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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE DAVID IPP AO QC

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON WEDNESDAY, 19 OCTOBER, 2011

AT 10.12AM

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THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Thank you, Commissioner. We are continuing this morning with the evidence of Mr Wright.

<PAUL FRANCIS WRIGHT, on former oath

[10.12am]

10 THE COMMISSIONER: Yes, Mr Wright. You are still under the oath that you took yesterday and the section 38 order continues to apply to you?
---Yes.

MR CAMPBELL: Mr Wright, would you please once again state your full name?---Paul Francis Wright.

And just for the record, you're the same person who was giving evidence yesterday afternoon?---Yes.

20 Now, Mr Wright, I showed you yesterday afternoon if you remember before we adjourned a spreadsheet which was in a document I referred to as annexure 10, do you remember that?---Yes.

And you were giving some evidence about that?---I put to you by having regard to the information extracted on that spreadsheet that in fact you were deriving about 45 per cent of the proceeds of the invoices paid by Bathurst Council. Do you remember that?---Yes.

30 And you denied that, do you remember that?---Yes.

And your evidence yesterday, do you recall, was that you were deriving 15 to 20 per cent - - -?---Yes.

- - - of the proceeds. Yeah. And I think that - I'll give you the references, at page - I'm sorry, Commissioner, 976 of the transcript I asked you what sort of profit were you making and do you remember giving this answer, "Oh, about probably between 15 and 20 per cent"?---Yes.

40 And then do you remember saying at page 981, and it's about line 18, Commissioner, when the Commissioner asked you a question, this, "No, Robin used to take about 80, I used to give him about 80 per cent of the invoice total." Do you remember that?---Yes.

So can we take it from that evidence that you were telling the Commissioner that it was more like 20 than 15 per cent?---Yeah, anywhere, they're between different invoices but that would be around the percentage.

It was more - now, sir, could you just please listen carefully to my question and only answer the question that I ask you. Were you telling the Commissioner that it was more like 20 per cent?---Well, between 15 and 20 per cent, yes.

Well, what happened to the other five per cent if you gave Robin 80 per cent?---Well, it might be 15 per cent on one invoice, it might be 20 per cent on another invoice, depending on what goods were being invoiced out so - -

10

And it might be, well, you know now don't you that no goods were being invoiced out?---Yes, yes, that's the case.

THE COMMISSIONER: No good were being delivered you mean.

MR CAMPBELL: Well, no goods were being delivered, Commissioner.

You know now that it was just an invoice and no goods?---Yes, yeah, after yesterday, yeah.

20

I see. All right. So it's your evidence anyway, is it, that it's about, you say, around 20 per cent, maybe a bit less sometimes?---Yes, yes.

And what, maybe a bit more sometimes?---Oh, yeah, I don't, no, probably about, I think that'd probably be about the max.

Now, I'd like to show you another spreadsheet but just before I do, I'll just ask you this, we already - you already told me yesterday that your primary business account was an account at Westpac which had the account number

30

1-2-8-3-7-2. Do you remember that?---Yes.

You also have three other Westpac accounts that you control, do you not?
---Yes.

One is referred to as a Bonus Saver account?---Yes.

One is referred to as a One Statement account?---Yes.

And the final one is referred to as a Max-I Direct account?---Yes.

40

All right. Now, the schedule I'm about to show you has been prepared on a slightly different basis from the one I was asking you about yesterday?
---Yeah.

Just so you understand the process, this is what is referred to as a first in, first out analysis, that is to say it just looks at how the proceeds of the deposits by Bathurst Council were distributed in the first instance. Do you understand?---Yes.

It doesn't attempt to do a full financial analysis. Moreover, it is not - it doesn't purport to analyse all of the deposits by Bathurst Council. Do you understand me?---Yes.

10 It just looks at the majority of them and it's been prepared overnight. Now, could I just ask you to have a look at this document and there's a, there's a copy for the Commission, Commissioner. Now, just so as you understand, you'll, you'll see that the deposits by the Bathurst Regional Council are in blue?---Yeah.

The cash, the immediate cash withdrawals from the principal account, I'll call it, that's 1-2-8-3-7-2 are in red, do you see that?---Yes.

And the immediate distributions of the balance are in black. Do you see that?---Yes.

20 All right. Now, without taking you through every single transaction you will see, won't you, that on, on this first in, first out analysis that substantial amounts of cash were drawn straightaway, do you see that?---Yes.

From each deposit and those are the amounts of cash that were handed to Mr Newman, is that correct?---Yes, they would be.

Well (not transcribable) yours?---No.

#1020at

30 MR CAMPBELL: And you met Mr Newman near your bank for the purpose of handing over that money. Is that correct?---Yes, or at his work, yes.

He always asked you to meet him in person and give him cash. Is that correct?---Yes.

And you'll see that the ones in black are distributions to each, I'll withdraw that. To one or other of the three accounts that you operated in addition to that principal account. Do you see that?---Yes, yep.

40 Now - and you'll see the analysis shows at the bottom of the page, in fact on those transactions that we've taken out that the cash payments that you've identified as those that were handed to Mr Newman total 47 per cent of the deposits. Do you see that at the foot of the page?---Yes.

And that the transfers to one or other of your accounts totals 54 per cent. Do you see that?---Ah, yes.

And each of, I'll withdraw that, Commissioner. The transfers to the other accounts were done electronically by you. Is that correct?---Ah, yes.

You had that facility?---Yep.

And in some cases you will see, for instance on 5 May, 2006 we have in black a, a withdrawal by cheque from that principal account in the sum of \$1,000. Do you see that?---Ah, yes.

10 And that's an item which has been traced to you, your use from the accounts you've provided. Do you understand that?---Yes.

Now assuming the accuracy of the financial analysis I've shown you, you'd accept wouldn't you first that on these figures it looks very much like you were getting about half. That's correct isn't it?---It looks like that way, but there's a lot more I think that have come out of these other accounts and - - -

20 Well if there are - - -?---Definitely, definitely, I definitely haven't received 50 per cent of the, the proceeds from, from Bathurst, I can - - -

Mr Wright, I asked you a question. It looks like on this analysis, if it's correct, that you were getting about half. Now you agree with that proposition don't you?---Yeah, it probably looks that way, but - - -

Well can you see yes or no whether you agree with - - -?---Yes, but it wasn't, I haven't taken out 50 per cent of the invoice totals, so - - -

I tender that analysis, Commissioner.

30 THE COMMISSIONER: Yes. The analysis of PAE's Westpac business cheque account based on the first in first out principal is Exhibit 56.

**#EXHIBIT 56 - SPREADSHEET PREPARED BY THE ICAC
TITLED PAE - WESTPAC BUSINESS CHEQUE ACCOUNT
EXTRACT**

40 MR CAMPBELL: Now quite apart from this deal that you were working with Mr Newman, you were still trying to carry on your own business were you not?---Yes.

And if one had a look at each of the other three accounts we would see would we not that there were genuine business expenses going through in relation to sales that you were making directly?---Yes.

We'd also see you withdrawing money from time to time to pay for your ordinary living expenses. Yes?---(NO AUDIBLE REPLY)

And we'd see a lot of credit card payments made from one or other of those accounts?---Yes.

And one of the ways that you operated your business was that you'd often pay for your supplies on one of your credit cards. That's right isn't it?---I only had credit cards for the last probably two years I suppose of the business. We (not transcribable) last year, just, but until then I, it was all pretty much cheque.

10

All pretty much cheque going from your account?---Yeah.

Directly to the suppliers?---Yes.

And then some suppliers started asking you for credit cards did they?---No, I got that sort of towards, about a year before, two, before I, I closed up, so I just started using that a bit.

20

And the way you operated that was that you'd use the credit card to pay for an order from one of your suppliers and then when monies came in you'd pay off the credit card more or less straight away?---Oh, that was how I was going to try and work, but it didn't sort of happen that way. It just got used and just stayed up at a high level.

All right. Well Mr Wright, you knew, I'll withdraw that. Whatever percentage you were taking you were getting that money for doing no more than issuing an invoice to Bathurst Regional Council at the request of Mr Newman. That's right isn't it?---Yes.

30

Virtually, it would be fair to say, it was money for nothing, wasn't it?---Oh well, every order I sent out is pretty much, you're making money on for nothing, that's the part of the way the business is, you have to make money on goods that we've sent out.

THE COMMISSIONER: You sent out no goods?---I was just talking about customers in general, sir.

40

Yes, be we're asking about these dealings, you sent out no goods.---No, I wasn't know but I, I Robin - - -

So you got money for nothing?---Well, yes, yes.

MR CAMPBELL: That was my question.---Yes.

The - I'll withdraw that Commissioner. And you, as you've told me yesterday you knew that there was some form of cheating going on. That's right isn't it?---I said yesterday I did sir, yes.

Yes. Well, no, that's not what you said yesterday, you appreciated that when Newman approached you about this deal that there was cheating going on at one level or another, didn't you?---No, he never approached me to say that there was something wrong about the orders.

THE COMMISSIONER: Mr Wright, Newman could have used UTS to be the supplier, in fact UTS was his employer and it was not appropriate that he should use UTS, is that not so?---Yes.

10 The benefit that he could get through you is that somehow or another he was going to make a lot more money by putting it through you.---Yes, I'd say so, yes.

MR CAMPBELL: Now before giving evidence yesterday you'd been questioned on behalf of the Commission at least three times about these matters hadn't you?---Yes, sir, yes.

20 There were two records of interview with Mr Grainger on 19 January 2011 were there not?---Yes.

And then there's what's called a compulsory examination on 28 January 2011.---Yes.

Now it's fair to say, isn't it, Mr Wright that on each of those prior occasions you have told lies to the Commission in an attempt to minimise your involvement in this deal with Newman. That's so isn't it?---No, no, I've trying to be, I have been as honest as I can um, that's what I thought had happened with Robin and that's - - -

30 You see when you were first asked questions about this by Mr Grainger you pretended that you had yourself organised for the goods and the invoices to be supplied to Bathurst Regional Council didn't you?---I was going to go back and check my records to see what orders had been sent out um - - -

Look, you're adopting this tactics as coming forth with a torrent of words every time you're asked a question about these matters to avoid giving a simple answer to a direct question, aren't you?---No, I've given more direct answers than anything.

40 And indeed, and each time you've been questioned about these matters you've attempted to evasive about your part in it, haven't you?---Well - - -

Haven't you?---I've only given you my knowledge of what the events that, that's - - -

I'm suggesting to you and I want you to answer this yes or no, that when you spoke to Mr Grainger about these matters on 19 January 2011 you pretended that you supplied the goods the subject of the invoices – yes or

no?---I didn't pretend that I had sent them out I'm, I presumed, what I had told (not transcribable) we had sent the goods out indicating that it would have been - - -

THE COMMISSIONER: That was a lie.---No, I thought the goods had been sent out at that stage of the, you know, when I first met Paul, I had no reason to believe they hadn't been.

