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HEARING

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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE DAVID IPP AO QC

PUBLIC HEARING

OPERATION JAREK

Reference: Operation E08/2469

TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON WEDNESDAY, 19 OCTOBER, 2011

AT 2.10PM

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

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: I call Douglas Charles Quinn. Ms Hughes appears, Commissioner.

THE COMMISSIONER: Yes, Ms Hughes.

MS HUGHES: Commissioner, I can indicate my client would like a declaration and will take an oath.

10

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

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**PURSUANT TO SECTION 38 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT ALL ANSWERS GIVEN BY MR QUINN 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.**

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THE COMMISSIONER: Mr Quinn, you're obliged to answer all questions asked of you and it is a serious criminal offence either to refuse to answer or to give false answers. I'm sure you understand that.

MR QUINN: Yes, Commissioner.

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

40

MR QUINN: Under oath.

THE COMMISSIONER: Yes. Would you swear Mr Quinn in please.

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Thank you, Commissioner.

Mr Quinn, are you Douglas Charles Quinn?---That's right.

10 And were you formerly employed by Hilindi Pty Limited trading as R&R Tape as a salesperson?---Yes.

And did you work for that company during two periods, the first from 1996 to 1997 and the second from January 1999 until 3 April, 2009?---That's right.

And in the course of your work as a telemarketer was it your job to, to telephone established customers to check on their needs and try and sell them further goods?---Yes.

20

And also to make cold calls to potential new customers to try and get new business?---Yes.

And - excuse me, Commissioner. We've heard evidence about this already from other people but was it the case that the pricing structure at R&R Tape was that based upon a simple concept of cost plus a minimum of 43 per cent?---Yes.

30 And was the salesman subject to that minimum expected to use his or her discretion in order to get the best profit margin available for the deal? ---Yes.

All right. And from the time you started working there, at least in your second experience, was there a system in place for providing gifts and benefits to the people with whom you were dealing over the phone?---Not when I first started, no.

When did it come in?---It probably came in probably a year after.

40 A year after you commenced the second stint?---Yes.

Oh, right. Now, we've heard this evidence but R&R Tape sell things like safety gloves and bollards and barrier mesh and - - -?---Yes.

- - - and they're referred to as industrial consumables I think, is that correct?---Yes, that's correct.

And a number of your clients, were, as it turned out local government authorities?---Yes.

All right. And now just so far as the structure at R&R Tape goes, was the boss a Mr Richard Pearce?---That's right.

And did you have authority to sign cheques or any such thing on behalf of the company?---No.

10 And we've heard evidence that there were a number of salespeople?---Yes.

All doing similar work to you?---Yeah.

And Mr Hopkinson worked in the store?---That's right.

And had some other jobs?---Yes.

And was there - I think we've heard this a couple of weeks ago when some of the employees were here, Commissioner, was, was there a lady in the  
20 office who did the day to day bookkeeping and things of that nature?---Yes.

All right. Now, when this system of giving gifts and benefits was first introduced were you given any instructions by Mr Pearce about what the system was in relation to those matters?---If it was, if it was 43 per cent we couldn't give nothing away. We had to cover it. If you, if you gave anything away it had to be above the 43 per cent.

All right. And was there - initially I think it was oilskin coats and hats and things of that nature?---Yes.  
30

And it progressed to DVD players and things of that nature?---Yes.

And then we got to the stage where there were Harvey Norman or Liquorland gift vouchers?---(NO AUDIBLE REPLY)

And how long did it take to get to the stage of the gift vouchers?---I'm not sure, maybe two years.

All right?---Maybe, I'm not sure.  
40

Did you - were there also on occasions arrangements made to, to provide a holiday for somebody who had proved a particularly good buyer?---Yes.

Now, when we talk about the provision of these gifts and incentives, we're talking about who were they given to?---To the person that ordered them.

All right. Say for instance to make this quite clear, and I think it's clear enough from the evidence already, if you were selling to Bathurst Regional

Council as the customer, they had a man working for them, Mr Hadley - - -  
?---That's right.

- - - so which of Mr Hadley or Bathurst Regional Council was given the gift  
or benefit?---Yes.

Which of them?---It was given to Geoff Hadley.

10 All right. Okay. And was there ever any, did Mr Pearce ever tell you what  
the purpose of this provision was?---No.

THE COMMISSIONER: You said it came about after you'd been there for  
about a year?---Yeah, well - - -

How did it come about?---Well we were selling over the phone and one of  
the gentlemen that worked for us, an older gentleman he left and then he  
came back and told us that where he used to work they were giving away  
oilskin coats. So, and he said it was very successful. So we tried it.

20 What did Mr Pearce say about this?---He was all for it.

How do you know he was all for it?---Well he purchased the coats.

And did he give you instructions to apply this policy?---We looked around  
for the jackets to buy and, yeah, we were instructed, well any two cartons of  
riggers at first that'd be sold we'd give an oilskin coat with.

30 MR CAMPBELL: When you said you were instructed was that something  
that Mr Pearce told you?---No, it was just stated that it had to be over 43 per  
cent to give anything away.

He said that?---Yes.

All right. Now was it in the discretion of the salesmen as to, as to how big  
the order had to be before you decided to throw in the coat?---Yes.

And there was no benchmark set?---No.

40 THE COMMISSIONER: And what about gift vouchers?---It was mainly  
you had to have an order over \$1,000.

Who said that?---Mr Pearce.

And what was the amount of the gift voucher?---50 to \$100.  
And who said that?---Well that was what we were told.

By whom?---By Mr Pearce.

MR CAMPBELL: All right. Now let me ask you about Mr Hadley. Was he – I think when you started there the second time you inherited Bathurst City Council from your predecessor. Is that correct?---Well the gentleman that was working on there at the time, he couldn't sell to him so he said you have a try.

All right. So Bathurst was an existing customer?---I think he'd bought once. I'm not sure, by the carton.

10 It had occurred. Is that so?---Yes.

All right. And, and so you were given the card. Is that right?---That's right.

All right. And now when you first dealt with Mr Hadley, did you have this incentive system in place?---No.

So were you able to make sales to him from time to time regardless of offering him something?---Yes.

20 All right. Now when the incentive system came in as you've told us, when you next rang Mr Hadley did you offer him the opportunity to participate in the incentive scheme?---Yes.

And can you remember about when that first sale of that type was?---I'm not sure. It would have been after probably a year and a half maybe. At first I found Mr Hadley, well a hard purchasing officer to get through.

All right. And, and did things change with him after these incentives were offered to him?---Well when I offered him a coat, there was a time when he  
30 said he didn't want the coat he wanted money.

Okay. Well let's not get too far ahead of ourselves although we want to move along reasonably. I mean I was just asking you about the start of it? ---Yep.

All right. So when you started offering coats did he seem more receptive to your entreaties as a salesperson?---No. No.

No?---It was only because I was giving away to other people and that  
40 incentive was there and I thought well, you've been buying off me for the last 12 months and I offered him a coat.

Did he take the first one?---I'd say so, yes.

Okay. You can't really remember?---I can't remember, no.

Okay. Did you progress to the stage where Mr Hadley was offered the gift vouchers?---Yes.

And did he accept gift vouchers when you offered them?---Yes, I think so, yes.

I can tell you we've got the freebie books - - -?---Yep.

- - - and we know from that record who was offered, given what when, so I won't (not transcribable) that detail - - -?---I can't, I can't remember exactly when I gave them to him, but there were - - -

10

All right. But apart from the Harvey Norman vouchers there were also Liquorland gift vouchers. Is that correct?---I'm not sure with Geoff. I can't remember Liquorland. I'm not sure if he was a drinker.

All right. But they were available for people who might be interested? ---Yes.

And so far as giving – and Mr Hadley at some stage accepted the gift vouchers you've told me. Is that right?---Yes.

20

And this – I think the situation was that you had a budget you had to meet. Is that right?---Yes.

As well as having the minimum mark up of 43 per cent?---Well your budget worked on, well my budget at the time when I left was 1, 050 a day.

Yes?---Over that period of the month, if it was a 20 day month, that made it that it was 22,000. Anything above that I was on 12 ½ per cent commission.

30 THE COMMISSIONER: How much?---12 ½ per cent commission.

Before that, sorry? Before that?---Before that it was on a straight wage, just - - -

MR CAMPBELL: In any event, so you had a budget that you had to meet? ---Yes.

And the cost of these incentives came off your budget?---No.

40 No.?---No.

They were absorbed by R&R Tape?---Yes.

And in any event – now you were telling us that Mr Hadley had accepted the gifts and incentives. Did there come a certain point in time when he suggested something different?---He asked for cash.

All right. Do you remember when that was?---I can't be positive but it might have been about two years after I started dealing with him.

Okay. Now you've told us about the card. Could you look at these documents which will now be shown the Commissioner's associate. Can you identify them for us, please?---Yes. It's the Bathurst City Council card.

10 Just take the clip off and just look at it and tell me whether you think that record is all the cards you remember from when you last worked there?  
---That's not my writing on the last card.

All right. Well, okay. But when's the last entry from you then?---The last entry would have been from me - - -

Have you got it?---It'd be the 9<sup>th</sup> month, '08.

September 2008?---Yes.

20 All right. Now up to – just looking at it can you tell me whether, doing the best you can to remember now, you think the records up until that date is complete?---Yes.

All right. And there are no pages missing or any such thing?---I'm not sure, I think there was a pink card amongst that. I'm not sure.

And there's no pink card there?---There is no pink card, I thought there was a pink card after the white card.

30 Just in relation to the system you adopted relevant to this card did you make a record of every order that was placed by Bathurst, as it became, Regional Council on this card?---I might have missed a couple on the card, writing them in, yes.

All right. Your system was to, you intended to keep a record of them all. Is that right?---Yes.

But you may not have?---Sometimes I probably forgot to write it in when I was doing other things.

