
Yes sir.

And your mother put some cash in from your second jobs. Is that correct?
---That's correct.

But you'd accept with me that -- I withdraw that. Would you accept from however or would you agree with me rather, that at the very least the vast majority of that probably relates to cash deposits being cash sent to you or given to you by these organisations or suppliers that we've been talking about today?---Yes, probably.

And in addition to those amounts which I've asked you about, would you agree that, that probably a large sum was spent on your ordinary domestic outgoings, that is to say a large sum of the cash that was given to you by these suppliers were spent on your ordinary domestic outgoings?---Yes, some but I was married and we got those two wages coming in, so.

I see. All right. So you say that your two wages paid for most ordinary expenses.---Well, but our wages (not transcribable)

Well, what did the money get spent on?---That's why, I've never believed how much money has been involved in the whole thing from the start. I said I've had an easy life, I haven't had an over the top life, I've worked hard and I've never understood.

This may be a commonplace thing to observe but would you agree with me that it's easy to fritter away money if you have it around in cash? Has that been your experience of life?---Not really, I just left it in the bank.

40 The, now of those amounts I have asked you about you will have noticed that I didn't ask you about the specific sum in relation to Universal Telemarketing Services. Did you notice that or not?---No, I can't remember (not transcribable)

But I think the affect of your evidence this morning is that you believe that this scheme as I've referred to it of to some extent falsifying accounts, one way or another, probably started when Mr Newman was at that organisation?---Yes.

Is that correct?---Yes.

And in respect of that organisation given that your financial accounts don't show any directly deposits, do you say that that, any money you got from those transactions was probably amongst the money that was sent to you by the post?---Possibly, yeah.

10 I think you said this morning you got up to \$1,000 in the post, was it ever more than that on any occasion?---Yes, it could have been, yes.

Yes. And what was, could it have been as much as \$1500 on occasions?
---Yes.

And now I'm not going to get into an auction with you here sir, could it have been higher than that?---Yes, possibly.

20 Doing the best you can to honestly tell the Commission what it might have been, what is your best recollection as to the largest amount sent to you in the post?---I don't know sir, I really don't know.

Well, I didn't really want to get into an auction but could it have been as much as \$5,000 on occasion?---Possibly yes.

Is there any figure that I could mention that you'd say certainly not?---I wouldn't of, I wouldn't think \$10,000 or anything like that.

30 I see. So up to \$10,000 is that what we're talking about?---Quite possible, yes.

Now you've also, would have noticed that amongst the companies that I didn't mention was that company PAE Industries. Do you remember?
---You did mention that sir.

Yeah, but I didn't mention that as being the subject of any traceable deposits, do you understand me?---Yes, sir.

40 All right. Now, what sort of products did you buy from that company?---I don't know, I really don't know, it could have been anything from safety stuff right through to posts or anything.

You just have really no idea?---No.

Right. Now, who was the person you dealt with there?---It was done through Robin.

Robin. Did you, did, did you ever hear a name Paul Wright?---No.

Now, the - it's fair to say - oh, do you remember this - I withdraw that. Do you remember this, that one of the things that was on the invoices that came from PAE Industries was the HOBAS pipe I asked you about?---Yes.

Remember that?---Yes.

Yes. And now, I wasn't sure may I say with respect whether you, you were agreeing with me or disagreeing with me when I asked you whether the whole of that HOBAS pipe that was on the invoices from these different entities was not supplied?---No, sir, it would be not supplied, yeah.

Yeah. Do you agree that none of it was supplied?---That's possible, yes.

I won't take you through it now because of the time of day but if, if, if there's evidence before the Commission that Iplex had stopped manufacturing it in 2005 and the new manufacturer, whose name slips my mind at the moment, didn't start until - sorry? Global Pipes didn't start until 2009, you'd accept from me wouldn't you that anything in between was bogus?---No, they were a different type of pipe, when Iplex stopped they brought out that other type of pipe and we still ordered the other type of pipe in but it wasn't the, the HOBAS pipe.

It wasn't the HOBAS pipe?---It wasn't HOBAS but it was still under HOBAS on, on our system but it wasn't HOBAS pipe, it was a pipe to replace the HOBAS, the PVC.

Pardon me for a just a moment, Commissioner. Commissioner, could Mr Hadley be shown firstly volume, folder 4, there's only one tab in that, it's, it's tab 23 and could it opened at page 17 - I'm sorry, page 21. Now, please assume from me, Mr Hadley, that this is a statement that's been tendered in evidence before the Commission from Mr Brian Dwyer, the manager, corporate governance of the Bathurst Regional Council. Do you know Mr Dwyer?---Yes, sir.

All right. Well, if - I've got it opened at page 21, you'll see paragraph 41, do you see that?---Yes.

And you'll see that he states that PAE and Robin Newman have invoiced council for the supply of 870 metres of HOBAS pipe at a cost of \$143,848.10, do you see that?---Yes.

Do you, do you, do you see also what he says in paragraph 42, just read it to yourself. You see that he says his examination of council records from that it appear, it would appear that the HOBAS pipe invoiced by PAE and Robin Newman was never supplied. Do you see that?---Yes.

Do you have any reason to doubt what he says about that?---No.

And could I draw your attention to page 20, paragraph 40, you'll see there that what he says about HOBAS pipes having ceased to be available, do you see that?---Yes.

And that because of that and because of council's need for it, I paraphrase, council did purchase a stockpile when it was notified that it would no longer be available by Iplex Pipelines Australia, do you see that?---Yes, that's what I said earlier this morning.

10 Yeah?---We ordered extra in, yes.

Directly from the source?---That's correct.

So you'd accepted then, there's further evidence too which I won't take you to from Iplex and the other supplier, Global Pipes confirming that Mr Dwyer says, which I'll be reading to the Commission, now on the basis of that do you accept that the whole of that HOBAS Pipe appearing in the PAE and Robin Newman invoices was never supplied?---That's possible, sir, yes.

20 All right. And you would agree then wouldn't you sir, that that was, those invoices were in the category of the paper transactions in respect of which no goods were delivered. Do you agree with that?---Yes.

And in respect to which you received a kickback in cash. Is that correct?
---From Robin, yes.

Well now we know that there was no, because it's from PAE industries, can we take it then that anything from a PAE invoice must have been paid to you in cash through the post?---Through Robin, yeah, through his normal
30 payments.

You're agreeing with me?---Yes.

All right. Just a couple of things, Commissioner. Now I just want to go back to the start, Mr Hadley, when I was asking you about the system at the council. Do you remember those questions, right at the start of your evidence today?---Yes.

40 Can I ask you this, on any view of the material we've been discussing, a very large amount of goods must never have been delivered to the council at all either by way of undersupply or by way of bogus invoices. Correct?
---Yes.

How did you manage to keep that from the council over - - -?---I didn't keep it from the council, as I said my stuff was supposed to be being checked by somebody and that was never done.

Well if you, did you know that they weren't checking it properly?---That's not my job doing (not transcribable).

Well I know you say that and what I'm asking you is did you know that they weren't checking it properly?---I wouldn't know. How would I know that, sir?

10 Well you were there when they were doing it weren't you?---No, they're in a different office than us. Their paperwork goes up to the main office and that's, that's where my boss was situated.

Yes, but we established quite clearly this morning I thought that the only way that the people in the credit payments, creditor payments office would know that goods had been delivered is because you signed off on them? ---That's correct on delivered goods.

20 Yes. So you must have, because you were the only person who signed, you were the person who signed off on them, were you confident that the fraud could never be detected?---No, we were supposed to be, my (not transcribable) supposed to being checked. When you get caught, I knew it'd come around sooner or later, yes.

