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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE DAVID IPP AO QC

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OPERATION JAREK

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON THURSDAY, 20 OCTOBER, 2011

AT 10.10AM

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

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Good morning Commissioner. I would ask that Mr Pearce return to the witness box.

<RICHARD ALLAN PEARCE

[10.10AM]

10 THE COMMISSIONER: Mr Pearce, you're still under the oath that you gave yesterday and the Section 38 order that I made still applies to you.

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

And you were the person who was given evidence before the Commissioner yesterday.---I was.

20 Thank you. Mr Pearce, when we adjourned yesterday afternoon I was asking you about that \$1,000 payment.---Yes.

And you agreed with me, did you not, that that was paid to Mr Hadley as a bribe.---Yes.

Now, could we Commissioner, return to, could the witness I'm sorry, have Annexure 5 to the Bathurst Financial Report again. Now could I just take you to the next entry on the spreadsheet at the front of the folder. Have you got that sir?---Yes.

30 And you see that's the, that's the cheque on the 11 April 2007 for \$800. Do you see that?---Yes.

Would you accept that was also paid to Mr Hadley as a bribe?---Yes, I would, yes.

40 Can we move down to the cheque on the 17 October 2008 which is the cheque for \$6,000. You told me yesterday that you thought that was for the purchase of gloves from Mr Hadley, a very large consumer of gloves. Do you still adhere to that evidence?---We're still trying to figure out, can I explain that a bit?

No sir, I just asked you a simple question, do you still adhere to the evidence you gave yesterday?---Yes.

Now can I ask you to look at Tab 73 in that folder you have and do you see that the, that the first page and it's page 502 is a copy of a bank statement from R&R's records, do you recognise that?---502 I haven't got a 502 I think.

If you look at the foot of the page you'll see that there's a numbers at the foot of the page that's P502?---I've got P499, 500 and 501 and no 502 – oh yes it's in this sorry.

It's behind Tab 73.---Sorry.

That's all right.---Yes.

- 10 And you'll see won't you the entries, the third one from the bottom of six hundred – I'm sorry - \$6,000. Do you see that?---Yes, yes.

It's a debit. If you go over to the page to page 503 you'll see, I'd ask you to assume, a copy of a statement from Mr Hadley's St George complete Freedom Account. Do you see that?---Yes.

And about on 7 October, it's a little below the middle of the column you'll see the \$6,000?---Yes.

- 20 Yes. Thank you. If you turn the page to page 504 you'll see a cheque - - -?-
---Yes.

- - -drawn on R&R Tape Supplies NAB account dated 14 October 2008.
You've got that?---Yes.

And that's your signature on the cheque?---That's my signature yes, well looks like it now, yes.

- 30 Well, you've got no doubt you signed this cheque have you?---That's right,
no.

Yes. And the, at the time that this cheque was written in October 2008 the company had a MYOB book keeping system. Is that correct?---Yes.

And it electronically recorded the disbursements in the correct category.
That's so isn't it?---Yes.

I'll get you to speak up, sir?---Yes.

- 40 Thank you very much. And the categories were numerous but a, a supplier to you would be treated in that bookkeeping system as a creditor, trade creditor. Is that correct?---Yes, it is.

And there would be another ledger inside the MYOB system for sundry cash disbursements. Would that be correct?---Yes.

And could you turn over the page to page 505, do you recognise that as a printout from the MYOB system maintained by R&R Tape Supplies at the relevant time?---Yes.

And you - - -?---I don't actually do this type of work but yes I agree.

No, you employ someone to - - -?---That's right, yeah.

- - - keep it up to date?---Yes.

10

But you're familiar with looking at the records?---Yes, yes.

Being the owner of the business?---Yeah.

And you'd recognise what's on 505 as one of those sundry cash disbursements wouldn't you?---Yes.

Not, not a trade creditors ledger or a suppliers ledger or any such thing. That's correct isn't it?---I really don't know what you're talking about there, sundry or, how did I put I it down? I normally put it, I don't know where she put it, that's the trouble.