40 And in any event once you got an order you wrote out a different form to give to the store?---I had an order book which was two pages and you put, you ripped the first copy out and you put it in the box and Jamie would invoice it.

All right. Just if it's possible to help us date this conversation when Mr Hadley said something like he'd just as soon have the cash, is there anything on the card that would enable you to give us a date in relation to that?---I'm actually not sure on that, no.



Okay. Well when he said he'd just as soon have the cash was he talking about instead of the gift vouchers?---Yes.

All right. And what was your response?---I didn't have the authority to do that.

Well what did you say?---I said I wouldn't, I couldn't do that. I don't have that sort of money. And he said, Well your boss is giving us giveaways, ask  
10 him to give me cash.

Well when he said that did you do something in relation to it?---Yes, I went and seen the boss and told him that - - -

Well just stopping you there, I want to hear it, but did you hang up on the phone and - - -?---Yeah, I said to him I'd have to ask my boss.

You're on the phone aren't you?---Yes.

20 And did you say I'll get back to you or something?---Yes, yes.

All right. So did you go and see the boss straight away?---Yes.

Now Mr Pearce at that time used to spend time at the premises of R&R Tape?---Yes.

And did he have an office?---Well there was an office there where the computer was, but he mainly sat out with us.

30 Open plan arrangement?---Beg yours?

Was it an open plan arrangement?---Yes.

And were there any dividers to divide off areas?---There was a couple of dividers.

Were there any dividers dividing off his space from the rest of you?---No.

All right. Anyway so you went to Mr Pearce. Is that correct?---Yes.  
40

Now doing the best you can to, to tell us what you said using the language you actually used at the time, so far as you can now remember, what did you say to him?---Well I said I've just spoken to Geoff Hadley at Bathurst Regional Council and he doesn't want the giveaways that we're giving he wants cash.

And what did Mr Pearce say?---How much? And I said, I think it was 900 at the time, the first time. And he said, How much was the order? And I told him. He said yes, tell him yes, go ahead with it.

Now you have to keep your voice up a little please, sir?---Yeah.

Okay?---He said yes.

10 All right. And well okay, now did you get on the phone to Hadley and tell him that was okay?---Yes, I rang him back and told him that the boss had approved it.

And how was the transaction effected? Do you know?---I just wrote a cheque and I took it to Wyoming, and I can't remember the bank, it was either a State Bank in the middle of Wyoming car park, I cannot remember.

Well don't guess if you don't know?---Yep.

20 But the boss wrote you a cheque in his own hand?---Yes. Yes.

On what account?---Beg yours?

On which account?---His cheque account, it was a cheque that I took to the bank.

Was it a personal cheque, a company cheque?---I'm not sure, I'd say it would have been a company cheque.

30 But again you're just guessing?---Yes. I didn't look at the cheque, I just took the cheque to the bank and deposited it.

All right. All right. So to do that you must have spoken to Mr Hadley about, about his banking details?---Yes, I did.

All right. All right. Now Commissioner, could the witness be shown annexure 5, to the Bathurst financial report. I'm not going to ask you to go through all the details in that document, sir. We've got a summary sheet at the front of it?---Yes.

40 And this has been, the spreadsheet has been prepared by the Commission's investigators and analysing the accounts of R&R Tape and Mr Hadley. Now just assume for me that our homework is correct, you'll see the date of that first cheque there is 8 June, 2005. Do you see it?---Yes.

And it's for the sum of \$1,000?---Yes.

Now can you tell us one way or another with that prompting from those documents whether that accords with your recollection as to the timing of the first payment by R&R Tape to Mr Hadley?---No.

It doesn't?---No.

The amount is different from what you said?---Yes.

10 And by reference to that date when, what's your, I don't want an out and out guess, but what's your best estimate as to when you might have taken that first cheque?---2002, maybe.

That long ago?---Yes.

Okay. Now, all right, if you just close that up. I won't be asking you any further questions about it. Now the – all right now you continued to, you've still got the card in front of you have you?---Yes.

20 Now you continued to deal with Mr Hadley in the ordinary course of your work. Is that right?---Yes.

And at some stage was there a discussion about treating - I withdraw that, I should ask this question. Did you have any more similar transactions like that with Mr Hadley, that is to say where he said don't give me the vouchers, give me, give me cash?---Yes.

And how frequently did that happen?---I'm not sure how frequent but it was quite a bit. I, I was getting scared.

30 All right. But so what happened on each occasion when that occurred?---I had to ask the boss and the boss would have to approve it.

THE COMMISSIONER: Each time?---Each time, yes.

MR CAMPBELL: Yes. You see, did you, I mean, do you, do you know - well, I withdraw that. Did you have any authority to sign any cheques on behalf of R&R Tape?---No, I didn't.

40 Did you know anybody other than the boss who had that authority?---No, I didn't.

And so you had to ask him on each occasion and what happened? Were you ever refused?---No.

All right. Now - - -

THE COMMISSIONER: What sort of amounts were involved, Mr Quinn?  
---I think the last one was quite a bit.

Like?---6,000 I think it was, well, I think it was five actually.

MR CAMPBELL: Well, I'm going to ask you some questions at the moment about some notations in relation to the card there. Now, you're telling at the moment about situations where - or a situation where the cash was sent in lieu of vouchers. Do you understand?---Yes.

10 Now, and I ask you again whether there were other situations where the cash was sent in lieu of vouchers. Do you understand that?---It wasn't in lieu of vouchers, it was asked for and he didn't want the vouchers, he wanted the cash.

Oh, well, from his point of view it was in lieu of getting the vouchers, wasn't it?---Yes, from his point of view.

Well, were those amounts at that stage roughly equivalent to the number of vouchers he might have qualified for?---No, no, no.

20 No?---I don't, I don't remember giving him a lot of vouchers like in bulk but he got a lot of vouchers but not in the bulk, like say I think the most I ever gave him in one hit was 300 I think.

Yeah?---Yeah.

What, so he was after more than that?---Oh, yes, yeah, yeah. He wanted, he wanted half the profit.

30 THE COMMISSIONER: He wanted, sorry?---Half the profit.

MR CAMPBELL: Did he say that to you at some stage?---No but the, the way he asked, for the amounts he asked for gave me the impression.

THE COMMISSIONER: It's half of R&R's profit?--Yes.

MR CAMPBELL: Well, I mean, one can imagine that might have made things a bit tight, you had this minimum margin of 43 per cent?---Yes.

40 If he wanted half you'd need to have - and R&R still made its target amount - - -?---Oh, he was, he was never sold at 43 per cent, he was always sold at I'd say about a hundred per cent mark up.

Right. So it was, as it were, there was overcharging in relation - - -?---No. I, I kept the same prices all the way through mostly because when we, when we started selling riggers' gloves they were about 4.50 a pair to sell - - -

Yes?--- - - - and we were buying them, sometimes \$1.00, sometimes 2.20.

Well, so lots of other people were paying 100 per cent mark up were they?  
---Oh, yes, yes. If you walked into All Safe and buy a pair of gloves and they look exactly the same as where we got ours from, they were only paying \$1.80, sometimes they were charging 5.50 over the counter.

All right. You must have been a pretty good salesman, sir?---Yes, I was, very.

10 So you say there was plenty of fat to go around, is that right?---Oh, yes.

All right. Were there ever at that stage of this relationship situations were you had to mark the profit up even higher to accommodate his demands?  
---I can remember one when he asked for a demand the boss said no, there's not enough profit in it and when I rang Geoff back I said no but Geoffrey said, well, put the price up.

And did you do that?---Yes, I did.

20 Did you tell Mr Pearce you were doing that?---Yes, I did.

And what did he say about that?---Well, that's okay, then we can send the order.

All right. Now, did there ever - at any time were there ever any goods invoiced which were not delivered to the Bathurst Regional Council?---Yes.

Now, can you remember was it more than once?---Yes.

30 When did it first come up?---The first one was garbage bags.

All right. Now - and why were you selling them garbage bags?---It was the - at the time he ordered them he said they were for, coming up for the race.

You mean the Bathurst - - ?---The Bathurst race.

40 The Mount Panorama race?---Yeah. He said, he asked me if I could hold the stock for a couple of weeks for him and he'll let me know when he needed it and I said, "I'll ask the boss if I can hold them," which I did and the boss said, "Yeah, we can hold them." I bought the stock, I put it in the warehouse, waited for Geoff to ring, Geoff didn't ring. Jamie asked me what was happening with the bags, "Could you ring, ring Geoff and find out." He wanted them out of the warehouse, they were taking up too much room. I rang Geoffrey at the council. He said, "Not required." I asked him to repeat himself, he said, "Not required." I said, "But they've already been paid for" and he said, "Not required" and hung up and that's when I went to my boss and I said to him, "I said I think we're going to have a problem, Mr Hadley just told me the bags aren't required," and I told him that they'd already been paid, paid for and he said, "What did he say?" I said, "He

didn't say, he just said 'not required'" and I asked the boss to ring and find out what was going on and the boss did ring. I walked out of the room, he spoke to Geoff Hadley and after he'd spoken to Geoff, I don't know what was said over the phone, he come out and he said, "I don't want to speak to that man again. You take the orders and let me know what he wants," which I did.

10 Well, okay. Let's just take this a bit at a time. You said it was the Mount Panorama race, sports remember that's in October so do you remember what year it was?---I'm not sure I think it was about 2005, 2006, I'm not sure, I can't remember, it's on the card.

It's on the car, well, can you look at the card and tell me when it was. Well, firstly, how do you know it's on the card?---I remember Mr Grainger showing me the card.

Oh, right. Okay. Well, you identify the entry for us?---It was the 10<sup>th</sup> of the 9<sup>th</sup>, '04, sorry.

20 10<sup>th</sup> of the 9<sup>th</sup>, '04, is that - - -?---Yes.