Oh, so you were just riding the wave. Is that correct?---Yes, I guess so, yes.

30 But when they, when they did these stocktakes you've told us about didn't you ever think that somebody would realise that, that there's 870 metres of HOBAS pipe missing?---But there never, their stocktakes were very good, if you look back through our records the stocktakes were all within, I think, five to 10 per cent, either, either right or wrong.

Yes, but if there's 170 metres of HOBAS pipe missing for which they've paid, then it's more than a five per cent tolerance isn't it?---I would think so, yeah, but it must not have been missing at stocktakes.

Well I mean - - -?---I wasn't the only one doing stocktakes, we all, as I said, it was checked by everybody.

40 Well but that, that omission was never discovered?---No.

Were you confident that the method of stocktaking was such it wouldn't be discovered?---You can't, you can't adjust stocktake records. You can only count what's there.

Oh yes, can I ask you, we spoke earlier on about stock items and non-stock items?---Yes, sir.

And, well is that different, I'll withdraw that. Was the HOBAS pipe a stock item or a non-stock item for instance?---No, it was both. It was for the both. We had some stock and extra stuff we were ordering was non-stock. So we had sort of some of both. That's like that for some, a few different products.

Well did the stocktake count non-stock or was that dealt with separately?
---No, they were separate. It was always just stock, what was on stock was counted.

10 And finally, do you know who was, who was the owner of Universal Telemarketing Services?---UTS?

Yes, UTS?---No.

Did you ever speak to anybody apart from Mr Newman at (not transcribable)?---Yes, I did, like when you ring up you'd get somebody on the phone and they'd just, yeah, you'd ask for Robin and they'd just put you through.

20 Are you talking about a reception would - - -?---I don't, I don't know, sir, it was both names, like men or ladies, I wouldn't remember which one I spoke to.

Nothing further, thank you, Commissioner.

THE COMMISSIONER: Yes, thank you. Mr Clay?

MR CLAY: May it please the Commission.

30 Mr Hadley, I appear for your former employer, Bathurst Regional Council. Do you understand that?---Yes, sir.

Thank you. Can I just follow up some of your evidence earlier today where you mentioned when Mr Campbell was asking some questions that there were stocktakes two or three times a year, is that correct?---Yes.

And you also referred to, you said you did have audits, do you recall saying that earlier today?---Yes, yes, I do.

40 What did you mean by audits?---We had audit oh, well, they told us we would be, like the system was being audited up at the civic centre, yeah.

All right.

THE COMMISSIONER: By whom?

MR CLAY: And what physical - - -

THE COMMISSIONER: Sorry, excuse me, Mr Clay, who was doing the auditing?---An - as far as I know, sir, it was an independent auditor, Commissioner.

I see.

MR CLAY: And when you became aware there were audits being carried out did something happen at your - where you worked at the store?---Not that I know of, sir, no.

10

Mr Hadley, you're aware of the purpose of a stocktake, are you not?---Yes.

And you're aware that when goods are ordered by the council they're expected to be delivered obviously?---Yes.

And that a purpose of the stocktake is to reconcile between what has been ordered and what has been received and what is being used and so the stock, it should all add up. Do you understand that?---It should balance up but a stocktake only counts what you have on, on stock at that time.

20

But you also knew at all relevant times that as far as the administration was concerned they had the orders which included the bogus orders for which no stock had been delivered?---Yes, well, our orders went up to the accounts ladies.

And the only way to determine whether or not the goods were in fact in stock was either for someone to go in and see if they were there shortly after they're supposed to have been delivered or through the stocktake system? ---Yes, correct.

30

And the stocktake system when you were there involved, as you said, some people from administration coming down to assist with the task?---Yes.

And usually another outdoor staff member?---Yes.

And you?---Yes.

And the finance staff would have the sheets to record an item number and a number of items?---The quantity, yeah.

40

The quantity, and it was your task, I take it, when - I withdraw that. The finance staff were the people that come down from administration, would call down, call out a number and then you would go within the store itself, do a count of the stock number and then come back and that number would be recorded by that other staff member. Is that correct?---Yeah. The, the three ladies had sort of separated the sheets up between the three of them, like the same amount each and then the three guys just went one with, one with each lady and they'd just call the number out and whoever had that

area, whether it was the compound area or the inside and you just did that, yes.

And no one, when you were counting stock no one was checking your count I take it?---Yeah, they do double counts.

Who does double counts?---The ladies, the ladies that you're with or the lady or man you're, you're with.

10 Every time that is counted - - ?---Not every item, no.

All right?---It was random.

You knew when there was a stocktake that there were some stock which the council records should show existed by which did not exist?---No, our stocktake was always pretty good, sir.

20 You knew that when the stocktake came to be done there had been bogus invoices for items which in the council's record had been delivered but which you know, which you knew at the time had not been delivered, that's correct?---That's correct, yes.

And you know they were therefore not in the, in the store?---That's correct.

30 You knew at that time that there could not possibly be an accurate reconciliation between the council records of what had been delivered and what in fact was in the store?---I can't see how you'd ever do that with stock and non-stock stuff, it's really hard, there was stuff that's been ordered in for, whether it's ordering in for stock or it's ordering for jobs and that you'd - - -

When something, I withdraw that, I mean to interrupt.

THE COMMISSIONER: Just let him finish.

THE WITNESS: Sorry, sir.

40 THE COMMISSIONER: What were you saying, Mr Hadley?---That's fine, Commissioner, I was finished, I don't know where I was for that.

MR CLAY: I apologise, I didn't mean to cut you off at the end, I thought you'd finished, I apologise. The stock or non-stock that Mr Campbell was asking you about is that the same as what you just mentioned stock on a job compared to stock in a store?---Yes, stuff I ordered in for special jobs or stuff I'd ordered in for the store, yes.

And in respect to the bogus invoices were those always items ordered in, identified as being ordered for the store or where they sometimes ordered in for a job?---No, for a job.

So - - -?---Sorry, it would be both.

It would be both?---Yes.

10 So the stocktake that you've talked about did not include the stock where there was an order directly for a job. Is that right?---No, it was never counted because that would have come off the system automatically when it was booked out to a job.

Okay. And did you create some fraudulent booking to a job of the items the subject of the bogus invoice which was, which was purchased for a job? ---Probably was some of it, most of them went to non-stock stuff.

20 Just come back a step. Some of the bogus invoices were for either items which were on the order booked for a job?---Yes.

They don't come into the stock that you were supervising at the store. Correct?---No.

And you at times in respect of those items – I withdraw that, come back a step. Where there is a genuine order for something for a job, does it get delivered to the job or does it get delivered to the store?---It's probably half and half.

30 All right. And when you created the bogus invoice where it was for the purposes of a job, did you indicate that a delivery should be at the store?---If the stuff wasn't going to arrive do you mean?

Yes.---No we didn't, I don't know.

But as far as the record is concerned, it would have been within Council, I take it you would have indicated delivery at the store wouldn't you? ---Mostly job stuff goes to job sites and stock stuff comes to the store.

40 But when you created a bogus invoice which was for a job you said then you would want to make sure that as far as Council records were concerned the delivery address would show the store as the address wouldn't you?--- No, a bit of both, it didn't matter.

Well, if it wasn't going to arrive and you weren't out at a job then there was a possibility that someone at the office would know someone at the job and ask them, how they got on with the pipes, for example?---Never done, never checked.

Did you create false, I'll withdraw that I'm sorry. If something is delivered to you at the store for the purposes of a job, that is a non-stock item, you still nevertheless signed it out at the store to go off to the job don't you?---If once non-stock stuff comes to the store to be stored for a job, like they're going to start a job in two weeks or three weeks or a month or whatever and the stuffs stored at the store we don't have nothing to do with it. We don't book it out because it's already been booked out to the job number when it was originally ordered.

