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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE DAVID IPP AO QC

PUBLIC HEARING

OPERATION JAREK

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON TUESDAY, 18 OCTOBER, 2011

AT 10.10AM

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This transcript has been prepared in accordance with conventions used in the Supreme Court.

MR CAMPBELL: Thank you, Commissioner. Mr Newman is before the court.

THE COMMISSIONER: Yes, Mr Newman, you're still under the oath that you took yesterday and the section 38 order continues to apply to you?
---Yes.

<ROBIN NOEL NEWMAN, on former oath **[10.11am]**

10

MR CAMPBELL: I said the court, I mean the Commission. Mr Newman are you Robin Noel Newman?---Yes, that's correct.

And just for the purpose of the transcript, you're the person who was giving evidence when we adjourned yesterday afternoon?---Yes.

Now Mr Newman, I've been asking you about matters relating to Robin Newman Pty Limited?---Yes.

20

And also Universal Telemarketing Services Pty Limited?---Yes.

And we've touched a little bit upon Pinnacle Traders Pty Limited?---Yes.

Do you remember yesterday I asked you questions about the nature of the offences to which you have pleaded guilty and for which you've been convicted?---Yes.

30

And you agreed with me that all of those offences related to the fraudulent transactions involving Robin Newman Pty Limited?---Yes.

You understand don't you from the evidence you've been giving me, giving the Commission and the questions I've been asking you that these other matters in relation to UTS and when we get to it in more detail, Pinnacle Traders Pty Limited, are matters for which you have not been dealt with by the criminal law to the extent of which the evidence that you're giving may disclose facts which themselves demonstrate illegality. You understand that don't you?---Yes.

40

And although you have the benefit of the suppression order that the Commissioner has made under section 38 of the Independent Commission Against Corruption Act, you need to understand and I'd ask you to acknowledge whether you do or not, that these matters that I'm asking you about are matters which may be capable of exposing you firstly to findings of corrupt conduct under the ICAC legislation. Do you understand that?
---Yes.

And do you also understand that these matters that I'm asking you about are capable of exposing you to further criminal prosecution. Do you understand that?---Yes.

Thank you. Now we were discussing as I said yesterday UTS. If I could just recap very briefly. Do I understand your evidence correctly to be that the fraudulent arrangements involving UTS ceased when you started to utilise the bogus company Robin Newman Pty Limited?---Yes.

10 Now we mentioned Pinnacle Traders Pty Limited. Can you remember when that company was formed?---No, I can't sorry.

If I, we'll have evidence of this Commissioner in accordance with an ASIC search, but does around April 2005 sound correct to you?---I think so, yeah, maybe, yeah.

It could be any date, I gather - - -?---Yeah, I don't even know what year actually.

20 All right. Okay. But just you accept from me for the moment that it's around April 2005?---Okay.

Now that was a company of, I'll withdraw that. How did it come about that that company was incorporated?---Was?

Do you understand the word incorporated?---Yes, I do. How the actual company came about in other words.

30 Yes?---It was supposed to be an incentive for me as an importing arm for UTS to import respiratory equipment from overseas.

All right. Well who, who spoke to you about giving you that incentive in the first place?---Myself and Michael Stokes.

And Michael Stokes you told us yesterday was, was the boss at UTS? ---That's correct.

40 All right. And now what did Mr Stokes say to you about that before the venture was commenced?---What did he say to me about that before the venture - - -

About, yes, I'll withdraw the - - -?---It was supposed to be my incentive.

I'll withdraw the question. I'll withdraw the question. Can you tell us, doing the best you can to remember the words actually used, what he said to you about that?---Well I can't remember the words actually, it was something like seven or eight years ago, six, seven years ago. But it was just supposed to be my I suppose, for being a good worker, helping with the

company, doing what I did, increasing sales, supposed to be a bit of a (not transcribable) for me and get me extra cash.

Yes. But was this your suggestion or his suggestion?---Oh look it was, it was just banded about. It was just, I don't know.

Something that arose out of discussions with - - -?---Having a beer one day it just arose I suppose.

10 Okay. And I'm going to say this to you, I think you'll know this, but I'll try not to talk over you if you try not to talk over me. We have to speak one at a time so it can all be recorded. Do you follow me?---Yes.

So it was something that just arose out of a discussion between the two of you, perhaps over a beer?---Yes.

All right. And you mentioned to us already that the specific idea was that you were going to import respiratory masks from, for use in industrial applications?---Yes.

20

All right. And was it formed so that Mr Stokes was the sole shareholder? ---In Pinnacle?

In Pinnacle Traders Pty Limited?---I was the director, Michael was the secretary, I think.

But I'm asking you about shareholding, was it the case that it was his company because he was a shareholder?---Sorry, that was both our company.

30

Okay. Your understanding is that you had a shareholding in it. Is that correct?---Yeah.

All right?---Partners.

You haven't, well, all right, you haven't seen the company records to know whether you were ever allocated that shareholding?---There was no shareholding involved. We were just partners in a company.

40 All right. You understand companies have shareholders and ventures might have partners? Do you understand that distinction? It doesn't matter if you don't?---No, I didn't. My understanding was that we would just start the company between us and we would import respiratory and then I would get a percentage of the on-sell of the on-sell product.

THE COMMISSIONER: So were you and he each to have an interest in this company Pinnacle?---Both of us had an interest, yeah.

MR CAMPBELL: And was there to be some kind of profit sharing arrangement?---Well, yes.

I mean it follows doesn't it if you, if you're both to have an interest in it, if it happens to make a profit, then the people who have an interest should share in the profit. That's correct?---Yes, that's correct, yes.

And, and that was the idea I'm assuming. Is that correct?---That's correct.

10 All right. Now did the original idea of importing these masks ever get off the ground?---No, it didn't.

And so was Pinnacle Traders Pty Limited put to some other use?
---Eventually, yes.

Well what use, what use was it put to?---To sell to Bathurst Council.

Now, on what basis, what I mean, I'll explain myself, I'll withdraw that
20 question. We know that UTS actually supplied some products to Bathurst Council and we know that Robin Newman Pty Limited didn't, so what was the basis on which Pinnacle was to, and I put it "to supply" products to Bathurst Council?---(NO AUDIBLE REPLY)

THE COMMISSIONER: Do you understand Mr Newman?---No, I don't, not quite too sure.

All right. You say that Pinnacle, Pinnacle eventually was used to supply
30 goods to Bathurst Council but we also know that the kind of supply that was involved in other transactions using UTS and Robin Newman Pty Limited was fraudulent.---Yes.

You were being asked really was this, was this the same and, or similar and if it was similar in what way was it similar?---It was similar to the way there was no stock ever sent.

MR CAMPBELL: Can I just make that very clear every invoice you say from Pinnacle Traders Pty Limited to Bathurst Regional Council was completely bogus?---Yes.

40 And the what, well was there, you've told me there was a profit sharing arrangement between you and Mr Stokes at the time Pinnacle was launched. Did that profit sharing arrangement continue throughout the whole time that Pinnacle was supposed to be trading with Bathurst Regional Council?
---What it was was, it was the same story Geoff, we would go 50/50 with Geoffrey from Bathurst and myself and Michael would go 50/50 in what was left over.

All right. Could Mr Newman be shown folder 4 again, the statement of Mr Dwyer. If you could turn up to page 16 sir, again I'm just using this as a convenient summary of the other evidence in the case. Do you see at the top of the page and you may have looked at this yesterday afternoon that there are a list of invoices, there's item 4, there's a list of invoices being invoices sent to Bathurst Regional Council by Pinnacle Traders Pty Limited. Do you see that?---Yes.

10 And you will see that the original trading date, contrary to what I put to you, is 9 January 2005 and the invoices were sent right up until 29 January 2009. Do you see that?---Yes.

And you'll see the total there is \$178,311.19 worth of invoices.---Yes.

And is it your evidence in the Commission today that not one single product was ever supplied in respect of those matters?---From what I can remember, yes.

20 All right. And we can see that on the fourth column on the right hand side of the page that there's a heading Council payment vouchers and that's, those are the numbers of the means of the documents, by means of which Bathurst Regional Council actually paid Pinnacle Traders. Do you understand that?---Yes.

So that it's, you're telling the Commission today that to the best of your recollection that the whole of that \$178,311.19 was received by Pinnacle Traders Pty Limited?---Yes.

30 Now did Pinnacle Traders Pty Limited have a bank account?---Yes.

Where was it?---Westpac Tuggerah.

And did it operate a cheque account?---Yes.

And who are the signatories to that cheque account?---Myself and Michael Stokes.

40 And how did it operate, by that I mean could either of you sign or did you both have to sign?---We both had to sign.

All right. Pardon me for just one moment.

THE COMMISSIONER: Do you know what happened to the money once it was paid into the bank account?---What happened to the money?

Once it was paid into Pinnacle's bank account?---Yeah, well, we - - -

You divided it up?---Yes.

You and Mr Stokes?---Yes, and then I would on-send money out to Geoff.

MR CAMPBELL: Thank you, Commissioner.

Now, so how did it, how did it operate? How did, how did, how was the profit distributed amongst the people participating in what was going to be called a fraud?---Well, as I said earlier I would, we would pull it out of the bank, I would then send, post money up to Geoffrey and myself and
10 Michael would split the rest.

All right. The - apart from posting money up to Geoff did you ever adopt any other means of giving Geoff his share?---Ah, into the bank.

That happened occasionally?---Originally that happened that way then it was posted then I, I may go up there at some stage.

All right. Commissioner, we have the financial report of Mr Lockley in, in
20 the Commission room, I have not yet referred to it formally but could - from the Bathurst report could Mr Newman be shown annexure 5. Just close that book up if you would, sir. The first thing I'd like you to do is, is to go to tab 71, do you see that grey tab?---Yes.

And if you turn over to the third page, the right-hand corner at the bottom of the page you'll see there's a page number, 495, can you turn up at page 495 and - I'm sorry, you'll, you'll, you'll see that that's, that relates to a deposit in Mr - one of Mr Hadley's accounts, do you see that?---Yes.

Does it accord with your recollection that he banked with the
30 Commonwealth Bank?---Yes.

And that's for an amount of \$1,000 on 8 June, 2005. Now, do you see the signature at paid in by somebody, whose signature is that?---I don't know to be truthful.

All right. Could you turn over the - I withdraw that, I've got the wrong one, Commissioner, that's a different one. It's my mistake, forgive me. I think it's, it should be 6, Commissioner, that relates to another matter.

40 THE COMMISSIONER: Page 496?

MR CAMPBELL: Yes. If you could discard because it's my mistake, annexure 6, annexure 5, Commissioner, and could we start again with annexure 7. We'll come to that one later, Commissioner.

All right. I'm sorry about that, sir, if you'd - you'll see that this relates to transactions - I withdraw that. Go to tab 75, it's page 566 and do you

recognise that as a copy of a bank statement issued to Pinnacle Traders by Westpac Banking Corporation?---Yes.

All right. And could you then go to page 568 and do you, do you see there that there is a, a deposit slip in the Commonwealth Bank and there's a signature there. Whose signature is that?---That's mine.

And the name G Hadley, that's Mr Geoff Hadley?---That's correct.

10 And the amount is \$5,000 deposited on 12 December of 2005. Is that correct?---That's correct.

All right. Now, could you go to the next page which is page 569 and you'll see that's a bank document which relates to the transaction, do you know anything about how that document was created?---No.

Now, you've told me that both you and, you and Mr Stokes both had to operate the account together?---Yes.

20 So to withdraw \$5,000 from the account was it necessary to cash a cheque? ---Yes.

And that cheque had to be countersigned by the both of you?---Yes.

Right. And you may not remember the particular transaction we're looking at but you'd need to have a discussion with Mr Stokes about why you were withdrawing \$5,000 worth of cash I suggest to you?---Why I was withdrawing \$5,000?

30 Yeah, you'd have to say why you wanted him to sign the cheque, wouldn't you?---Tell Michael why I was signing the cheque?

Yeah?---He knew why I was signing the cheque, of course, of course he did.

But are you saying there didn't have to be a discussion each time, is that what you're saying?---Well, we would both go down to the bank together, we would go down the bank together and, and draw the cash.

Right?---We both knew why we were going there.

40

Well, I understand you say that but would, would you have to say to him look, let's go down to the bank because we need to put some money in Hadley's account or something like that?---Well, that may have been said, yes.

I mean, you can't remember about that particular transaction - - -?---No.

- - - because there are so - - -?---I don't remember any of the transactions.