20

Well what I'm suggesting to you is that from her investigations that this ledger from which this is a printout is a general cash disbursement. It's not a ledger maintained to show the payment of trade creditors?---Oh, I see what you mean now, yeah, okay.

Do you agree with that?---Yes.

30

And that is completely inconsistent is it not with the idea that you were paying him as though he were some kind of supplier to you on this occasion. That's correct isn't it?---I had in my MYOB as a supplier and I don't understand why she put it in there.

Well - - -?---Unless she didn't know where to, what to do with it either. I don't know.

40

Can I, can I, well there'll be evidence about this. But I want you to assume from me that, that the, during the time the Commission's investigators had your computer and hard drive that searches were done looking for Mr Hadley in the, in the MYOB system and this is the only entry that came up as a result of that search?---I agree with that, yes.

And it's entirely, and this entry in that space, as I've said to you already or asked you already, is entirely inconsistent with the evidence you want to give about the explanation for paying such a large payment to Mr Hadley isn't it?---It seems that way, yes.

Well can I ask you again that cash payment to Mr Hadley of \$6,000 was a bribe like the payments earlier?---No, I'm sorry, I can't accept that. At this stage I can't accept that.

You see you've had a long time to, to work out what that \$6,000 was all about haven't you?---No, I haven't.

But you were asked about it weren't you when you were interviewed by Mr Grainger earlier this year?---I was, yes.

10

And, and Mr Grainger asked you specifically about the \$6,000 didn't he?
---He did.

And he, he showed you a photocopy of the cheque did he not?---Yes.

And he also showed you a copy of the bank statements that I've shown you?---He did.

And he asked you questions about it did he not?---He did.

20

And so you've had since then, that's January this year to come up with an explanation for this payment have you not?---I have.

And if there was anything in the idea that you paid him \$6,000 because he sold some gloves to you, you'd be able to produce wouldn't you all the documentation which proved the accuracy of that statement. That's correct isn't it?---No, 'cause I never had any documentation from him. I unloaded the gloves on that, virtually on that day or time and then I was told to send him a cheque for 6,000, so did.

30

That must have been something - I'll withdraw that. That would have been a very, very unusual transaction for you, wouldn't it?---Very unusual.

And being so very unusual it's the type of transaction that would readily stick in one's mind, isn't it?---It didn't stick in my mind, I wasn't down there, I was up here.

No, sir, if you had had that transaction were you - - ?---(not transcribable)

40

Listen to my question. If you had had that very unusual transaction where you'd given this man a large sum of money and you'd unloaded the gloves from the truck yourself, those are all facts which would stick in your mind, are they not?---I don't know whether they would or not.

Well, usually people have no trouble remembering things out of the ordinary, has been that your experience of life?---No, my experience, I'm a long-term diabetic and my doctor told me that this is what happens when you're diabetic, you forget things.

Well, when did this recollection come to you about Mr Hadley supposedly supplying you with these gloves?---When we were all talking about it, that was all.

That was last week was it?---Something like that, yeah.

You see, you've told us yesterday that you've carried out your own investigation after - - -?---Only on - sorry.

10

After you got the DVD from the Commission, that's correct, isn't it?---Only on the 22 bodgie invoices, yeah.

Because although the Commission had all your records for the purpose of its investigation they've all long since been returned to you, haven't they?
---Oh, the computers have but my bank cheque books and all sort of thing haven't, no.

20

Well, anything on the MYOB system such as this would have been returned to you, correct?---(NO AUDIBLE REPLY)

This entry, the ledger entry for the \$6,000 (not transcribable)?---I have no idea whether that's been returned, sorry.

I see. Well, I thought you carried out your own investigation you told me?
---I'm not an investigator. I'm just trying to find out what happened to them 22 cartons.

30

All right. Well - - -?---I haven't thought about that \$6,000 cheque to be honest with you.

You see, when you were asked - could - if you could just close up that folder you've been looking at, sir, and could you please - I'll ask the Commissioner's associate to show you, I'm working off today, Commissioner, folder 23 and the record of interview is behind tab 132?
---One hundred and what?