All right?---It was 20,000 black garbage bags.

Oh, yes. Now, you've got, you've got on that entry - sorry, Commissioner, we'll just bring the evidence up. Just while that's being found, could I ask you another question, sir. When you'd had this conversation with him and "Not required" and hung up, I mean, he didn't say anything to you like, you know, just send me some cash or could we go halves or anything like that? ---No, he didn't say anything, he just said, "Not required."

30 And did you ever have any conversation with him in relation to these matters where he ever spoke to you about splitting the profit or any such thing along those lines?---No, not with me, no.

All right. Perhaps, Commissioner, if I could hand up - because we haven't got it scanned, I'm sorry, a copy of this document and I'll work off another copy of it. What I'll do is I'll open it up at the right page, it's that page there. Can I just say this, Mr Quinn, that you understand, don't you, from the nature of the Commission's inquiry that the evidence that the  
40 Commission is hearing is of such a nature that it may expose you to a finding of corrupt conduct, do you understand that?---(NO AUDIBLE REPLY)

And notwithstanding the order that the Commissioner has made under section 38 protecting your evidence, do you, do you understand that the general evidence before the Commission may be such that the prosecuting authorities could seek to prosecute you to conviction about your involvement in some of these activities?---(NO AUDIBLE REPLY)

Yes. Now, All right, so you've told us about 10 September, 2004 and there's a notation, I think, that you've written apart from the narrative in relation to the black garbage bags, something in brackets?---Hold them.

Well, you've got, no one else can see it, you've got that order (H) in brackets. Is that correct?---Not after the garbage

10 Oh, we may have found it. We've found it. Sorry? You see up there, it's on the screen, it says 10 September 04 sold 20,000 black, above the word black H?---Which was hold.

All right. We've got this I black and white and you've got it in front of you in colour. What colour did you make the entry in?---The entry for the sold - - -

For the sold, no for the sold 20,000?---Blue.

20 And what about the, it just looks a bit bolder in the black and white copy, what colour have you used for the hold?---For the hold, which was in black a the bottom but it was blue above.

And you've got - - -?---The H is in blue but the hold is in black.

You've got it, you've got it, the (H) above the black also signifies hold. Is that right?---Yes, I'd say I'd wrote that when I was writing the order out and he told me to hold it.

30 All right. And then you later added in bolder print, hold. Is that right? ---Yes.

Why did you do that?---So I knew what was going on.

All right. Well, we see that on that page of the card there are a number of entries, there's either after 6 April 2005 you can see you've written hold. Correct?---Yes, yes.

40 But on other occasions, in fact, you've used that abbreviation of (H) is that so?---Yes.

And well, what was the purpose of, of making those notations?---Just so I knew what was not, what didn't go and what did go.

Was anything ever delivered in respect of any of those orders?---Um, there might have been a couple which were riggers that don't have hold against but there were a couple of orders in that period of time after the bags, there were a couple of orders that did go and there were a couple of orders that did not.

THE COMMISSIONER: You're talking about orders on this page Mr Campbell?

MR CAMPBELL: I am Commissioner. I apologise (not transcribable) on this page, I haven't made myself clear in a second way in as much as, did any of the orders which have the notation either H or Hold get delivered?  
---No.

10 And were invoices issued in respect of those orders?---Yes, they were.

And who issued the invoices?---Well I wrote the order out and Jamie would have put the orders in the computer.

See, I mean, things like, for instance, barrier fencing is the type of thing you were likely to have on hand isn't it?---Sometimes not that much of the 200 rolls or 120 rolls, no, we wouldn't have on hand.

20 Well, we've heard evidence from Mr Hopkinson that if he got an order for stock that wasn't on hand from one of the salesman he'd order it from the supplier?---Oh yes, yes, it would come in.

So you'd say that it would come in?---Yes, or we could drop ship it if the client urgent for it.

Well, see the one I'm looking at for 6 April 2005 there are 120 rolls of barrier fencing.---Yes.

30 That seems like a large amount?---Yes.

Well, was that, was that large amount kept in stock?---Not very often, we probably usually only have 50 rolls in stock a pallet.

You'd have to talk to Mr Hopkinson wouldn't you to say something like, don't activate this order now, it's on hold or you'd have to give him - - -?  
---Yes.

Yes. And would you do that?---Yes.

40 Well, if you never got back to him - - -?---But I never it was on hold I told him that it was not required.

All right. And did he ever ask you what you meant by that?---I always told him, it's between the boss and Geoff Hadley.

THE COMMISSIONER: How were the invoices, who generated the invoices?---It was either Richard or Jamie.



But Mr Hopkinson did he know that the goods hadn't been delivered or did he not know?---Yes.

He knew they hadn't been delivered. How did he know that?---I told him.

MR CAMPBELL: You see if this was a special deal between Mr Hadley and Mr Pearce, why not just get Mr Pearce to write the invoices in respect of the whole matters which may never be delivered?---Well, sometimes he wasn't there.

10

All right. Just asking you about that entry again on 6 April 2005, it's also got, I think, two notations. Is that correct?---Yes.

It's got the - - -?---The H.

H and also the hold at the end.---Yes.

You didn't invariably use that methodology I don't think did you?---I beg yours?

20

You didn't always do it that way?---No, no.

Sometimes you'd just use one or the other?---Yeah.

All right. Now - - -

THE COMMISSIONER: Do I understand this correctly that where, does hold mean cancel?---It was after the first one, when he said hold it, the garbage bags I thought it was a legitimate order, I was going to be getting a call back for it to be delivered. That's why I did order the garbage bags from my supplier.

30

Yes. Yes.---And then I put them in the warehouse and that's when Jamie asked me a couple of weeks later, when are these going? So I rang Geoffrey and that's when he told me not required. And then after that, every time he gave me an order I just put a hold on it.

But did hold mean cancel?---Yes, hold meant it wouldn't be delivered.

40 Hold meant - - -?---It wouldn't be delivered.

It wouldn't be delivered.---It would be invoiced but not delivered.

And how did you learn that that was to take place?---Mr Hadley.

He told you that?---Yes, after, after the bags when he said not required and then I gave them to my boss and my boss rang and he spoke to him, I don't know what was said, the boss come out and told me that he didn't want me

to speak him again, he'd take the orders and let me know what he wants.  
And then after that - - -

Why, was an invoice sent for the garbage bags?---Yes.

And who told you to send an invoice?---Um, Geoff Hadley asked me to email it to him.

10 But not deliver?---And not deliver, wasn't required. Not with the bags with the - - -

But I'm asking about the bags in this instance.---No, um, he spoke to Richard after he told me not required. I don't know what was said to Richard over the phone.

But who generated the invoice for the bags?---It would have been either Jamie or the boss at the time.

20 But an invoice was generated for the bags?---Yes.

How do you know that?---When he ordered them, he asked could I hold them, to invoice him straightaway and that's when we sent the email to him.

I'm sorry, I must be - - -?---On that date 10<sup>th</sup> of the 9<sup>th</sup> he would rang me and said, could you, or I would have rang him and he would have said I need garbage bags but can you hold them for a couple of weeks.

Yes.---Yes.

30 And what about the invoice?---He said send the invoice straightaway.

Right away.---Yes.

And you did?---Yes, it was emailed to him.

And then when he said not required?---That's when I went to my boss and told him that Geoff said they're not required.

40 I mean, I do understand, I get the impression from this that it was then some arrangement where the invoice was paid?---Yes, by Bathurst City Council.

So there was a sharing of the profits made from that transaction?---Yes, between R&R and Mr Hadley. I'm not sure how much.

And who, who as far as you know where were the people who agreed what was to happen about that transaction?---It would have been either, between Geoff Hadley and Richard Pearce.

And after that?---After that he'd ring up, the next order after he rang up and he asked if he could do another order the same as the last one.

And then how, did you speak to Mr Pearce about that?---I had to speak to Mr Pearce about that.

He told you to go ahead?---Yes.

10 That is, and then it happened from time to time, thereafter?---Yes.

Everyone which has got a H on that is like that?---Yes.

All right. Now I understand it, thank you.

MR CAMPBELL: The someone might say, I'll withdraw that. In any event, when you spoke to Mr Pearce about it, after that first one, the one of the 10 September 2004 you said that you left the room I thought, did you say that?---Yes, I rang the number for Mr Pearce and he spoke to Geoff over the phone, I left the room. He was in the computer.  
20

I see. I see. Why did you not stay and listen to what was being said, given it was your customer and - - ?---Because any dealings like that was between him and Geoff Hadley.

Yes, but this was the first time that that modus operandi had become established?---And that scared the hell out of me. I didn't know what to do.

I see?---And that's when I left it to the boss to handle.

30 THE COMMISSIONER: Did you discuss this with Mr Pearce?---Yes, I did.

Can you tell us what happened in that, what was said in that discussion?---I just said he's getting very greedy and Mr Pearce said, yes.

MR CAMPBELL: Well you said that, you said that you didn't stay to listen in on Mr Pearce's end of the conversation, did you go back to see him?  
---No, Mr Pearce come out to me out in the office.

40 Yes?---He said to me he didn't want to speak to him ever again. That I was to deal with him and pass on anything that he wanted to him.

All right. Well you should pass on anything that Mr Hadley wanted to Mr Pearce. Is that right?---Yes. Yes.

THE COMMISSIONER: You mean pass on anything he wanted meaning pass on any request?---Yes.

MR CAMPBELL: Now Mr Hadley has given evidence in this inquiry before the Commissioner to say that he had received funds from R&R Tape Supplies at different times. Now apart from that one cheque you told me about that you think occurred in 2002, did you have anything to do with any payments at all to Mr Hadley yourself?---No.

Did you ever take any cheque to any bank?---Once, which was - - -

Only the one you've told me about?---Yes.