Because there were so many of them?---Yeah, well, the amount that is there, yes.

Yeah. All right. If you go then behind tab 76 you'll see it's page 570 and again that's a, that's a statement from, from Westpac Banking Corporation. Do you see that?---Yes.

10 Relating to Pinnacle Traders Pty Limited and if you look at the next page, not the next page but page 572 you'll see that there is a typed receipt, a credit voucher or a receipt for the, a deposit, do you see that?---9,000 and 3,000, is that - - -

Yeah, a total of 12,000?---Yes.

And that's on 22 March, 2006, do you see that date?---Yes.

20 And if we turn the page we get page 573 and we can see, can't we, a cheque for the first sum of \$3,000, do you see that?---Yes.

And it's countersigned by, by you and your signature is on the left, you've previously identified it for me?---Yes.

And then we see a signature on the right, I think I can make it out but whose signature do you say that is?---(NO AUDIBLE REPLY)

The second signature?---I, I, it would have to be Michael Stokes but I wouldn't - - -

30 THE COMMISSIONER: It looks like it?---Yeah, yeah.

MR CAMPBELL: You don't remember his signature?---No, no, I don't remember his signature.

All right. If you go over the page to page 574, there's a, there's a second cheque for the \$9,000 bearing the same date of 22 March, 2006 and again, the same signatures appear. That's right, isn't it?---Yes.

40 All right. Have you got any - I'll withdraw that. Can you explain why you drew two cheques rather than one?---No, I can't explain that.

But in any event they were both deposited in Mr Hadley's account. Is that so?---Were they both deposited in the account?

Both of those cheques were deposited in a, in one of Mr Hadley's accounts? ---Well, I don't know, I don't remember the transaction but it was \$12,000, 6,000 would have been into Geoff Hadley's account.

Well, could I take you back to that document that I showed you at page 572, remember I said this was a, it's entitled credit voucher, it's an acknowledgment of a deposit into an account. Do you see that?---Yeah.

And that's both of those cheques going into that account?---Right.

Now, it's a Commonwealth Bank account. You didn't have a Commonwealth Bank - - -?---Oh, okay, I understand what you're saying.

10 And that's what it looks like isn't it?---Yeah.

THE COMMISSIONER: It looks like - - -?---Yeah.

- - - as if it was deposited to Mr Hadley's - - -?---Oh, I understand.

- - - account so I mean, you're the, as I understand your evidence that would simply mean that applying the formula that you've explained that he would get 50 per cent and you and Mr Smith would get 50 per cent for \$12,000 represents his fifty percent, Mr Hadley's 50 per cent?---That's correct.

20

MR CAMPBELL: Now if you go to the front of the folder you'll some spreadsheets that have been set out.

THE COMMISSIONER: That's the first of the file.

MR CAMPBELL: The first page of the file, yes, it's unnumbered.

THE COMMISSIONER: I've got a spreadsheet in mine.

30 MR CAMPBELL: Yes.

THE COMMISSIONER: So should I give it - - -

MR CAMPBELL: Yes, if you could show it to the witness, thank you, Commissioner. We do have it on DVD, Commissioner. We've got them, we've got them. And we have them on DVD. We're just bringing them up on the screen, Mr Newman, sorry. What we've got there is the second of them, you see. And this is what, this is an analysis prepared by the Commission's investigators from the bank records of Pinnacle Traders and Mr Hadley. Do you see that?---Yes.

40

And it shows a series of corresponding transactions?---Well you've got the wrong one there 'cause that's R&R Tapes.

You're looking up on there?---I'm looking at the screen right in front of me.

Yes, you're right, it is the wrong one. It's annexure 7. Mr Grainger is

continuing my error. Okay. We now have it. We now have it on the screen, sir?---Yes.

Now as I was saying to you will you please assume that this is a spreadsheet which the Commission's investigators have, have drawn from their analysis of the bank accounts of Pinnacle Traders and two of the accounts relating to Mr Hadley or operated by him. Do you see that?---Yes, I think so, yes.

10 And you'll see there that the figures in blue represent the balance and the particular account but the, the figures in black are shown as to how they get across from Pinnacle Traders to Hadley. Do you see that?---What, by deposit?

By deposit that's right?---Yeah.

20 But you'll see however, I'll withdraw that, Commissioner. For instance we can see that as of 12 December, 2005 that there was a remaining \$5,000 balance in Pinnacle Traders account and that the whole of that was at that time deposited in Mr Hadley's account. Do you see that?---I think so, yes.

I beg your pardon?---I think so, yes.

Yes. All right. And if you go to, I'm sorry, and then the next one of course are the two cheques of three and \$9,000 totalling 12. Do you see that?---
(NO AUDIBLE REPLY)

And that they go across, they're deposited to Mr Hadley's account. You've got that sir, have you Mr Newman?---No, I haven't got that here.

30 It's items are - - -?---Oh, yes, yes, yes, yes.

All right. And you'll see, you'll see that that's done by the deposit of two cheques because that's the comment in red. And then the final payment on this page is \$500 and that's a cash deposit and that was paid into Mr Hadley's credit card account. Do you see that?---Yes.

All right. Would sometimes would he ask you to do that?---Look, I can't remember, I'm sorry.

40 That's all right. Now you've got, well can you remember that he'd normally specify the account into which he'd want the money paid?---Yes, he did.

All right. You'll see that these are cash deposits between 12 December, 2005 and 17 August, 2006. And that's consistent is it not with the evidence you gave earlier that initially in relation to the Pinnacle Traders fraud, money was paid into bank accounts that Mr Hadley nominated. Do you remember that evidence?---Yes.

But as it continued, you ceased used the bank accounts and the money was paid to him in cash by other means?---That's correct.

All right. And, all right. Now, did you and Mr Stokes over this period of time that Pinnacle Traders fraud was going on have any discussions from time to time about the matter, did he ever say anything to you about how it's going or anything of that nature?---I don't remember any discussions that happened, when it happened.

10

And he did, he never expressed any view to you about whether it was worthwhile or not worthwhile? I mean, how did it come about for instance, I'll withdraw that question. How did it come about for instance that an invoice would be sent?---How did it come about?

Yes, was there any discussion about it before the invoice was raised and sent?---Yes, there was discussion yes.

20

And who were the parties to the discussion or discussions?---Well, myself and Michael Stokes.

And would it be initiated by you and Mr Stokes or would be initiated by Mr Hadley?---It could have come from myself and Michael or it could come from Geoff, I can't remember.

All right.---It was long time ago, as I said.

30

That's okay Mr Newman, I'm not criticising you for not remembering I'm just asking you about it so we could understand how it worked.---Okay, as I just said, it could come from myself and Michael or it could come from Geoffrey.

And now, I have no further questions for Mr Newman about annexure 7 Commissioner, if we could just. Have you still got on the desk there volume 4, you've got it on the floor there somewhere sir?---Yes.

And just going back to page 16 we can see that the last date there is 29 January 2009. Do you see that?---Yes.

40

And why did this fraud stop?---(NO AUDIBLE REPLY)

THE COMMISSIONER: Then.

MR CAMPBELL: Then?---Then.

Then?---Well, I heard that there was problems.

Who did you hear that from?---I just, I don't remember actually.

Well, did you have a discussion with Mr Hadley at that time?---No.

THE COMMISSIONER: Mr Stokes?---No, no, I got a phone call, I just heard from may be other clients or something that was, that something happened.

That ICAC was involved?---No, no, not that ICAC was involved, no.

10 MR CAMPBELL: Now I'm just going to move on to ask you some questions about PAE Industries. Now what do you know about PAE Industries?---Paul was a supplier to UTS.

Paul who?---Paul Wright.

And did, at some stage do you know whether he issued invoices to Bathurst Regional Council?---Yes.

20 And did you have any part in the commencement of him issuing those invoices?---Yes.

And what, what part did you play in that?---I would arrange the order and ask Paul to fax across the invoice.

See you said that he was a supplier to UTS?---That's correct.

At some stage, I take it from that answer that you meant that he was one time a genuine supplier to UTS?---Always was a genuine supplier, yes.

30 So that when he filled – I'll withdraw that Commissioner. So that when UTS might receive an order from a customer he would, he would be the one that supply some of the products. Is that correct?---Some of the products.

Not all of them. And in those transactions he'd act more or less as a wholesaler. Is that correct?---Yes.

All right. And he did that for what, a number of years?---Yes.

40 In those type of transactions where he operated as a wholesaler to UTS then the invoice would issue from UTS. Is that correct?---The invoice was issued to UTS, that's, yes.

And UTS as, this may not be quite the right expression, as the retailer would issue a separate invoice of its own to say Bathurst Regional Council?---No, I don't think we sold them that stock or supposedly sold that stock to Bathurst. There's no tie there with UTS and PAE Industries within Bathurst Council.

All right. So although he was a wholesaler and some of his product was supplied to some of your customers you're saying Bathurst Regional Council was not one of them? Is that what you're telling me?---Can you say again please.

Yes. You've told me he was a wholesaler. That's right?---Yes.

10 And that some of his product was supplied to some of UTS's customers, I think you've told me, is it not?---Yes, he would sell to UTS, we would on-sell, when we got orders then we would on-ell his goods.

THE COMMISSIONER: He's not selling direct to the customers.

MR CAMPBELL: No, no, I understand that. But what you're saying is that you didn't on-sell PAE Industries product to Bathurst Regional Council? ---It may have been, I don't know we had ten staff members. Now whether we sold one of Paul's shirts I wouldn't know, I wasn't doing the packing at UTS.

20 All right. Well, have you still got folder 4 in front of you?---Yes.

Can you got to page 15, it's item 3 in this schedule of invoices and do you see that this is said by Mr Dwyer to be invoices received from and paid by Bathurst Regional Council to PAE Industries, PAE, do you see that?---Page 15.

30 Yes, all right. Do you know anything about how it was that PAE Industries started invoicing Bathurst Regional Council direct?---As I said to you earlier, yes, I arranged it with Paul through Geoffrey yes.

All right.---But that, that figure there is extraordinary, that's - - -

You're surprised to see that \$331,000?---Very much so, no, yeah, that's - - -

Why are you so surprised?---It's that amount of orders.

Are you, I'll go back a step. You knew Mr Wright quite well in the business sense?---Yes.

40 And you knew that his business wasn't going so well?---Yes.

Now did he approach you about that or did you approach him about that? ---Well, as I said yesterday, we kind of had discussion that Paul wasn't doing too well, he needed a hand in some way regarding money wise to keep his company going, then I suggested - - -

You suggested that may be he could send some invoices to Bathurst Regional Council?---That's correct.

THE COMMISSIONER: In the same way as Pinnacle did?---Yes, yes.

MR CAMPBELL: And when the Commissioner says in the same way as Pinnacle did it, is it the case Mr Hadley, I'm sorry sir, Mr Newman that, that from what you know about this they were just invoices, no goods were supplied?---Um, I can't remember whether any good was supplied or not, they may have been only minor bits and pieces supplied.

10 All right.

THE COMMISSIONER: But what, what involvement did you have in the arrangement between Mr Wright and Mr Hadley?---The arrangement?

Yes, the arrangement to invoice Bathurst Council and not deliver goods?
---Well, I would ring Geoff or Geoff would ring me. We'd decide what to put on the invoice and then Paul would invoice it.

MR CAMPBELL: All right.

20

THE COMMISSIONER: And what you'd phone Paul?---Yes, yes.

And tell him how much he should put on the invoice?---That's correct.

MR CAMPBELL: Now you, don't take this the wrong way, but you acted as an intermediary between those two. Is that correct?---Yes.

So you had, Paul had no contact with Geoff and Geoff had no contact with Paul?---No.

30

THE COMMISSIONER: And what did you get out of it if anything, Mr Newman?---Well the same thing again, we would split the, Geoff would get 50, we would get 50 per cent each.

You, you alone?---No. Myself and, and Paul would get 50 per cent each of, after giving Geoff his 50 per cent.

Right.

40 MR CAMPBELL: All right. So - - -?---Can I ask a question on some of these invoices?

Well, you're here to answer mine, but what's the problem with them?
---Well some of them are doubled up.

Can I tell you about it, I'll withdraw that. Can I just say this to you, the evidence from the, you'll see they're not really doubled up completely. For

instance if you look at the 12th, you'll see there were three invoices issued on 12 April, 2007. Do you see that? About the middle of the column?
---Yes.

And you'll see that are three separate invoice numbers. Do you see that?
---Yes.