- 10 And then when it comes to be picked up you don't create any paperwork?
---No, it's nothing to do with us then because it had been booked out to the job already, it's been costed to that job.

Mr Hadley, you, are you aware that the reconciliation of the stocktake did not, by the Council, did not at any time show any variations beyond very small sums of money something in the order of \$1500. Is that - - -?---That's what I said, they were always within a percentage, good or bad, either way.

- 20 Are you aware of the sort of range that I just told you about? That observation was - - -?---Pretty close but sometimes they were out a bit further than that and we had to do a recount and do that.

How do you explain to the Commission that there are tens of thousands of dollars or more of goods which were ordered and not delivered yet somehow the stocktake was reconciled within an acceptable range. How do you explain that?---It had been booked out to job numbers, out to jobs.

- 30 That is the bogus, I'm sorry. The stock that's subject to the bogus invoices had been booked out to jobs and therefore never counted. Is that what you mean?---That's correct, anything booked out for a job wasn't counted.

So that was part of your mechanism to ensure that the stocktake wouldn't disclose your fraud by ensuring as much as possible that the bogus invoices were for a particular job and therefore wouldn't ever show up on the stocktake. Is that so?---No, the same as with the orders, we did it to stock stuff too, it was the same ordering stock stuff in too and booking it out to a job number later, that's how it's done.

- 40 So by booking out to a job number you're saying you also falsely booked out stock which didn't exist to a job number?---That's what I've been charged for, yes.

Just excuse me for a moment. Mr Hadley your fraud involved creation of the false order, the false annotation of the receipt of the goods and then the false allocation of the non-received goods to a specific job evidencing their departure from the stock. Is that right?---I think so sir, yes.

I'm sorry.---I think so sir.

What was the document created to record the allocation of that stock to a job?---An allocation, they all had different allocation numbers, all different job numbers.

What piece of paper did you fill in to do that?---When it was booked out?

Yes.---Was booked out on our system on our computer system.

10 I see. So you could just enter on the computer system that some amount of stock item was booked out to - - -?---Job number so and so.

Job number so and so.---Yes.

And, and is that the only entry that was created at that time?---At that time.

In relation to that allocation?---I'd say yes.

20 And only a computer entry, not a paper entry not a document?---No, the only paper entry was um power (not transcribable) and barrier mesh. They used to have just a sheet of paper you used to write out the barrier mesh out with when the guys came and got barrier mesh from the store and gave it to them. They just tell us the job number and we'd write it on the piece of paper and then the next time we'd order it in we'd just use all those job numbers that they've booked the job, it out to you'd order under those job numbers.

30 And the fact that you booked out stock to particular jobs left you very confident that the stocktake would come up with an appropriate number reconciled with the other records of the Council?---I was never confident with that with what's going on, I was never ever confident.

THE COMMISSIONER: As I understand you Mr Hadley, you had a, you felt that you could be discovered at any time?---Yes, Commissioner.

Were you surprised that it went on so long?---I certainly was, Commissioner, yes.

40 MR CLAY: When did you first consider – I withdraw that. You were dealing what you could, of course, to conceal your fraud as it went along, weren't you?---Yes.

And you were not living a high living lifestyle I take it?---No.

Excuse a moment, Commissioner. No further questions.

THE COMMISSIONER: Thank you. Does anyone else wish to question Mr Hadley?

MR SHAW: Not from me thank you Commissioner.

THE COMMISSIONER: Ms McGlinchey?

MS McGLINCHEY: No thank you.

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Just a couple of things on the fly Commissioner.

10

Just about the stocktake, I think one of the things you said to my learned friend Mr Clay was that all you were doing was counting the stock on hand. Is that correct?---That's what a stocktake is, sir, yes.

So was there ever any attempt to reconcile what had been purchased with what was in the store?---I don't think Council ever did that, sir, no.

Could I ask one other question by leave, Commissioner.

20

THE COMMISSIONER: Yes.

MR CAMPBELL: I didn't ask you this, but you've said to the best of your recollection you had a \$15,000 delegation?---Yes, a ten or fifteen I think I said, I wasn't too sure whether it was ten or fifteen.

All right. Well, let's assume that Mr Dwyer or one of the other senior executives at the Council says it was ten and that evidence will be before the Commission.---Yes, that's fine.

30

Some of these orders went well above your delegation, did they not?---Yes, they did.

Well, how, how did you get away with that if I could put it that way?---Like I said before, it wasn't my, whoever was supposed to be checking my orders wasn't checking my orders.

And nobody ever rang you up - - ?---Never.

- - -and said, wait a minute, you're not allowed to order this much?---No.

40

Nothing further, Commissioner.

THE COMMISSIONER: Mr Clay, nothing arising?

MR CLAY: No, Commissioner.

MR CAMPBELL: Could Mr Hadley be excused?

THE COMMISSIONER: Yes, Mr Hadley, you may be excused. Thank you for your evidence?---Thank you, sir.

MR SHAW: Can your Honour consider allowing Mr Newman to remain - -
-

MR CAMPBELL: Hadley, Hadley.

10 MR SHAW: I'm sorry, Mr Hadley, if your Honour would consider Mr Hadley to remain in the Commission's room whilst Mr Newman gives evidence. That would be my - - -

THE COMMISSIONER: I see no reason why he shouldn't.

MR SHAW: That would be my respectful application or is my, my application.

20 THE COMMISSIONER: I don't want to inconvenience the officers. You don't mind waiting?---No, sir.

Yes, thank you. Yes, he may wait.

THE WITNESS EXCUSED

[3.00pm]

THE COMMISSIONER: I think he wants to sit in the back of the hearing room.

30 MR CAMPBELL: Commissioner, I call Raymond Newman, Robin Newman, thank you. When the officers are ready. Now Mr Hall - - -

MR HALL: Yes, Commissioner.

THE COMMISSIONER: - - -do you wish me to make a section 38 order?

MR HALL: Yes, yes, Commissioner.

40 THE COMMISSIONER: Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by Mr Newman and all documents produced by him during the course of his evidence at this public inquiry are to be regarded as having been given or produced on objection and accordingly there is no need for him to make objection in respect of any particular answer given or document produced.

**PURSUANT TO SECTION 38 OF THE INDEPENDENT
COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT**

ALL ANSWERS GIVEN BY MR NEWMAN AND ALL DOCUMENTS PRODUCED BY HIM DURING THE COURSE OF HIS EVIDENCE AT THIS PUBLIC INQUIRY ARE TO BE REGARDED AS HAVING BEEN GIVEN OR PRODUCED ON OBJECTION AND ACCORDINGLY THERE IS NO NEED FOR HIM TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR DOCUMENT PRODUCED

10 THE COMMISSIONER: Mr Newman, you're obliged to answer all questions asked of you and it is a serious criminal offence either to refuse to answer or to give false answers. Do you understand that?

MR NEWMAN: Yes, I do.

THE COMMISSIONER: Do you wish to give your evidence under oath or do you wish to affirm the truth of your evidence?---I'll give it under oath.

Will you swear Mr Newman in, please.

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Thank you, Commissioner. Mr Newman are you Robin Noel Newman?---Yes.

10 And were you at one time employed as a sales representative?---Yes, I was.

You're currently serving a gaol term?---Yes.

And the gaol term you are serving is in respect of a fraud in which you were involved with Mr Geoffrey Leonard Hadley some time senior storekeeper at Bathurst Regional Council?---Yes.

All right. And you'll see Mr Hadley is in the back of the hearing room today?

20 THE COMMISSIONER: He is?---Yeah.

MR CAMPBELL: Yes. Okay. Now can I ask you sir, the offences that you, you pleaded guilty to these offences?---That's correct.