10

And if there were subsequent orders that hold on them of the same type, did you have anything to do with paying any money in any form to Mr Hadley? ---No.

Were there other benefits that Mr Hadley sought from you as a salesperson for R&R Tape?---No, it was just cash.

Do you remember something about a holiday?---Oh yes, a holiday, yes. He wanted us to pay for the holiday to the Northern Territory.

20

All right. And did he ask you to do that?---Yes, he did.

And did you speak to anybody at R&R Tape about that?---Yes, I did.

Who did you speak to?---Richard Pearce.

Do you remember when this was?---I'm not sure. I'm nearly sure he was in Forster at the time.

30

But do you remember the year this happened?---I think it was 2008. The year before I left.

All right. And did you have anything to do with, with securing, did he get the holiday?---As far as I know he did.

What did Mr Pearce say when you spoke to him about that?---Find accommodation for him and we'll pay for it.

40

And did you have anything to do with finding that accommodation?---Yes, I did.

What did you do?---I rang looking for accommodation up in Darwin.

And did you find it?---Me and the accountant, Kylie, were looking and yes we found a place, I think it was the Holiday Inn in Darwin.

That's the lady who does the bookkeeping in the office?---Yes.

And do you know, and if you don't please say so, who paid for it?---It would have been the company.

Why do you say that?---Richard instructed Kylie to EFT it.

With these, with these – you were the salesman who always dealt with Bathurst because you had the card. Is that correct?---Exactly, yes.

10 And with these arrangements that you've been telling us about did you form a belief that money was changing hands?---Oh yes, yes. I knew.

Well you say yes I knew, you had something to do with the first cheque you've told us, how did you know otherwise?---Oh, he'd ask me for the money and I'd ask Richard.

And when you – what sort of money did he ask you for?---Sometimes 1,000, sometimes, it would all depend on how big the order was that he gave me.

20 You've said that you remember a biggish one at one stage?---Yes, I think that was around about when the Darwin holiday, there was a couple in that year, a few actually.

Now were there ever occasions during your dealings with Mr Hadley where no goods were delivered at all to the Bathurst Regional Council?---Yes.

30 Can the witness be shown annexure 4 to the Bathurst financial, now you've been in the hearing room today haven't you Mr Quinn and heard the evidence from Mr Hopkinson?---Yes.

And we've heard evidence that except for drop shipments all of the goods were delivered by Star Track Express?---Yes.

And that Star Track Express individually sent invoices in respect of its work in making a delivery?---Yes.

40 And were you familiar with that system?---I wasn't familiar with it, but I knew that we did deal with Star Track Express and we did have com notes that we could track, but Jamie mainly did all that.

Can I tell you sir that, if you open up that annexure that's in front of you now, annexure 4 to the financial brief, you will see that are a series of invoices between 19 March, 2004 and 24 November, 2008. Do you see that?---What page you on?

If you open the folder up, do you have the spreadsheets inside the folder? ---Yep, yep.

It's those spreadsheets?---Yep.

Can you just turn them around so you can see them?---Yep.

Now there are 37 invoices between 19 March 2004 and 24 November, 2008.

THE COMMISSIONER: It's on the second page.

MR CAMPBELL: It's on the second page?---Yep.

10

Now the Commission's officers, investigators have had access to the business records of R&R Tape and we can tell you that from our inquiries and investigations that of those 37 orders only 16 of them have a separate Star Track Express delivery consignment note. And that's on the second schedule. If you, if you close those first two pages and then go to the next spreadsheet you can see that they're there?---Yep.

Do you see that?---Ah hmm.

20

And if you go to the third schedule you will see another spreadsheet which shows the invoices of those 37 which were submitted where we can find no delivery record. Do you see that?---Yes.

And out of the total of \$118,055.72 those invoices with no delivery records total \$79,909.48. Do you see that?---Yes.

That's, pardon me, that's 67 per cent of the value of the goods totalling \$118,000 or thereabouts and it's for 43 per cent of the invoices. Now as the salesman concerned can you explain that for us?---Yes.

30

What's the explanation?---There was no deliveries.

Now how do you know that?---Because I was asked not to.

By whom?---Geoff Hadley.

And in respect of each of those matters did you do anything in relation to R&R Tape Supplies or your superiors?---Yes, I went to Mr Pearce and let him know about everything that went on on those transactions.

40

I see.---And he approved every transaction.

Now, this was, as I've said, it's about 21 or 22 transactions over a period of, over four years are you sure that your recollection about those matters is accurate?---Yes, it is.

THE COMMISSIONER: Mr Hopkinson, did he know which invoices were being sent without any deliveries having taken place?---Yes he did.

You heard his evidence this morning?---Yes, I did.

He didn't admit that?---I know he didn't.

MR CAMPBELL: He said he could remember one I think Commissioner.

THE COMMISSIONER: Yes.

10 MR CAMPBELL: Yes.

THE COMMISSIONER: And how did he know?---Well, there were three of us that knew, it was Richard, Jamie and Brian Middleton and myself, there was four of us because I couldn't use a computer I couldn't invoice, Jamie'd have to invoice and when it came to emailing to Geoff Hadley, I didn't know how to email so Brian did that for me.

20 And how did they know that no deliveries, how did Brian and Jamie know that no deliveries are taking place?---Because I let them know, the boss told me to tell them and not to tell anyone else in the office. There was only Brian, me and Jamie and the boss that knew.

And what did Brian Middleton, what was his job?---He was a salesman.

MR CAMPBELL: Bathurst wasn't one of his clients. Is that right?---No.

Did he have any other part to play in any of this except - I'll withdraw that. Did he play any part other than being your scribe on the emails?---Yes.

30 What else - - ?---No.

Sorry?---No, that was it.

That was his only part?---Yes.

And - - -

40 THE COMMISSIONER: So who actually did the typing that produced the invoices?---Jamie or Richard either one of them, whoever done the invoice.

MR CAMPBELL: All right. Now, were you privy to any arrangement between Mr Pearce and Mr Hadley about these non-deliveries? Do you know what I mean by privy?---No.

Were you party to or present when any arrangement might have been made between Mr Pearce and Mr Hadley concerning these non-deliveries?---I was the go, I was the go between.

THE COMMISSIONER: You were the liaison man?---Yes.

MR CAMPBELL: And did any person, either Mr Pearce or Mr Hadley, ever raise with you the question of what was to happen to the money received on the invoices?---No.

We can tell you sir, from our investigations and from the evidence before the Commission from the Bathurst Regional Council that every single one of those invoices was paid?---Yes.

10

Do you know what happened to the money?---It went into the R&R account.

Well, what happened to it, do you know whether and how it was distributed?---No, Mr Hadley had asked for, what he'd asked for and that was it and I knew - - -

THE COMMISSIONER: You knew what he'd asked for?---Yes, because I had to relay it to Mr Pearce.

20

MR CAMPBELL: Were you, were you given – I'll withdraw that. Do you know from something you saw or heard or from something that somebody actually told you how Mr Hadley got his money?---No, Mr Hadley told me his bank account details which I gave to Mr Pearce.

Well, I can tell you that we've looked at his bank account details and there's \$8,300 in cheques from R&R Tapes. It seems like only 10 per cent of the (not transcribable)?---That's right.

30

So do you know, and I only want to know from something you saw, heard or somebody told you whether he got any more than that?---No, I'm not sure, where.

THE COMMISSIONER: Well, he must have known whether he got more or - - -?---I know he would have got more than that but I don't know why there is only \$8,000 in his account. We paid, I think direct for the holiday.

What about his, were you involved in his holiday to Scotland?---No.

40

MR CAMPBELL: No, that was UTS Commissioner.

THE COMMISSIONER: UTS.

MR CAMPBELL: Let me ask you this question, sir, did you ever benefit from any of these transactions?---Yes, I did.

And what were the circumstances in respect of which you benefited from these transactions?---I took \$4,200.



Can you tell us when that was?---Yes, it was in, when my mother passed away.

Well, that's a date that people normally remember. When was it?---August.

Sorry?---August 2008, 2007 sorry, 2008.

Have a glass of water.

10 THE COMMISSIONER: Would you like an adjournment Mr Quinn?  
---(NO AUDIBLE REPLY)

MR CAMPBELL: All right. We've got documents in relation to that sir, I think that we'll show that to the Commissioner later. How does that, what happened in relation to that?---I just, my daughter had a baby and they were living in the back of my place and I just fell behind in my bills and it was stupid I know, I never took any other money.

20 And well, how did it work, how did you achieve it?---I asked Mr Hadley if I could get so much money and he said yes.

And well how did he work that for you?---That was a payment that R&R owed him for stock that he'd bought.

They owed him money for stock that he bought?---Yes, oh well, he was (not transcribable) to do a, well he wanted to add them up.

30 Well, how did you, did you have anything to do with him getting paid that money that he thought he was owed?---Yes, I told the boss that he wanted some money.

Did you tell the boss that you wanted some money too?---No.

And, do you know what happened after you told the boss that Mr Hadley wanted some money?---Money was put into his account.

And did Mr Hadley put money into your account?---Yes, he did.

40 In the sum of \$4,200?---Yes, he did.

Now, was there anything else that you were involved in that may not be completely above board?---No, oh I was giving away vouches and oil skin coats, trips.

I haven't asked you about those things at the moment but there was a matter of a refrigerator. Do you remember that?---A washing machine.

A washing machine, I'm sorry, thank you. And what, what was the story about that?---Well, my washing machine broke down and I was going to make out Mr Hadley wanted a washing machine and I was going to take it for myself, but I ended up paying for it myself.

Well, did you tell Mr Pearce that Mr Hadley wanted a washing machine?---Yes, I did.

10 And what did Mr Pearce say to you about that?---Yes.

Organise it?---Yes.

And so you did?---Oh no I didn't because Mr Hadley had left the Council at that time and then a week later I rang the boss and asked if I could put the washing machine on, if I could get the washing machine and pay it back to him.