And (not transcribable) two of them are for, for a similar amount number 3-2-2-5 is for a much smaller amount?---Yes.

10

So what looks like doubling up may not be so. Do you accept that?---Yeah, yes.

Do you recall that Mr Hadley actually had a delegation that he wasn't supposed to exceed? Did he ever tell you that?---Yes, yes.

So that if the total order was over that delegation, he couldn't approve it. Do you understand that?---Yep.

20

So that there may be more than one order on the same day. Does that accord with your recollection of some of the transactions?---That's what it looks like here, yeah.

THE COMMISSIONER: But the orders were split in line to be within his delegation?---May have been.

MR CAMPBELL: When you say to the Commissioner may have been, that's because you're not 100 per cent sure because you don't specifically recall. Is that correct?---That's correct, yes.

30

But the proposition sounds correct to you from your general recollection of the transactions. Is that correct?---Yes.

All right. Now you expressed surprise at the \$331,546.60?---Yes.

You never thought anything like that figure went through that particular scam. Is that right?---No, I didn't think.

40

But of course none of you, I'll withdraw that. You didn't keep any accurate record of how much cash was coming and going in any of these scams did you?---No.

And when you got the money you put it to your own use?---Yes.

And can I say Commissioner, that in the financial brief all of this was verified by the Commission's investigations, apart from Mr Dwyer's statement in relation to it.

THE COMMISSIONER: Yes.

MR CAMPBELL: Now you said to, I'll withdraw that, Commissioner. You've told the Commissioner that the deal was that it was, that you and Mr Wright on the one hand got half and Mr Hadley on the other got the other half?---Yes.

Okay. And how did you get your half?---Cash.

10 THE COMMISSIONER: Cash drawn from the bank?---Yes, that's correct.

MR CAMPBELL: And that was PAE Industries bank account. Is that correct?---Yes.

And the, I know there are a number of these, I'll withdraw that. Now Robin Newman was running concurrently with Pinnacle Traders and with PAE Industries. Is that correct?---Yeah, yes.

20 UTS was just early on in the way you've explained. I'm just recapping?---It started with UTS and then it went, well you have the invoices for UTS, you know when it finished.

Yes. Now the, could this, could this have been the arrangement, I'll withdraw that. It's possible that your precise recollection about what the arrangement was in relation to PAE Industries may be a bit faulty. Is that correct?---In what way?

30 Well I'm suggesting to you what the deal was that a certain amount of money had to stay in PAE Industries trading account to cover the minimal overheads of running the scam. And then the balance was more or less split 50/50 between you and Mr Hadley on the one hand and Mr Wright on the other. Does that sound correct?---I'm not too sure what you mean.

THE COMMISSIONER: Who gets 50?

MR CAMPBELL: Mr Wright gets 50 and Mr Hadley and Mr Newman split the remaining 50 between them.

40 THE COMMISSIONER: Do you understand that Mr Newman?---Yeah, that's what I said earlier happened.

MR CAMPBELL: Okay. Well I misunderstood your evidence.

THE COMMISSIONER: So did I.

MR CAMPBELL: And the way it operated was that the money went into Mr Wright's account. Is that right?---Into PAE Industries account, yes.

Thank you for correcting me. And then he would, he would draw out about half in cash and give it to you?---Yes.

You don't know what he did with his half. Is that correct?---No, I wouldn't know.

And you would split the proceeds of what you got with Mr Hadley?---No, no, no, no. Mr Hadley, if it was \$5,000, we would get \$2,500 to give Geoffrey, then myself and Paul would split the rest.

10

Well okay - - -?---I don't know, I can't remember exactly how he used to give it to me.

THE COMMISSIONER: Just do it again slowly (not transcribable) ?---I'm sorry. Yep.

Just think about it slowly and let's start off with, say with an invoice for say \$6,000. And say \$1,000 are expenses. So that's \$5,000 left to share. How would it be shared?---Half would go to Geoff, \$2,500.

20

Geoff would get \$2,500?---Yes.

Would he get that by cash or by cheque or - - -?---By cash.

Yes. And the other two and a half would be shared between you and Mr Wright?---That's correct.

All right. And that happened in every instance?---Yes.

30 MR CAMPBELL: All right. Now, and was it, was it the case that the half that was due to Geoff was cashed by Mr Wright and given to you to pass on to Geoff?---That's correct.

And then later on did you and Mr Wright have some other accounting in relation to the half remaining in the account?---Well that's when I would get my money.

At the same time?---I don't know if it was the same time. I can't remember.

40 THE COMMISSIONER: And how would you get it? Also cash?---In cash.

MR CAMPBELL: All right. Can I just, Commissioner, might the witness be shown annexure 10 to the Bathurst financial report. So once again, sir, I'm going to ask you open it at some spreadsheets. I'm going to ask you to assume that these spreadsheets have been prepared by the Commission's investigators and that all of the evidence that supports the analysis will be before the Commission in due course. Do you understand that?---Yes.

All right. Now if you'd open it up to not the first spreadsheet, but if you go to the, to the back of the spreadsheets and, not right at the back, Commissioner. If we go to just the blue one that's got PAE Westpac Business Cheque Account Analysis. Do you see P Wright Trading as PAE Industries? Do you see that? It's mostly in blue and it relates to a number of deposits from Bathurst Council. Do you see that?

THE COMMISSIONER: I'm afraid - - -

10 MR CAMPBELL: Perhaps I'll hold it up, perhaps I'll hold it up, Commissioner. It might help. It is annexure 10. I've got that part right. It looks like that?---What page is that on?

It's not on, it's at the front of the folder.

THE COMMISSIONER: Right. It's towards the front, yes.

MR CAMPBELL: Towards the front, it's, it's the fourth page, unnumbered?---Yep.

20

You'll see that, I know you expressed surprise by that total figure, but you'll see there that the Commission's analysts have, have agreed with the figure provided by the Council. Do you see that?---Yes.

And - - -

THE COMMISSIONER: But these are amounts deposited to PAE Industries bank account.

30 MR CAMPBELL: Yes, Commissioner, yes Commissioner. Do you understand that, sir?---Yes.

THE COMMISSIONER: And they are payments made by Bathurst Council.

MR CAMPBELL: Yes.

40 THE COMMISSIONER: So that shows that Bathurst Council paid PAE Industries \$331,546.60 over the period 9 February, sorry, 1 March, 2006 to 9 February, 2009. Do you see that Mr Newman?---Yes.

And if I could just take you then back to, to the first page of these spreadsheets and this, this is a summary of the information derived from that same P Wright trading as PAE Industries bank account, do you see that?---Yes.

All right. And you can, you can see that in blue each of those - not all of them but each of those deposits, most of those deposits are in blue. Do you see that?---Yes.

And, and the total of those deposits shown there is about 322, so a bit less than the 331 but you'll also then see that in red there are cash cheques for various amounts. You see the first one was on 28 March, 2006 and that was, that was the, 12 of - I'm sorry, 20 March, 2006, it's for 12,600, do you see that?---Yes.

10

All right. And that's in cash so what you're telling the Commissioner in your evidence, well, is this correct, that that cash was, was the money that was given to you that you gave to Mr Hadley, is that right?---I'd say so, yes.

And then you'll see that just going up the page a bit on the, that when that, you see that when the first cheque came in, the \$10,388 came in on 20 March, 2006 there was a, and you don't know about this, but there was an Internet banking withdrawal and it was, it was put into another account associated, another account associated with Mr Wright. You see that?

20

---Yeah, yeah.

And then the next deposit came in, there was a, the figure - - -

THE COMMISSIONER: The next deposit of 21,000 (not transcribable)?

MR CAMPBELL: Yes, yes. You'll see that there are two cash deposit, cash cheques on consecutive days, one for the 12,600 I've asked you about and the, and the other for two, do you see that?---Yes.

30

And there's a sum of \$15,000 shown to be again transferred to one of Mr Wright's accounts so we don't have the balance of the account on this sheet, do you understand that, sir?---Yes.

All right. And - but are you saying, sir - what are you saying about those cash cheques? Were they all given to Mr Hadley or did you take some of that money? How did it operate?---I don't remember, I'm sorry.

40

Well, you see, if you, if you look down to the very foot of the page and I won't take you through to every, every entry here but you'll, you'll see that there's a, there's a summary of the analysis and that is that \$155,823, that's 49 per cent of the total shown on this page was withdrawn as cash. Do you see that?---Yes.

And, and then 45 per cent or 144,000 was paid to Mr Wright's other accounts and there was six per cent left in the account. Do you see that?---Yes.

THE COMMISSIONER: So it then looks as if Mr Wright got more or less 50 per cent of what was available?---No, Mr Wright, no, he didn't get - - -

Well, that's as far as you know?---That's, that looks like that, yeah, but it wasn't that way.

How do you know?---Um - - -

10 Well, this shows, this shows that it was that way?---I got cash out of it.

I'm sure, I'm not suggesting you didn't but this looks as if Mr Wright got 50 per cent?---It does look like that but it didn't, I'm sure it didn't happen that way. I would have picked it up myself.

MR CAMPBELL: Well, how would you have, sir, because the, the invoices were going - after you'd teed it up between Mr Hadley and Mr Wright the invoices were going direct from Mr Wright to Mr Hadley, weren't they? ---Yeah, the invoices were, yes.

20 They didn't pass through your hands did they?---No, I would, no, if I arranged it, it would, I would ring Paul and say this has happened, yeah.

Right?---This is what's to do.

But, but you weren't keeping a - - -?---Can I ask you what you're suggesting?

30 I'm not suggesting anything other than that you, your, your recollection about what the arrangement was might be wrong and it might be that, that you and Mr Hadley shared about 50 per cent of the cash and Mr Wright kept the other 50 per cent?---No, no, Geoff got half and myself and Paul split the rest.

You see - - -

40 THE COMMISSIONER: Well, I mean, there is a possibility again that he took half, you didn't know about it, you gave him half of the remainder, the 144,620 as well and you and Mr Hadley shared \$72,000. You understand that?---I understand what you mean, yes.

So - - -?---I, I can't explain it.

MR CAMPBELL: Well, so you didn't - you couldn't operate this account? ---No.

No. So the cash that came out of the account was given to you by, by, by Mr Wright, is that correct?---Yes.

Well, I mean, would he sometimes say to you here's your share, Rob, and here's Geoff's share, Rob, at the same time?---No, he would give me mine and Geoff's share at the same time most of the time, from what I can remember, yes.

All right. So with that, with say that, those cash amounts that we've been looking at, say with the \$12,600 that was the first cash cheque there, I mean, if that's one that he gave to you he'd say well, here's, here's your share and Geoff's share, is that correct?---I think so.

10

So you would, you'd then give in accordance with the arrangement you'd then assume that was 75 per cent of the proceeds give, you'd take 25 per cent of the total - - -?---Yes.

- - - and give the rest to Geoff, so you'd take one third and give Geoff two thirds?---Yes.

Is that, is that your recollection of how it worked, yes?---Yes.

20

Thank you. And well, I don't want to - I'm not accusing anyone of anything other than fraud but if you have, if you have a look at this, I mean, if this is a right analysis then it looks like Mr Wright might have kept half and gave half to you and Geoff?---I can't see how he kept half because I used to know how much was invoiced.

THE COMMISSIONER: Well, Mr (not transcribable)?---Yeah, no, I know I can't understand.

30

- - - Mr Newman, this spreadsheet shows moneys credited to the account of PAE Industries of \$322,000-odd, you see that?---Yes.

There's 155,000 of that, odd, that's withdrawn in cash. Now, there's no reason for Mr Wright to withdraw cash to pay himself, is there, because the money's already in, in his own bank account, PAE's bank account?---No, I suppose not.

Pardon? You agree with me?---Yes, I do, yes.

40

And the money he gave you in cash was for you to share with Mr Hadley? ---Yes.

So whatever was left he would take?---Yes.

MR CAMPBELL: All right. Thank you, Commissioner.

Now, did you ever give Mr Wright any of Mr Hadley's bank details so he could make any direct deposits?---I don't think so.

Did you ever, did he ever give you a cheque to deposit in one of Mr Hadley's accounts?---No, I think it was all cash, I think.

If you just look at the final spreadsheet in this bundle in black and white and you'll, you'll see that these are transactions, it's an amalgamation of material but there's transactions coming out of, of certain transactions out of the PAE Industries account that correspond with transactions for the same amount in Mr Hadley's accounts, do you see that?---I haven't got the paperwork, I don't know which page it is, I'm sorry.