And you were convicted on the basis of you plea?---That's correct.

30 And the facts to which you pleaded guilty were that the supply by, I'll withdraw that. The provision of invoices by Robin Newman Pty Limited to the Bathurst Regional Council was fraudulent?---Yes.

And indeed you pleaded guilty to facts which included that every invoice that Robin Newman Pty Limited provided to the Bathurst Regional Council was a fake. Is that correct?---Yes.

And that was a fact was it not?---Yes.

40 Indeed you've said have you not in pleading guilty that Robin Newman Pty Limited was not a legal entity. Do you know what I mean by that?---Yes, I do. That is correct, yes.

And it was just a name that you made up for the purpose of this scheme that you and Mr Hadley had?---Well it was my name, yeah.

It was your name but you appended to your given and surname with the appellation Pty Limited?---Yes.

Is that so?---Yes.

To give it the semblance of being a duly registered corporation under Australian law?---That's correct.

You also borrowed as part of the scheme another trading entities, Australian Business Number?---No, I stole that from my wife.

Oh well, I think I was using an euphemistic expression when I said you borrowed it, sir, but - - -?---I'm here to tell the truth.

10 - - - I'm happy for you to say you stole it from your wife. And you did that to create the semblance of reality on these invoices that you were issuing. Is that correct?---No, no that's not correct at all. It was when we first started we didn't need the ABN number.

You needed the ABN number from about 1 July, 2001 didn't you?---I can't remember the date.

I see. But anyway, but let me, so you needed to have an ABN number to make it look - - -?---Down the track we did, yes.

20 - - - to make it look like you were a legitimate Australian business trading with the council?---No. Originally we didn't need the ABN number.

But when you got it, when you started using the ABN number it was so that you would present the company that didn't exist as a legitimate trading entity?---If you want to put it that way, yeah, a long story short, yes.

Well it does cut a long story short - - -?---(not transcribable)

30 - - - because council would be entitled to the benefit of the - - -?---Of course, but they didn't need it originally. That's my whole point.

Oh well, you're begging the question and I'll ask it, well when did you, when did this arrangement start between you and Mr Hadley?---(not transcribable) five, six years ago, maybe. I don't remember the exact date.

All right. Well you can take it from me if it was only five or six years ago you would have needed the ABN number from that time?---Okay. All right.

40 If you were selling more than \$50,000 worth of goods, which you said you were?---Okay.

Do you agree with me or not?---Yes.

It's your evidence not mine. Do you agree?---Yeah.

Okay. All right. Now, but Robin Newman Pty Limited wasn't the only entity from which you were selling to the Bathurst Regional Council was it?---Yes, no, it wasn't no.

No. And when you first met Mr Hadley who were you associated with?

---Who was I working for?

Yes?---A company called UTS.

10 Is that Universal Telemarketing Services Pty Limited?---Correct, yes. Yes.

And what was your job at UTS?---First a salesman and then I became a manager, a floor, a floor manager.

And what's a floor manager do?---Oh, sales, looks after the staff, does a bit of ordering. Just a run around sort of fella, that's all.

Okay. And were you paid a salary for that work?---I was on a wage, yeah, a weekly wage, yes.

20

And did you get commissions for the sales work?---No, no commission.

Never, never commission?---No commission at all?

Who was the boss at UTS?---Michael Stokes.

And when you were working at UTS you were selling to the Bathurst Regional Council. Is that correct? It might have then been called something else?---Originally in the beginning when I worked for UTS, when I was a salesman, yes, that's when I started selling to Bathurst Regional Council.

30

Oh, right. Okay. And at that time when you started selling was Mr Hadley the storeman?---Yes.

Right. Now in the course of your work for, I'll withdraw that. You've mentioned your plea of guilty. Now apart from UTS what other entities did you deal with Mr Hadley in relation to?---A car company called Pinnacle Traders.

40

Ah hmm?---And UTS.

Does the name PAE Industries mean anything to you?---Oh, PAE Industries, I wasn't part of that company.

Did you have anything to do with that company?---No, I, I didn't own any part of the company, no.

THE COMMISSIONER: Did you use its name?---No, I didn't use its name, no.

MR CAMPBELL: Did you ever do any - - -?---Yes.

- - - transactions in its name?---I - the owner of PAE Industries, yes.

And who's the owner of PAE Industries?---Paul Wright.

10 Oh, right?---I think his name's Wright, yeah.

THE COMMISSIONER: Sorry, I'm not sure what you're saying, Mr Newman. What did you do in connection with PAE Industries and Mr Wright?---Mr Wright owned PAE Industries.

Yes?---How can I explain it? I went through it last time I was here, I explained it to you and what - - -

Please forgive me - - -?---My apologies.

20

- - - my memory - - -?---No, you're - I understand, I understand. Paul was, was a supplier to UTS. He was in a lot of trouble with business and money and so on down the line, he asked if I knew anybody or any, anything that could get him out of trouble, help him with monetary wise and I daresay he did already know what I was doing with Bathurst, hence that's why he asked me the question I daresay and I called, I said yes, there may be something we can do.

30

MR CAMPBELL: All right. We'll come back to that, what were you doing in relation to Bathurst? Would you spell it out for us, please?---Well, I just, I just explained to you, business with, with Bathurst Council.

We've had some evidence that initially the invoices were not wholly false, that some goods might be supplied but there was a under-supply of goods. Does that accord with your recollection as to how things started?---With PAE?

40

No, no, no, going back to UTS days?---Oh, back to UTS. That's why I'm not too sure where you're going, we were just talking about PAE so we're talking about UTS originally in, in the first place?

Yeah, I'm asking you about your original arrangement at Bathurst?---The original way was that I think only half the amount of goods were sold to, to Bathurst Council, the other half was to be put on backorder, a courtesy call was made to say, you know, this, this stock will be at this certain time and then it'll be forwarded on to you and of course then the whole invoice would be paid but that never eventuated, only half the amount of stock left the warehouse to supply Bathurst Council.

The back, the backorder part never eventuated?---No, that's correct.

Okay.

THE COMMISSIONER: But - sorry, Mr Campbell.

MR CAMPBELL: No, go ahead, please, Commissioner.

10 THE COMMISSIONER: I'm really interested to know how it started from Mr Newman's point of view with the - did he pay vouchers, did he, was there a grooming?

MR CAMPBELL: Yes. Was there a situation when you were dealing with Bathurst City Council that some gifts or incentives would be provided to the purchasing people you were dealing with?---You've got to remember, I was a salesman at this stage, I worked for a company.

Yes?---I worked for, for UTS.

20

UTS?---Yeah.

Yes?---Do you want me to go through the story?

Well, I want to help you with - - -?---There was no grooming or anything done actually. What it was, a couple of salespeople, we used to have cards on different clients, we would ring once a month and try and get an order out of them, as you do when you're in business. The card was, the card was passed onto me by one of the other staff saying, listen you have a go at this, you know what you're talking about with road zone equipment. So I made the phone call. I don't think, I don't think I got an order that particular month, was told ring back next month. So I rang back next month.

30

Who did you ring please?---Oh, Geoffrey Hadley.

Thank you?---Well, he was the purchasing officer or senior storeman or whatever. We got the order, I think from what I can recollect, it was such a long, long time ago, the second or third order maybe, maybe a couple of hundred rolls of barrier fencing. As I said, we only had a certain amount in stock. We delivered that up there in a truck, said to Geoff well, you know, how about the other half or whatever the amount of rolls was will go on backorder and we'll ship it when we get it into the warehouse down in Tuggerah and that's when it was suggested that don't worry about that, sending it, I need to go overseas.