40

It's tab 132, Mr Pearce, and I'm going to ask you to go to page 272. Pardon me for a moment, Commissioner. Have you got that page, sir?---Yes.

Thank you for that. Now, if you look at line 15, if you look at that line 15 you'll see that Mr Grainger showed you the cheque. Do you see that?
---Yes.

And you'll see your response at - when he showed it to you, there was an exclamation of some surprise, is that right?---Very surprised, yes.

Yes, yeah. And you, you were asked at about line 22, "Can you offer me any explanation why you paid Geoff Hadley \$6,000." Do you see that?
---Yes.

And you said, "No, I can't, none"?---Well, I couldn't at the time.

Could I finish my question, sir? I've asked you that already if you just listen to me until I finish asking the question. You answered, "No, I can't, none. Not at all." That's correct, isn't it?---That's correct.

10

And again, at the foot of the page, you say that - when you were asked by Mr Grainger, "Do you have any idea why you would pay Geoff Hadley that amount of money?" Again, you say, "No, no, none whatsoever." Do you see that?---Yes.

20

Now, the, I suggest to you if there was any truth at all in the explanation that you've to the Commissioner that you'd have profited straightaway when you were shown this cheque and Mr Grainger asked you about it. Do you agree with that?---I don't even know what you've just said, actually. All I'll remember is that I don't remember writing the cheque.

I'll withdraw the question and I'll put another one. If the explanation you've given for this \$6,000 were true, then you would have profited straightaway wouldn't you?---Yes, course, I would, yes.

So can we take it that it's not true?---I have no idea what the answer is at this time.

30

Now you see, you are, have been as you told us yesterday and today you've been paying and had paid money to Mr Hadley as a bribe for his continued business. That's correct isn't it?---That's right.

And at one point in time you've put a stop to it eventually, didn't you?---I did.

That was because you formed the view that Mr Hadley was getting too greedy. That's correct, isn't it?---Something like that, yes.

40

Yes, yes. And I take you back to that page 272, where Mr Grainger asked, "Do you have any idea why you would pay the money?" And you say, "None." Go over to the page 273 and you'll see that Mr Fox, another investigator who was with Mr Grainger at the time said, "Is this when he was getting greedy?" Do you see that?---Yes, I do.

And you say, "Well, yeah, I suppose but I was up here." Do you see that?
---Yes.

Now you see that, when I say I was up here, that was when you started to work from Foster rather than working from the office. Is that correct, you'd moved up there?---I actually moved up there to retire.

Yes.---Yes.

But the retirement didn't work out the way you planned it?---No.

10 And you were running the business from up there?---Yeah, after a time I was, yes.

The sale of the business fell through I think. Is that correct?---Yes.

But what I'm asking you sir is that if you truthfully responded to Mr Fox that that was when he was getting greedy, that's entirely consistent isn't it with the idea that that was a demand that Mr Hadley had made for yet another bribe that you found unreasonable. That's correct isn't it?
---Something like that I can remember, yeah.

20 And that you can we take it that that the actual explanation for that payment of that large sum of money is that you felt you had no option but to pay that \$6,000 bribe but you decided that you weren't going to be doing it again if you could help it. Is that correct?---No it's not.

Now can we just go back to the spreadsheet - - -

THE COMMISSIONER: Sorry, are you moving onto another point now.

30 MR CAMPBELL: Yes, I am Commissioner.

THE COMMISSIONER: I just want to ask Mr Pearce a couple of questions.

40 Mr Pearce, the first time, as I understand your evidence and please correct if I'm wrong, the first time you felt that this, there was a transaction involving Hadley and yourself whereby you were buying gloves from Hadley was when you sought a consignment of gloves that had been delivered to you. Is that right?---Not really. Our general supplier had run out in the October, we didn't buy any, we normally bought 50 or 60 cartons a month off him, that October, we didn't buy any, I went back through my records and found that we hadn't bought any but we had, I asked Doug Quinn because he was our purchasing officer, can you look around and get some gloves for us. They turned up, I arranged them and I was told to send to cheque for \$6,000 to Geoff Hadley.