10 MR CAMPBELL: Well sir, when you use that "we" in answering that question you were using the royal we as it's sometimes put to obfuscate weren't you?---No, well that's - - -

Do you accept that?---No, I don't that's the (not transcribable) - - -

20 Could the witness be shown the – do you mind, sir you've answered my question. Could the witness be shown Folder 3 Commissioner. Well sir, you'll see that this is a folder of the materials in evidence before the Commission, could you, the first tab in that folder is Tab 20, would you open it up please and you'll see that this is a, a transcript of the interview that you had investigator Paul Grainger at the Toukley Police Station on 19 January 2011 commencing at 10.10am. Do you see that?---Yes.

All right. And I'd like you please to turn to page 74, it's 74 of the folder, Commissioner, end of the document, being the first document. Do you see at the top of the page Mr - perhaps start at the foot of page 73. You see Mr Grainger refers you back to Yass Council, do you see that, the foot of page 73?---Yes.

30 Thank you, top of the page?---Yes.

He says to you, "Do you recall the products that the invoices there," you say, "Yeah," do you see that?---(NO AUDIBLE REPLY)

Sir, at the top of page 74, are you having trouble reading it?---Yes, I hadn't turned the page, yes.

Thank you, at the top of the page, he asked you do you recall the products and you say yeah?---Yeah.

40 He says, "I showed you seven invoices," you said, "Yeah." He said, "In relation to those seven invoices were any of those invoices not delivered but paid for." You said, "No." Do you see that?---Yes.

He then asks you a question, "No," and you say this at line 10, "No, no, everything, everything's been supplied." Do you see that?---Yes.

That was a lie, wasn't it?---No, it wasn't, not at that stage. It's just what I had been - - -

You didn't, all you knew at that stage is what you know now, that your only involvement in this was to issue invoices at the request of Newman, that's right, isn't it?---Is this still - are we talking - this is at Yass Council or - - -

We're talking about, we're talking about the question at line 10, I'm asking you about and your state of knowledge as at 19 January. You knew that your only involvement in this was that you had issued invoices at the request of Mr Newman, that's right, isn't it?---Yes.

10

You didn't have any idea one way or another from your own knowledge whether or not any goods had been actually supplied by anybody, did you? ---No.

No. So that when you said everything's been supplied you were misleading Mr Grainger in relation to his investigation, weren't you?---Well, I was going on the - - -

20 Mr Wright, I've asked you - - -?---No, I wasn't misleading, no, I wasn't misleading Paul, I was just telling, telling him what I presumed had, had happened.

So you deny that you were misleading him, is that correct?---Well, yes, yes.

Yeah. Now could I just take you please to page 76, on page 76 you were asked questions in relation to something which is referred to at the top of the page as HOVIS pipe, H-O-V-I-S, in fact should be HOBAS pipes, H-O-B-A-S?---Yes.

30 Do you see that?---Yes.

And Mr Grainger said, informed you HOBAS pipe was not available for sale in Australia?---Yes.

And you say, "Oh, okay, yeah," and he asks you, "Do you know anything about that?" and you say, "No." He then asks you this question, "So how could you supply it if it wasn't available. Do you see that?---Yes.

40 And your answer is, "Well, we must have got somewhere to supply it. I mean, my reps probably would have done, you know, done, unless we supplied them something different on what it actually is"?---Yes.

So you're telling, you're telling Mr Grainger that you got your reps to supply some substitute if the HOBAS wasn't available, weren't you? ---Well, I didn't get the reps to, sir, no - - -

Sir, listen to my question, please. I'm not asking you what you said, we know what you said, I'm asking you, I'm asking you what, or what you did,

I'm asking you what your answer was when he challenged you about the HOBAS pipes you told him that you must have got your rep to supply something different. That's, that's what you told him isn't it?---Okay, yes, well, he must have supplied something different yes.

And that was a lie, wasn't it?---Not as far as I knew at that stage, no.

But you knew nothing at that stage, did you?---No, I didn't, no, no.

10 You should have said if you were a truthful man to Mr Grainger well, I know nothing about this because I didn't supply any goods whatsoever at any time, I left it all to Mr Newman. That's right, isn't it?---Yeah, I did tell Paul that throughout the - - -

Sir, just answer my questions?---Yes.

When he asked you that question if you were a truthful man you should have told him I don't know what was supplied and what wasn't supplied because I had nothing to do with it. That's correct, isn't it?---Yes.

20

THE COMMISSIONER: Well, look at what you said at page 76 at line 11, at line 10 in answer to Mr Grainger's question, "How could you supply it if it wasn't available?" Do you see what you replied, Mr Wright?---Yes, yeah.

"We must have got it somewhere to supply it." But you knew that you wouldn't have got it somewhere to supply it because you weren't supplying anything?---Well, not at that stage I didn't, sir, no.

30 Not at that stage what?---Well, when, when I first had this meeting with Paul I didn't know that none of the goods had been sent out so as far - - -

You didn't know that the goods had been sent?---Had not been sent.

Not been sent?---Sorry.

But that's not what I'm asking you, Mr Wright, and that's not what you've said. The truth is that you did not send out any goods, isn't that right? ---Yes.

40 So why did you say to Mr Grainger, "We must have got these pipes from somewhere to supply it"?---Well, Robin was looking after the - - -

But you said we?---Robin was looking after - - -

Who is we?---We is myself and Robin, Robin used to look after the, as far as I was aware up until the other day that he was getting the stock out so that's why I said if he wouldn't have supplied the - - -

Are you saying that you had an association with Mr Newman?---An association Mr Newman used to - - -

Yes?--- - - - get the orders, yes.

Yes. So you - - -?---And sent them to - - -

- - - you've spoken to him about this, of course?---About, about - - -

10 About the orders and about how you were going to order it and he was going to supply it et cetera?---Yeah, yes, yes, that's the - - -

And you had an financial arrangement with him about that?---With Robin, yeah, he'd get the orders out and, and - from his suppliers and when, when the time came to pay for it that's when he'd pay for it, he used to get paid, I assumed he would have got most of it on credit.

All right.

20 MR CAMPBELL: You didn't say any of that to Mr Grainger when he asked you that question that the Commissioner and I have been asking you about, did you? And it's a simple answer, sir, you didn't say it, did you? ---Well - - -

Mr Wright, please answer my question directly?---Well, no.

THE COMMISSIONER: Just turn to page 81 please, Mr Wright. The top of the page?---Yeah.

30 Mr Grainger asks you, "When we examine the bank accounts, we're not going to see any money coming out to Robin Newman," you say, "No." That's a lie, isn't it?---(not transcribable) well, no, there wouldn't have been like a cash cheque or anything like that written out to Robin Newman, or a cheque written out to him.

But money went out to Robin Newman over and over again?---Yes, yeah, yeah.

40 So when you told, when you replied "No" to Mr Grainger you were lying? ---Well, I was more under, under the assumption that it was more like a cheque, giving him a cheque instead of actually the cash so I don't know whether we've gotten up to that part of it.

MR CAMPBELL: May I, Commissioner?

THE COMMISSIONER: Yes.

MR CAMPBELL: Well, any money coming out, that doesn't say a cheque or something, that just says money, doesn't it?---Yes.

And what you were doing as you've agreed with me this morning when we've looked at the spreadsheet again was cashing cheques and handing it, handing it to Mr Newman, wasn't it?---Yes.

10 So there's no ifs, buts or explanations about it, the answer "No" to that simple question is a lie, isn't it, sir?---Oh, well, in respect to bank (not transcribable)

Would you answer my question?---Well, yes, in one way, yes.

Well, in every way, do you not agree?---Well, not entirely.

It's a yes or a no?---Well, not entirely, no.

20 THE COMMISSIONER: Well, why was it not entirely?---Well, I wasn't actually like writing him out a cheque, that's what I was more under the assumption with his name on it, it was more - - -

It says you're not going to see any money coming out to Mr Newman, in your bank account you see money going out to Mr Newman all the time, don't you?---Yeah, there's no like record saying next to it that it's actually being paid to him so - - -

But you know that?---I do, yes, yes, yeah.

30 MR CAMPBELL: And then Mr Grainger with - I'll withdraw that comment. Then Mr Grainger gives you another chance, "Is that what you're telling me?" he asks you and you say, a simple answer to a simple direct question, "Yeah." That's right, isn't it, that's what you say?---Yes.

That's a lie, isn't it? It's a yes or a no, Mr Wright, that's a lie isn't it? ---Yes, to, to a degree, yes.

40 And then Mr Grainger with impeccable fairness gives you yet another chance, "Cash withdrawals," he asks you and then you say, "Oh, well, I take cash out from time to time to pay things and do all of that." You see, that was a lie - I withdraw that, that was a deliberate evasion, was it not?---Ah, well, I didn't try to evade the question in that way, sir, no.

If you had told him the truth as you've told us today when Mr Grainger asked you cash withdrawals, you would have said, "Oh yes, I made cash withdrawals to give to Mr Newman all the time," wouldn't you?---Oh well, yes.

So that, I'll ask you again, the response recorded at page 81 and at line 8 is a deliberate evasion, is it not?---Oh well - - -

Yes or a no sir?---(not transcribable) I suppose, yes.

THE COMMISSIONER: What about Mr Campbell, line 13.

MR CAMPBELL: Yes, thank you Commissioner. And do you remember Mr Fox don't you, he was another investigator who was there.---Yes.

10

Do you remember that?---Yes.

And Mr Fox asked a question did he not, and you can see it there and you can see it in front of you at on page 81, "have you been involved in any financial relationship with Mr Newman?" Do you see that question?---Yes.

Now before I ask you about your answer, there was only one truthful answer that could possibly be given to that question wasn't there?---Yes.

20

And that was, yes I'd been involved in this deal with him in relation to Bathurst Council and Yass Council. That's correct isn't it?---Well yes, it could have, yes.

Well, that was the only truthful answer wasn't it?---Well, yes, but I really wasn't sure at that time what was going on with the whole situation so.

Well, I'll come back to that, your answer as recorded there was not no once but for emphasis three times, no, no, no. That's correct isn't it? That's what you said to him?---Yes.

30

And that was a bald face lie, wasn't it?---Oh well - - -

Wasn't it?---I suppose so, yes.

THE COMMISSIONER: There is line 22 Mr Campbell.

MR CAMPBELL: Thank you Commissioner. You're asked this question, "tell us, every time" – I'll withdraw that. You established, you said, you were asked further questions about it, you said that you might have given him \$10 at the pub, I'm sorry the question is \$10 at the pub? You've said, "No, I never socialised with him, I think I might have given him the odd twenty or thirty bucks here and there." Do you see that?---Yes.

40

You're then asked this question by Mr Fox, "Okay, tell us every time you have been involved in a financial transaction with Mr Newman?" And you say, "Oh, it would have been like a \$10 or \$20 if he wanted to buy a packet of cigarettes if he was hanging around the front drinking you know, at UTS." And you go, you see?---Yes.

Do you see that?---Yes.