10

I'm sorry, it's the very final page before the tab numbered 1.

THE COMMISSIONER: It's on the left-hand side at the top, "Traceable Deposits PAE to Hadley."

MR CAMPBELL: You see that page?---Yes.

Now you'll see the, you'll see the coincidence of a withdrawal by one means or another from PAE Industries account and the equivalent deposit into one of Mr Hadley's, one or other of Mr Hadley's account. Do you see that?---(NO AUDIBLE REPLY)

20

THE COMMISSIONER: You see there's a debit column- - -?---Yes.

- - -and then there's the credit column and whatever is debited to PAE Industries appears to be going to Mr Hadley's CBA account?---Oh right, yes, I do see that, yes.

30

MR CAMPBELL: Do you know anything about those transactions?---No.

I just want to ask you one or two questions about the set up at UTS. You all worked from, the was associated with UTS worked from the one office. Is that correct?---Yes.

And it was an open planned office?---Upstairs, yes.

And who worked upstairs?---Um, all the staff, myself and Michael.

40

And what, what job did, what job did Mr Stokes perform in the organisation?---Michael Stokes owned the company.

But did he, did he have a role, a daily role in terms of working?---I don't know, what do you mean role he would - - -

THE COMMISSIONER: Was he a manager?---He owned the company yes.

Did he manage it as well, physically?---Yes, well yes, he managed it, he managed me and I managed the staff.

MR CAMPBELL: Was there a Mr Michael Keane working there?---Michael Keane.

Keane, Keane?---Oh Keane, yes.

10 And what was his job?---He worked in the warehouse and also sold and also packed, he done a lot, two different things.

Did you and Mr Stokes socialise together sometimes?---Yes.

And did Mr Keane ever join you at any social functions?---Yes.

Would you go to the club or the pub together sometimes?---Yes.

20 And when he was there would you ever have any conversation about these scams as I've called them?---No.

So far as Pinnacle Traders were concerned the invoices were being issued out of the UTS premises?---Yes.

And but no goods were being despatched?---No.

And UTS obviously kept some goods on hand as well as goods they sourced from other suppliers. Is that so?---We had stock in the warehouse, yes.

30 And the, apart from going to the pub or the club together, did sometimes Mr Stokes have a party that he'd invite the people from work to?---He has barbecue's yes.

And Mr Keane would be included in that company sometimes?
---Sometimes yes.

And well, you say that you never discussed these matters in his presence so far as you can recall. Is that right?---I never discussed it with him, no but I dare say he may have known something.

40 Well, if you didn't discuss with it him how might he have known something do you think?---Well, one particular day he helped me clean my car out and a lot of paperwork fell out of the car and he picked it up and he read it.

And what paperwork did that include?---Invoices.

What, bogus invoices?---That's correct.

And did he ask you about it?---Ah, laughed about it and carried on about it, yes.

And well, carrying on about it, he was laughing and carrying on, did he make fun of it did he?---Yes.

And had a joke with you about it?---Yes.

10 And did he say something in that joking way that lead you to believe that he had some knowledge of these frauds?---No, he, look I don't know, I can't remember, I'm sorry.

THE COMMISSIONER: Well, what did he laugh at?---Just read them and said, just read them and from what I can remember as Michael Keane was, as Michael Keane has always been just joked and laughed about it.

About what?---About the invoices to Bathurst Council.

20 But on the basis that they were bogus?---Yes.

MR CAMPBELL: If he saw those invoices he'd have some knowledge as to what was parting through the warehouse anyway wouldn't he? If he was a warehouse man amongst other things?---Yeah, he would have known what went in and out of the ware house, yes.

And when goods were procured from another supplier to fill an order that had been made with UTS, was it his job to ring those other suppliers and place the orders?---No, no, I don't think so.

30 Was that anyone's job in particular?---Michael's job, my job, whoever's around at the time that was capable I'd dare say, yeah.

I have no further questions of Mr Newman, Commissioner.

THE COMMISSIONER: Yes, we'll take the adjournment now until 11.39.

SHORT ADJOURNMENT

[11.15AM]

40

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: I'm sorry, Commissioner, as sometimes occurs, I appear to have overlooked an important topic and I have some further questions.

THE COMMISSIONER: Yes.

MR CAMPBELL: But before I move on to it, could Mr Newman be shown this company search relating to Pinnacle Traders Pty Limited. I'm not sure if you've seen a document like this before, Mr Newman, it's an official record kept by the relevant federal authority relating to companies. And do you see it says in bold print Pinnacle Traders Pty Limited? Do you see that?---Yes.

And then it says registered to New South Wales and then it has a registration date, 8 April, 2005?---2004 isn't it?

10

No, no, it's 8 April, 2005 is what it says?---Oh, sorry, yes, yes, yes.

Have you got that?---Yes.

And then it says current organisation details it says it was dissolved or deregistered on 30 August, 2009. Do you see that?---Yes.

And if you, if you go over the next page you'll see that its previous principal place of business was at 43, and these addresses are all subject of a suppression order, 43 Old Pacific Highway, Kangiangi. Do you see that?---Yes.

20

SUPPRESSION OF HOME ADDRESS

MR CAMPBELL: Is that where UTS were?---No.

Right. Do you know that address?---That's where I used to live with my mum.

30

Right. And you're down there as a director, previous director and previous secretary. Do you see that?---I was, where's it say that, sorry?

It says previous directors Robin Noel Newman and the same address. Do you see that?---Oh, yes. Yes, and I'm down as secretary as well.

Yes. Do you see that?---Yes.

40

And then if you go down to, it talks about former share structure. If you go down to former members, you'll see there's only one shareholder named?---Yes.

And that's Mr Michael Roger Stokes?---Yes.

All right. I tender that company search, Commissioner.

THE COMMISSIONER: Yes, the company search relating to Pinnacle Traders Pty Limited is Exhibit 53.

#EXHIBIT 53 - COMPANY SEARCH RELATING TO PINNACLE TRADERS PTY LTD

10 MR CAMPBELL: One final question on that topic, Mr Newman, I want to ask you to look at the book but if you just accept from me that the first invoice issued in the name Pinnacle Traders Pty Limited to Bathurst Regional Council was dated 9 January, 2005. Then that invoice was issued three months before the company was registered. Do you accept that?
---Well if that's what the date states, that's what it states, yeah.

All right. Now what I neglected to ask you about, I'm sorry, was whether you know a Mr Kerry Lloyd Smith?---Yes.

20 And how do you know Mr Kerry Lloyd Smith?---He works at Yass Valley Council.

And do you remember when you first got to him or met him or at all?
---When I worked for UTS over the phone.

Over the phone. Okay. Now at some, and can you give us a date when that was?---No, I can't.

30 No. Now at some stage, I'll withdraw that. You were selling product on behalf of UTS at that time you've told us?---Yes.

And was Yass Valley Council an established customer when you started there?---I think so.

And so you had one of those client cards in relation to it?---Yes.

And that would have given you Mr Smith's name and his telephone number?---Oh the, the name and the telephone number of the council, yes.

40 All right. And you'd first get to know him as it were by calling him to see whether he had any requirements for UTS' products. Is that correct?---No. Somebody else used to look after him originally.

Yes?---Yeah.

So how did it come about that you started to look after him?---I think when I became manager.

And was that in the Pinnacle Traders days?---That was for UTS.

For UTS. All right. Now, so did you, did you call him?---Yeah, I, I would have called him, yes.

Now in relation to, to dealing with him, before I ask you about arrangements with him, did UTS run any sort of incentive programme in relation to the buyer that they were dealing with?---What to the customer? The customer you mean, incentives - - -

10 Yeah, incentives?--- - - - to whoever bought?

Whoever bought?---Yeah, I guess.

Yes. And what sort of incentives were they?---Oh, Drizabone's as I said yesterday.

Yes?---Gift cards, DVD's, televisions maybe.

20 Did you ever - and when we say incentives given to somebody, the somebody who they were given to was the employee who placed the order, is that correct?---Of any company that bought from us, yes.

Yeah, all right. Now, did you ever have any - offer any incentives to Mr Smith at any time?---Yes, he - well, from what I can remember yes, he used to get some gifts cards.

30 And, and just you told us yesterday but if you remind me again, what were the gift cards? Were they vouchers you could redeem in shops?---Could have been petrol cards, could have been Kmart, could have been Westfields.

All right. And they were things that - now can you tell me this, were they sent to Mr Smith's home address or - - -?---I can't remember originally. I, I don't, I never used to send them out, I don't know.

Whose job was that? Do you remember?---Oh, anybody in the office.

All right. All right. All right. At some stage or other did you, did you have a conversation with Mr Smith about a better arrangement than gift cards? ---Such as?

40 Well, such as any payments of cash?---I can't remember when that happened but it did happen, yes.

How did it first come up?---Talking on the phone, I suppose people get greedy, such as myself and, and Kerry.

Well, can you remember who suggested what to whom?---No, I can't.

All right. Okay. Now, all right. Pardon me for a moment, Commissioner. In any event, whoever raised the topic, there was a, there was an arrangement entered into, is that correct?---From what I remember, yes.

And do you remember was it, was it the same as or different from the type of arrangements you've discussed involving Mr Hadley?---Regarding UTS or Robin Newman or regarding which company?

10 Well, can you tell - do you remember which company you - that, that, that you utilised when you were dealing with Mr Smith?---It was originally UTS I think, is that right?

Well - - -?---I don't know till I see the invoice.

That's all right. Well, let me help you with that. All right. Would you look at - could the witness be shown, Commissioner, annexure 2 from the financial report relating to Yass Council. Excuse me, Commissioner. All right. Now, these are - we've got - you've got it open in front of you, have you, sir?---Yes.

20

And you'll see that it's a Pinnacle Traders Pty Limited invoice?---Yes.

For a guidepost or guideposts, do you see that?---Yes.

And the - 500 of them in fact. Now, is there anything about that document which helps you refresh your memory as to which company was used? ---No.

30

All right?---Which company was used?

Used to issue invoices to Yass Valley Council?---Pinnacle, it says it at the top of the invoice, it's Pinnacle.

All right. And the - and you'll see that various - that invoice happens to be dated 5 September, 2006 and then there are other invoices in, in sequence so going through to - certainly around about June 2007 the date seems to have been redacted by accident from the last one but you'll see the date when some notation was put on it in terms of payment, 13 June, 2007, do you see that?---(NO AUDIBLE REPLY)

40

On the last page?---That's what I'm looking for now.

THE COMMISSIONER: Sorry, that's the last - - -

MR CAMPBELL: It's down, it looks like a stamp's been put on it on the right-hand side about halfway down. It doesn't matter, sir, would you assume from me that in fact that the invoices were from that period of time,

that is April 2006 and continued through until December 2008 and that there were 15 invoices over that period.

THE COMMISSIONER: Is that Pinnacle Traders?

MR CAMPBELL: Pinnacle Traders, Pinnacle Traders, Commissioner, yes. That Pinnacle Traders sent 15 invoices over the period April 2006 to about December 2008. Okay. Do you understand?---Yes.

10 And, and would you assume from me that those invoices total \$139,026.27. I'll take you - - -?---I'll assume - - -

Sorry?---I assume it from you.

Assume that from me?---Yes.

All right. Now, can you tell me this, was there any difference in your arrangement with Mr Smith from the arrangement you had with Mr Hadley? ---Well, some, a lot of stock was sent, yes.

20

All right. And that was sent even though it was Pinnacle Traders Pty Limited's invoices?---Yes.

And what was - can you remember was it, was there any of that retaining backorders or under delivering?---I wouldn't - oh, there was under delivering, yes, as I said, some of the stock was sent.

30

Okay. And quite apart from getting the order, was there, was there something in it for you?---Yes, which was whatever, whatever we didn't send we would there again split.

So that there'd be a, I mean, there'd be a profit on, you've got to try and sell at a profit at the best of times but would, would there be, if you under supplied would there be a surplus profit on the Pinnacle Traders Pty Limited receipts?---Yeah, of course, because there'll be no stock sent so that would be withheld, yes.

40

And can you tell me was there any arrangement between you and Mr Stokes in relation to the division of that profit?---Myself, Mr Stokes and, and Kerry, yes.

Yeah. But did Kerry get a nominated share or was it a different arrangement?---It was exactly what we used to do as what I said, whatever was left, 50/50 and then I would split with Michael the other 50.

And how was Mr Smith paid the amounts?---Into his bank accounts I think. I cannot, I don't, I can't remember, I think into his bank account.