Just let me examine that. You asked Doug Quinn to order you some goods - - -?---Doug usually done all our ordering for me.

Just answer the question now. You asked Doug Quinn to order gloves for you. Is that right?---Yes.

The next thing we see is a consignment of gloves is delivered. Is that right?---Yes. Yes.

No one tells you where the gloves come from?---I - - -

10 Is that right?---You've no need to shout at me, sir.

You don't answer the question?---I am answering the question.

Well is it yes or no?---No, I don't know where they came from, no.

No one told you?---I thought they came from a company called UTS.

Did anybody tell you where the goods have come from?---No.

20 No?---They came from the supplier up the Central Coast. That was all I was told.

Right. And to this day you don't know where they came from?---Not really, no. All I know is - - -

Then why are you saying the \$6,000 is a payment to Hadley for the gloves?
---There were 3,000 gloves turned up at \$2 a pair. That's what we normally used to pay \$2, \$2.20, \$2.40.

30 You're not answering the question?---What was the question again?

What made you think that the gloves came from Hadley?---Because I sent up a cheque for them.

MR CAMPBELL: See, Mr Pearce, the way that paying these bribes to Hadley worked was that Mr Quinn relayed Mr Hadley's demands to you didn't he?---Yes.

40 And you, you then made the decision about whether you were going to meet his demands or not. That's so isn't it?---That's right.

And so that this \$6,000 just fell into exactly the same category did it not, that Mr Quinn relayed this demand from Hadley to you. That's correct isn't it?---I thought I was buying gloves with that \$6,000, I'm sorry.

Will you answer the question?---Well I just did didn't I?

THE COMMISSIONER: No.

MR CAMPBELL: Mr Quinn relayed this demand from Hadley to you for \$6,000?---I'm sorry, yes.

And it was just one more of Mr Hadley's demands to be paid off for continuing to send business your way wasn't it?---No, I'm sorry. I was, I was asked to send him a cheque for \$6,000, yes.

THE COMMISSIONER: You have yet to explain - - -?---It's because I probably don't know the explanation.

10

Do you mind if I finish the question?---(NO AUDIBLE REPLY)

You are yet to explain why you thought that the \$6,000 was connected to the, to the gloves that you found?---Because I was probably told to send it there.

You were probably told?---Yes.

20

You can't remember any (not transcribable)?---No, I can't. That is me trouble.

All right?---I'm sorry, it's the best I can do.

MR CAMPBELL: Is this an explanation for why you've, is this an explanation for your evidence, sir, that you're prepared to cop it sweet for a \$1,000 bribe or an \$800 bribe, but you're not prepared to cop it for a very substantially larger bribe of \$6,000?---That's exactly right, yes.

30

Could you look at the spreadsheet, please, sir, at the front of the folder. In December 2008 you will see that there's an internet transfer from - - -?---I haven't got a spreadsheet but.

I'm sorry. It's in annexure 5. Have you still got that? There is, I'll come back to it, Commissioner.

THE COMMISSIONER: Yes.

THE WITNESS: Anyway it doesn't matter, I know the, - - -

40

MR CAMPBELL: You know the transaction?---Yes, I do.

It's 12 December, 2008?---It was.

\$500. You remember that one don't you?---Yes, I do.

Well can I ask you is that another example of a bribe to Mr Hadley?---Yes, it was.

And that's another example of a bribe of a relatively modest amount that you're prepared to cop sweet. Is that correct?---The reason I remember it is because he wanted to go to Darwin on a golfing tournament and he asked Duggie Quinn to try to find accommodation for him. He found accommodation and I said let's throw in as a goodwill, just because he was a big customer, so I thought - - -

10 Would you mind answering my question which was, was this another, is the \$500 another example of a, of a smallish bribe that you're prepared to cop sweet?---Yes.