That was a lie wasn't it?---(NO AUDIBLE REPLY)

That wasn't the only financial transaction you'd been involved in was it?
---No.

10 And you deliberately lied to the Commission's officers to hide your part in these deals?---Oh no, no.

THE COMMISSIONER: Well you've gone and done it again over the page.

MR CAMPBELL: Over the page. And Mr Fox again with impeccable fairness gives you another chance to correct the record. He says to you at page 82 line 4, "So the biggest amount of money that's transferred between you to him is \$20." You then say, "I'd say so." Do you see that?---Yes.

20 This is an accurate record of what was said on this occasion, wasn't it?---Yes.

And again, your answer is an out and out lie. Isn't it?---Well, relating to money, lending him money that would have been - - -

THE COMMISSIONER: It's not relating to money, lending money.

30 MR CAMPBELL: The question is transferred between from you to him, that's the question and it is a lie to say that the biggest amount is \$20 isn't it?---Yes.

And you knew it was a lie at the time you gave the answer, did you not?
---Um - - -

It's a yes or a no sir?---Yes, I suppose.

And then, again Mr Fox gives you another chance to correct the record if you were so minded, he says, "Is that what you're saying?" Your answer, "Yeah." Do you see that?---Yes.

40 [Again, that is, on the basis of your evidence before the Commission an out and out lie, isn't it?---I can't - - -

Mr Wright, it's a yes or a no?---Yes.

Well, you were, pardon me Commissioner, I just. Can I just take you back sir to page 80 and you'll see that at the top of the page Mr Grainger asked you, "Did you generate any fraudulent invoices for Robin Newman to send

to Geoff Hadley for payment?" Your answer, "Is no, not that I'm aware of." Do you see that?---Yes.

Then you say, "Not that you're aware of, no, no, no." The fact of the matter is sir that you knew that you were sending this invoice for Robin Newman to Mr Hadley, didn't you, at all times?---Not fraudulent invoices, but invoices, yes.

10 And you, you've Mr Grainger asked you at line 7, "You're telling the Commission that each of these," referring to the invoices, "have been delivered." Do you see that?---Yes.

And you say, "As far as I'm aware, yeah." Do you see that?---Yes.

And then Mr Grainger challenges you and so it's not a conclusive answer and you say, "Okay well, I'd say there have been, yeah." At that time you knew at the very least you knew nothing about whether any goods had ever been delivered to Bathurst Regional Council that's so isn't it?---Well I - - -

20 We've established that haven't it?---I now one way or another, yes.

And what's more you certainly knew that you had never caused any goods to be delivered there, didn't you?---Ah yes.

Now you were, after the interview was complete on that occasion you, you thought better of your answers, didn't you?---Well, there was one which I was lacking in some paperwork with regards to those pipes so I mentioned that you know when they said to bring up whatever paperwork and bits and pieces I said, it might be a bit hard trying to get that kind of paperwork for
30 that price because I don't think I'd ever received anything except for just written out bits and pieces of paper.

Well, you decided didn't you, well what I'm asking you about, is you decided didn't you that you would recant to some extent on what you had said when Mr Grainger asked you those direct questions, didn't you?---Yes, with relation to the pipes yes.

40 Not with relation to the pipes sir, you decided that you'd recant in relation to what you'd said about having no relation to what you said about having no relationship with Mr Newman, didn't you?---Oh well yes but I was more relating to the pipes and the situation with the pipes than having paperwork associated with those.

You didn't have any paperwork at any time from Mr Newman about anything he'd done, did you?---Yes I did.

I see. He didn't send you any delivery dockets every time you sent an invoice did he?---No, no.

No. Now the simple fact of the matter is you decided didn't you that you would tell some of the truth didn't you?---Oh no.

I see. Well, - - -?---Oh well yes, going by that I mean it wasn't, I thought I was getting like as much as the truth I could.

Well, I think we've already established from your evidence today Mr Wright, and you can, and I'll give you the chance to accept this or reject it
10 but the whole of your first record of interview was a pack of lies wasn't it?
---Ah no, no sir.

Now the second interview started at 12.06 and it's at page 85, Commissioner. And you told the investigator at page 87 and there are other references Commissioner - - -

THE COMMISSIONER: Yes.

MR CAMPBELL: - - - but I'll just take them up here. That top of the page
20 sir, have you got it?---Yes.

You said, okay, let's go back to the begging, you said Robin Newman contact you, you see?---Yes.

In fact the best place is the foot of 86 at line 25, you are, you said that Robin approached you, do you see that?---Yes.

And he told you that he'd made budget and he put some orders through, do you see that?---Yes.
30

Now you knew that what he was, at the very, very least if that's true what he was saying was that he didn't have to sell anymore for his boss so he'd sell some more on the side. That's right isn't it?---Yes.

And he wanted your help to do, that's right isn't it?---Yes.

That's quite from what you told the - I'll withdraw that. Now and you say you'd process the orders, do you see that in that long passage of you speaking from line 25?---Yes.
40

And you're questioned about that and then if we go to page 90, page 89 I'm sorry, Commissioner, you were asked, were you not, by Mr Grainger after a series of questions about your understanding of this arrangement, "What money or what amount of money did you get to keep out of each order," which you answered, "Oh, probably five to eight per cent of the like profit." Now, you say there, if we go on, "From what Robin would have said it cost us, just a percentage on, you know, whatever he got it for." So that's what you said to Mr Grainger, isn't it?---Yes.

Now, I'm understanding this correctly, aren't I, that you were telling him that you were getting five to eight per cent of the net profit on these transactions, whatever that was. Is that correct?---I think so but at that stage I was sort of a bit vague on what had been, you know, what was going on with it until I went back over the computer and sort of tried to work out what - - -

10 I suggest to you, Mr Wright, that at that stage you were still a bit doubtful about how much information the Commission's officers might have had about the involvement of PAE Industries in all of this, that's the truth, isn't it?---No, sir.

And you were just feeling your way to try and work out what you had to agree to and what you could get away with, weren't you?---Well, I was still unaware at that stage what (not transcribable)

20 Would you answer my question? You were still trying to work out what you had to 'fess up to and what you could get away with, weren't you?
---No, sir.

And you keep saying I was still unaware of something at that time, you were still unaware of the full extent of the Commission's knowledge, weren't you?---Well, I wouldn't know - - -

That's the truth?--- - - - what the Commission (not transcribable)

Didn't know what the Commission knew, did you?---No, sir.

30 And of course - now right over the page, at line 5 you confirmed, didn't you, that at this stage you'd changed your position from the fact that we supply them to "all I do was get the orders from him, he'd look after all of the rest"?---Yes.

You see that?---Yes.

That's a complete change from the position you took the first time around, isn't it?---Well, yes, it would be, yes.

40 Yes. And can I take you to page 98, you were asked this question, Mr Grainger said at line 5, "You just do the invoice and you'd get a cut out of it." You said, "Yes." Do you see that, or "Yeah," and that's the truth, isn't it?---Um - - -

Page 98?---Sorry.

Lines 5 to 7, do you see that? He said. "You just do the invoices and you'll get a cut out of it," do you see that question?---Yes.

And you say, "Yes," do you see that?---Yes.

Now leave aside the size of the cut for the moment but once again that's entirely different from the position that you gave, you told the Commission officers in your first interview, isn't it?---Yes, yeah.

And at page 100, please, sir, about line 24?---Yes.

10 You see, you're asked - you were asked again, you see you were asked about an order of \$10,000, do you see that?---Yes.

"And I know you won't be able to give me an exact figure but how much roughly of that \$10,000 would be yours?" and then you say, "Oh, probably about eight to 10 per cent I think." Do you see that?---Yes.

So your five to 10 per cent has gone to eight to 10 per cent, correct?---Yes.

20 And now they're talking about of the whole receipt not just the profit, do you see that?---Yes, yeah.

Now, please turn to page 103, at the foot of the page you were asked again about how much cash would you withdraw, do you see that up at line 8? ---Yes.

And then you give an answer, Mr Grainger asks you, "And you keep the rest." You said, "Then I keep my eight per cent or whatever my profit was on the order." Do you see that?---Yes.

30 Well, everything you got on the order was pure profit, wasn't it?---Well, I, it would - - -

Everything was pure profit, wasn't it?---It would have been on the order, yes.

Because you had no expenses, correct?---Well, now, yes, as I'm aware of now, yeah.

40 Well, you always knew it cost you nothing, didn't you?---No. Well, I was paying for the goods to have been sent out so I would presume they would have been sent out.

You were not - sir, do you seriously suggest you were paying anything for any of these goods given the evidence that you've given in this Commission yesterday afternoon and this morning?---Yes, I have paid for the goods to have been dispatched, yes, I have.

But no goods were ever dispatched?---Well, I'm aware of that now.

And you were always - all right. You said eight per cent, correct?---Yes.

And if we just then go to page 123 at - sorry, Commissioner, at about line 15, I'm sorry, line 17, you say, don't you, there once again, "Yeah, it's like eight per cent profit." Do you see that?---Yes.

Well, once again that is quite different from the clear evidence you've given before the Commissioner in this hearing room yesterday afternoon and this morning, is it not?---Well, yes, I have gone back over as I said before my, my computer and - - -

Sir, but the truth of the matter is, isn't it, that as your knowledge of what we know has grown you've, you've had to modify the line to cover yourself in relation to the amount of money involved, haven't you?---No, sir.

So you've gone from five to 10 per cent to eight per cent to, to 20 per cent today?---Well, I - - -

20 That's so, isn't it?---Well, I really wasn't sure how much of the invoice was different, you know, it was probably - we were doing, we - it started back in 2005 so I mean it was 2009, I mean it was a long time, I can barely remember things from, you know, six months ago let alone that time.

THE COMMISSIONER: Are you sure it wasn't 50 per cent, Mr Wright?
---No, sir.

But your bank statements suggest that that's what it was?---Well, I'll have to go back, well, I'll have to go back and try to work out where - like there's, you know, those other two savings accounts 'cause I had a look on it last night as well and there was a lot coming out of both of those accounts.

If you got 50 per cent and Mr - - -?---I didn't receive 50 per cent, Commissioner.

Your bank statements suggest that?---Well, I'll go back - - -

Just listen to this. If you got 50 per cent and Mr Newman got 50 per cent there's no money left to pay for the goods, is there?---Well, no, sir, no, and that wasn't the way it happened either.

MR CAMPBELL: And anybody involved in that transaction giving over the cash you were giving over to Mr Newman and retaining the amount of cash in your accounts, that you were retaining in your accounts, would know that there was nothing going out to the customer, wouldn't he?---(NO AUDIBLE REPLY)

It's a yes or a no, Mr Wright?---(not transcribable)

Would you look at this document you'll now be shown, with a copy for the Commission. This is the transcript of the compulsory examination, Commissioner.

This is a transcript of your examination before the Commissioner on 28 January, 2011. Do you remember that occasion?---Yes.