Were there ever any cash payments to him of the type you made to Mr Hadley in the post?---I can't remember. As I said, I, I don't even remember paying that at any stage but obviously we did or I did.

Commissioner, could annexure 2 be taken so as not to distract Mr Newman, if he could be shown annexure 1 to the financial report. Apart from - just before I ask you to look at a document, sir, in there, apart from payment of, sorry, apart from the payment of money did you ever facilitate any particular payment to Mr Smith to enable him to buy any, to make any purchase he mentioned to you?---What do you mean, sorry.

Well, you've told us yesterday about Mr Hadley wanting a trip to Scotland. Do you remember that?---Yes.

At any time in your relationship to with Mr Smith did he ever say, I want this or I want that?---Um, I don't remember, I'm sorry, I'm sorry.

That's all right. Now if you open this up you'll see we've got another spreadsheet of the type that you've seen before and now Westpac, I'll withdraw that. Pinnacle Traders Pty Limited as we know, have a cheque account at Westpac, that's correct isn't it?---Yes.

All right. And now and you also had other, you see that there's a building society account it's one of your accounts. Is that correct?---Um - - -

It's under the fourth column? You see the column, there's transactions - - - ?---Yes.

That's your account, is that correct?---That's correct.

And these other accounts, a joint account with his wife and two credit card accounts for each of Mr and Mrs Smith were they accounts that he told you about. Is that correct?---I think so.

Yes. All right. You'll see that if you look at the particular column you'll see that what's in blue relates to invoices. Do you see that?---Yes.

And then what's in blue in the Westpac account relates to the receipt of the payment in respect of those invoices?---Yes.

Do you follow that? Now, you'll see that the first payment of \$1,000 which went into that Mastercard account at the end of the page, do you see that? Have you got that?---Yes.

Was made before the first payment by Yass Valley Council. Do you follow me?---Yes.

Was, the way you dealt with Mr Hadley was that the payments were made after the, the distribution was made after the payments were received. Was there some reason why there was a different modus adopted - - -?---I can't explain that.

Can't explain it. All right. But then between July and November 2006 there are a number of amounts received from Yass Valley Council, you'll see all of those amounts in the column and then the next amount we can trace is a, is a ATM withdrawal at Yass from your building society account.
10 Do you see that on 30 November?

THE COMMISSIONER: There's \$900.

MR CAMPBELL: \$900, second, pardon.---\$900, that's my account.

It's Greater Building Society?---Oh, yes, yes.

All right. It's not entirely direct but there's a deposit a week later in Mr Smith's account also at Yass on his visa card account. Do you see that?---
20 Yes.

All right. Now I wanted to ask you about why – I'll withdraw that. Were there no payments in respect of any of those amounts that were paid by Yass Valley Council between July and October say? You see there were some large amounts paid there but no record of, no traceable record of any payment facilitated by you to Mr Smith?---Yes.

Does that surprise you to look at that record?---No, I'm sorry I'm just seeing double, I cannot read the spreadsheet at the moment.
30

I understand.---I'm very tired.

You've been there for a very long time sir, I'm sorry about that. It would seem, I withdraw that. The purpose of me asking you that question is that if you got this deal with them where he gets some cash for placing orders there are a number of orders placed there for fairly large amounts where, to put it frankly, we can't trace any payments to him?---Well, I may have given him cash.

40 Well, that's the purpose of my question.---All right, well if you asked me that direct originally I would have answered that question rather than spreadsheets.

I beg your pardon, I'd rather you say it than me.---Okay, well ask me a question.

Did you give him cash on occasions?---Yes.

All right, thanks for the tip.---Thank you.

Now, and so that, if the total amount of the invoices as we've calculated is \$139,026.27 then you would expect that, you would have paid more \$18,128.14 to Mr Smith or at his direction. Is that correct?---A lot of stock was bought, as I said to you, the order may have been \$12,000 but we may have sent \$8,000 worth of stock.

10 That still leaves a surplus profit of \$4,000.---I'm surmising that amount, don't - - -

I understand that.---Right.

But in that case, let's work on that assumption. Let's suppose that \$8,000 worth of stock was sent, what happened to the \$4,000 extra?---What do you mean what happened to the \$4,000.

20 THE COMMISSIONER: Well, it was split in the usual way was it?---Yes, okay, yes, so it would have been split in the usual way.

MR CAMPBELL: And if we can't find a transaction to match it, you say, well sometimes I did give him cash. Is that correct?---Yes.

And was the cash sent in the post in the same way you described with Mr Hadley?---It could have been posted, it could have been delivered by hand.

Who would have done that, would you have done that?---Yes.

30 Well, do you have a recollection of making trips down there?---I have made trips down there, yes.

Do give him cash?---Not all, not on all occasions.

THE COMMISSIONER: What sort of amounts, do you remember that, what sort of ball park?---To be truthful - - -

Can't remember.---I cannot, if I knew I would tell you.

40 All right.

MR CAMPBELL: All right. Can I just draw your attention to, to two pages to Mr Smith of a fortnight apart. Now if we go to the red column - I'll withdraw that Commissioner. You need to trace it. You'll see that on the black print on the Friday 17 November 2008 a cheque was cashed on the Pinnacle account for \$2,000. Do you see that?---I see what you mean, sorry.

I'm asking you do see that?---Yes, yes.

Then a week later on Friday 14 November there was a deposit into Mr Smith's visa account of \$2,750. You see, you see that?---Yes.

It's, now it's our contention that that deposit includes that \$2,000 worth of cash, I say that to you so you can work on that assumption. Do you have any recollection of whether you put, you might have given some extra money from cash you had on hand?---I have no recollection.

10 And then on just another week later on Friday 21 November, there's \$4,000 cashed on the Pinnacle Traders account. Do you see that?---Yes.

So it was obviously a large sum and that's the day after on that case, Yass Valley Council paid \$15,603.50, \$15,603.50. Do you see that?---Yes.

Now that's the largest of the payments and it goes again to Mr Smith's credit card. Do you see that?---I think so, yes.

20 Yes, all right, it's in red print across the page. Now at the time that he, at the time those payments were made do you have any recollection of whether he spoke to you about the fact that he was going to buy a car or some - - -

THE COMMISSIONER: A ute.

MR CAMPBELL: A ute.---A ute, yeah, I seem to remember a ute, yes.

Does that ring a bell now?---Yes.

30 Because I was trying to prompt you about earlier on and was it the fact that he was going to buy the ute and do you remember whether it was a Suzuki ute?---No, I don't remember what sort of ute was.

But was that a conversation which prompted those large-ish payments to be made close together in time into his account?---It may have been.

THE COMMISSIONER: Did he ask you to provide him money so he could buy the ute?---We may have, yeah, we had discussions regarding that.

40 So he wanted to buy a ute and he asked you to arrange through this Pinnacle scheme for cash to be paid to him so he could buy the ute?---Well, yeah, I think that's, well we discussed - - -

That's the summary of it?--- - - - we discussed it. You're summarising it, yes.

MR CAMPBELL: Okay. And do you know what happened to the ute? ---No, I don't.

Did he ever tell you had been written off in an accident or badly damaged in an accident?---No.

All right. Nothing further this time. Nothing further, Commissioner.

THE COMMISSIONER: Yes, thank you. Mr Clay? No. Has anyone got questions for Mr Newman?

MR HARRIS: Commissioner, if I may?

10

THE COMMISSIONER: Yes, Mr Harris.

MR HARRIS: Harris, thank you. Mr Newman, my name is Harris. I represent Paul Wright. Could I just ask you in relation only to your dealings involving PAE and Bathurst, specifically. Mr Hadley had said here yesterday at page 843 of the transcript that anything to do with a PAE invoice had come to him through Robin in the post. Is that how it worked? ---No, no. It was faxed.

20 I'm sorry, that's right?---Yes.

Faxed from PAE, that's the invoices?---That's correct.

But the payments made to Mr Hadley was sent by you through the post? ---Yes, yes.

And now where did you get that cash?---Paul would give it to me.

30 Paul would give it. And when you, you gave evidence yesterday, this is page 857 of the transcript, that Paul was having difficulty with his monetary, his financial situation?---Yes.

You said, "I dare say he did already know what I was doing with Bathurst."?---Maybe he knew what I was doing at Bathurst, yes.

THE COMMISSIONER: No, you said he did know, I think that's right. (not transcribable) read that out.

MR HARRIS: I just read it, yes.

40

THE COMMISSIONER: And there was a later reference to that Mr Harris.

MR HARRIS: Thank you. All right. What was the financial arrangement if any that you had right back then with Paul about PAE invoicing Bathurst? Specifically what was in it for PAE? An amount?---Yeah, of course, 50/50 after splitting the invoices.

All right. Now 50/50 between you and Paul. Is that what you say?---No. 50 per cent of the invoice would go to Geoffrey at Bathurst, as what I said earlier. And the other 50 per cent we would split between us.

Right. Thank you. So when you first had these discussions with Paul, do you remember what split was discussed?---That's what I just said.

No, but the 50 per cent between you and PAE - - -?---50 per cent each. So two, two 25's make 50.

10

Ah, 50 per cent of the 50 per cent?---That's correct, yes.

All right. Now did it vary from invoice to invoice or was it always that arrangement?---Oh, it was always that arrangement. Paul would also hang on to the GST and so on and tax and stuff like that, yeah.

Yes. And you heard it suggested on the basis of the spreadsheets here that it appeared that Paul Wright was somehow obtaining 50 per cent of the total invoice amount?---Yes.

20

You say that's not the case?---Well as you've seen me, I was surprised myself. I couldn't explain it either.

Yes. All right?---I was very surprised.

So would, you would know each time a payment was made to Mr Hadley? ---Yes.

30

You'd know what invoice that was relating to?---Yeah, yes, I suppose.

Would you have a copy of the relevant invoice provided to you?---No.

No?---I had the copy of the invoice. No, I wouldn't, no I wouldn't.
THE COMMISSIONER: PAE Industries invoice?

MR HARRIS: Yes, the PAE Industries, I just wonder how do you know what - - -

40

THE COMMISSIONER: I don't, I think - - -

THE WITNESS: I'd just know roughly what the amount was really.

THE COMMISSIONER: How did you know that?---How would I know?

Yes?---Oh, just in the amount of items, how much item it was per item and I'd add it up in my head.

And how would you know what the item is?---Oh Geoff would tell, I would ring Geoff and we would discuss what the items were.

So your information came from Mr Wright?---No, my information came from Geoff at Bathurst. Information regarding, sorry?

The amount of the invoice?---No, I would do a quick calculation in my head, around about.

10 Yes, but you had to know what items were supplied?---Oh, yes.

And who told you that?---Me and Geoff would know what items to invoice him for.

You, you and Geoff would discuss that first?---Yes, oh of course. I'd have to know what he wanted and what it covered.

And then you would speak to Paul?---Yes, that's right.

20 I see.

MR HARRIS: And Paul would send an invoice to Bathurst?---That's correct.

And subsequently then you would be paid by Paul or PAE - - -?---Yes.

- - - your money and Mr Hadley's money. Correct?---Yes, yeah.

30 THE COMMISSIONER: But you didn't know the amount of the invoice that Paul sent to Bathurst?---I would take a rough idea. If it was 100 items at \$20, it was \$2,000, ah, 20,000.

Yes, but you didn't know what Paul was writing on the invoice?---I would tell him what to put down, yes.

Yes, but you didn't see the invoice and you didn't know what he put down?---No. No.

40 MR HARRIS: When you'd send the money to Mr Hadley for each invoice he would have a copy of the invoice to the best of your knowledge would he?---Well he would have to have, well he would know, yes.

Yes. All right. And in those first discussions you had with Paul Wright whereby PAE came to be involved with the arrangement you had with Mr Hadley, was it discussed with Paul Wright that in fact the invoices, I'm sorry, the supplies were essentially bodgie?---Of course it was, yes.

And were there some supplies made during the course of that?---No.

Thank you.

THE COMMISSIONER: Yes, thank you, Mr Harris. Anyone else? Yes, Mr Naylor.

MR NAYLOR: Yes, Commissioner. Sir, I appear for Mr Kerry Smith, you've given some evidence about him. Do you remember Mr Campbell and the Commissioner asked you some questions about his acquisition of a utility vehicle?---Yes.

10

Yes. All right. And do you still have the spreadsheet in front of you, sir? ---No.

All right. It doesn't matter. Your attention was drawn to a couple of deposits into Mr Smith's visa account?---Mmm.