Thank you. And we established yesterday, didn't we, sir, I thought, by reference to the invoice from the travel agency to R&R Tape Supplies that the trip to Darwin was in July not December, do you remember that?--- They're two different, two different things.

20 He's fleeting off to Darwin all the time, is that correct?---I have no idea where he goes half the time. They were two different - they are two different things.

You see, when you were asked by Mr Grainger about the \$1,000 you wanted to tell him about the Darwin trip as well, didn't you?---I thought it was for the Darwin trip, sorry.

Well, are they all for - they can't all be for the Darwin trip?---No, no, that's right, there's two for the Darwin trip isn't there?

30 Well, the \$500 is paid apparently five months after he actually went to Darwin because we've got the account from the travel agent. That's right, isn't it?---They're two different things. The travel agent never deal with him in the golfing tournament, two different dates.

Now, when you had this meeting in relation - I withdraw that. How did you write up the \$1,000 in your books of account?---(NO AUDIBLE REPLY)

Do you know?---No, I don't.

40 Have you still got annexure 5 there - 4, 5 I'm sorry, do you have annexure 5 there? If you go to tab 71 and it's page 479.

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

MR CAMPBELL: I'm sorry, Commissioner?

THE COMMISSIONER: It certainly isn't at 479.

MR CAMPBELL: 497.

THE COMMISSIONER: 497.

MR CAMPBELL: I'm sorry, Commissioner.

THE COMMISSIONER: It's the last page, Mr Pearce.

MR CAMPBELL: The last page?---Got that, yes.

10 Yes, thank you. Do you see there that you can see the cheque butt for the \$1,000 cheque?---Yeah.

And it's written up on the cheque butt as advert, is that right?---Yeah.

That's - this bribe was written up in your books as advertising. Is that correct?---Yes.

20 And all of these incentives of various kinds that R&R Tape and Safety provided to its customers was always put down to advertising?---(not transcribable)

Do you think that was an honest way of writing up the books of the company?---It's the way the accountant told me to do it.

But that's not my question. Do you think that was an honest way of writing up the books of the company?---I really didn't know, I really don't know, I asked my accountant's advice what should I put it down as.

30 Well, you've told us that it was a bribe. Do you think according to your own sense of morality - - -?---No, it wasn't, no.

I think you've answered my question, you're agreeing that it wasn't a proper way of attributing a bribe in the books of the company, was it?---No, it wasn't but I didn't know how else to put it in.

Well, bribes should never have gone in the books of any company lawfully trading, should it?---They shouldn't do, no.

40 You're told us at the start of your evidence yesterday that you'd had this internal investigation last week at the company after you got the DVD, do you remember that?---Yes.

And the - who was party to the internal investigation you carried out?---That was me, Jamie, Jamie Hopkinson, Brian Middleton, Martin Slade, Kylee.

And was it at this meeting that the explanation of drop shipping was come up with?---That's right.

You see, because you never said that to the investigators when they interviewed you in January of this year, did you?---I don't know whether it came up.

Well, I'll, I'll try and remind you. Have you, have you got page - have you still got volume 23 there?---Yes.

10 And tab 132, could you go to page 259. Perhaps if you start on - if you just go to the top of the page, do you remember that the officers were asking you about the customer card relating to Bathurst Regional Council?---Yes.

And, and you told them at the top of the page you never used to look at the cards. Is that right?---That's right, I never did.

That was the responsibility of the sales rep. Is that right?---That's right, yeah.

20 And, and you see that you were asked about, Mr Grainger asked you over some comments from you that the goods were never delivered. And you said, "I don't know. I don't know." And you said, "That to me is a surprise." Do you see that?---Yes.

And you tell them that it took you by surprise again and then at line 14, so you're saying, Mr Grainger says, "So you're saying that for each of these deliveries there will be a corresponding transport docket to support that delivery"?---That's right. Yes.

30 And you say, "Yes, yes. Star Track probably or Ipec". "Yes, for each of these there'll be a docket"? You say, "Yes, yes." And then he asks again, "So would you be able to go to your company records and find a copy of a Star Track or an Ipec or one of the freight companies?" You say, "You've got them anyway haven't you?" And Mr Grainger finishes his question, "and find a corresponding freight order for this?" And you say, "You should do, yes." Do you see that?---Yes.