10 All right. Now, I'll just take you to a couple of references here. Firstly, could we go to page 139 and I'll take you to line 40 and you're being asked these questions by Ms Lee who's my instructing solicitor. She asks you this question at line 39, "You would keep about eight per cent," you say, "Yeah." Then she asks you this question, "I think you've described it as an eight per cent of the profit," then you say, "Yeah, eight, maybe up to sort of 10, 12 per cent of the profit." Do you see that?---Yes.

That's what you said isn't it?---Yes.

20 That's what you said under your oath isn't it?---Yes.

It's different to what you told Mr Grainger isn't it?---Well, I - - -

It's different from what you told Mr Grainger isn't it?---Well, it would have been but as I said I had no idea that the percentages as it was all different all over the time so, I'm just having an estimate, it could be anything.

No, you were having a bet each way weren't you?---Well, no sir, no.

30 You were fudging, as its put some times, to try and cover your tracks, weren't you?---No, no sir.

If I take you to page 145 and line 22, you see the Commissioner has asked you this question, "you didn't really care very much how much Commissioner Mr Newman kept for himself as long as you got what you regard as a reasonable commission." Do you see that?---Ah yes.

40 "Yeah, a reasonable, yes probably." And the Commissioner asked you this question which generally around 8 per cent. You say, "8 per cent, yeah." Do you see that? Do you see that evidence?---What page are we on sir?

We're on page 145 - I'll withdraw that. You're on 440 at the foot of the page, 145 in my brief sorry, Commissioner. Do you see that? In the middle of the page there's a number 20 and there's a, Commissioner, Commissioner asked you about a reasonable commission, do you see that?---Ah yes.

You say, "A reasonable, yes, probably." Do you see that?---Ah yes.

And you were asked, "which was generally around 8 per cent," by the Commissioner, do you see that? Do you see that the next question?---Yes.

And you say, on your oath, "8 per cent yeah." Do you see that?---Yes, yep.

Of course, by the time you came to the Commission to give evidence yesterday you had been shown, had you not, the first spreadsheet I asked you about yesterday afternoon, hadn't you?---Yes.

10 You'd been shown that because we provided a copy of it. That's corrected, isn't it?---Before yesterday?

Before yesterday?---No.

Well you saw it yesterday when you came along before you gave evidence didn't you?---Ah no.

I see. Well, do you know that a copy was provided to your lawyers?---Ah no.

20

I see. By yesterday this 8 per cent as I've already put to you had grown to 20 per cent. That's correct isn't it?---Yes, I have been thinking about the whole situation for you know, two years now so I've been trying to rack my brain about it as much as I can.

You've been trying to rack your brain to figure out what can I admit won't get me in too much trouble but won't reveal the full extent about my involvement. That's what you've been racking your brain about isn't it? ---No sir, I've just been trying to work out the details of it all and - - -

30

And the truth of the matter is you had an arrangement with Mr Newman where you would get 50 per cent of the proceeds produced by these bogus invoices, wasn't it?---No, sir.

And you knew that the arrangement he was proposing to you was a corrupt arrangement, didn't you?---No, sir, he never came out at all at any stage and said that these invoices are corrupt, they won't be delivered, they haven't been delivered. He's never ever come out and said that to me in the course of the time.

40

And - - -?---I used to supply UTS a lot of stock I had no reason to believe that the, that there was anything out of the unusual with him supplying the Council - - -

THE COMMISSIONER: Did you think that he was supplying the Council out of the UTS stock were you?---Well, I don't know really, I mean, I didn't know where he was getting it from um - - -

You said yesterday you thought he was getting from some contact?---Well, he had contacts, that was his job, he had contacts, he was doing a lot of the buying. He used to ring up and do a lot of the buying for UTS.

So why (not transcribable) UTS?---Well - - -

You're not saying that he got it out of UTS's stock?---No, I'm saying that he would have used his contacts that he had from UTS - - -

10 I see.---?- - -to do the buying. He didn't just buy, he only used to buy a lot of clothing from me, a lot of his other civil construction products were at other places who I didn't deal with.

MR CAMPBELL: Mr Wright, you'd well know wouldn't you that if you were getting paid for goods that weren't delivered that was a fraud. That's correct isn't it?---I wasn't aware that the goods were not being delivered.

20 Listen to my question please sir. You'd well know wouldn't you that if you were getting paid, if you were getting paid for goods that were not delivered that that was a fraud, you'd know that wouldn't you?---Well, I would, I've got a general idea of what fraud is, yes.

And I suggest to you that at all times of your involvement in this deal that you were aware that this was a scam to defraud the Bathurst Regional Council. That's correct isn't it?---No, sir.

30 Now would you look at this document you can now be shown, a copy of the Commission. Excuse me for a moment Commissioner. This is a, one of the other Council's that you were issuing these invoices in respect of which you were supplying no goods was the Yass Valley Council. That's correct isn't it?---It's another one of Robin's accounts, yes.

Yes, yes. Under the same deal. Is that right?---Yes, he'd look after it all, I never had any contact with Yass.

This is, this again has been prepared from your accounts.---Yes.

Again it's on that first in/first out basis. Do you understand me?---Yes, yep.

40 And you'll see there won't you that what we have is, if you'll find the particulars on the left hand side it only relates to your 12-8372 account on this occasion, we haven't had the chance to do a broader one. Do you understand?---Yep.

And you'll see won't you, that the depositor in blue and the cash withdrawals on this occasion are all in red. Do you see that?---Yes.

And on this occasion, in relation to Yass Council virtually the whole of the money that was deposited was almost immediately withdrawn in cash. Do you see that?---Yes.

Yes. And was that money that you and Mr Newman split?---Oh no, that money would have gone to Robin and he would have done the same, paid for the stock to have get out. I did get a couple of the orders out for Yass I can remember, myself, in the early days and then Robin used to look after it after that.

10

But you know that – I'll withdraw that. That was all cash payments that you made to Mr Newman out of monies you received from Yass Valley Council. Is that correct?---Yes.

And that of course, is again, not what you told the Commission through Mr Grainger when you were first asked about your relationship with Mr Newman on 19 of January this year. That's so isn't it?---Well, yes.

20

And to take the sledge hammer to the peanut – there was a lot more than \$20 shown in those cash amounts isn't there?---Ah yes.

I tender that analysis Commissioner.

THE COMMISSIONER: Yes. PAE Westpac Business Cheque Account analysis is Exhibit 57.

#EXHIBIT 57 – PAE WESTPAC BANK CHEQUE ACCOUNT ANALYSIS

30

MR CAMPBELL: Did you have anything to do with Mr Hadley at Bathurst Council?---No.

Did you ever make any payments into his account?---No sir.

THE COMMISSIONER: Any reason you had to make any payments into his account?---Not that I'd be aware of, no, no.

40

MR CAMPBELL: Well - - -

THE COMMISSIONER: Never spoke to him?---No sir.

And you never wrote to him?---No sir.

MR CAMPBELL: Could you look at this document you're about to be shown, a copy of the Commissioner. Do you see sir, that we have given you another spreadsheet – do you see that we've given you another spreadsheet

and we've also attached statements which are – statements which are evidence the particular transactions shown in the spreadsheet. Do you see that?---Ah yes.

And please feel free at any time to study those statements if you want to do so before you answer any of my questions. But do you see at; yes, yes, I understand. Do you see that there's a withdrawal on the 5 October 2007 from your account of \$600, do you see that?---Ah yes.

10 And there is a payment on Mr Hadley's credit card account on the same day for exactly the same amount?---Ah yes.

Can you explain that for us?---Ah no sir, I've never had, taken anything off his credit card so unless the money might have gone to Robin and he did it.

I see.---I wouldn't even know his, what bank he deals with I don't think.

Well, did Robin ever give you that information so you can make the payment?---Not that I'm aware of, no, no.

20

And again, we see the next one on 30 April 2008, there's a cash withdrawal from your principle account in \$2,000?---Yes.

And another reduction in Mr Hadley's credit card account of \$2,000?---Ah yes.

Do you see that?---Yes.

Can you explain for the Commission that coincidence?---Ah no sir.

30

Did you get the details of his credit card from Mr Newman to make that deposit?---No, sir.

And then we see on 17 December 2008 again there's a withdrawal from your account of \$200 this time.---Yes.

And we see that there's a correspondence card payment to Mr Hadley's benefit of \$200.---Yes.

40 Do you see that?---Yes.

Can you explain that coincidence?---Ah no, I haven't put anything into his account, I haven't had his details so - - -

Mr Newman didn't give you the details to put it in?---No, sir, no.

If, if - I'll withdraw that, I withdraw that. Commissioner, I wish to tender that, that - - -

THE COMMISSIONER: That bundle of documents, do you tender it all as a bundle.

MR CAMPBELL: I am Commissioner and can I say that it's, we'd ask that that, there's just before Tab 1 on Annexure 10 which is to the financial analysis report there's a schedule there and we'd wish to substitute these documents that I've handed up now for that schedule and to remove that schedule from the bundle.

10

THE COMMISSIONER: All right. Well, the documents forming bundle, the first document of which is an analysis of corresponding transactions between PAE and Mr Hadley from 5 October 2007 to 17 December 2008 will be substituted for the documents in Tab 10 in volume - - -

MR CAMPBELL: It's not Tab 10 I'm sorry Commissioner, it's Annexure 10 for the Bathurst Financial Report and it's on top of Tab 1, I'm sorry. I can't put it any more elegantly.

20

THE COMMISSIONER: It will be substituted for the documents being Annexure 10 the Bathurst Financial Report.

MR CAMPBELL: Thank you Commissioner, thank you. I have no further questions of Mr Wright.

THE COMMISSIONER: Yes thanks. Does anybody wish to question Mr Wright? Yes, you may be excused Mr Wright.

30

THE WITNESS EXCUSED

[11.13AM]

THE COMMISSIONER: The Commission will adjourn until 11.30.

SHORT ADJOURNMENT

[11.13AM]

40

MR CAMPBELL: Thank you, Commissioner.

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: I neglected to tender the transcript of the compulsory examination of Mr Paul Wright from Friday, 20 January, 2001 and that it has a place in volume 3 of the exhibit behind tab 21, Commissioner.

THE COMMISSIONER: Right. Well it will be inserted behind tab 21 in volume 3.

MR CAMPBELL: Thank you. Commissioner, you will recall that Mr Michael Stokes gave evidence yesterday afternoon. He is not here today, but we had issued a notice to produce on to his accountants, Pears & Co Chartered Accountants and I had received some documents from them. Further inquiries were made overnight in relation to the circumstance surrounding the incorporation of Pinnacle Traders Pty Limited. And those documents have been produced and they include of course, Commissioner, as I asked Mr Stokes about, his signed agreement to accept the shares in the company. And moreover, if you'll pardon me for a moment, Commissioner, while I break it down. Also there's a signed appointment of Mr Newman as director of a company, it's really a minute of a meeting of members dated 8 April, 2005. I tender that bundle of documents relating to the incorporation of Pinnacle Traders Pty Limited.