Well, what did he say to that?---Yes.

20 And did you pay him back?---Yes, I did.

You resigned from the company in April 2009 I think?---Yes, I did.

And why did you resign?---I'd been there ten years, my wife had been there eight years and Mr Pearce decided to cut my wife's wages to say that she was on commission only.

30 But she was working there selling too was she?---Yes, she was doing register rolls and cartridges and things like that for um, shops like Michelle's Patisserie and things like that.

I'm nearly finished Mr Quinn. You wanted to tell the Commissioner earlier on about, when I asked you if there's anything else not above board you'd done about your involvement with the vouchers. Is that right?---Yes.

You'd accept, wouldn't you, that giving a man a \$50 voucher is like giving him \$50?---Yes sir.

40 And that giving, giving a, giving \$50 to someone's employee who has the authority to purchase is an attempt them to induce them to do further business with you?---Yes, I understand that now.

You'd agree wouldn't you, with me, that to give that sort of voucher to a public official just doing his job in the public sector is a corrupt practice?---I do now.

Well a moment's thought about it at the time would have convinced you of the same conclusion, wouldn't it?---Beg yours.

If you thought about it at the time you would have come to the same conclusion wouldn't you?---Well, I didn't think about it as, when we gave the oil skin coats it was just started that way.

You see, the evidence you have given this afternoon about the development of your relationship with Mr Hadley shows that it started off with oilskin coats, didn't it?---(NO AUDIBLE REPLY)

10 And perhaps DVD players?---Yes.

And developed into the stage where you were giving him vouchers for Harvey Norman?---Yes.

And to the point in time where he said to you I'd just as soon have the cash? ---Yes.

And you facilitated all of that, didn't you?---I didn't facilitate it, Mr Pearce facilitated it.

20

Well, you went and saw him and passed on Mr Hadley's request didn't you? ---That's right.

And, and then culminating in this scenario where apparently goods weren't being delivered and money was being split between your employer and Mr Hadley?---(NO AUDIBLE REPLY)

Well, you can see it's all now, can't you, all part of the one long process. That's right, isn't it?---Yes, it is.

30

Now, I asked you about giving vouchers being a corrupt practice. What it developed into was absolute corruption, wasn't it?---Yes, it was.

And you'd appreciate, wouldn't you, that you had a part to play in that? ---Yes, I did.

I have no further questions, Commissioner.

THE COMMISSIONER: Yes. Mr Shaw, do you have questions?

40

MR SHAW: No, Commissioner.

THE COMMISSIONER: Does anyone else have any questions for Mr Quinn? No. Mr Quinn, thank you for your evidence, you're excused? ---Thank you.

**THE WITNESS EXCUSED**

**[3.11pm]**

MR CAMPBELL: I call Richard Pearce. I withdraw that. Mr Pearce, just wait there. Mr Hopkins, I call you back to the witness box, Hopkinson.

THE COMMISSIONER: Mr Hopkinson, you're still under your oath that you gave earlier and the section 38 order continues to apply to you.

MR CAMPBELL: Mr Harris appears, Commissioner, for Mr Hopkinson.

THE COMMISSIONER: Mr Harris appears. Mr Harris is here.

10

MR CAMPBELL: Mr Hopkinson, you've been sitting in the hearing room this afternoon?---Yes, I have.

And you've heard the whole of Mr Quinn's evidence?---Yes, sir.

And I want to ask you about those 37 invoices I was asking you about this morning, 22 of which we can't find a consignment note for. Do you understand?---Yes.

20 You heard Mr Quinn say that none of those products were ever delivered to Bathurst Regional Council, did you hear that evidence?---Yes.

Well, do you accept that or not?---Well, I don't remember any conversations but I've just invoiced it and they're saying that they weren't required, I never had any, any conversations to say well, don't send the invoice or whatever so I've just posted it out in due course.

What, the invoice?---Yeah.

30 Well, you've told the Commissioner this morning when you were giving your evidence that you remembered one event where he said don't, don't send it, do you remember that evidence?---(not transcribable)

To that effect, Mr Hopkinson.

THE COMMISSIONER: Don't send the - - -

MR CAMPBELL: Don't send, hold, hold the goods?---No, I said to him what's going on with this and he said I've sorted it.

40

Yes, thank you. That was your evidence, you remember that?---Yes.

Well, having heard Mr Quinn's evidence and from the answer you've just given to the Commissioner can I take it that you say well, it may well be that 22 of those invoices went out without goods being delivered, is that right?---Well, it looks entirely possible but it's - as I say I've just done the invoice and posted it out but - - -

Well, but - - -

THE COMMISSIONER: (not transcribable)

MR CAMPBELL: Sorry, Commissioner.

THE COMMISSIONER: Sorry.

MR CAMPBELL: I beg your pardon.

10

THE COMMISSIONER: Sorry, Mr Campbell, proceed.

MR CAMPBELL: You see, the - I'm sorry. What we're having trouble with Mr Hopkinson is how you'd fail to notice such a large number of non-deliveries over a period of four years. Do you follow me?---Yeah, a lot of, a lot of invoices and deliveries are done in, in four years.

20

THE COMMISSIONER: Well, what I don't understand, Mr Hopkinson, is that Mr Quinn said that he told you that the goods hadn't been delivered. Did I misunderstand you? I thought you accepted that he said something like that to you?---Well, in my evidence I don't remember long conversations but he didn't say sort of not to post out invoices.

No, no. That's what I thought you said, you don't remember long conversations, he didn't tell you not to post the invoice but he did tell you that the goods hadn't been delivered. Is that your evidence?---Well, I don't really recall him telling me too much about that either to be honest but - - -

30

Well, what do you remember? What do you recall? If you don't recall too much what part do you recall?---Being an order to invoice and just placing the invoice.

But what about delivery is what I'm interested in, that's what I've asked you about and you said you don't remember too much about the delivery, what you were told about the delivery. Well, what were you told about delivery? ---Once it, what do you mean? Once it leaves our doors?

40

What were you told about delivery of these invoices where there is no delivery note from Star Track?---But I can't remember specific orders but. That's what I'm saying that - - -

Were you ever told that there'd be no delivery?---I don't remember being told that, no.

Is it possible that you were told that?---It's quite possible I was but a lot of things have happened over that time and if I was told an order was specifically cancelled well, I would - a customer had cancelled that invoice I would throw the invoice out so I wouldn't post it to them for payment but,

you know, a lot of things happen over that time so without specifically recalling that, it's the case of sort of invoice it and then I've just posted it out.

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Yes. Now, you've heard me say that this involved 22 out of 37 invoices over a period of four years or a little more?---Mmm.

10 Thereabouts. How many, how many invoices would you send out in the course of a year?---Oh, I don't know, hazard a guess it would - a couple of thousand maybe, a few thousand.

Well, would it be unusual that somebody would say send the invoice don't deliver the goods?---(NO AUDIBLE REPLY)

It would be, wouldn't it?---Well, it would be unusual.

THE COMMISSIONER: Sorry?---It would be unusual.

20

MR CAMPBELL: Well, Mr Hopkinson, are you being entirely frank with us about these matters?---Well, I think so and if he has said any words to that effect to me well, I'd just (not transcribable) knows what he's doing and I'd just post out invoices.

THE COMMISSIONER: Well, you must have - if he said that to you, if he said to you there's been no delivery but you must still send the invoice, would that not have struck you as queer?---Well, it would have but - - -

30 So would you still have gone on and sent the invoice?---Well, obviously I have because - - -

You don't recall - did you not sense that something fishy was going on, Mr Hopkinson?---We were told to give away the vouchers, I didn't really think that much of it.

I'm not talking about the vouchers, I'm talking about non-delivery of invoiced goods. Did you not think that something fishy was going on about that?---Well, I might have but I just didn't pay that much attention to it.

40

Was it often the case that something fishy was happening at R&R Tapes? ---No.

So why did the - you thought you might have realised that there was something fishy going on with non-delivery - I just can't understand why you didn't inquire about it. Can you explain that?---Well, probably I just, I just thought oh, Doug knows what he's doing, whatever's going on and I've just posted out invoices.

You were just following orders?---I just posted out invoices (not transcribable)

MR CAMPBELL: A couple of final questions. Did you ever have a conversation with Mr Pearce about these matters we're asking you about?  
---Not that I recall, no.

10 You'd certainly take orders from Mr Pearce I suppose?---Yes.  
He's the boss?---He's the boss.

And did you ever run any errands for Mr Pearce in relation to Mr Hadley?  
---No.

Were you ever asked to go and bank a cheque in Mr Hadley's account?  
---No.

20 In these bags that you were sending out under certified post with the vouchers and things, I think you used certified post. Is that right?---Well Express Post parcel or envelopes, yes.

You've got receipts in the freebie book for them?---Yeah.

Well was any cash ever sent out?---No.

You never posted any cash?---No.

30 I've, I've got no further questions, Commissioner.

THE COMMISSIONER: Any questions arising out of that?

MR CLAY: No, thank you, Commissioner, no.

THE COMMISSIONER: No, you may be excused.

**THE WITNESS EXCUSED**

**[3.20pm]**

40 MR CAMPBELL: I call Richard Pearce.

THE COMMISSIONER: Yes, please be seated Mr Pearce.

MR CAMPBELL: Mr Pearce is unrepresented, Commissioner.

THE COMMISSIONER: Yes. Mr Pearce, do you agree you were in the hearing room all day?



MR PEARCE: Yes.

THE COMMISSIONER: Is this the first day you've been?

MR PEARCE: Yes.

THE COMMISSIONER: You heard me explain to Mr Keane the kind of protection that we offer witnesses?

10

MR PEARCE: Yeah.

THE COMMISSIONER: Do you want me to provide you with the same protection?

MR PEARCE: Yes, please.