One deposit of \$2,750 and another deposit of \$4,000. And the suggestion was put to you, correct me if I'm wrong, that those deposits were used to help Mr Smith buy the ute?---Yes.

20

Is that right?---Well that's what their suggestion was, yes.

All right. Okay. Do you have an actual memory of making those deposits or arranging for those deposits for that particular purpose?---No.

THE COMMISSIONER: He doesn't remember the deposits. He said that? ---I said that, I don't remember the deposits.

30

MR NAYLOR: All right. You don't remember the deposits and you don't remember money being transferred to Mr Smith's account for the purpose of the acquisition of the utility?---We would look after a lot of customers a day. That was just part of my daily routine. As I said, I don't remember any of them, I'm sorry.

THE COMMISSIONER: So your evidence is you had a discussion with Mr Smith about the ute?---I remember the ute. I remember the ute.

40

But you don't remember whether or not you gave him the money for the ute?---No, that's right, yes.

MR NAYLOR: Do you remember depositing money into any accounts to fund the acquisition of the ute?

THE COMMISSIONER: He says he doesn't Mr Naylor. He's just said that, twice.

MR NAYLOR: Thank you, Commissioner. No further questions.

THE COMMISSIONER: Anybody else?

MR CAMPBELL: One question, Commissioner.

THE COMMISSIONER: Yes.

MR CAMPBELL: You didn't see the invoice go out, you confirmed with the Commissioner, nor did you see the payment come in to PAE Industries?
---No.

10

I have no further questions, Commissioner.

THE COMMISSIONER: May Mr Newman be excused?

MR CAMPBELL: He may be excused, although I think, I propose to recall Mr Hadley, if I could just put some short propositions to him flowing from Mr Newman's evidence. If he wishes to stay for that he can stay, otherwise I have no objection to him being excused.

20 THE COMMISSIONER: Yes, well Mr Hall what do you want to do?

MR HALL: If he could be excused, you Honour.

THE COMMISSIONER: Yes, you may be excused Mr Newman?---Thank you.

Thank you for your evidence.

30 **THE WITNESS EXCUSED**

[12:09pm]

MR CAMPBELL: I recall Geoffrey Hadley.

<GEOFFREY LEONARD HADLEY, on former oath [12.09pm]

THE COMMISSIONER: Mr Hadley, the - you're still under the oath that you formerly gave. You understand that?---Yes, Commissioner.

And the section 38 order continues to apply to you. So you have that protection still. Please be seated?---Yes, Commissioner.

10 MR CAMPBELL: Thank you, Commissioner.

Mr Hadley, you understand, don't you, that although you have been dealt with at law in respect of the Robin Newman Pty Limited fraud the other matters that the Commission has been inquiring in to over the last couple of days are still capable of exposing you to criminal prosecution. Do you understand that?---Yes.

And you know what - and putting it in a general way, I'm referring to the Pinnacle Traders Pty Limited matters?---Yes.

20

The Paul Wright trading as PAE Industries matters?---Yes.

The, the UTS matters?---Yes.

As well as the matters in relation to R&R Tape that we discussed?---Yes.

And also the matters in relation to Universal Cartridges we discussed? ---Yes.

30 THE COMMISSIONER: And also - - -

MR CAMPBELL: I beg your - - -

THE COMMISSIONER: Liable, these matters are capable of - - -

MR CAMPBELL: Yes, thank you, I'll - thank you. And you understand that I'm putting it in a shorthanded way but each of those matters separately is capable of, of exposing you to criminal prosecution and penalty if the prosecuting authorities decided to take them up?---Yes.

40

THE COMMISSIONER: And corrupt conduct findings.

MR CAMPBELL: And you understand that from the nature of the Commission's direct inquiry that we're inquiring into corruption on the part of public officials in, in relation to procurement in the public sector?---Yes, I do.

Yeah. And you appreciate, don't you, that, that having regards to the evidence that you are exposed to and liable to be found corrupt on the basis of all of those matters and each of them individually?---Yes.

All right. Now, you, you heard Mr Newman give evidence that - at the start of the fore that it was your idea, do you remember that?---Yes, I do.

What do you say about that? Is he right or wrong about that?---I don't agree with it.

10

All right. And you've heard his evidence in relation to each of the matters in which he was involved as to - well, I'll withdraw that. You've heard him say that in relation to the Paul Wright trading as PAE Industries that all of those invoices were entirely bogus?---Yes.

Do you accept that?---Yes.

20

You've heard him say in relation the Pinnacle Traders Pty Limited that all those invoices were entirely bogus. Do you accept that?---As far as I can remember, yes.

Okay. And do you, do you - you've heard him say that in addition to the amounts that I asked you about yesterday that we were able to trace through your bank accounts that substantial amounts of cash were paid in respect of each of these separate frauds?---Yeah.

And do you accept that?---Yes.

30

All right.

THE COMMISSIONER: There is the Yass Valley - yes. You've covered that, have you?

MR CAMPBELL: The Yass Valley's with another person, Commissioner.

THE COMMISSIONER: Was Mr Hadley not involved in that?

MR CAMPBELL: He's not involved in that at all.

40

THE COMMISSIONER: Yes.

MR CAMPBELL: Okay. I forgot to ask you yesterday about the trip to Scotland. Was that a conversation you had with Mr Newman when he was representing UTS?---I think it was UTS, yes.

I have no further questions, Commissioner.

THE COMMISSIONER: Yes, thank you. Any questions arising out of - - -

MR SHAW: No, nothing.

THE COMMISSIONER: Okay. No.

MR CAMPBELL: If Mr Hadley could be excused.

THE COMMISSIONER: You may be excused now, Mr Hadley, thank you?---Thank you.

10

THE WITNESS EXCUSED

[12.14pm]

MR CAMPBELL: Could we have the name Michael Keane called outside the hearing room, Commissioner.

THE COMMISSIONER: Yes. Yes, thank you.

20 MR CAMPBELL: You'll recall, Commissioner, that that was the gentleman in respect of whom you issued a warrant yesterday and we are informed that through a report from the police force that they did make, despite a search for him they made mobile telephone contact with him but didn't apprehend him physically. He said in the mobile phone call that he was - he knew about today and that he was coming today but he hung up on the police officer before any arrangements were made. I only ask, Commissioner, for him to be called now. We didn't expect, we didn't see him here today because I'll be in due course making an application in respect of him but could - while the warrant is issued it still can be executed
30 perhaps, Commissioner, at some time, could the summons matter be stood over sine die - - -

THE COMMISSIONER: Yes.

MR CAMPBELL: - - - and we'll deal with it in due course.

THE COMMISSIONER: The Commission, this inquiry will not finish until Mr Keane has given evidence.

40 MR CAMPBELL: May it please the Commission. I call Michael Stokes.

THE COMMISSIONER: Mr Stokes, are you represented, legally represented?

MR STOKES: No, I'm not, Commissioner.

THE COMMISSIONER: Yes. Please be seated, Mr Stokes. Mr Stokes, were you in the hearing room when Mr Hadley and Mr Newman gave evidence?

MR STOKES: I was, Commissioner.

THE COMMISSIONER: Yes. Now, Mr Stokes, as a witness appearing before the Commission you're required to answer all relevant questions and produce any document that you're asked to produce and you must do this even though your answer or production may incriminate you but the law does offer you a protection against any of the evidence you give, that is any answers you give and any documents you produce in any civil or criminal proceedings or even any disciplinary proceedings although I don't think they apply to you but it certainly does offer you protection in relation to your evidence being used against you in any outside civil or criminal proceedings. Now, the way in which you may get that protection is if I make an order that the evidence you give is so protected. This protection does not prevent you from being prosecuted for giving false or misleading evidence so it's only available to you to the extent that it's true and there are various ways in which you can get that protection but the easiest is if I make a, an umbrella order, one order saying that all the evidence you give and all documents you produce are taken to be under objection and covered by the protection and really that's in your best interests if I do that. Do you wish me to do that?

MR STOKES: I do, Commissioner.

THE COMMISSIONER: Yes. And you do understand that this protection does not prevent you from being prosecuted for giving false or misleading evidence.

MR STOKES: I do.

THE COMMISSIONER: Yes, very well. Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by Mr Stokes 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 STOKES 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**

THE COMMISSIONER: Now, as I explained to you, Mr Stokes, you are 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 and I am sure you now understand that.

MR STOKES: I do.

10

THE COMMISSIONER: Do you wish to give your evidence under oath or do you wish to affirm the truth of your evidence?

MR STOKES: Under oath will be fine.

THE COMMISSIONER: Yes.

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Thank you, Commissioner.

Mr Stokes, would you please state your full name?---Michael Roger Stokes.

10 And before coming here today at some stage in the past have you sought any legal representation?---No, I have not.

Have you had any advice from the Legal Representation Office?---Only the letter from ICAC stating that they have solicitors here if you, if you needed one.

Knowing that, you'd decided you'd come along unrepresented. Is that correct?---Correct.

20 You've been in the hearing room listening to the evidence that's been lead today and do you understand from listening to that evidence that you could be exposed if the evidence lead today is accepted to the potentiality of two things, the first thing is that if the Commissioner finds the evidence that he's heard today to be acceptable that you could be found to have engaged in corrupt conduct in relation to the conduct of the business of both UTS and also Pinnacle Traders Pty Limited. Do you understand that?---Yes.

And do you understand that that evidence, although you have the protection under Section 38 for your own evidence today if taken up by the
30 Prosecution Authorities could expose you to the possibility of criminal prosecution and conviction in relation to the matters concerning the circumstances of the supply of goods by UTS to Bathurst Regional Council?---Yes, I do.

And also in relation to the creation of invoices forwarded by Pinnacle Traders Pty Limited to Bathurst Regional Council?---With Pinnacle Traders no.

40 All right. Well, all I'm asking you sir is whether you understand that if the evidence we've heard today while you've been here is accepted, it's accepted you could be exposed to prosecution if the Prosecution Authorities take it up in reaction to the creation of invoices sent to Bathurst Regional Council by Pinnacle Traders Pty Limited.---Sorry, yes I do understand.

All right. Okay. Now in relation to UTS, you were the sole shareholder. Is that correct?---No.

Who was the shareholder?---I was the shareholder of 49 per cent and Mr Allan Durant was 51 per cent.

I see. And did you - - -

THE COMMISSIONER: Did you say Allan, I beg your pardon - - -

MR CAMPBELL: Durant.

10 THE WITNESS: Alan Durant.

MR CAMPBELL: I think it's D-U-R-A-N-T. Is that correct?---That's correct.

Did Mr Durant take any part in the day to day management of the business? ---No.

Were you responsible for the day to day management of the business?---I was.

20

Yes. And in the course of that work did UTS employ a Mr Michael Keane?---I did.

And what capacity was Mr Keane employed?---First time I hired him as a representative then, Michael left under, Michael left under, Michael went for credit card fraud and a few other things and I re-hired him a couple years later to help out in our office.

30

In what, and what work did he do in the office for you?---Oh he'd mainly chase accounts, chase up money for me. On the odd occasions if we were busy may be a little bit of invoicing, sometimes a bit of packing.

All right. But his main jobs was for what accounts receivable. Is that right?---Chasing money, yes.

And in that position then he'd have some idea about what was outstanding at any given time. Is that correct?---Absolutely.

40

And over how many years did you employ him?---Oh, without going, look I'd say probably three years. I'm not 100 per cent sure.

And during that time was Mr Robin Newman also employed there in various capacities?---Yes.

And did he start initially with UTS as he said?---Um, Robin started in UTS probably back in 2003/2004.

And then did he become involved Pinnacle Traders Pty Limited?---Did Robin?

Yes.---Did Robin, was Pinnacle Traders Pty Limited but down the track.

I see. We know from the information from the government that you were the sole shareholders in Pinnacle Traders that's correct, isn't it?---Well, I was unaware of that, but yes.

10 Well, (not transcribable)

THE COMMISSIONER: 53.

MR CAMPBELL: Can the witness be shown Exhibit 53. You see, you, see this is a company search produced by ASIC.---Yes.

[
It's the official record of the register of companies. Do you understand that?---Yes.

20 And you'll see here that Pinnacle Traders Pty Limited was a, started or registered on 8 April 2005, do you see that?---Yes, I do.

And if you go over the page you'll see me ask Mr Newman about this, if you look down the page about two thirds of the way there's a heading former members.---Yes.

And it says Michael Roger Stokes. Do you see that?---Yes, I do.