THE COMMISSIONER: All right. Exhibit 58 is a bundle of documents relating to the incorporation of Pinnacle Traders Pty Limited.

20 **#EXHIBIT 58 - FORM OF CONSENT TO USE A SPECIFIED ADDRESS FOR A REGISTERED OFFICE FOR PINNACLE TRADERS PTY LTD**

MR CAMPBELL: And just a little bit of housekeeping, Commissioner, you might, it seems like a long time ago now, but you might recall that last Wednesday, 12 October, 2011 Mr Duggan, Mr Ben Duggan gave evidence before you in relation to some matters relating to the Narrandera Shire Council and he was the, he is the franchisee of Harvey Norman Computers. He's now, in response to your request, Commissioner, produced two, as a screen dump, in relation to the customer information relevant to the purchase of the iPod Nano on behalf of Mr Kelly. And just for completeness sake, I tender his email dated 14 October, 2011 with a copy of the screen dump attached.

THE COMMISSIONER: All right. Exhibit 59 is the email 14 October, 2011 from Mr Duggan with a copy of the email attached.

40 **#EXHIBIT 59 - EMAIL FROM MR DUGGAN TO MS LEE DATED 14 OCTOBER 2011**

MR CAMPBELL: Thank you, Commissioner. And, pardon me, Commissioner, I call Mr X. Mr X, would you come forward, please. Mr X is unrepresented, Commissioner.

THE COMMISSIONER: Would you take a seat, please. Mr X, as a witness before the, appearing before the Commission, you are required to

answer all relevant questions and produce any document which you are required to produce. You must do this even though your answer or the production may incriminate you or tend to incriminate you. But the law offers you some protection and the purpose of me speaking to you about this now is to explain that protection to you, which I can give to you if you want it.

10 If you object to answering any question or producing any document, your answer or the document produced cannot be used against you in any civil or criminal proceedings or even in any disciplinary proceedings, although I don't think disciplinary proceedings apply to you. But certainly if you make that objection the evidence can't be used against you other than outside this hearing room. If you object you still have to answer every question, but it means that the evidence you give today cannot be used against you except for one thing, if you don't tell the truth, then it can be. And you can be prosecuted for not telling the truth to this Commission. But if you tell the truth then the evidence can't be used against you outside this hearing room. Do you understand what I'm saying?

20 MR X: Yes, I do.

THE COMMISSIONER: Now perhaps the easiest way of obtaining the protection is for me to make a blanket order to the affect that all your evidence is given under objection, which means that you don't have to bother about objecting to every question and we can get on with it and also it protects you to the extent that you may forget to object.

MR X: Okay.

30 THE COMMISSIONER: So do you want me to make that - - -

MR X: Yes, please. Yes.

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

40

PURSUANT TO SECTION 38 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT ALL ANSWERS GIVEN BY MR X 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: Mr X, I obviously need to explain to you that - and I think I have already but I will say it again, that despite that protection in this hearing you're obliged to answer all questions you're asked.

MR X: Okay.

10

THE COMMISSIONER: And it is a serious criminal offence either to refuse to answer or to give false answers and I emphasise that because the penalty for giving false evidence in a public inquiry is a gaol term of up to five years. So this is a serious occasion and I'm - - -

MR X: Okay.

THE COMMISSIONER: You understand all of that?

20

MR X: Yes.

THE COMMISSIONER: Do you wish to give your evidence under oath or do you wish to affirm the truth of your evidence? It's just a matter for your own conscience? Do you want to swear on the Bible or not?

MR X: I'm here to tell the truth anyway so - - -

THE COMMISSIONER: That's your choice.

30

MR X: Yeah. No, it's fine.

THE COMMISSIONER: The Bible?

MR X: Yeah, okay.

THE COMMISSIONER: All right.

you just knew things were going 'cause you would just hear snippets of conversation, you know, it's not something like, you know, I recorded down or dates or times or what they actually said but it was something that you, you just heard and knew, you know, like he'd come out talking to Geoff ah, to Mick about, you know, Geoff rang today, he wants more money for something or other or whatever, you know, you'd just hear little bits like that that - - -

10 MR CAMPBELL: He is Robin, is that correct?---Robin and, yeah, Robin and Mick.

Robin and Mick having a conversation?---Yeah, Robin, normally Robin going - from what I understood Robin was the one who - in contact with Geoff Hadley so if there was any problems or, you know, Geoff wanted more money for something or other or whatever, Robin, I would hear Robin discussing it with Mick on how they would, whatever was organised.

20 These impressions you formed are from things you actually saw and heard - - -?---Correct.

- - - but they're just too evanescent for you to recount precisely to the Commissioner. Is that right?---Yeah, definitely. I just, I can't remember exactly, I told Mr Grainger right from the start that - - -

THE COMMISSIONER: But you see - - -?--- - - - not being a lawyer or anything, you know, to me it's sort of like well hearsay, you know. I've heard these things and these were the impressions that I got. And if he was happy for me to say those, that's why I'm here.

30 MR CAMPBELL: Could I just ask you Mr X, I just want to go back to that conversation.

THE COMMISSIONER: Which one?

40 MR CAMPBELL: The first conversation with Mick at the New Years Eve party where he spoke about having set something up for a specified purpose. Just thinking back on that conversation, given what you've said to the Commissioner today about dodgies and protecting UTS from them, was there anything said by Michael Stokes at that first conversation which formed that, helped form that impression in your mind?---That dodgy things were going on?

Yes?---I went with Robin the very first time he went to Bathurst Council to drop off a delivery, the very first time that he had contact with Geoff Hadley. And he went off with Geoff for a few minutes and then came back and said, "We're in." And I said, "What do you mean?" And he said, "He wants a big screen TV". And that was the first dealings with Bathurst

Council. , , , , , , , , , , , , , .
But Bathurst, yeah, it just went from there.

All right. Now – but I was asking you really about what Mr Stokes said on that New Years Eve occasion?---Yeah.

And could I just – you’ve given evidence - - -

10 THE COMMISSIONER: Mr X, do you mind just sitting back a bit because the sound is blurred when you sit so close to the microphone?
---Okay.

MR CAMPBELL: Mr X, do you remember giving some evidence about these matters before the Commission on , , ,?---I was here, yes.

You were here. And you gave some evidence under oath. Do you remember that?---Yep.

20 Could I just show you a transcript of the evidence you gave that day?---Yep.

A copy for the Commissioner. Now I’ve opened the transcript for you at , , .

THE COMMISSIONER: The page numbers are at the bottom right hand side.

MR CAMPBELL: Now I’ll just ask you to read it to yourself, but do you see - - -

30 THE COMMISSIONER: From what line?

MR CAMPBELL: From about line 19, Commissioner. You see there’s a 20 in the - - -?---Yep.

Would you just read from line 20 down to where it says Ms Lee at the bottom of the page. Do you see that?---(NO AUDIBLE REPLY)

40 I’m not hurrying you, just let me know when you’re finished. You’ve read that?---Ah hmm.

And do you accept that’s an accurate transposition of what you said to the Commissioner under oath last time?---Yeah.

All right. Now I just wanted to ask you, you see at about , , , it’s not marked, but if you just take a stab at it, you’re asked a question, “What sort of stuff would you hear”, by the Commissioner?---Yep.

And your answer, “It was all about non-supply”?---Yep.

MR CAMPBELL: You just, given one of those earlier answers to the Commissioner's question, you said, especially if Mick didn't know about it or words to that affect, but from what you've told us already Mick did know about - - -?---Yes.

10 - - -the dodgy deals with Pinnacle Traders?---Yes, I got the impression that towards the end Robin was acting without, sort of doing invoices without Mick knowing, like that one that um, that I found out the front, I think it had, it was paid into his mother's account so therefore I, I deduced that he must be still doing some without Mick knowing and having it put it other accounts and when I saw that, you know that stuff up there before that sort of told me the same thing.

20 You don't think Mick knew anything about PAE Industries?---Um, no, but PAE Industries but Paul was a probably too nice for his own good, he was an excellent supplier and Mick and Robin abused him severely and it um, it there was always sixty to \$70,000 outstanding owing to him through UTS, he was struggling really hard and, when I saw that stuff up there, earlier it would be like Robin to go up to Paul and um, say look I'll help you out, you know, that's probably what's happened with how's Paul's. Paul would have been extremely desperate because he was owed a lot of money and he was just a struggling one man business, so.

In relation to, you were concerned that that, that Robin was doing some of the deals behind Mick's back. Is that what you're telling us?---I wasn't concerned.

30 No, no, I understand you're not interested in this Mr X and I'm not suggesting that but I'll withdraw that question. Did Mick ever complain to you about Robin doing deals that he didn't know about ?---No.

Well, if you can just ask you - - -

THE COMMISSIONER: Why do you laugh, I mean, is it a (not transcribable) - - -?---Mick is not going to come up to me and complain that he's not getting a cut of Robin's rorts, nothing to do with me.

40 MR CAMPBELL: I understand that's nothing to do with you and I'm not suggesting otherwise Mr X, and I won't be. Would you look at, would you look at page , of that transcript just up around line , you see, perhaps I've got it round back to front, do you see that? Have you read that?--- , , , ?

Yes.---Like from Pinnacle and - - -
Yes.---Yeah.

Now, that's in the context of Robin thinking Pinnacle was being ripped off because stock hadn't been paid for. Is that correct?---Yeah.

But you said that in the context about some stock or supplies being given at an inflated price. Do you see that?---Yes.

10 And what's, was, are you saying and I'm asking you whether Pinnacle Traders was being used for that purpose as well at that time?---Um, that incident was something to do with some stock that was bought by one of them, hang on a sec'.

THE COMMISSIONER: This answer suggests that Robin bought the stock with Pinnacle and then to sell to UTS.---Yes. It was - - -

20 To sell back to Pinnacle I'm not sure, I don't understand what that means. ---Um, I think that the, the stock that was required had to be bought at then, Pinnacle had the money, I don't think UTS did so um, I think Pinnacle bought it, Mick was then supposed to reimburse Pinnacle or buy it off Pinnacle and then, yeah, sell it back but somehow Robin had got in with the Pinnacle money and Mick never reimbursed Pinnacle for that stock and he was a bit dirty about it.

MR CAMPBELL: Do you know anything about, and you may not, how the cheque account that Pinnacle had operated?---No, I think they may have had a Westpac account, no, I don't know anything about it.

You don't know who signatories were?---No.

30 Do you know anything about, about the - - -?---There were credit cards too.

Do you know anything about the phone number for Pinnacle Traders was it the same as or different from the phone number for Universal Telemarketing Services?---I don't think I've ever been asked that before.

All right.---Again, I think the fax line found on Robin's desk might have been a Pinnacle line.

40 All right. Anyway, there is other evidence about that Commissioner. If you look at page , of the transcript and the, again, this is a repetition of something you've told me already but can you just read for me from line , down to about line , and just tell me whether, just read it for me and tell me when you're finished.---Ah hmm.