40

Who's, who's this speaking to you that you're - - -?---Geoff Hadley.

Thank you. And what, what did you say about that?---I, I can't, I said I couldn't make that decision, what I'll do I'll go and see management. Went and seen management - - -

I'll just stop you for a minute. Did he say where he was going or how much it might cost?---I can't remember whether it was either Scotland or England or the States, I can't remember.

10 There's a difference, you know?---I know there's a difference but as I was saying it's a long time ago. I know, look, I know there's a difference.

Yes, I apologise Mr Newman?---Thank you.

So did he say how much was involved?---Well, no, I can't remember that either but it would have had to be second class, first class, economy, I, I don't know what.

Okay. You said you had to talk to management?---Of course.

20 Who was management?---Michael Stokes, UTS.

Did you talk to management?---Yes.

What did you say to him?---Well, I just said exactly what I just said to you, just exactly the same scenario.

You relayed the conversation?---Of course.

30 What did he say to you?---Go ahead.

And what did you then, then do?---Rang Geoff, Geoffrey and organised it.

All right. And how was it, how was it paid for, the trip?---Well, what it was, short supply, one part would be given to UTS, the other part will be kept to pay for the tickets.

Now, the council got an invoice for, for the whole amount?---That's correct, yes.

40 For all the goods that were originally ordered but which couldn't be supplied?---No, I wouldn't say couldn't be supplied but they, each order after that was either short by like a third or a quarter or whatever.

Okay. I'm not making myself clear, Mr Newman, all right. Let me just - you've said it was a short delivery on this particular invoice?---Yes.

You had a conversation about, with Mr Hadley you say - - -?---Ah hmm.

- - - and then you say that the invoice goes out for the full amount of the original order?---Yes.

Council pays a cheque?---Yes.

Where does that cheque go?---It goes into the UTS account.

For the whole amount of the original order, not all of which could be supplied now?---The whole amount of the original order.

10

Oh, right?---Whatever was invoiced.

And then how did - what happened to, what happened to that surplus that was paid on your evidence to UTS?---Surplus of, of money?

Yes?---Well, as I just said to you the, it'd be split between UTS and - to pay for Geoff Hadley's whatever, whatever he wanted.

20

Was he given the cash or, or the cheque into his account?---I don't know. As I said, I was a salesman, I do not - - -

THE COMMISSIONER: Just answer the question?---I, I don't know.

MR CAMPBELL: Okay. Well, who would know what happened to it? ---Michael Stokes.

30

All right. You're telling the Commissioner on your solemn promise to tell the truth that that's what you know happened?---I just swore on the Bible, it's exactly what happened, I, I just said what happened.

THE COMMISSIONER: And before all this happened, Mr Newman, your relationship with Mr Hadley did not involve you giving him any gift cards or any other benefits at all?---I had only just been in the company for a little while.

So your answer is no?---That's correct, yes.

So why was he - - -?---I (not transcribable) Commissioner.

40

Why was he, why was he so - what made him feel so free as to be able to ask you to get involved in this fraud?---I daresay the company had dealt with - that there's a card, you get a card with information and what they've sold to them in the past, whether they had given him cards or whether the - or any incentives before that, I don't know, I wouldn't know, I only - - -

He must have felt very free with you to be able to make that suggestion?---I had spoken to Geoff a couple of times, a couple of times over a couple of months, yes.

About what?---Placing the orders, what, what stock he uses, what he uses.

Yes, Mr Campbell.

MR CAMPBELL: Thank you, Commissioner.

10 Just before I go on, just with that point, had you been familiar with any practice in the industry of supplying these type of goods to the government sector of gifts or incentives being given to the purchasing officer like store cards or like - - -?---Drizabone's, yes, in the - - -

Drizabone - - -?---Yes, were being given away when I joined the company, yeah.

All right. Okay.

20 THE COMMISSIONER: And cards, gift cards as well?---I don't remember gift cards, I'm sorry. All I know is that we had an account with Drizabone and you had to sell a certain amount of goods to be able to give away a Drizabone.

MR CAMPBELL: Yeah?---(not transcribable)

Just, just in - okay. So there must be a limit to how many Drizabone's a man might want. Did you have that experience?---Yeah, I suppose, yes.

30 THE COMMISSIONER: Were there other gifts you gave?---I wanted to, from what I could remember it was only Drizabone's back, I'm going back a fair few years ago, you understand that.

MR CAMPBELL: I appreciate that. Any DVD combos or anything like - - -?---That came in later on.

Later on, okay. Did ever gift vouchers ever come in later on so far as - - -? ---Yes, yes.

40 And you became familiar with them later on. Is that correct?---Yes, down the track, yeah that's correct but it was definitely Drizabone, Drizabone jackets Drizabone bags because we had a very good buying price from Drizabone itself.

All right. So you say that the, the first gifts out that you've said in relation to the conversation with Mr Hadley. Now the, I just want to ask you one more thing with the conversation with Mr Stokes that you've told us about in evidence, when you put, you relayed the proposition to him, I mean was he shocked, scandalised, any surprise, how did you read him?---I think he was happy.

He took it in an unperturbed fashion?---Look, it's a long time ago.

THE COMMISSIONER: He was happy, was he happy because he was going to make some money out of it, some extra money?---I dare say so, yes.

MR CAMPBELL: Because the deal was that that, the surplus as I've called it would be split between UTS and Mr Hadley is that what you're telling us?---UTS, that's correct, well it would, yes, it would go towards his airfare, yes.

THE COMMISSIONER: This visit to Scotland was it to be Mr Hadley along or Mr Hadley and his wife or his family?---I think it was, I think it was his boy I think, if I can remember rightly.

All right. So there were two people going to Scotland?---Yes.

MR CAMPBELL: Do you know whether he airfare was arranged or whether a sum was given for it?---Yes, well, that I can't remember, I'm very, very sorry.

Now you said, this was, this was early on in the piece in your dealing with Mr Hadley on behalf of the Bathurst Council?---Yes.

All right. Commissioner, could Mr Newman be shown, I'm sorry volume 4 and could it be please be opened to tab 23 and page 17. Could you just open up sir, at page 17 in the bundle. Now did - - -

MR SHAW: Mr Campbell, what volume?

MR CAMPBELL: I do beg your pardon, it's volume 4, tab 23 and it's page 17. Now, Mr Newman did you, what I'm going to show you on this page and on the preceding page which is page 16 is a list of invoices rendered by Universal Telemarketing Services to what's now called the Bathurst Regional Council and you'll see that it's between the 1 April 2003, that date appears at the foot of page 17 to 26 October 2007 and that date appears on page 16 under the heading 5 UTS. Have you got that?---I'm on page 17, yes.

40

Then turn it back to page 16, you'll see that it's a schedule of a number of invoices from UTS to Bathurst Regional Council over a period as I said to you already 1 April 2003 to 26 October 2006, do you see that?---Yes, yes.

Now did you remain associated with UTS during the whole of that period? ---I was with the UTS for about ten years, eight or nine years.

I'm sorry if I'm a bit slow is that a yes? Were you still there in October 2007?---Yes, I think so.

All right. And now just to make this fairly clear, forgive me if I'm being tedious, the UTS matter has nothing to do with the matters in respect of which you are presently in gaol. Is that correct?---That's correct.

Thank you. Now is it, back on 1 April 2003 you were, you were then a salesman. Is that correct?---That's correct.

10

And you were the first one, had you inherited did you say Bathurst from another salesman at UTS?---I was given the card, that's correct.

And looking at this long list of invoices, are you able to tell us approximately when you got the card?---I wouldn't have the faintest idea, I'm sorry. I wouldn't know. As I said, we're going back a long time ago.