THE COMMISSIONER: Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by Mr Pearce 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 the witness to make objection in respect of any particular answer given or document produced.

20

**PURSUANT TO SECTION 38 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT ALL ANSWERS GIVEN BY MR PEARCE 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 THE WITNESS TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR DOCUMENT PRODUCED.**

30

THE COMMISSIONER: Now Mr Pearce, that does protect you against your evidence being used against you in any civil or criminal proceedings. But it does not protect you if you tell false evidence. Do you understand that?

40

MR PEARCE: Yes, I do, yes.

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

MR PEARCE: Yes, I do.

THE COMMISSIONER: Do you wish to give your evidence under oath or do you - - -

MR PEARCE: Under oath.

THE COMMISSIONER: Yes, would you swear Mr Pearce in, please.

10

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Thank you, Commissioner. Mr Pearce, would you please state your full name?---Richard Allan Pearce.

10 And are you the managing director of Hilindi Pty Limited?---I am.

And do you trade as R&R Tape & Safety - - -?---We do.

Thank you for being so sharp to answer my questions, but it's best if you just allow, note the nearest pause before you do. Now you've heard me say this to other people and I need to say it to you. Do you understand that the evidence that the Commissioner's hearing in this public inquiry may expose you to findings by the Commission of corruption?---Yes, I do.

20 All right. And do you understand that although you've got the protection of section 38 as the Commissioner has explained to you, that the evidence generally in this Commission may be capable of leaving the prosecuting authorities to consider prosecuting you to conviction for certain matters. Do you understand?---Yes, I do.

All right. Now I think I should come straight to the point with you Mr Pearce?---I think you must.

30 Now we'll start with the 22 invoices we can't find consignment notes for? ---Well actually you're wrong there.

Are we?---Yes.

Why are we wrong?---It's 24.

It's 24 is it?---We did our own investigation.

Yes?---And it was \$85,000 roughly that was misappropriated I suppose you might say.

40 All right. Well when did you do your own investigation?---When I got the, you sent me a DVD through.

Yes?---And on there it stated 16 out of 37.

Yes?---It wasn't, it was 16 out of 36, but it was 14 I believe, 18, sorry.

Well you accept don't you that each one of those invoices - - -?---I do.

- - - represents an invoice that was issued to the Bathurst Regional Council that was, that was – in respect of undelivered goods?---Yes. What we came up with was four times a year, which Jamie probably wouldn't even realise was going to be a direct delivery. Now some councils or some customers have more direct deliveries than others, simply because it's done on pallets. And it all depends on the dollar value, but sometimes we don't get charged freight on, over a certain amount of money. So we have it direct delivered rather than come to our place and then we have to pay for it and then off it goes again. So four times a year really isn't a great deal.

10

For Jamie to notice?---Jamie wouldn't even realise it, to be honest with you.

THE COMMISSIONER: I'm not sure what you're saying?---Sorry, what I'm saying is Jamie does at least 30 invoices - - -

Well, let's just (not transcribable) about Jamie, sorry, just what I don't, I don't know what you're saying about the missing, about the missing delivery notes. Are you saying there is an explanation for it or are you saying that you accept that the council was invoiced without the goods being delivered?---I accept that the council was invoiced without the goods delivered, yes, I do now. But at the time what I'm saying is Jamie does at least 30, 35 invoices a day, so to have four a year, he wouldn't remember.

20

MR CAMPBELL: Well, with your permission, Commissioner, okay, if we, if the Commissioner was going to accept for instance that Jamie is entirely innocent of any involvement in any of this, can we concentrate on the fact that your company has charged the Council and been paid for goods that weren't delivered?---Yes.

30 Who's responsible for that?---Well if it happened I am, but I didn't realise it was happening.

Well you'd be getting the money in your bank account?---Of course I would, yes. And (not transcribable) where Geoff Hadley gets his, he doesn't.

Well we know he's got at least \$8,300 Mr Pearce?---I can explain all that.

40 Can you?---Mmm.

I'll show you that in a moment. So, so somebody has been benefitting you or your company to the tune of you say, and thank you for your help, \$85,000, which obviously you've spent in the ordinary course of business, I mean to say?---I mean we haven't taken any consideration the drop ships that have gone there from our suppliers. That's what I'm saying.

Well, well let me say this, so you heard Mr Hopkinson's evidence about 85 per cent to 90 per cent of all goods are directly delivered by Star Track

Express. He'd be in a good position to know that wouldn't he being a storeman?---He'd be in the perfect position. But what I'm saying is about the drop ships. Some customers have more drop ships than others. It could be a 90 per cent rate of drop ships to some customers because of the way they buy.

10 You accept that you've been, your company has been paid \$85,000 in respect of goods that doesn't like have been either delivered by Star Track or drop shipped?---I don't know, or they haven't been delivered by Star Track, no, but I don't know if they haven't been drop shipped.

You wouldn't expect you'd have that frequency of drop shipping even with the Bathurst Regional Council do you?---Four times a year. Yes, I would.

So you say that, you say that there was nothing, that's your explanation is it? Do you know this is all drop shipped?---No, I'm not saying that at all.

20 Well what are you saying, sir?---What I am saying is the very first invoice to Bathurst Council, we did our own investigation too.

THE COMMISSIONER: Who's we?---Me and the staff at R&R. People who are perfectly innocent. The second two were barrier mesh, which would have gone out drop ship. Now they wouldn't appear on Star Track. And I find that's funny, the first one went, the second two didn't. And they were only our first three deliveries in the first year. So when I checked up there was barrier mesh in (not transcribable) who we get our barrier mesh from and I have checked with suppliers who was drop shipped to Bathurst. And (not transcribable) won't help us because they said they've changed their computer and it's all in the archives or whatever they call it, you know.  
30 KWN, another trading company won't help us because they said the same thing. Steel Drill, they said they've done four drop deliveries, not to - - -

Not to Bathurst?--- - - - not to Bathurst, no, but they can't tell us how many they did into Bathurst in the early days. That was the first three I've, suppliers I've contacted.

Just let me stop you there, sir. I think you've said to the Commissioner that barrier mesh is one of the things you usually have in stock?---No.

40 No?---Barrier mesh, we might get 20, 30 rolls but Bathurst Council used to order 100. So we'd send it direct.

MR CAMPBELL: We've heard evidence in this Commission sir that they ordered 444 kilometres worth?---That's right, I read that.

You read that in the papers. Much more than you'd know, any Council would ever need?---That's right.

Now, so anyway, you accept that one of the big possibilities in this case which you've been unable to exclude by your investigations is that somebody was cheating Bathurst Council?---Yes, defiantly.

Definitely.

10 THE COMMISSIONER: I'm not sure what you're saying, when I first asked you, you said that you accepted about \$80,000 worth of goods had been invoiced to Bathurst Council but not delivered.---By Star Track I said, by Star Track. When you add up the invoices by Star Track that hasn't been delivered it's \$85,000 but that's not including any drop ships that may have occurred.

MR CAMPBELL: With you enquiries that you've carried out yourself with your staff can you identify any one of those, you say more than 22 deliveries that has in fact, positively, affirmatively been drop shipped?---No.

20 No, not one?---Not one, because my suppliers haven't got back to me yet, I only had last Friday in which to carry it out.

Well, you've got this material haven't you because you've been given the DVD?---Yes.

When did you get the DVD?---The other Friday.

The other Friday?---Yeah.

30 Well, the truth of the matter is isn't it was sent to you, this inquiry has been going for three weeks, it was sent to you so it was received or it should have been received in the ordinary course of the post early in the first week?  
---No, no because it came to me and then I had to get one of the neighbours to run it for me.

Don't you have a DVD on your computer?---I don't know how to use that, I didn't even know I had a DVD on me computer.

I see.---I tried to put into me television.

40 Well, so someone's cheating the Bathurst City Council, Regional Council I'm sorry to \$85,000 - - -

THE COMMISSIONER: He doesn't admit that.

MR CAMPBELL: Well, thank you Commissioner I'll withdraw that. You accept that one of the strong possibilities here is that someone has cheated the Bathurst City Council to the tune of \$85,000. Is that correct?---Yeah.

Yeah. And you accept, don't you, that one of the culprits must be Hilindi Pty Limited given that they issued the invoices. Is that correct?---Hilindi Pty Limited is innocently, I can tell you that now, we did not know nothing about this.

Well, you see - - -?---Until the other Friday, until we had a meeting we discussed it.

10 Mr Pearce, obviously sir, you'd have to – I'll withdraw that. Obviously if someone's being cheated human experience would tell you it's being cheated, that being cheated by somebody who's seeking to derive an unfair advantage from them. You'd agree with that wouldn't you?---Yes.

It's life isn't it?---Right.

And you'd agree with you wouldn't you that the invoices were issued by your company?---Yes.

20 Yes. You've seen the evidence that Bathurst paid them all?---Yes.

And you've seen no doubt, from your own familiarity with your companies bank account that they were paid into your bank account?---Yes.

And the only people who can control that bank account are, by way of signing cheques for instance, are you and your wife?---Yes.

Your wife doesn't play a very active part in the business?---No.

30 No. You're the only one with an active involvement in the business?---I've been retired for four years, but - - -

But you're still hands on though aren't you?---Not really, I just check out the invoices, make sure there's enough money in it, profit in it and that sort of thing. They networked my computer for me, you know.

And you work from home?---Yes.

But it's all done on-line so you can follow it?---Yes.

40 Obviously, you're the owner of the business effectively aren't you?---Yes.

And you're the, so the person who's beneficially entitled to any surplus that the companies activities might produce is you. Correct?---I suppose I haven't taken any of the wages in four years.

Well, that may be so. But you agree with my proposition aren't you?---Yes.

Yes. And we've heard that there's a lady in the office who does some book keeping but she's one of the innocent people?---Yes.