All right. Do you confirm that what you told the Commissioner at that passage on that occasion is true?---Okay so you've just got – okay, that's the impression that I did get, it was a real company. Yeah.

Commissioner, I tender the compulsory examination transcript and it can be inserted in , , , , , , , , , , .

THE COMMISSIONER: Well, the Compulsory, the transcript of Mr X's compulsory examination of , , , will be inserted as, when Mr Campbell suggests.

MR CAMPBELL: Thank you, Commissioner. Now, Commissioner, could Mr X be shown folder 1 when your associate has a moment.

10

Mr X, would you - can I say this, that although these things will be put up on the screen any addresses, email or otherwise is the subject of a suppression order. Do you understand me?

THE COMMISSIONER: It can't be public.

MR CAMPBELL: It can't be public. So would you look, would you look behind tab 1, I think you have already?---Yeah.

20

And can you tell me anything about that email?---Well, I, I do know what it is now. At the, at the time when I sent it I was (not transcribable)

That's the first thing, you sent that email, is that correct?---I believe so.

Yeah?---I don't - I didn't actually remember sending it because - and then a reply came back about six months ago and I thought what's that about and then I was informed about, about the email I've sent and it's caused all this.

30

Well, it has?---One, one (not transcribable) email one night and Jesus, look what it's done.

THE COMMISSIONER: You've caused a lot of people to do a lot of work.

MR CAMPBELL: Well, you've already said - you're were going to tell me that that was a product of a, of a night on the grog, is that correct?---Oh, yeah, a big night. Man, I just - yeah, I didn't even remember sending it and jeez, I wish I never had but - - -

40

But the contents of it, although motivated by something induced by intoxication, are true and correct, is that so?---Well, so the courts proved, yes.

All right. Could you just, could you just go over to tab 2 please and you'll see a - it wasn't quite a few years later but about six months, six or seven months later if you look at the foot of that you, you got a, you got an email from a detective senior constable of police, do you see that?---Yeah.

And then I think - I'll withdraw that. Would it be fair to say that when you got - the receipt of that email had a sobering effect?---Oh, yeah, it was only - when I got that back then I, that was when I remembered that I'd sent - - -

Yeah?--- - - - something off.

All right. And you've - I mean you knew this was very sensitive information, didn't you?---What I'd sent?

10 What you'd sent?---Yeah.

Yeah. Well, when you wrote back you said, I've passed on this - "The knowledge that I have passed on this info will cause me bad trouble." Do you see that?---(NO AUDIBLE REPLY)

You say that in the second line of your response?---Yeah, well, you know, these are all people that are in where I live.

20 And you have - but notwithstanding your concern in that regard you did provide the police officer with further information that you knew about these fraudulent transactions. That's correct, isn't it?---Yeah. Mr - this Andrew McLean wanted me to come down and be a witness and all that and I said no, I said that you get one more shot at information, that was it and that's the end of me.

And so, as it were, you told him at that time everything that you knew about these fraudulent deals involving Bathurst Regional Council, is that correct? ---Yeah.

30 Can I just draw your attention to something about it and it will speak for itself but you'll see the last part of it says - and this is the third last line towards the end of the line, "Newman is a great scammer - - -?---Yeah.

- - - and Bathurst is not the only council that he and Stokes have done scams with, both through UTS and Pinnacle." Do you see that?---Yeah.

And then you mention another council, is that right?---Yeah.

40 Now, so at the time you wrote that way back in 2009 you had a belief that Stokes was involved with Newman in these frauds?---Ah hmm.

That's a yes?---Yes.

Thank you. And was that - and is that based upon, based upon the facts that you've relayed to us morning when you've been giving evidence?---Yes.

And at the time you wrote that email did you have any doubt that it was Newman and Stokes who were doing the scams?---My belief was that, that

they, it was them together but at the end it wasn't - Stokes wasn't involved as far as I can see.

He was involved at the time you wrote this email because you said so?
---Well, no, that was - when I sent this email?

March 2009?---Yeah. I mean, at one time or another, yeah, he was involved and he was at the start. I don't think he was at the end though.

10 Well - - -?---Yeah.

Can I just - well, this is getting very near the end, this email, isn't it?
---Yeah. Yeah, no, I mean, over the whole period of the time that the scamming went on Mick was involved at the start and probably up until whatever time I don't know, whenever he stopped doing it or whether Robin then just continued to do it on, on his own but - - -

20 All right. Now, if you just go into the middle of it you see - it's from about the middle that you'll see towards the end of the line it says, "Tuggerah is where the UTS Pinnacle people are." You say, "Amounts of 20-odd grand every couple of months for the last few years has been the norm"?---Mmm.

Do you see that?---Yeah.

Now you must have had some information which caused you to calculate that 20-odd grand every couple of months was normal for this, do you follow me?---Oh, no, just - - -

30 THE COMMISSIONER: Well, you couldn't have sucked that out of the air?---Ah - - -

I mean, it's - - -?---Just from stuff that I - I didn't really see any - maybe, obviously - this is just an email, it's probably a good guess.

Well, it's just an email but it's to the police?---Mmm.

MR CAMPBELL: In response to one they've sent you?---Yeah.

40 And in circumstances where you, where you have been concerned that you didn't want it known that you were at that time providing information to the police, do you see that?---Ah hmm.

That concern must have concentrated your mind considerably in terms of trying to be accurate with the police when you gave them information, do you agree?---I don't really have that much respect for it.

THE COMMISSIONER: But you're not saying that this email contains information that wasn't true, are you?---Um - - -

Or are you?---Oh, no, I'm not saying that it was untrue, it's - these were deductions that I had made just from what I had heard over a period of years.

MR CAMPBELL: All right. And after saying it was 20-odd grand you then say "The people splitting money at this end were Robin Newman, Michael Stokes" and you mention a third party who's not involved in this inquiry, Commissioner, so all employees of UTS with Stokes the owner, do you see that?---Mmm.

Yeah?---Yes, yes.

Thank you. And that was - and you had formed that belief or deduced that conclusion from information that you had picked up through working at UTS. Is that correct?---Yeah, UTS and maybe just through social.

THE COMMISSIONER: But whatever it was the information came from what you heard from Stokes and Newman?---Yeah.

MR CAMPBELL: Either from what they'd said to you directly in a social situation or from what you'd picked up , , , , - - -?
---Yeah.

- - - , , , ? Yeah, and, and, and probably also just on the, on the turps with him and me just wanting to, you know, be a busybody and - - -

THE COMMISSIONER: But it was still what they said?---Mmm.

MR CAMPBELL: And did you get on the turps with them from time to time?---Oh, look, working at UTS was just a, a gravy train, it just, just, it was a - - -

THE COMMISSIONER: What do you mean?---It was a party the whole time, you know.

MR CAMPBELL: I mean, in relation to that did you knock off every day for a long lunch or something?---Oh, well, Mick and Robin used to go for long lunches, you very rarely saw them after lunch.

And did you sometimes join them?---Yeah, sometimes. Well I'd go over to the club too, yeah. We all, we all, Club Tuggerah was sort of like a second home.

THE COMMISSIONER: Is that where they gamble?---Yeah.

of them. I think it's a matter for the Commissioner, but it's I think water under the bridge now.

THE COMMISSIONER: Well he's not a whistleblower under the Act.

MR CAMPBELL: Now Commissioner I call Mr Jamie Hopkinson. Mr Harris appears.

10 MR HARRIS: I do. Mr Hopkinson will seek the section 38 declaration, please, Commissioner.

THE COMMISSIONER: Yes.

MR HARRIS: He can take an oath as well.

THE COMMISSIONER: Yes, thank you. Mr Campbell, I (not transcribable) just might be in all fairness somebody should just speak to Mr X about a suppression order.

20 MR CAMPBELL: I'll ask Ms Lee if she could go out straight away.

THE COMMISSIONER: But he'd have to come back and explain why Ms Lee.

MR CAMPBELL: Ms Lee, did you hear the Commissioner's comment?

THE COMMISSIONER: He'd have to, if he wants the suppression order he'd have to come back and explain why. Yes. It's Mr Hopkinson is it?

30 MR HOPKINSON: Yes, sir.

THE COMMISSIONER: Yes. Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by Mr Hopkinson 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 HOPKINSON AND ALL DOCUMENTS PRODUCED BY HIM DURING THE COURSE OF HIS EVIDENCE AT THIS PUBLIC INQUIRY ARE TO BE
10 **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: Mr Hopkinson, you're obliged to answer all questions asked of you and it is a serious criminal offence either to refuse to answer or to give false answer. Do you understand that?

20 MR HOPKINSON: Yeah.

THE COMMISSIONER: Yes, would you swear Mr Hopkinson in.

MR CAMPBELL: Thank you, Commissioner. Mr Hopkinson, are you James Edward Hopkinson?---That's correct, sir.

And are you an employee of a company called Hilindi Pty Limited trading as R&R Tape and Safety Supplies?---I am, sir.

10 And for how long have you been there?---13 ½ years.

And are you employed as the storeman of that organisation?---That's correct.

We've heard evidence already in this inquiry that R&R Tape as I'll call them, are a supplier of industrial consumables like gloves and barrier tape and things of that nature?---Yeah, that's, safety gear et cetera, yes, that's correct.

20 All right. And, and the system is, is one where the goods are sold by a process of telemarketing?---That's correct.

Are you yourself engaged ever in telemarketing?---I do sales as well as my storeroom duties. Yes, I've got a couple of dozen customers that I serve to from time to time, yes.

All right.

30 THE COMMISSIONER: Mr Campbell, Mr X is here.

MR CAMPBELL: Oh, yes. Thank you.

THE COMMISSIONER: Mr X, would you come forward, please.

MR X: Yes.

THE COMMISSIONER: Mr X, I think it would be helpful if you would just come and stand at the microphone there, please.

40 MR CAMPBELL: Just here Mr X.

THE COMMISSIONER: Mr X, it's open to us if you want, for you, it's open to you rather, to apply for a suppression order in relation to those emails.

MR X: Yes.

MR X: That would be satisfactory, sir.

THE COMMISSIONER: Very well. We will make that order.

MR X: Okay.

THE COMMISSIONER: In other words it would open to, for anyone to publish what's in the emails save for the address and your name.

10

A SUPPRESSION ORDER IN RELATION MR X'S EMAILS, NAME OR HIS ADDRESS

MR X: Yes. Okay.

THE COMMISSIONER: Is that all right?

MR X: Yeah.

20

THE COMMISSIONER: Yes. That order will be made.

MR X: Okay.

THE COMMISSIONER: Yes, thank you.

MR X: Thank you, Commissioner.

30 MR CAMPBELL: Thank you, Commissioner. Mr Hopkinson, all right, I want to ask you some questions about, you've told me already it's a telemarketing business. Do they keep goods and they sell those type of goods we've discussed, do they keep stock on hand to supply to the customers?---Yes, they do.