20

Well, looking at the period covered, did you have anything to do with any of these invoices can you tell us just by reference to what you were doing for UTS and - - -?---I may have sold some of those orders, that's correct, yes.

Well, after that time when he asked about the Scotland trip you told us about, was there ever legitimate order?---That, that again I can't remember. There may have been, there may not have been, I seriously cannot remember.

30

Did you have any further such conversations with Mr Stokes like the one you've told us about when the first time Mr Hadley asked about going to Scotland or England?---What do you mean conversations?

Well did talk, were you ever involved in any, directly involved in any other - - -?---I was involved in the sales, that's correct, yes.

And were you involved in sales which were false for UTS?---Yes.

Sorry, Commissioner.

40

THE COMMISSIONER: Did anyone else to you, sell on behalf of UTS to Bathurst Council?---Well, this is extraordinary a lot of sales.

Well, never mind looking at the list, I mean do you know of any person at UTS - - -?---I don't, the information could have been used without me knowing it.

I'm sure it could it could have been but do you know of any other person at UTS who sold to Bathurst Council apart from yourself?---No, I don't know of any myself.

MR CAMPBELL: And well, when did you become the floor manager, as you've put it?---Not to we moved to Tuggerah way after this - - -

THE COMMISSIONER: But you continued with sales even after you became floor manager, you still sold?---Oh yes, yes, yes.

MR CAMPBELL: And did you still sell to Bathurst?---Yes.

10 And did you still sell to Bathurst on behalf of UTS?---Yes, up to a, up till I don't know when I'm sorry.

Well, looking at that list if it's accurate and it's from Bathurst's records, the last time was July, I'm sorry 2007, October 2007. Were you still selling to them then on behalf of UTS?---No, that's the last invoice from Bathurst it would have stopped in 2003.

No, no, it's in reverse order, you've got to look at page 16, as I tried to explained, see the first one on the list.---Oh yes.

20 So were you still selling as of October 2007?---That I don't know, I can't remember I'm sorry.

One way or another? You can't remember one way or another?---No I can't remember not one way or another, I can't remember.

30 Thank you, okay. Well, during the time, if I've asked you this question, please be patient with me, but during the time you were still selling on behalf of UTS did you have some more of these deals with Mr Hadley where there was a proceeds of the sale were in part or in whole split with him?---Me personally or UTS?

UTS?---(NO AUDIBLE REPLY)

40 THE COMMISSIONER: UTS. I'm not sure why you're hesitating Mr Newman because I, just let me finish please. Because I thought you answered Mr Campbell when he asked you a similar question that is, whether you sold on behalf of UTS to Bathurst whether you were involved with false invoices on behalf of UTS the receipt being Bathurst and you said, Yes.---Yeah, I'm sorry, I'm just getting slightly confused.

Yes, well let's try and clarify your confusion.---Okay.

THE WITNESS: Could you ask me that question once more?

MR CAMPBELL: Yes. Don't look at the list but I've shown you the list, okay. Now some of those you've told me you must have been involved in, some of those sales?---Yes.

Or those invoices?---Yes.

Apart from the first one relating to the overseas trip were others of them fraudulent in the sense that not all the goods were delivered or no goods were delivered?---Yes.

And was it – did it, did it develop from under-delivery to no delivery or was it always a mix of them?---There would have been a mix I'd say.

10 Yes.

THE COMMISSIONER: And it all stemmed from this Scotland trip, financing the Scotland trip?---Yes, that's correct.

And well when, when you were say the manager did you ever authorise those kind of deals yourself without going to Mr Stokes?---I wasn't manager at that stage.

20 Well in October 2007 were you manager then?---I wasn't manager until we moved to the other premises over at Tuggerah Park.

And I'm trying to get a date from you about that?---I wouldn't know the date, I do apologise. But I was not manager while this was going on.

Well did you have a conversation with Mr - - -

30 THE COMMISSIONER: No, sorry, Mr Campbell, he said he was not manager while this was going on. That is you weren't manager when these fraudulent deals were being done. Is that what you say?---That's correct.

Even though you were still selling to Bathurst?---Yes.

What made you stop?---Stop selling to Bathurst?

Yes, in the fraudulent way that you had been before?---Through UTS?

Yes?---Because he was, Geoff was let down on something that he was promised.

40 I don't know what you mean?---Well Geoff had another trip coming to overseas, which was basically paid for by UTS. UTS didn't actually end up paying for that particular trip.

And therefore what was the consequence of that?---Geoff stopped dealing with UTS. That's when myself and Geoff started doing it fraudulently ourselves.

I see.

MR CAMPBELL: Well we can, pardon me, Commissioner. And well just before we, and when you say when we started doing it fraudulently ourselves, are you talking about Robin Newman Pty Limited?---That's correct.

10 All right. Well just before I come to that, that period of time, you mentioned, I've asked you about Pinnacle Traders, now that was also a company associated with Mr Stokes. Is that correct or wrong?---Yes. Yeah, that's correct.

And what was the distinction between UTS and Pinnacle Traders?---Pinnacle Traders was supposed to be (not transcribable) of UTS.

All right. And did the same type of transactions, the fraudulent transactions occur on behalf of Pinnacle Traders?---Yes, it did.

20 Now just before I come to putting a time on this, can you answer this question for me, I mean, whilst UTS to start with was to your knowledge involved in these fraudulent transactions, did you have any part to play as a go-between or otherwise in the actual splitting of the money?---What, through UTS?

Through UTS?---No, I was not management nor was I able to access any of the accounts.

30 But did Mr Hadley talk to you about his expectation in respect of any of these fraudulent transactions apart from the first one?---Well yes, the expectation was that he would go 50/50 in whatever was left over the invoice which wasn't supplied to go towards his trip.

And was that something, but what about other deals after he had the trip? ---Well that trip was quite expensive.

So it took a few invoices to save up for it. Is that correct?---Yes, yes.

40 And did – well did you talk to Mr Stokes on Mr Hadley's behalf about his expectation in relation to that trip?---I, I explained to the owner of UTS what the arrangements were to be, which I was told of the arrangements to be expected.

All right. Well this is, do you know from your own knowledge that, in respect to that first trip, that UTS honoured that expectation?---UTS did honour that expectation, yes.

Did you have anything to do with getting the money to Mr Hadley?---I don't think so. I think the trip was arranged by either, I think, look I can't remember whether the trip was arranged by Mr Hadley himself, Geoffrey

himself or whether it was arranged by UTS. I don't, do not remember, I'm sorry.

All right. Well okay, what about the Pinnacle Traders, were Pinnacle Traders - - -?---Yes.

- - - still, were Pinnacle Traders dealing with Mr Hadley at the same time as UTS were dealing with them?---No.

10 A different time you say?---Yes.

All right. Now look – all right.

THE COMMISSIONER: I'm not sure what your evidence is Mr Newman. Do you say, firstly I think you've acknowledged that you did do a number of deals on behalf of UTS with Mr Hadley which were fraudulent?---Yes.

20 Some of, I think you've acknowledged that at least some of those were used to pay for the Scottish trip?---Yes.

But were some in addition to the Scottish trip?---There was another trip.

No, no, before the other trip. I mean there was, there was money to be made here only having to do with the trip I take it?---Yes, it did. It was a lot of money because if you look at some of those invoices - - -

The ones at page 17?---Page 17, yes.

30 Yes?---Right, we're looking at \$14,000.

Yes?---So half that, half that stock, maybe even more than half that stock would have been sent.

And - - -?---So that's an invoice of 14,000 including sales tax.

Yes?---So out of that has to come the original of stock.

40 Yes?---Your freight, your sales tax, packing, all sorts of bits and pieces, which, which puts the value left maybe three or four, maybe \$5,000 to be split between both, both parties.