30 And you're the only named shareholder at any time. Do you see that?---
Yes, I do.

And of course we have the names as director and secretary of Robin Noel Newman. Do you see that?---I do.

Do you accept the accuracy of that record?---I do, I do.

And you'd agree, you've been involved in companies haven't you?---Only my UTS one.

40 Well, you know that documents have to be registered with the, with the Australian Securities and Industries Commission saying who's a shareholder and who's a director and that sort of thing?---Yes.

And that the people who are, who are surname have to signify on the forms that the capacity in which they are involved with the company. If I could put it that way. You know that don't you?---Yes.

So, would you accept for you to be named as a sole shareholder on the ASIC documents you'd have to indicated that you were the shareholder by signing a form?---I would have signed something but to what being 100 per cent of a company that's not mine I'm wasn't quite aware of that.

Well, you want to be aware of this but as a matter of company law if you own 100 per cent of the shares and the company is most certainly yours and not the people who are named as other office holders how are not shareholders. You'd know that wouldn't you?---No, no, I don't.

10

I see. Well, will you accept that from me as a proposition of law?---I believe you.

All right. Well let me go back a bit to UTS.---Yes.

So far as a, when I asked you about whether you understood that you could be exposed to prosecution in respect of UTS, you gave of an answer which was in respect of UTS, yes. What did you mean by that answer?---Well, I have nothing to do with, even though I'm a 100 per cent shareholder as the paper says, I have nothing to do with Pinnacle, it was not my business and it was not me to make any money out of it.

20

All right. Well, UTS you say was your business?---Yes.

And, and have you heard the evidence in the Commission about the arrangement that was entered into – I'll withdraw that. In about 2003 did Mr Hadley talk to you, I'm sorry, Mr Newman talk to you about a person called Geoff Hadley who was a storeman at Bathurst Regional Council? ---The conversation I don't remember but I do know that UTS did supply Bathurst Council quite a bit in 2003, and then slowly dwindled off over the years.

30

All right. And did Mr Newman come to you and tell you that Mr Hadley was asking for some cash benefit for putting orders with your company? ---No, not that early in the piece, no.

When in the piece, at some time in the piece did he mention that to you? ---In 2004 it was - - -

About when in 2004, do you remember?---Oh look, I'm not 100 per cent I don't remember, it would have been around when the products were getting out of what UTS would normally sell, that was when, it was getting too abnormal for my company.

40

What type of products are you talking about?---It was um, gas fittings I think or pipes.

Hobas pipes, is that a product you remember the name of?---No, not really.

All right. That's all right, it's question, you've answered it.----Yes.

Did someone talk to you about something in relation to Mr Hadley?---
Around then, yeah, Robin had brought it to my attention, he said that I could
get hold of these weird and wonderful products for Bathurst Council, it
would be under the table basically.

10 And what did you understand him to mean by saying "it would be under the
table basically"?---I just, because it was out of the normal he was going to
go through to a different channel.

THE COMMISSIONER: What does that mean?---Like the way things
would normally come through to UTS would be, it's products I hold in my
warehouse, the products that I go and purchase and can buy yet the products
that he was talking about was something that it sounded a bit speciality item
to me and so I figured it was going, I didn't quite know where it was fitting
into the Bathurst Council.

20 But that's got nothing, that doesn't suggest to me that it was under the table,
what does under the table mean - - -?---Well, under the table means well,
I've got to pay by cash.

Because it's something illegal is happening?---I didn't take it as illegal at
that stage Commissioner, I needed to pay cash up front for the product that
was supposed to be getting supplied.

Cash to whom?---To Robin.

30 Why?---Well he was doing it all, sourcing it, getting it, finding it.

MR CAMPBELL: I'll ask you about that in a moment, but do you
remember him saying to you that Mr Hadley at the Bathurst Council words
to this affect, is going on an overseas holiday and he wants some cash from
us to pay for it. Do you remember a conversation along those lines?
---Vaguely. Not 100 per cent of how the conversation went down.

40 And can I just to you that that conversation took place in the latter part of
2003. Does that accord with your recollection?---No.

All right. And the suggestion was, you understood the suggestion to be
from Mr Newman that it was expected that Mr Hadley would get a cash
kickback on the payments made to your company by the Bathurst Regional
Council. That's the case isn't it?---No.

No. I see. Well what do you say was said about the holiday to Scotland or
the overseas trip?---The man's going to, to - overseas.

I see. And?

THE COMMISSIONER: And?---I didn't think anything - - -

But didn't – I thought you agreed that there was a conversation about him wanting to go overseas and wanting to get some cash to pay for his holiday?---I vaguely remember that, but I'm not going to pay for his holiday.

10 MR CAMPBELL: You see – well but the evidence that's been given in this Commission is that you agreed to a fraudulent arrangement whereby goods were either undersupplied on the UTS invoice to the Bathurst Regional Council in terms of backorders being withheld and that the full amount of the invoice however was paid. Do you understand what I mean?---Yes, but no, how could I hold back a backorder? It's through the system, in their system it had backorder.

20 Well you need to have someone on the inside who's prepared to sign off on the idea they've been received I suppose. That would be one way of holding back on the backorder wouldn't it?---I have no idea.

I see. The – you see well what I want to suggest to you is this, that, that the arrangement that Mr Newman discussed with you was that an order would be placed in for riggers gloves and other types of work gloves that UTS supplied, but that the order would only be partly delivered although an invoice with the full amount would be sent out. Now do you remember having that conversation with him?---No.

30 And that the arrangement would be that Mr Hadley, the storeman would sign a goods received docket either then or in due course in respect of receiving the whole amount of the original order so that the backordered part of the order would never need to be delivered. Do you remember that part of the conversation?---No.

40 And that in respect of that arrangement Mr Newman said to you that, that Mr Hadley would need to have from the proceeds of the invoice a cash kickback or words to that affect. Do you remember that conversation? ---No, I don't remember the conversation, but if any monies would have gone via UTS to Mr Hadley, it would have been for the order that was delivered and in full. And it would have been either, instead of a gift voucher, for the size of the backorders that were going through there, it had profit in that and to keep the business with council, as we tried to keep business with everybody, I didn't find anything alarming there.

Well you mentioned gift vouchers and that. Are you saying that UTS had this policy of giving gift vouchers to the people at the Council who bought the product, who ordered it?---To, to anybody who bought the product.

Council or no council?---Council or no council. All right. Well what were these gift vouchers?---They were Coles Myers, fuel, mainly Kmart which sort of had more stores that people could use and that.

And how much, how much- well what denomination were they?---Oh, they'd range from 50 up to 500.

10 THE COMMISSIONER: And who would they be given to?---
Commissioner, they'd be given to any person who placed a large order in my company. And it was based on a profit, on a profit base of how much we were making. If the order was 2,000 cost and we signed it for \$4,000 and we could (not transcribable) do something, we'd offer an incentive to, to get more money. My staff worked on a bonus and commission structure and they were on a budget. They do everything they possibly can to make money and achieve more money.

20 MR CAMPBELL: So how much would you have to, what size order would have to be placed to entitle the orderer to get \$500 you've mentioned?
---Five grand.

Because you're working on 100 per cent mark-up on your products. Is that correct?---Some products, yes.

Well you'd agree wouldn't you that a \$500 voucher on a \$5,000 order is a ten per cent kickback is it not?---Yes.

30 And you authorised those type of kickbacks to people like storemen and councils. Is that correct?---To all people, yes. I found there's a lot of competition out there and to keep, we needed to keep the business that we were generating.

You never, you never thought it might be a good idea to give the Council a ten per cent rebate on the invoice did you?---No, it didn't cross my mind.

No. You thought better to keep the, the person placing the actual order keen and coming back for repeat orders rather than going to one of your competitors. Is that right?---That was correct.

40 And, well did you have to authorise those type of kickbacks to people who were purchasing from you?---No.

You authorised your staff to pass them on to their, I'll withdraw that. You authorised your staff to pass them on. Is that correct?---My staff would make a decision a lot of the times of how much they wanted to give out of their profit, their order.

Right. Because that would reduce their commission?---It would reduce their budget, to get their budget, yes.

Well also I don't suppose you'd count the voucher towards their commission. Would that be right?---No, I didn't, when they get an order if there's \$2,000 profit and they want to give away ten per cent of that, which is 200, they'd only get \$1,800 profit. The voucher would become part of the cost, part of the sale.

All right. So it didn't cost UTS anything. It, it cost the salesmen?---Yes.

10 THE COMMISSIONER: And was this part of your policy, company policy?---That's just the way we've always done it. It's just, it wasn't so much a policy, Commissioner, (not transcribable) didn't want to give anything away, wouldn't jeopardise their profit to do so are the ones who found it easier to sell that way and would do it that way.

But you knew, you wanted your staff to behave like that?---Well I suppose I didn't look at it that way, Commissioner.

But I'm asking you?---No, no.

20

So they were disobeying your instructions were they?---No, not at all, Commissioner. I thought I had very loyal and good staff.

So they were obeying your instructions?---Yes, yes.

In making these offers to individual members of council?---Well at that stage, Commissioner, it was making that, putting that incentive out there for all customers.

30 No, just answer the question. It was, they were obeying your instructions in offering these financial incentives to individual members of, individual staff members of council who were responsible for buying goods from you?
---No, look I'll say no, Commissioner, on that, because some staff weren't interested in doing anything like that at all.

But those who did it were obeying your instructions?---Yes, I suppose, yes.

40 MR CAMPBELL: It's obvious isn't it that was the system which you had to encourage customers to keep dealing with you?---But it wasn't, it wasn't like well I want you to offer this incentive to this person for me. They done it off their own nous.

Would you answer my question. I think the answer to my question is yes, that this was your system to enable your staff to offer an incentive of that type to the person placing the order to encourage them to keep placing orders in the future?---Yes, yeah, yes.

And well most, most of your customers whether they're private or public sector would be corporations of one type or another wouldn't they?---Oh look they'd be from a lot of corporations, a lot of venues, like little businesses. Our product range was quite a vast range.

I suppose a sole trader wouldn't be buying a lot of gloves would he?---No, they, yes, they do, they certainly buy a couple of cartons, twelve hundred riggers gloves or a couple of thousand respiratory.

10 What about the a council, how many would they, how many would a large council buy off you typically?---Oh, quite a few.

The bigger customers are always a large corporation aren't they, be they - - - ?---Yes, correct, yes.

- - - be the local government agency or an industrial company. Is that right?---Correct.

20 So the policy was directed at the person placing the order, was it not?---Yes, it, yes.

Who always would be an employee of the true customer?---Yes.

And you would accept, wouldn't you, that to try and entice the employee of the true customer in that way was a corrupt practice, that's so, isn't it?---It, it is, it is.

30 Yeah. Because it's more or less bribing them to continue to do business with you, that's so, isn't it?---Well, I didn't consider it as a bribe, I considered it as an incentive for them to - - -

Well, an incentive is the same as a - it's tantamount to a kickback, isn't it? ---Banks offer holidays if you go with their bank, car yards offer you fuel if you buy their car.

Well, let me just deal with one thing at a time. If you, if you give this voucher to one of these council employees it's like giving them cash, isn't it?---It is.

40 And you would identify straightaway, wouldn't you, that if you gave a council employee \$500 to continue doing business with you that would be a bribe, would it not?---No.

It wouldn't be?---It would be an incentive to keep doing business with you.

I see. Would you not think it corrupt to give a public official cash for placing deals to encourage him to place further deals? You wouldn't regard that as corrupt?---No.

I see. You think that would be smart business, is that right?---Well, because I wouldn't - UTS was not the only company who would offer these incentives out there in the telemarketing world I didn't find it any different to anything else.

You see, the difference between offering it to the council's employee and the bank offering you some sort of cut in your interest rate if you take your home loan to them is that you're the consumer, that's right isn't it?---Yes.

10

But the, but the council employee is not the consumer is he?---No.

No. The council's the consumer, that's right, isn't it?---Yes.

And did it ever occur to you that the council might prefer to have the rebate on your price rather than a kickback to its employee? Did that occur to you? ---No, but it didn't - actually probably 'cause I didn't want to know.

20

As it put sometimes you turned a blind eye to it, is that so?---Correct.

Now, you deny, do you, that, that you were ever approached by Mr Newman to pay for a holiday for Mr Hadley at Bathurst Council?---Oh, Mr Newman had - I do remember a conversation but there's, I wasn't going to pay for someone's holiday. I would contribute to their, their holiday on orders, depending on the value of the order as to what I consider to be fit to be, to be paid back and at that stage I didn't think anything ill of it either.