All right. And by and large is most of the stock kept on hand?---A lot of the stuff is and yeah, as it runs out then we just order more as we get sales for that particular type of product.

All right. Well - - -

40

THE COMMISSIONER: Sorry, Mr Campbell, I just want to add something to that order.

MR CAMPBELL: I beg your pardon, Commissioner.

THE COMMISSIONER: Now I just want to make it clear that that suppression order suppresses any information that might tend to identify Mr X.

MR CAMPBELL: Thank you Commissioner. All right. Some stock is kept on hand, is there a warehouse?---We've got a factory we work out, yes.

All right. And when a sale is made how is the stock delivered to customers?---By Star Track Express normally.

Are they a firm of couriers?---Yes.

10 And do you use that firm exclusively?---Yes.

And you've mentioned in giving your evidence that sometimes if an order is placed there may be no stock in hand and you have to contact the supplier, that be the wholesaler. Is that your job?---Sometimes being a small company with only four or five people there, if a salesman sells something and he knows that he, he knows that we haven't got that out the back that they can do their own purchasing, it's not exclusively my job.

20 If they do their own purchasing does it have to come through you in the store so you can keep track of things?---No, not really.

When, when stock is low does the stock come through the warehouse and then deliver by -- I'll withdraw that. Does the stock come from your supplier, come to the warehouse before delivery to the customer?---Normally.

30 Well, when you say normally, are there ever exceptions to that?---Well, we do happen to, the deal that we had then and we still have now a practice if you want to call it of drop shipping orders from one of our suppliers and we've got probably 30 of them where a customer, a salesman might sell X product and to save a bit of freight or time if the customer needs that product in a hurry we would ring up the supplier and say, can you say X thing to this place and they would send us the bill of course and we would send the customer a bill.

Well, when you a bill, a bill for what, a bill for the goods?---A bill for the goods.

40 What about for the freight?---Well, whatever the supplier charges us is on their invoice, that's what we receive and then we do our invoice out to the customer.

And normally, when you, what did you call it, drop - - ?---Drop, it's called drop shipping.

Drop shipping. Well, when you do that drop shipping, typically does the supplier charge you for the freight to the customer in addition to the normal price for the goods?---In most cases, yes.

And does that cost of freight passed on to your customer?---We have a standard freight charge of \$20 on our invoices.

All right.

10 THE COMMISSIONER: But you're being asked in the case of drop shipping, do you just charge \$20 for that or do you charge what you have to pay for the shipping?---No, we charge, unless it's an unusually large order like pallets of stuff which was very rare, if it was just a normal order we would just charge \$20 on our invoice to the customer for freight charge.

Just \$20 for the whole delivery?---Yeah.

MR CAMPBELL: And is that the case whether Star Track delivery or it's dropped shipped?---Yes, unless it's an unusually large order, I mean that is essentially worked out between the salesperson and the supplier.

20 Now, in relation to, well, how frequently are goods delivered by drop shipping?---Drop shipping?

Drop shipping?---It's an unusual term, I don't know how that term started but the - - -

THE COMMISSIONER: You do the shipping by dropping it off somewhere else other than the purchaser's (not transcribable)---I don't know who started that term but apparently what it's called in the industry it's drop shipped by our supplier straight to the customer, not to us.

30 MR CAMPBELL: How often does that happen?---Well - - -

THE COMMISSIONER: What percentage of the orders are dropped shipped approximately?---Ten to 15 per cent may be. It's, it's a bit hard to say but it's probably ten to 15 per cent may be.

MR CAMPBELL: So it's relatively infrequent, is that fair?---In the scheme of things, yes.

40 All right. I want to show you something, Commissioner, could the witness be show Exhibits 31A through to 31D. You've seen those things before I think sir?---I have sir, yes.

And are they documents normally kept by you at R&R Tape Supplies Pty Limited?---That's correct.

Forget the Pty Limited. And what are they referred to as in the ordinary practice?---A freebie book.

All right. And you, you've already told me, ordinarily you keep (not transcribable) those books?---That's correct.

But sometimes other people might make entries in them?---Yes, some other salesman might write in them but - - -

Okay. What's in the freebie's book?---It's a register of items that were sent out to customers.

10 When you mean items you mean, not the goods?---Gifts, to, to any customer.

All right. Okay. And we've heard some evidence about this already but what type of goods, what type of gifts and benefits are sent out to customers?---Drizabone coats, Harvey Norman or Liquorland vouchers, DVD and the odd holiday voucher.

20 All right. And so far as holiday vouchers are concerned, what type of holidays are sometimes provided?---Well, normally just short stay holidays two and three day holiday vouchers.

And which glamorous destinations are involved?---Well, to be honest off the top of me head, I can't remember, I remember one to Darwin or Northern Territory, I think there was one to the South Coast but, but I don't think we did them for a long time and I wasn't involved in the ordering of them.

The South Coast, was it Bateman's Bay?---It could be, yeah, yeah.

30 How about Port Stephens? If you don't remember just - - -?---I vaguely remember but.

And do you remember who went to Darwin?---I believe it was Geoff Hadley.

And Mr Hadley was where?---Bathurst Council.

40 Now you, you were the person who was responsible for mostly, because, did you – I'll withdraw that. Did you ship all of the gifts and benefits out or was it done by other people sometimes?---I say I would have sent them out, yeah.

That was a, that was, that was one of your particular responsibilities?---That was mine, yeah.

All right. And who did they go to, when you say, who got them, Mr Hadley got a holiday you told us, he works for the Bathurst City Council, presumably the Bathurst City Council paid the invoice for the goods that

were supplied. So who typically gets the gift and the benefit under this system?---It's whoever the salesperson is talking to on the end of the phone basically - - -

THE COMMISSIONER: It's the buyer.---The buyer, it was private industry or whoever the person - - -

The person who orders the goods.---On the end of the phone.

10 It's the person who orders the goods.---It's the person who orders the goods, basically, yes.

MR CAMPBELL: All right. And so far as, in terms of addresses, I suppose if you delivered goods to Bathurst Regional Council they'd go at some sort of depot at Bathurst. Where did the gifts and benefits go?---I think to their as well addressed to Mr Hadley.

Well, did you ever address it to the home of the buyer?---Yes.

20 THE COMMISSIONER: Often?---Fairly often I would imagine, yeah.

MR CAMPBELL: You actually wrote the envelopes didn't you?---I wrote the envelopes, yes.

And by and large the, the practice developed that they went to the home of the buyer, that's so isn't it?---Based on what the salesman told me, that information was recorded in these books and then it was sent out, it wouldn't be common - - -

30 THE COMMISSIONER: No one's criticising, we're not criticising your Mr Hopkinson we're just trying to find out.---I realise that. I'd say to put a percentage on it, yeah, probably close to half, I would imagine.

MR CAMPBELL: Well, was this, was this the way it worked, that the buyer, as you've put it, told the salesman what address the buyer wanted the thing to go to?---That's correct.

40 All right. And when you were selling to people you'd give the buyer that option if the buyer had qualified for a gift or benefit, is that correct?---Well, without speaking for the salesmen - - -

I'm talking about you when you were doing your sales work?---Look, I did and I did (not transcribable) say it to private industry I would say where, where would you want the, the gift sent and if they said oh, send it to such and such a place, well, that's where it went basically.

Yeah, it was their home - - -?---Whether it was their home address, work address or PO Box.

Or someplace else?---Whether they wanted it sent, well, that's where we - - -

All right?--- - - - send it off to.

Because the gift was for the buyer?---Yeah.

10

And the purpose of the gift was to encourage the buyer to place his orders for like products in the future with R&R Tape?---Pretty much.

All right. And there's plenty - you know from working in the business there are plenty of people who supply these products?---That's right.

I've got no further questions, Commissioner.

THE COMMISSIONER: Thanks. Any questions for Mr - - -

20

MR SHAW: Can I ask one or two questions?

THE COMMISSIONER: Can you just announce yourself for the transcript and for Mr Hopkinson.

MR SHAW: My name is Shaw, S-H-A-W and I appear in the interests of Mr Hadley. Mr Hopkinson, were there times when one or more invoices were issued for the one consignment of goods?---Well, I'd be surprised but I'd get an order off the salesperson, I'd type it up, I'd send it off.

30

All right. So are you saying that there were never such times?---Well, pretty much what I'm saying is I'd be surprised if there was.

All right?---(not transcribable) when it comes and (not transcribable)

THE COMMISSIONER: Mr Shaw, can you just make that question clear. Are you asking whether orders might get - two or more orders that were identical were sent, is that, is that your question?

40

MR SHAW: No, what I'm saying when there is an order for - what I'm seeking to ask the witness is when there is an order for one consignment of goods were there times when more than one invoice is issued.

THE COMMISSIONER: For the same consignment?

MR SHAW: Yes, that is my question?---Well, I've never typed up two invoices for, for the one order.

All right.

THE COMMISSIONER: For the same consignment?---For the same consignment, no.

MR SHAW: Thank you.

MR HARRIS: Commissioner, may I with leave?

10 THE COMMISSIONER: Yes.

MR HARRIS: Mr Hopkinson, you yourself have done sales over the years as well as working as a storeman?---Yeah, yeah.

Have you sold to councils yourself?---No.

All right?---No, no.

All right. Thank you.

20

THE COMMISSIONER: Mr Campbell?

MR CAMPBELL: You were the one responsible for typing invoices?
---Pretty much.

Well, what does pretty much - - -?---There's been an odd occasion where I've been off sick a couple of times, where the owner of the company would invoice but 98 per cent of the time I'm the one doing the invoicing.

30 That's Mr Pearce at the back of they courtroom?---Mr, Mr Pearce, yes.

Yeah. And, well, are you aware of any occasion when an invoice was sent but no goods were delivered?---No.

All right.

THE COMMISSIONER: Would you know?---Well, probably not because once an order comes in and it's invoiced I move on to the next order, if you know what I mean 'cause - - -

40

Yes, I do?--- - - - and going back to this drop shipped, if the salesman says well, you know, and normally they'd write it on their docket when they'd write out an order that that's being drop shipped, if they haven't they'd hand me an order saying that's, that's been organised well, then I'd just invoice it, leave it in the tray and about a week later I'd post it off and move on to the next order and so on and so on.

Mr Hopkinson, is it part of your job to check whether goods have been delivered in accordance with an invoice?---No, it's for - no, if the customer rings up a week or two weeks later and says I haven't got my stuff then I'll get onto Star Track company and they'd look on their computer records and tell me where it is or what's happened to it but once it leaves our door well, then, that's it as far as I'm concerned, I've invoiced it, the goods are sent and - - -

10 Do you check whether it leaves your door?---When I'm packing the truck of an afternoon then - or me and the, and the other three or four people that are there, I can't relate to each specific order, if you know what I mean.

So when you pack the truck you're not doing so my reference to any particular order?---No.

Then how do you know what to pack in the truck?---Well, as each order comes in and I invoice it, you pack that order so whether there's three boxes or 30 that's what's loaded onto the truck.