It all depends on how much was delivered?---Yeah, well that's what I'm saying. On that first invoice there was a fair whack of, a fair whack of it delivered. And then you're looking down here at 6,000 which the company - - -

It's not the first invoice?---I'm just using that as an instance.

Yes, well I mean there are more, but if you look at the invoice, the fourth one down from the top is \$19,000 odd dollars. So there was a lot of money to be made here, and I'm just trying to find out whether it was made?

---What, which - - -

By UTS?---Yeah, there would have been money made by UTS of course.

Yes. And the money that was made was by charging for goods that weren't delivered?---In some cases, yes I dare say so, yes.

10

But you must have known that?---Of course I knew that.

Yes, I'm just asking that because you said I dare say?---I do, I do, yes, , yes, I did know that.

Yes, Mr Campbell.

MR CAMPBELL: Thank you, Commissioner. You see sir, because you were for a period of time the actual salesperson dealing, dealing with Mr Hadley on behalf of UTS were you not?---Yes.

20

Well – so you'd have some idea wouldn't you of how much of an order if any was actually delivered and how much wasn't?---Yes. Not on each particular order, no. I would deal with Geoffrey once a week. I would deal with maybe in that particular week five or six hundred clients. So I wouldn't know now what was sent and what wasn't sent if that's the question you're asking me.

THE COMMISSIONER: Yes. That I, I certainly understand that Mr Newman. But the point is that throughout, I merely have asked you throughout that period of years this is what went on with UTS and Bathurst?---Yes.

30

MR CAMPBELL: We're trying to establish if you can help us with, if there was an established practice, where it was and how it operated. Do you understand?---No.

Okay. Well the Commissioner's ask you the question a moment ago, because we're trying to figure out from your evidence, with your help, what the arrangement was between UTS and Mr Hadley?---I just explained to you what the, what the arrangement was.

40

THE COMMISSIONER: Because the fraudulent deal was being done not every time, but most times. Is that what you say?---Yes, yes.

MR CAMPBELL: Commissioner, I know with Mr Hadley you said there's no point asking you about specific instances because it's all too long ago? ---Yeah.

And there's been too much water under the bridge, but will you persevere with me if I ask you about one?---Of course, of course.

Okay. Could the witness be shown folder 5, Commissioner. Perhaps just close up that folder 4 so we don't get confused, sir. And bring it up to page 264. Page 264 is that first invoice, the first in time that was on that schedule I was asking you about?---Oh, that's right. Yes.

10 Sorry?

THE COMMISSIONER: He said that's right.

MR CAMPBELL: Yeah, okay. Now, just as a matter of interest, Commissioner, 265 is the goods received docket in respect of this, it's in relation to Mr Hadley's evidence. But this, this invoice you can see what the quantity of goods was and what they were and that the total was including taxes, \$3,764, do you see that?---Yes.

20 All right. now, if we, if we go over, over the page to 263, we're going backwards, we can see on the, on 9 April there's a, there's a voucher from Bathurst City Council but just keep going to 262 and you'll see that there is a consignment note and it's got a UTS number on it and it's from Star Track Express?---Freight, yes.

Were they the usual couriers?---Yes, they were.

All right. Now, you can see what they say they delivered, they delivered 13 cartons of some products, do you see that?---Yeah.

30

Now, how does that 13 cartons relate, it at all, to the invoice at 264 for instance? Is it possible to say or not?---Well, out of the 360 there's three, there was 120 pair of gloves per carton.

Yes?---So that would have been six cartons there.

All right. Well, if that's six cartons there, there are, there are two - - -

THE COMMISSIONER: Six cartons where?

40

MR CAMPBELL: If you look at, Commissioner, at 264, you'll see that there's 360 of, of pigs foot - - -

THE COMMISSIONER: Yes.

MR CAMPBELL: - - - extra large gloves.

THE COMMISSIONER: Is that 360 cartons?

MR CAMPBELL: No, that's 360 pairs I assume, is it, sir?---Yeah, that's correct.

So that's about six cartons according to Mr Newman and then we get 360 pairs of large yellow poly cowhide gloves, is that correct?---Fur-lined riggers I've got here. Oh, yeah, poly cowhides, yes.

10 MR CAMPBELL: Right. So about, about how many - was that another six cartons or are they bigger?---No, I think they, it was only 60 per - like from what I can remember there again I think there was only 60 in a carton.

THE COMMISSIONER: 60?---Yeah.

MR CAMPBELL: Well, that's another six cartons then?---Yeah.

And then we've got 864 fur-lined rigger gloves?---I think there was only 20 per - I don't know.

20 THE COMMISSIONER: Sorry, 20?---Twenty or 30 per carton (not transcribable)

Per carton?---Yeah.

MR CAMPBELL: Well, if it's, if it's 20 per carton then - - -?---Twenty or 30 I said, yes.

Sorry?---Twenty or 30.

30 Well, if we say that's about another - am I right, 30 cartons or something? ---Mmm.

So are you, are you saying then we can, we can see by reference to the Star Track invoice where the shortfall might be?---It's possible if you check in the unit number as well there's been unit 1 and a unit 3 to those cartons.

Where is the unit numbers written, can you tell me?---Yeah, in between the price and the discount.

40 It's on the invoice?---Yeah, 264.

Oh, yes, I see it, it says, the unit says unit 1, unit 3, what does that mean?---I don't know. I don't know whether that's one carton and three cartons, I, I don't know and the, and the price has also been a re-adjustment.

Oh, right. It's just that you've told us already that the quantity seems to be \$360 of two items, that's pairs?---Yeah, poly, poly cow riggers were a lot thicker, thicker glove.

Yeah, and then 864 of the fur-lined rigger?---Which are a very thick glove.

And that's a total amount of \$8,257.79. Do you see that?---Yes, it's got paid by Bathurst City Council on it.

That's right, and if you look at page 259 you'll see there's a copy of a cheque, a voucher, a cheque or a payment voucher of some kind. Do you see that?---Yes.

10

Now, is this the kind of transaction that you've been describing for us?---I'd say so.

See if we go back, if we go on with this to 258 then we see an order on 14 April 2003 which is for quite different goods being barrier tape and - - -? ---That's a Bathurst City purchase order.

20

Yes, that's right. But it's a different order from the one we looked at with the invoice, your invoice of 1 April 2003, is it not?---Well, that's got nothing to do with me or UTS.

THE COMMISSIONER: It's a different invoice.

THE WITNESS: It's the Bathurst invoice.

THE COMMISSIONER: Different transaction.

THE WITNESS: Different - - -

30

MR CAMPBELL: That's my point, that's what I'm asking about Commissioner. It's a different transaction.---I didn't know what that was.

Well, you'll see that it's a purchase order and it's directed to UTS Pty Limited at a Tuggerah post office box.---I can't, I wouldn't know, it just, I can't even read them.

THE COMMISSIONER: Well, it was Tuggerah your receipt, if you look at 257 the UTS tax invoice for that order I suspect show that UTS is now at Tuggerah.---Okay, yes.

40

MR CAMPBELL: But it still shows you, if I may take after the Commissioner's point, as the salesperson, do you see that?---Yes.

And my question is this, there doesn't seem to be another consignment note saying that those fur line riggers glove were ever delivered?---I wouldn't know, I had nothing to do with deliveries.

I understand but that type of backordered arrangement is on your description of the process today an illustration of how this arrangement commenced?---I would say that would have been part of it, yes.

All right. All right. Now, if we can go back to folder 4, I just want to get the timing on some of this because this is all over a long period of time Mr Newman, I think you've made it quite clear it's hard to remember all the details.---Yes.