She might do some electronic transferring because you ask her to from time to time?---She does all the electronic transferring.

But she can't sign the cheque book?---No.

10 No. She couldn't sign a cheque from your company to go to Geoff Hadley or anyone else?---No.

No. And because you she can't sign it she couldn't go to the bank and cash a cheque?---No.

All she can do is shift the money around in accordance with the instructions you give her. Correct?---That's right.

20 All right. So we've sort of boiled it down to one person who is, at Hilindi who would have the most to gain out of cheating, if cheating is what has happened.---That's right.

That's you?---That's right.

Now can we, let's talk about the payments to Geoff Hadley because you've told me you've got an explanation for them. These are the traceable ones, Commissioner it's - - - ?---No, that's the only ones.

30 All right, sir. These are the ones that we've, all right sir, I'll take it up to you later. Can the witness be shown Annexure 5.---I know them off by heart.

I beg your pardon?---I know them all off by heart.

You've poured over them, well, I understand why you would. I suppose I should say, the fact that these payment didn't come to you as a surprise did they because you've been asked about them before?---I'm say that again.

40 Mr Grainger had asked you questions about - - -?---Oh, about these, yes he did and I could not remember at that time because so long ago and Mr Grainger actually said I've got a selective memory.

Well, he's entitled to ask you questions, sir. But just for the record, he raised them with you as long ago as 5 January 2011. That's right isn't it, you remember that?---Yes, yes.

Where, he interviewed you at Foster/Tuncurry?---Yes.



Now, all right, so you know them by heart, there is simply no doubt whatsoever you say that Mr Hadley got this money. Correct?---Yes.

And that each of these cheques which are shown, if you open up on the spreadsheet it's the most convenient way of looking at it, there's no doubt that each of the payments shown are cheques that you signed and you caused to be deposited in one or other of his personal accounts. Is that correct?---That's right.

10 Did you take them to the bank yourself?---I can't recall.

In any event, you caused somebody to take them to the bank and deposit them. Is that correct?---Either Kylie or - - -

Sorry?---Either Kylie or someone.

You, Kylie's the lady in the office.---Yeah.

20 All right. You'd accept wouldn't you that at face value that the payment by a supplier of the Bathurst Regional Council to a personal account of one of the Council's employees responsible for procurement looks like a corrupt payment. You'd accept you wouldn't you? That's what it looks like?---That's what it looks like, yeah.

And anybody objectively looking at these documents would come to that conclusion absent a really good explanation. Would you agree with that proposition?---Yes.

30 What's the really good explanation you want to offer?---Which one do you want me to do it on first?

Well, you tell me, you start at the top?---I can't find that page in here.

It's a spreadsheet at the front?---At the front.

At the very front. Have you got it now?---Yes.

Okay. Start with the cheque on the - - -?---\$1,000 - - -

40 Let me just finish the question sir I'm sorry. 8 June 2005 \$1,000 paid to Mr Hadley's savings account at the CBA. What's the explanation for that?---he was going on holiday, we at that time we were offered holidays, three days, two to three days, long weekends, I forgot the company's name it was Holiday's something or other. I think Geoff had already been on a couple of them, one down the south coast, I think one to Port Stephens, I'm not sure.

All right. If I can ask you this, okay, that's the explanation.---No it's not, I haven't got there yet.

Would you mind, is the explanation that you paid something towards the holiday for him?---Yes.

Okay, why is that innocent explanation is what I'd like to know?

---Why is it what?

Why is it that an innocent explanation?---I didn't say it was an innocent one.

10 Well, I said what's the really good explanation?---Well, I'm just telling you.

THE COMMISSIONER: Well tell us, tell us Mr Pearce, what is the explanation?---Well if people wouldn't interrupt I would tell them.

Just tell us now.---(not transcribable) for a holiday, I'd already said he'd been to the south coast, he'd been Port Stephens, where that where the tourist, the Hollywood parks were.

20 Just get to the point?---So we sent him wherever he wanted to go. So instead of paying Holiday Park I sent him a thousand dollars in his own bank account so he could go wherever he wanted to go. The \$800 one was the same. The \$500 one he asked us to find accommodation up in Darwin, he was going on a golfing tournament or something and I think Dougie found him - I don't know, a caravan or whatever it was and it cost us \$500 so we EFT'd it. That was it.

30 The \$6,000?---The \$6,000 is a bit of a mystery, we cannot find it but at that time our supplier had run out of gloves. We used to buy 12 or \$13,000 worth of gloves every month which was a standard order and I asked Dougie to see if he could get gloves somewhere else in October and I think Geoff Hadley supplied them through one of his other suppliers which I think was UT, is it?

MR CAMPBELL: UTS was it?---Something like that.

I see?---All I remember is 25 boxes of gloves turned up at our place which we unloaded and I sent Geoff Hadley off a cheque for \$6,000, it cost me 2,000, \$2 for 3,000 of them, you know.

40 THE COMMISSIONER: Mr Pearce, are you making this up?---I'm not making that up at all. I'm trying to remember.

MR CAMPBELL: Well, let me ask you this question. You put the \$6,000 into his St George personal Freedom account, correct?---I have no idea where I put it.

Well, look at the - - -

THE COMMISSIONER: Look at the document?---Oh, okay.

MR CAMPBELL: I thought your investigation was more thorough than ours but I withdraw the comment?---Well, it doesn't say anything there, it just says a cheque deposit, R&R Tapes.

That's exactly right, \$6,000, that's the one you're being asked about?  
---Yeah.

10 So that's where it went according to the Commission's investigation?---And I just figured he was getting 20 cents a pair of gloves.

Well, why was he entitled to that if he's an employee of the Bathurst Regional Council responsible for procurement? Why is he entitled to it?  
---He's not entitled to it.

Well, why did you put that (not transcribable)?---It was a, it was a private thing between us. I've never spoken to this Geoff Hadley.

20 A private corrupt arrangement between you, is that correct?---Say that again?

A private corrupt arrangement between you?---No, it wasn't corrupt (not transcribable)

THE COMMISSIONER: I still don't understand what you were paying the \$6,000 to Mr Hadley for?---Because he found the gloves for us as far as I know.

30 Did he sell you the gloves?---Pardon?

Did he sell you the gloves?---Yes. Not for, they came from another supplier to us from the Central Coast and he paid for them and I paid him - - -

Which supplier - - -?--- - - - and I figured he was getting - I think it was UTS, I'm not sure. I figure he was getting his 20 cents a glove, making a cool \$600, you know what he was like.

40 When did you think this up, Mr Pearce?---I didn't think it up at all, I - - -

When did you realise that this was the explanation?---When I've got Geoff Hadley in the, my computer as a supplier for some reason, now why would he be a supplier? In that October our regular supplier of gloves didn't supply us because they didn't have any.

He wasn't a supplier?---Pardon?

He wasn't a supplier?---But that's why, why is he - he's in my computer as a supplier.

MR CAMPBELL: Are you trying - - -?---I think I put him in as a supplier when he's sold me the gloves.

Is this R&R Tape's computer or your personal computer at home?---No, R&R Tape's computer.

10 Okay. This will be one, will it - this will be one that the Commission sees as part of the search warrant executed at R&R Tape?---Yeah.

Is that correct?---Yeah.

So we can check that detail overnight?---Of course you can.

20 All right. I suppose if you're paying money to Mr, Mr Hadley in your cheque account, one way of hiding a corrupt payment it could be said was to put it down as some sort of legitimate business expense, would you agree with that? That's one way someone could do it?---One way I suppose, yeah.

THE COMMISSIONER: How is this shown in your books, this payment of \$6,000?---I don't know, I haven't got the books, the Commission have. I think and the, the cheque stub, mind you, I don't know, it might have gloves in there, Geoff Hadley gloves or something like that, I don't know.

So is this a commission to Hadley?---Pardon?

30 Is this a payment of a commission to him?---No.

Well, what is it? Is it the purchase price of gloves?---I've ordered some gloves because our supplier hadn't got any.

Look, (not transcribable) now just answer the question. Is it a payment of the purchase price of gloves or is it a commission?---Purchase, a purchase price of gloves.

So Hadley personally sold you the gloves?---Yes, as far as I know.

40 So what's UTS got to do with it?---Because he probably got them from them 'cause they delivered them to us 'cause he was making probably 20 cents a glove which is a cool \$600 to him.

MR CAMPBELL: I see. From what we've heard in this case, the Central Coast of New South Wales seems to be planted thick with people selling these type of consumables?---It is too.

Well, why didn't you just ring up one of your new competitors and say can you lend me a box of gloves, I'll pay you back when I can?---Because they wouldn't do it.

Why wouldn't they?---I wouldn't know, I don't know, I know I wouldn't.

Why wouldn't you ring up someone like say Mr Paul Wright, do you know him?---Paul, yeah.

10 You know that he supplies to other suppliers, don't you?---Yeah, he's supplied to us.

Yeah, why did you ring up Paul and say Paul, I'm short of gloves, can you help me out? Why wouldn't you do that?---I didn't do it actually, I asked Doug to do it, I was, he was the person who organised it.

THE COMMISSIONER: What made you think that Mr Hadley was in a position to sell you gloves?---I have no idea.

20 But - - -?---Because I didn't do it, I didn't do it.

Who did?---Doug Quinn.

Doug Quinn you're saying bought - - -?---I asked Doug to find out if we can get some gloves from somewhere else.

And he got - he asked - Mr Quinn who's a salesman of gloves goes to Mr Hadley who's a buyer of gloves and says to Mr Hadley, the buyer, can you tell me where to find gloves. Is that what you say?---Probably.

30 Are you seriously asking us to believe this story?---You can believe it or you can't, I don't care.

How do you know - - -?---That's how it happened - you know, how will I know. It was so long ago.