20

By you?---Or by me and, yeah, the rest of the people that work there.

So then you check to see that the goods which have been ordered get put onto the truck or am I wrong?---Yeah, when I, when the order comes in I, I get that order together - - -

Yes?--- - - - and then put a sticker on it and - - -

30 You mean physically you get the goods ordered together?---Yeah, if there's six things on this order I get that together and then I put a sticker on it, it's on the pallet, the truck turns up, just put it on the truck.

Yes?---Well, if I've invoiced an order and then the salesman has said to me oh, that's being drop shipped or whatever - - -

Then you wouldn't bother?---Well, then obviously I don't bother because it's not coming from our warehouse so I just put it to one side and the invoice is posted out.

40 MR CAMPBELL: Commissioner, could I just - I just hope to clarify this. Could the witness be shown from the financial brief for Bathurst annexure 4. I just want to you show something, if you wouldn't mind, sir, just a - if you look behind - I'm sorry, Commissioner. If you'd look to page - behind tab 1 and you'll see that there are page numbers at the bottom right-hand corner and there's a page 422, this is a sequence from other folders so it's not right at the back, it's near the front, do you see that?---Page P422.

Yeah. And now, for instance, we can see here, can't we, that it's a - it's a bit hard to read some of it because of copy because you recognise that as a R&R Tape and Safety Suppliers invoice?---That's correct.

And the can you tell whether that's one you typed up yourself or not?
---Well, I can't tell per se 'cause my name's not on there but - - -

10 Yeah. All right. But can you just look down to the bottom right-hand corner. Well, just look at it and tell me whether you can see on this particular invoice whether there was any amount - you can see an amount there for freight, is that the figure there at that time?---\$15 yeah.

Yeah. Okay. And then the GST and it's all added up, is that correct?
---That's correct.

And in respect of - it doesn't say anything about drop shipping, does it?
---No, not on the invoice, no.

20 Would it normally say something on the invoice about that?---Not on the invoice it wouldn't, no. It'd normally be on the salesman's docket, like the handwritten docket that they write up in their order book.

You see, if you look at, if you - oh, well, there is a place on the invoice, is there not, in that first block of information after the order number that's got the words ship via, do you see that?---Yes.

30 So there's a place to put in details about shipping provided, that's obvious, but do you say - what do you say about whether that was ever completed on these invoices?---No, whenever we, we only had the person, the salesman's name and the order number, you know, next to it there. If the salesman or salesperson had ordered a drop, organised a drop ship thingo with, with the customer they would just let the customer know that the stuff was being drop shipped by our supplier so they would then accept the goods, knowing that it had come from us, it would have their order number on it so they knew it was, that (a), they'd ordered, (b), it was from us and I said when we get the bill from our supplier well, then, we'd just type up an invoice for the customer and post it off.

40 All right. If you look behind tab 4 at page 431?---Right.

And you see that's another, that's another order. Do you see that?---Yep, yep.

And if you look at the bottom right hand corner again there's nothing on that invoice, it's an invoice I'm sorry, there's nothing on that invoice for any freight. Is that correct?---That's correct.

Well, pardon me, would it be unusual for an invoice to leave without an amount shown for, for goods to leave with an invoice without an amount to be shown for freight?---Yes and no. Normally we would charge freight, but again, it's up to the salesperson as to what they've, well organised with the customer. It being a competitive business, if they've said well all right, I'll deliver X thing and I won't charge you freight, if that gets the sale, well then it's written up there and then they would either write on their docket no freight or they would just tell me don't charge any freight, so I just type up the invoice with no freight.

10

Well the – and that sort of comes from the salesperson you're telling us. Is that correct?---Yeah. It's their sale, their you know, I just type up the, the invoice.

20

Just assume for a moment that you could have a situation where goods, I'll withdraw that. You have a situation where there was some type of deal that an invoice would be sent to the storeman to be processed for payment, but goods would be held back. Just assume that was going to happen at R&R Tape. How would you deal with that if you were the person who was running up the invoice?---Well sort of then (not transcribable) that's never happened so it's hard to say that if someone said to me well you know, do up this invoice and I don't want you to send anything, well then I wouldn't be doing the invoice.

And the – well if that came up who would you have to report that to?---The owner of the company.

Sorry?---The owner of the company.

30

And who's that person?---Mr Pearce.

That's Mr Richard Pearce?---Mr Richard Pearce.

And he's in court today. Is that right?---That's correct.

If you just, just look at the front of that folder, sir and I'll, you see that there are some spreadsheets that. Do you see that?---Yes.

40

And those are spreadsheets are an analysis of the, of the orders, I'll withdraw that. Are an analysis of the invoice records relating to invoices issued by R&R Tape to Bathurst City Council over a period of time. Do you see that? You don't need to look at all of it, but do you see?---Yes.

And we've broken down the order numbers and the, et cetera, into the constituent parts. So you've got 13 September, I'm sorry, 13 September as the second one and you'll see a number of items went on that day. Do you see that?---That's correct.

In total on that sheet there are 37 orders. Do you follow me?---On this whole sheet?

Yes, just take my word for that if you would?---Yep.

10 All right. Now if – of those 37 invoices according to what you have told the Commissioner already, you would expect that at least 90 per cent of them, I'll withdraw at least. That 90 per cent of them or thereabouts would have invoices in relation to Star Track Express for making the deliveries. Would that be correct, on the basis of your earlier evidence?---Could you just repeat that?

Yes, sure. Remember we were talking about deliveries and that Star Track Express was the favoured courier?---Mmm. Yeah.

And that sometimes things were ship dropped, drop shipped but that was reasonably infrequent. I think you said - - -?---I said 10 to 15 per cent.

20 10 to 15 per cent. So, so around, just say around 90 per cent for ease of reference. Looking – you'd expect wouldn't you that of those 37 invoices that about 85 to 90 per cent of them would have a corresponding invoice in relation to Star Track Express going to R&R Tape. Is that correct?---Yes.

Because you wouldn't expect normally any more that 10 to 15 per cent to be drop shipped. Correct?---That's correct, yeah.

30 Yes. So that if the analysis that the Commission has made of this material illustrates that in fact, that in fact only 43 per cent of these invoices, the 37 invoices, have a corresponding Star Track Express invoice to R&R Tape, that would be hard to explain wouldn't it?---43 per cent?

43 per cent?---It sounds, yeah, it sounds unusual, yeah.

Yes. And indeed to give you, give it to you in numbers if only 16 of the invoices had a companion invoice from Star Track Express, that would be a most unusual occurrence bearing in mind what you've told the Commissioner about the usual practice of the business. Would you agree? ---Yes.

40 And would you be able to provide, assuming that our homework is correct, would you be able to provide any explanation for that large discrepancy from the usual pattern of the business?---Not, not particularly because again, I invoice information that's provided to me by the sales rep and well either the goods are sent out or there's drop shipped and whatever. The invoice is done and put aside and its posted out. Other than that I don't really have any plausible explanation for it really. I mean I'm acting on information from salespeople that tell me that (not transcribable) ordered, invoice it, you know, send it off, whatever.

If the goods are on hands you have to make up the order, dont' you?---If the goods are on hand I just make up the order and send it off.

And you'd certainly, it would be a most unusual thing that if Star Track Express were to be involved that there wouldn't be a freight charge on the invoices. That's correct isn't it, well that might depend on upon what the salesman organises?---It depends on what the salesperson organised with the customer, if he gets the sale over the line to not charge freight well there's been - - -

All right. If he's decided that R&R Tape can absorb the usual freight charge you still expect to see a Star Track Express invoice for the delivery wouldn't you because Star Track Express wouldn't absorb it. That's so isn't it?---
Yes.

Well, has anyone, if an invoice was to be sent out but no order made up from goods on hand someone would have to give you a direction about that wouldn't they, if you're the storeman?---The only way that I can vaguely remember was a, was an invoice for Bathurst Council and I said the sales rep at the time, Doug Quinn, "What's going on with that?" And he said, "I've organised it, you can send it." That was one occasion and I don't know why that sticks in my memory.

And when he said you can send it, he meant you can send the invoice.
---Send the invoice.

Without there being any delivery of goods. Is that the case?---I can't remember any specific order so without it relating to a specific order if I've packed that to send it, he just said you can send that, I've organised it.

When he said you can send that, he meant you could send the invoice?
---Send the invoice.

I've organised it.---Yeah.

Well what did you understand he meant by I've organised it, if anything?
---Well, without questioning their ability to write up a sale I would imagine he's probably done a drop ship or something, I don't know, I don't sort of, have long conversations with them, if they've, if they've tell me they've organised something, well, all right.

THE COMMISSIONER: Well, even if it drop shipped you'd still expect it to Star Track invoice wouldn't you?---Well, not necessarily because if the sale, if the supplier uses Toll Ipec for example to get the stuff from their warehouse to a customer well, obviously we don't see any of that, they just send us an invoice for the goods and whatever freight charge they want to charge.

But when R&R Supplies purchases goods, well, onwards sale, who pays for the delivery, RR or the supplier?---Well, it's just whatever's included in the in the supplier's invoice, if they charge us \$10 freight or \$50 freight.

They'll always charge you freight won't they?---Well, most of them would, it would be anything from \$10 to probably \$50.

10 Whatever they charge - - -?---Charge it's in their invoice to us for the goods they've sent to a customer on our behalf.

Yes.---But if they don't use Star Track Express, we don't get their bill but whether they have or not if they've used Star Track or Toll Ipec or whoever.

But on your evidence if you've got, say a case where they're, with these Bathurst Council invoices over this particular period, if you've got say 47, how many did you say there was?

20 MR CAMPBELL: It's 43 per cent don't have a Star Track Express.

THE COMMISSIONER: Well, that suggests that 33 per cent, about 33 per cent were never delivered. Doesn't it? What other explanation could there be for the absence of the Star Track invoice over, substantially over 10 per cent?---I don't know I can't come up with anything.

The only one that occurs to me is that the goods were never delivered.---I can't come up with any other, other than drop ships or stuff that has left our warehouse.

30 All right. Yes, Mr Campbell.

MR CAMPBELL: Thank you Commissioner. Just the one that you do have a recollection of and you think involved Bathurst, I mean you wouldn't have to have any conversation at all with Mr Quinn about it because all he had to do was put on his paperwork, drop ship. That's right isn't it?---Well, normally, if he hasn't done that then that's probably why I've asked the question and, words to that affect was the reply and so they've invoiced it and obviously posted it out.

40 If this happened, I'll withdraw that question. I think I've finished with this witness Commissioner.

THE COMMISSIONER: Yes thank you. Are there any questions arising? No. So may the witness be discharged?

MR CAMPBELL: Yes, he may Commissioner.

THE COMMISSIONER: You may be discharged. Thank you for your evidence.

THE WITNESS EXCUSED

[1.03PM]

THE COMMISSIONER: We'll adjourn until 2.00pm.

10

LUNCHEON ADJOURNMENT

[1.03PM]