40 Yes. Well you didn't say to him, oh unless, unless it was a drop shipment or something like that did you?---No, I didn't because I hadn't realised it then. And I phoned Mr Grainger last Friday to ask him if he'd considered drop shipments, which you well know.

And that was after - - -?---That's why you're bringing it up.

That was only after you've had this meeting, meeting at work where you all put your heads together to come up with an explanation for these things. That's correct isn't it?---It's not an, okay, yes.

Now you see you know don't you because you've looked at the invoices that one of the orders that certainly was never delivered was that order for

those garbage bags in relation to the Bathurst races don't you?---That's right, yeah.

And you, for instance if you go to page 237 behind tab 132, you told, I'll withdraw that. You were asked by Mr Grainger at line 5. Do you see it? ---(NO AUDIBLE REPLY)

10 "Just run through everything you can remember that took place with Bathurst Council for us". Do you see that?---I haven't got to it yet.

Sorry, page 237?---Yep.

Line 5, could you just read that question there please?---Yep. Yes.

And then you answer this, "Okay. The only time I might have spoken to him was when he was on a golfing holiday for three days up in Darwin". Do you see that?---Yes.

20 Another explanation this golfing holiday in Darwin. And then you go on at the foot of the page, I'm sorry not at the foot of the page, sir, about half way down the answer you were giving you say this, "The only thing that's worrying me is he used to ring up and say, look send an invoice." Do you see that?---No, I can't.

It's the same answer, I'm sorry. It's about line 15?---Oh.

30 I mislead you, but it's about line 15, "The only thing that's worrying me is he used to ring up and say, look send an invoice." Do you see that?---Yes. And I used to send the invoice and he'll say I'll give you a ring when I want the stuff. That's right. Yes, he did say that, yes, apparently.

I'll give you a ring when he wants the stuff. "And that's all I know about it." You see. So you now know though don't you that those garbage bags, I'll withdraw that. We know from that answer don't we that you did speak to Mr Hadley about that particular order?---I don't know whether I, I'm not sure whether I did or not. Mr Hadley has said in his transcript he doesn't know me and he's never ever spoken to me. I just assumed, I don't know.

40 I don't think he said that all, sir. Didn't he say in his transcript that you've obviously read that his recollection was that he dealt with Doug Quinn? ---That's right.

And the vast majority of the time he did didn't he?---All the time, yes.

You've heard Mr Quinn's evidence yesterday that when he was told that the order for the garbage bags was not required that he spoke to you. Do you remember Mr Quinn - - ?---Yes, I remember him saying that and that's not true.

And Mr Quinn said that, that you spoke to Mr Hadley about it yourself. Do you remember that?---Yes, and that's not true.

Well what I'm suggesting to you Mr Pearce is that this statement you volunteered in response to Mr Grainger's question back in January of this year, a long time before any evidence was given in this hearing room, is entirely consistent with what Mr Quinn said in court yesterday isn't it?

10 ---No, I don't see it like that. I said to him I have spoken to him about the golfing thing - - -

And - - -?--- - - - when I, oh, yeah anyway.

I beg your pardon, I didn't mean to cut you off?---When I said well just give it to him. There was no order involved. (Not transcribable) the plastic bags.

But you went on to give an explanation that was relevant to the plastic bags didn't you, because that's what that was about wasn't it?---No. I didn't say any of that.

20

THE COMMISSIONER: Did you, you did agree that the plastic bags were never delivered to Bathurst?---We had no idea. Me and Jamie, the storeman had no idea. One day I came in, I wasn't there all the time, and they just wasn't there. And I assumed they'd gone. I didn't know they'd been cancelled.

I thought you said five minutes ago you agreed that the garbage bags had not been delivered?---I do now, I believe that now, yes, of course I do. Because they obviously never got them.