30

THE COMMISSIONER: Did you agree to contribute to that holiday?---I'd say I would have, it would have happened, Commissioner.

MR CAMPBELL: And is it fair to say that - I withdraw that. Well, it would have happened so that you knew what was going to be happening is that the contribution would come out of the proceeds of the payment by Bathurst Regional Council for the invoices, that's so, isn't it?---Bathurst Council was, was - is a large council and it was buying a lot of product.

But just answer my question, please, Mr Stokes?---Sorry.

40

Is the answer to my question yes?---Yes.

And Mr, and Mr Hadley was the man who was placing most of those orders on behalf of that large council wasn't he?---I'm pretty sure, yes.

Yeah. Well, you'd know that because you'd keep an eye on what was happening in the business wouldn't you?---I had a lot of staff and a lot of invoices and I've got a manager who's trying to take control of things too and I'm letting him have a bit of, a bit of rope and less, you know, sometimes you've got to delegate things out there.

Was that manager Mr Newman, is that what you're saying?---Yes, correct.

All right. Well, I'll come back to that. But you were at the place of work every day weren't you?---I was.

And although you had a partner, Mr Durant, you would keep a keen interest in what was going on wouldn't you?---Most of the time, yes.

10 Well, most men of business do, don't they?---I'd say so.

Yeah. You'd keep a keen interest because you'd have to know, wouldn't you, as to what commission a salesman was entitled to, that sort of thing? ---Oh, I look at the commissions all the time.

Yeah. And to look at the commissions all the time you'd have to look at the profit margin on the sale apart from anything else, wouldn't you?---Yes.

Yes?---Yes.

20

And you'd have to look at how much had been paid as an incentive to the person placing the order, that's correct too, isn't it?---Correct.

You see, so that when Mr Newman approached you about paying Mr Hadley's overseas trip you didn't regard it as any different from giving him a few vouchers on the orders, did you?---No.

As long as the orders were big enough or frequent enough then a cash kickback could be paid to fund his holiday, that's correct, isn't it?---Yes.

30

Yeah. And you - and that was exactly what you authorised Mr Newman to do, wasn't it?---Yes, I suppose, owner of the company, yes, I would have had to give the final instruction.

And you did give the final instruction, didn't you?---Yes, I did.

Now, you jacked up when Mr Hadley wanted another holiday you were told, that's right isn't it?---No.

40 All right. I see. Were there not two holidays?---Not that I'm aware of.

I see. Well, so you, so you paid, you paid for the holiday you've told us? ---No, I didn't say I paid for the whole holiday. I contributed.

I beg your pardon, you contributed cash kickbacks to fund the holiday, is that so?---Correct.

Nobody gave you a quote on what the holiday was worth, I suppose, and said please pay for this?---No.

Is that right? So you don't know one way or another whether you paid for the whole holiday or not, do you?---I've got no, I have no idea whether he even went on a holiday.

Quite. All right. Now, let's talk about Pinnacle Traders Pty Limited?
---Yes.

10

You've seen the company documents setting up the company, correct?
---Correct.

And you, you understand that it - was this the case, that that was initially a proposition that you discussed with Mr Newman, whoever might have arranged it first, on the basis that it would, it would give him an incentive to continue to work hard for you. Is that correct?---Correct.

20

And - but the original idea was to import some respiratory masks for use in the industry from over - well, import from overseas, that's correct, isn't it?
---That is correct.

But that never really got off the ground, is that correct?---No, we had one - imported twice, I think.

Yeah. It wasn't a success?---No.

No. So that that original idea had to be shelved, that's right, isn't it?
---Correct.

30

And it's the case, isn't it, that Pinnacle Traders Pty Limited had its own bank account?---It did.

At a Westpac branch?---It did.

And that you and Mr Newman were cosignatories on that account?---I was.

Every cheque that had to be cashed had to be countersigned by you, yes?
---As far as I know, yes.

40

Yeah. And the reason why you had to countersign every cheque is because you in fact did have a real interest in the activities of Pinnacle Traders Pty Limited whatever they were, that's correct, isn't it?---No, it's not correct.

Well, can you think of any reason why if it really was just Mr Newman's concern he would say you should countersign every cheque?---Mr Newman wanted me to countersign the cheques.

I see. Well, if it was his and his alone why would he possibly need that, need you to do that?---Well, probably 'cause he was trying to set up as UTS was set up and originally I'd have two signatures on my bank account.

I see. So - well, Mr Newman had been around for a long time by the time this came up, hadn't he?---Yes.

In the sales game?---Yes, yes, he has.

10 So you think he just blindly thought oh, you've got to have counter signatories on cheques if you're selling stuff?---No, I think he was just trying to follow my footsteps. UTS has been quite a successful business company.

THE COMMISSIONER: Well, why does it help his success to have your signature on his cheques?---I think it was more to keep me in, in, in sync with him together. He wanting me to, to look over his shoulder continually, Commissioner, I don't know.

20 Well, what I don't understand, Mr Stokes, is why you are shown as the 100 per cent shareholder on the ASIC form?---I don't know either, Commissioner. The company was set up by an accountant.

Which accountant?---I think it was Pears & Co.

Is that - whose accountant is Pears & Co, was that - - -?---It used to be UTS's.

30 So your accountant. Did you do your personal affairs as well?---Yes, they done all my affairs.

Well, they would hardly set it up with you as the 100 per cent shareholder if you didn't authorise them to do so, would they?---Commissioner, I didn't want to have any part of the business. Robin wanted me to be part of it and I didn't, I didn't - I wasn't aware a shareholder owned the business, I just thought a shareholder was a shareholder, I thought you could have 100 shareholders and it was Robin's company. I didn't think any different of it.

40 MR CAMPBELL: But, sir, it was your accountants who set it up you've told us?---I'm pretty sure it was, yes.

Yeah. Well, they wouldn't do anything like that without your express instructions, would they?---I told him I don't want to be a director or, or that but I would be a shareholder like Allan was a shareholder in mine, I didn't know I was going to be 100 per cent shareholder. I just figured - - -

You told him, I'll be a shareholder, correct?---That's all I wanted to be, not the shareholder.

Well, it was going to be run from your premises, the premises you, you occupied for UTS. Is that correct?---At that stage it was.

You were going to be a co-signature on the bank account. Is that correct?
---Correct.

10 You were going to, you instructed your accountants to set it up. Is that correct?---No, no, Robin instructed my accountants he wanted to us UTS accountant.

So you went along and introduced them. Is that right?---Well, he used to come there to work but they knew each other, they'd talk.

So when they were there at UTS's place of business did you tell them that you were going to be the shareholder in Pinnacle Traders Pty Limited?---I cannot remember the conversation of that.

20 Well, you'd agree with, you must have told them that otherwise your own accountants wouldn't have done it without checking with you?---Well, I'm not 100 per cent sure and I know I'm on there and that's, I don't know how I got 100 per cent shareholder of a company that I had no interest in and I've got my own business.

Mr Stokes, are you being completely sincere with us?---100 per cent.

30 I mean, the, now, you see this venture was set up as a way of you and Mr Newman making money. Was it?---No, it was set up originally, originally it was set up for importing but the reason Robin wanted to have a company was, he said to me, "You've set your business up, your boys are going to be right, I want to leave something for my girls when I go." So that was where the base of the thing come from. I said, "Pinnacle's is yours."

Pinnacle's was his to run. Is that correct?---Pinnacle was his.

Well, who do you think is entitled to any profit that a company makes?---I'd assume that Robin would be.

40 Well, wouldn't you assume, you know about the stock exchange don't you?
---I don't follow it.

Have you got any shares in any public companies?---No.

When UTS made a profit the profit was split between you and Mr Durant according to your shareholding, wasn't it?---Well, we never, no, because we didn't take any money out.

I see. Were you paid simply a wage for the work that you did?---I was paid a wage for the work that I did.

You said it was a profitable company?---It was.

Yes, so you knew didn't you, that if it any time it made a surplus profit then it would be split according to your shareholding. That's so isn't it?---Well, I was told it was half my company.

10 THE COMMISSIONER: So you'd get half of the profits?---Yes, it was only me and Alan in it.

MR CAMPBELL: Well, you said Alan had 51 per cent didn't you?---Yes.

And you had 49 per cent, so you'd understand that on that arrangement you'd get 49 per cent of any excess profit made, that's so isn't it?---Well, yeah, it would be 50/50 anyway.

20 Well, close enough to. But you understood didn't you that any profit would be distributed to the shareholders in accordance with their shareholding. That's so isn't it?---No, I wasn't under that understanding at that stage.

I see.---I've never owned a business in my whole life until UTS and I was just going on what my partner was saying and dealing with the business. No money was taken out, we bought premises, we bought machinery.

So any profit was put back into the business.---Put back into the business.

30 All right. But if you'd said, let's not do anything this year, let's just take the profit you knew that you and your partner would share it?---I would yes.

Because you were the shareholders?---Okay yes.

That's correct isn't it?---Yes.

That's something you always knew isn't it?---Well, I didn't know, yes, I know that I'm going to get money out of it, yes.

40 THE COMMISSIONER: In accordance with your shareholding?---Well, I, yes it's 49 per cent but I would have expected 50 per cent yes, because there was only two of us in the business.

MR CAMPBELL: So you were here this morning when Mr Newman expressed surprised that he wasn't a shareholder, weren't you?---Yes.

Because, because he thought it was a partnership. You heard him give that evidence didn't you?---I heard him give that evidence, yes.

And that's what you thought it was too, wasn't it?---No, it wasn't a partnership.

THE COMMISSIONER: Did you pay any money for your 60 shares in Pinnacle?---No.

Let's have a look at Exhibit 53.

10 MR CAMPBELL: Have you got it front of you, the company search.
---Sorry.

THE COMMISSIONER: You see it says, you see page 2 in the middle it's got former share structure. Do you see that?---Yes, yes.

And do you see number of shares issued 60. Do you see that?---Yes, I do.

Token amount of any paid/token to be paid \$60. Total amount due and payable zero?---I've never, I've never sent \$60.

20 You must have paid \$60?---I didn't pay any money. Commissioner, I did not pay any money.

Well you must have made some arrangements with (not transcribable) to the affect that the \$60 was taken to be paid?---I do not recall any \$60 being paid out at all. Whether Mr Newman's paid that \$60 I have no idea, but I know I didn't pay any money.

30 And you see it's got former members? The next section, former members?
---Yes, I do.

And is that your address?---That is my address, yes.

MR CAMPBELL: And that's your full name of course?---That is my full name.

Well according to these official records it was your company. Do you accept that?---No, I don't, I don't, I don't, Pinnacles is not my company.

40 According to these official records it was your company wasn't it?---Well if that's what they're saying, yeah, they're saying that but it was not my business. It never has been my business.

Pardon me, Commissioner. Now – and the only reason why I suggest to you that you were a counter-signatory on the bank account was because you were entitled equally, according to your arrangement with him, with Mr Newman to control the funds of the company. That's right isn't it?---No, it's not.

Well you knew money was coming in and out of the company didn't you?
---I did, by signing those cheques.

And you knew that, what you heard me ask about today. Correct?
---Correct.

10 And you knew didn't you that it wasn't selling the respiratory masks
because that had been a flop. That's right isn't it?---No. No, they hadn't
been a flop. We just, when you import in there's a lot of like import that I
bought. I don't know why we ceased going through Pinnacle. UTS just took
over buying the mask themselves.

Oh so that was your business idea to bring in the masks. Is that right?
---Correct.

20 And you decided you may as well do it through UTS rather than doing it
through Pinnacle?---Well it was getting, there was no real point in, well
Robin was making money, with the whole structure, the company wasn't,
wasn't getting done the way it was supposed to be getting done.

THE COMMISSIONER: Whose address is PO Box 2403, North
Parramatta?---2043, that'd be either Allan Durant or, or the (not
transcribable) & Co, as the accountants at Parramatta.

MR CAMPBELL: So Allan Durant lived at that part of the woods as well
did he?---Yeah, he lived at Windsor. But he, he's got a caryard at
Parramatta.

30 And that's where your accountants are. Is that right?---Correct.

Were they his accountants as well?---Yes, they were.

He introduced you to them?---He did.

All right. Would that be a convenient time, Commissioner.

THE COMMISSIONER: Yes. The Commission will adjourn until 2
o'clock.

40

LUNCHEON ADJOURNMENT

[12:58pm]