10 But have you got folder 4 there?---No, I haven't, I've been given folder 5.

All right. That's got to be given back to you. If you open it back up to page 16 you'll see that the top of page 16 there's a table, again, it's in reverse order of Pinnacle Traders Pty Limited invoices, the invoice number, the invoice date, the amount of the invoice and the Council payment voucher. Can you see that and they all total \$178,311.19.---Yes.

There's another company which you were involved in through working for the trading entities of Mr Michael Stokes.---Yes, that's correct.

20

You'll see there that the first invoice that Bathurst City Council can track down is on 9 January 2005 which is about 20 months or so after the first invoice from UTS. Do you see that?---Yes, it's around (not transcribable) I think so yes.

And to your knowledge were those, were some of those invoices at least subject to the same fraudulent arrangement?---Yes, I acknowledge that yes.

30

THE COMMISSIONER: Are they all of them do you think?---Yes, I do.

That's Pinnacle?---Yes.

MR CAMPBELL: And now just you said at one time that you thought that things cut out when you started using the bogus name of Robin Newman Pty Limited. But would you turn over to page 15?---That's backwards.

Backwards, yes. I beg your pardon, that's another, page 14 backwards and then finally to page 12 and 13?---Yeah.

40 Now you'll see that from looking at page 12 you'll see that this is the invoices from Robin Newman. Do you see that?---I think so. I'm not even there.

I beg your pardon, 12 and 13?---Yes.

All right. Now you'll see that date of the first such invoice from the foot of page 13 was 10 December, 2003. Do you see that?---(NO AUDIBLE REPLY)

10 December, 2003.

THE COMMISSIONER: Sorry, on page 12?

MR CAMPBELL: You have to go to page 13, Commissioner.

THE COMMISSIONER: Yes.

10 MR CAMPBELL: There again - - -

THE COMMISSIONER: Yes, I see that thank you.

MR CAMPBELL: Thank you. Have you got it Mr Newman?---What date was that, sorry?

The last date on page 13, 10 December, 2003?---Yes.

20 All right. So your recollection about when you started using Robin Newman might be accurate. Do you not agree? Might be inaccurate. Do you not agree? Because you've told me that these fraudulent arrangements were going on with Pinnacle at a time after 10 December, 2003?---No, I actually said to you that the second trip that Geoff was arranged to go for with UTS was wasn't paid for by UTS. That's when myself and Geoffrey started. I didn't mention Pinnacle at all.

No, I know you didn't mention - - -?---Pinnacle came later on.

30 But what you seem to suggest, and I might be wrong about my understanding of what you said, is that when the second trip wouldn't be paid for you started using Robin Newman as a vehicle for this fraudulent arrangement?---That's correct. Yes.

THE COMMISSIONER: So would that have been on 10 December, 2003? ---I wouldn't know, maybe, yes.

Okay?---Maybe yes.

40 MR CAMPBELL: I think you've also already agreed with me that all of the Robin Newman Pty invoices were fraudulent?---Yes.

Yes, because you we'd agreed to that?---Yeah.

It didn't exist?---No, that's, it didn't.

But what I'm asking you Mr Newman is some of these arrangements with the other companies including Pinnacle Traders and including UTS must have run concurrently with the UTS nor Robin Newman ran concurrently.

THE COMMISSIONER: Sorry?---UTS?

MR CAMPBELL: Yes?--- The company UTS?

Yes?---And Robin Newman - - -

Yes?---None of them ran concurrently.

10 Well that - - -?---Pinnacle and Robin Newman ran concurrently?

Oh, I see. So you say that, you say that when, can we take this to be your evidence and I'm asking you - - -?---I don't know the dates, I'm sorry.

THE COMMISSIONER: No, we can just work out, I understand that.

MR CAMPBELL: We're trying to help you remember the dates by showing you these documents?---I wouldn't know, even by looking at them, if you are suggesting to me a date, I wouldn't know I'm afraid, I'm sorry.

20

THE COMMISSIONER: No, look, I understand that, but your evidence is that, we do understand that. Your evidence is that when you started and if I understand you correctly, when you started doing deals through Robin Newman, you stopped doing the fraudulent deals with UTS?---That's correct.

All right?---Because UTS, sorry - - -

30 But you didn't stop doing the deals with Pinnacle, so Pinnacle ran in tandem with Robin Newman?---That's what I said, they just ran concurrently.

Yes, I know. You did say that?---Yes, yeah.

But UTS had stopped?---That's correct.

All right?---Because it's obvious what I just said, UTS had let Geoff down with what he was supposed to get, hence Robin Newman was created to get him overseas. I did say that. And you've asked me that two or three times.

40 (not transcribable)

MR CAMPBELL: Well I may have done Mr Newman, but we're just trying to get the date?---I don't know the date.

Well look at these documents - - -?---I wouldn't know by looking at the documents the date. I'm afraid, I'm sorry, you'll have to take a rough idea from when the first order for Robin Newman was placed - - -

THE COMMISSIONER: That's 10 December, 2003?---Right. So it must have been around that particular date.

And that's what - - ?---Maybe a couple of months before that, a couple of months in between, yes, maybe.

THE COMMISSIONER: Right.

MR CAMPBELL: All right. Well thank you for that evidence.
10 Commissioner, can I say that on page 17 the last UTS invoice before that date was is 16, I'm sorry 23 October, 2003.

THE COMMISSIONER: There's one on 3 December, 2003 isn't there? Have I got this wrong?

MR CAMPBELL: No, no, no. Yes, there is. It's out of order. It's out of order.

THE COMMISSIONER: It's 3 December, 4-1-8-7 in the middle of - - -
20

MR CAMPBELL: I'll double check that to see whether that's, whether that's - - -

THE COMMISSIONER: All right. I think there's one later, no, no, that's correct. I think it's 3 December is the last one for \$3,341.

MR CAMPBELL: Yes, which, which - and it's 10 December which is the first for Robin Newman Pty Limited.

30 THE COMMISSIONER: Yes, quite.

MR CAMPBELL: No, I'm sorry this has taken a lot of the time, Commissioner, and I will catch up.

THE COMMISSIONER: No, no, no, it has to be done.

MR CAMPBELL: But I see the time, I'm not, I'm not nearly finished with Mr, with Mr Newman.

40 THE COMMISSIONER: No. I hope the officers don't mind but if Mr Newman can return tomorrow.

MR CAMPBELL: And that will also mean Mr Hadley given the request that he be present. Mr Hadley (not transcribable)

THE COMMISSIONER: You understand (not transcribable)

MR SHAW: Mr Hadley is - it's my instructions Mr Hadley intended not to be here tomorrow but I'm of course not sure what plans Mr Campbell has.

MR CAMPBELL: Well, I don't have any further plans in relation to Mr Hadley at this stage, your Honour.

MR SHAW: He would ask to be excused (not transcribable)

MR CAMPBELL: One assumes - - -

10

THE COMMISSIONER: Is Mr, Mr Stokes, is he represented?

MR CAMPBELL: We don't know yet, Commissioner.

THE COMMISSIONER: Well, Mr Stokes might want to question Mr Hadley.

MR CAMPBELL: Mr Stokes may. I think we should bring him back tomorrow, Commissioner.

20

THE COMMISSIONER: Mr Hadley should return.

MR SHAW: As the Commission pleases, thank you.

THE COMMISSIONER: If the officers don't mind and I'm sorry that you have to return but if they, if Mr Hadley and Mr Newman could be back tomorrow by 10 o'clock and we'll adjourn tomorrow until 10 o'clock.

30

THE WITNESS STOOD DOWN

[4.02pm]

AT 4.02PM THE MATTER WAS ADJOURNED ACCORDINGLY

[4.02PM]