Well, how do you know?---I'm just trying, I'm just trying to piece things together. I know we run out of gloves. I know we needed gloves. I know 25 boxes of gloves turned up and as soon as they did I send a cheque off to Mr Hadley for \$6,000.

40

Do you remember that?---I remember sending the cheque off, yeah.

Yes, but do you remember that you sent the cheque off in payment of the gloves, for the gloves?---The gloves turned up, yes.

But did you say to him this is the \$6,000 as payment for your gloves?---Not for his gloves.

Well, they were his gloves, he was selling them to you?---Oh, I suppose, yeah, we bought them from - he never actually owned the gloves at the time, did he?

You paid him for the gloves you say?---Yes.

Did you ever get a document from him which - - -?---Why don't we ask Mr Hadley?

10

Please excuse me, can I just - would you mind letting me ask the questions? Did you get a document from Mr Hadley?---No, I didn't, I just sent him off the cheque and that was it. I had me gloves and he had his cheque.

So who's told you that Mr Hadley was entitled to the gloves - to the money for the gloves?---I suppose it must have been Doug.

20

You can't remember?---Not really because all I know is we run out of gloves and Doug used to be our purchasing officer as well and he used to buy that sort of thing for us.

So did he tell you that he'd bought the gloves from Mr Hadley?---He must have done.

Can you remember him doing that?---No, not really.

MR CAMPBELL: Can I take you back to the \$1,000?---Yeah.

30

Did I understand you to be telling the Commissioner that when you were explaining how the holidays worked that it was your present belief that that \$1,000 was paid in respect of a holiday that Mr Hadley was going to take in Darwin or somewhere?---No.

No. Well, what was it for then?---Just a holiday, \$500 was the one in Darwin.

I see. Only \$500?---Yes. It was - no, it wasn't a holiday, it was just tried to get him accommodation.

40

And when did he go to Darwin, do you know?---Oh, when the cheque was for ah, raised, I suppose, around about that time.

Well, which cheque are you talking about?---The \$500 one.

That's the \$500 one, that's the cheque that you say was December of 2008, is that right?---Yes, if that's what it says, yeah.

Well, that's what it says?---And that, that was by way of an Internet transfer, is that correct?---Yeah.

And that was into his account so he could put himself in funds to go on a holiday in Darwin?---So he could pay for the place when he got there, yeah.

When he got there?---Yeah.

Cash up front, is that correct?---Yeah.

10

All right. Well, would you look at this document, please, you'll now be shown, a copy for the Commissioner. You see, that's the amount you paid for his holiday in Darwin, isn't it, \$1,304?---I have no idea.

And that is - you can see can't you thought that he checked in on 12 July, 2008 and checked out on 16 July, 2008, a full five months, about - - -?  
---Hold on (not transcribable)

20

Excuse me, I'll ask the question. A full five months about before you did the internet transfer. That's correct isn't it?---Yes. That's a different one. This is Holiday Inn.

Right. Right. And you'll see the name of the, of the organisation is Territory Discoveries. Do you see that?---They're the ones who I go to, yeah.

30

Yes, yes. And your company I suggest at your request booked this accommodation for Mr Hadley through that travel agency. That's correct isn't it?---Yes, it is by that, yeah.

Yes, yes. And do you know or not that Territory Discoveries are the Northern Government, the Northern Territory Government Travel Agency. Do you know that?---No, I don't.

No. Well - - -?---I cannot remember this. I know we sent him on a couple of holidays, you know.

40

Let me ask you - well you see sir, you've come along to give us these explanations for, for the \$8,300 in cheques passing from your company - - - ?---This isn't to Geoff Hadley though.

Well I'm suggesting to you sir, that it is to Geoff Hadley. That's Mr Hadley's holiday in the Northern Territory?

THE COMMISSIONER: You can see it says account for Hadley?---Yes, I didn't know, I had no idea about this one. All I know is I paid probably Holiday Inn for a holiday.

Well you heard Mr Quinn give evidence didn't you that he approached you and spoke to you about the fact that Mr Hadley wanted to go to Darwin. You heard that evidence didn't you?---I think it was a separate, I think it was a separate - - -

Mr Pearce, it's a simple question. Did you hear the evidence or not?  
---Yeah, yes, I did.

10 And this document is consistent with Mr Quinn's evidence isn't it? Isn't it?---No.

And it's consistent with you having approved your staff paying for that holiday at that time. Is it not?---Well the only holiday I was talking about was the golf thing.

Sir, just answer my question. This is consistent with your staff having paid that amount for Mr Hadley's holiday at that time is it not?---I cannot remember this one, sorry.

20 I see, I see?---I cannot remember it.

Would you just answer my question. I'm not asking you what you can remember and what you've forgotten. What I'm asking you is this, this document is consistent with Mr Quinn's evidence that your staff paid for a holiday to Darwin for Mr Hadley at the Holiday Inn. That's correct isn't it?---Apparently, yes.

30 Yes. Thank you. Can we go back to the \$1,000. The first payment to Mr Hadley. Now what do you say about that today? What's the explanation for that one?---He wanted to go on holiday somewhere but not to the Holiday Inn places.

I see?---And we said well pick the place and we'll put the money in your account and you can go.

And you'd agree wouldn't you that you, that he asked you for that money to be taken off an invoice that he was causing to be paid by the Bathurst Regional Council. That's right isn't it?---No.

40 No?---I have no idea about that.

I see?---I was asked to give him \$1,000.

Well you see do you remember when you spoke to Mr Grainger in January of this year? Do you remember that?---Yes, yeah.

And, and you were asked, do you remember apart from Mr Grainger there was also a Mr Fox present who was also a Commission investigator?--- Yes.



And Mr Fox asked some questions as well. That's so didn't he?---(NO AUDIBLE REPLY)

Mr Fox asked some questions?---Yes, he did, yes.

All right. Can you, Commissioner, can Mr Pearce be shown folder 2 and it's tab 19.

10 THE COMMISSIONER: Mr Campbell, are you tendering this Holiday Inn document?

MR CAMPBELL: Thank you, Commissioner. Yes, I tender, I tender that invoice dated 12 July, 2008.

THE COMMISSIONER: The Holiday Inn invoice to Territory Discoveries for \$1,304, what is the date Mr Campbell?

MR CAMPBELL: I beg your pardon, Commissioner?

20

THE COMMISSIONER: Oh, it doesn't matter. I have described it sufficiently, is Exhibit 60.

**#EXHIBIT 60 - TERRITORY DISCOVERIES INVOICE PRINTED  
19/04/2010**

MR CAMPBELL: Yes, thank you, Commissioner. Mr Pearce, have you  
30 got in front of you folder 2, tab 19? It's a big folder. And could you turn it please to page 436?---Yep.

Do you see, I won't take you through the whole sequence of the evidence, but you see at around, just before line 15, Mr Fox asks you a question about this \$1,000 payment. He says, "If those goods were supplied you'd be prepared to pay Geoff Hadley \$1,000 plus Doug Quinn his slice of the commission?" Do you see that question?---(NO AUDIBLE REPLY)

40 And you say, "Well obviously I did. I don't know that was the Darwin thing, well that's the thing, 'cause I do know he never gave me an order for the Darwin thing. It was just off the top of my head, I said well pay for it." Do you see all of that? Do you see that evidence?---No, I can't follow you, no. Yes, I've got it, yes.

Now just read it then and - - -?---Well obviously I did, yes, and I don't whether - - -

Yes, that's right. And Mr Grainger asked, "So if you're paying Geoff Hadley \$1,000, an example you've given us is a \$10,000 order with a 3 or \$4,000 profit I think you said, Pearce?" You answer, "Yeah." "Why would you not take \$1,000 off the bill?" Do you see that question?---Yes.

Now a reasonable question don't you think?---Yes.

You answer, "Because he wanted his \$1,000 I suppose, we've given it to him haven't we."?---Yep.

10

And then you agree that the Council's paying for it. Do you see that? ---Yep.

Although you insist that they're getting their stuff cheaper. Do you see that?---Yes.

And Mr Fox asked you, "If they were getting it". And you answer, "That's right, if they were getting it." Over the page, 437, "Do you consider that a bribe?" And your answer is, "Yes." Do you see?---Well I do.

20

So you acknowledge don't you - - -

THE COMMISSIONER: And then he says a bribe to us.

MR CAMPBELL: Well the bribe, a bribe to us is he asked for it you see. So, but you were paying him the money, he asked me for it. You had no doubts that you were paying him a bribe did you?---No, no.

30

That's what you were doing wasn't it, you were bribing him to keep working with you?---Yes.

So - - -?---Well the salesman was, yes. I wasn't personally, no.

No, but he was doing your bidding wasn't he?---That's right.

And the whole explanation for the \$1,000 then is that it was out and out simply a bribe to Mr Hadley. That's correct isn't it?---Yes.

40

So there can be no innocent explanation for that can there?---None whatsoever.

No. No satisfactory explanation for it either can there?---No.

No.

THE COMMISSIONER: Mr Campbell?

MR CAMPBELL: Commissioner, I think I'll be a little while with Mr Pearce.

THE COMMISSIONER: Yes, we'll adjourn until 10.00am tomorrow?  
---Tomorrow?

Yes?---I've got to go to Forster.

10 Well I'm sorry you better be here at 10.00am?---Well where am I going to stay?

MR CAMPBELL: We'll make arrangements Mr Pearce?---You will. All right.

THE COMMISSIONER: Mr Shaw?

20 MR SHAW: Just before we adjourn if I may be excused from the proceedings for this juncture. My instructing solicitor, Mr McIlwaine will be seeking leave to appear tomorrow for Mr Hadley.

THE COMMISSIONER: Yes.

MR SHAW: Thank you very much.

THE COMMISSIONER: We are now adjourned.

**THE WITNESS WITHDREW [3.58pm]**

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**AT 3.58pm THE MATTER WAS ADJOURNED ACCORDINGLY [3.58pm]**