30

And how could they have been delivered?---I have no idea. In fact, if you will let me finish, I've contacted my courier company for records of, they haven't got back to me as yet, of people who have entered my building and turned off the alarm. Now if they enter my building and turn off the alarm they have to give a password and their name. Now if they've done that, I should know who's been in there at the time.

Although you had no idea how they could have been delivered you - - -?
---They - - -

40

Just a minute, please. We will really get on much better if you stop interrupting me every time I ask you a question. Let me start again. Having no knowledge about any delivery and not knowing how they could be delivered, you nevertheless authorised the payment of the invoice to, you authorised the sending of the invoice to Bathurst City Council for the garbage bags didn't you?---No. It was just done in a normal transaction way.

But to your knowledge?---I don't know whether it was to my knowledge or not.

Why not?---Because we have thousands and thousands of deliveries and all I kept saying to Doug was when is he taking these bags, they were taking up room. I came in one after the weekend and they were gone.

10 Are you saying that you did not know that an invoice had been sent to Bathurst City Council?---I know an invoice had been sent to Bathurst Council because Bathurst Council asked for the invoice. And he said he wouldn't require them just yet. That's all I know about the thing.

The invoice had been sent while the goods were still in your store?---Yes.

And did you know when Bathurst paid?---I have no idea whether they paid. They probably did pay 'cause otherwise we would have been, the girl would have been on to them for payment. But then we allow for councils two to three months payment.

20 MR CAMPBELL: The garbage bags certainly came into you warehouse did they not?---Yes. Yes.

And it's very clear isn't it that if they'd ever been delivered then there would have been a Star Track Express invoice. That's correct isn't it?
---That's right.

Gloves were the type of thing that you normally kept on hand in your warehouse were they not?---They were, yes.

30 Because they were smaller packages and there were large - - -?---Yes, we sold them a lot more frequently.

So now you know don't you because you've done your homework that the first invoice that we say is an invoice that wasn't delivered or the goods were not delivered is an invoice that relates to these garbage bags. That's so isn't it?---Is that one of the first is it?

I'm putting to you it's the first?---Yes, I didn't know. I don't know.

40 All right. Now, could the witness then be shown, Commissioner, annexure 4 from the financial brief. I've finished with annexure 5 so it can go back to the Commission. Would you, if you - I'm going to take you to the spreadsheets first, sir, so - - -?---Yeah.

But if you look at the first spreadsheet, do you see there that the ones - I'll withdraw that. Do you see the one for 13 September, 2004, do you see that?
---Yes.

It's on the first spreadsheet and it's got - - -?---Yes.

- - - the garbage bags, you see that, don't you?---Yes.

And then it's got some asphalt gloves?---Yes.

Now, would you then go to the last spreadsheet before the tab number 1 and you'll see that this is a spreadsheet of R&R Tape invoices with no delivery records, do you see that?---Yes.

10

And that is the one that I've just shown you from the first spreadsheet, is it not, that's the garbage bags and it's the gloves?---Yes, we've done our own of this too.

Have you? Well, let me just ask you this question, that is one where you'd certainly have a delivery note from Star Track Express, isn't it?---Yes, there's one on the 22.

20

Yeah. That's right. And there can be no ifs and buts about any - - -?
---None whatsoever, no.

- - - drop shipment in respect of that, can there?---No, no, no way.

All right. So that those goods we can say with confidence certainly did not get delivered to Bathurst Regional Council, can't we?---We can. I'd like to know where they went thought.

30

And you get paid for that invoice nonetheless, that's right, isn't it?---We got paid for it.

Yeah?---I wasn't aware they hadn't gone until this inquiry.

Well, you were here yesterday when Mr Quinn gave evidence about the customer card, do you remember that?---Customer card, yeah.

Yeah, and about the hold, do you remember that?---Something like that, yeah.

40

And this was his evidence about the very first time when Mr Hadley solicited a bribe from your company that Mr Quinn said he told you about, that's right, isn't it?---That's right.

That's his evidence?---That's his evidence, yes.

And, well, would you agree with me that your records seem to confirm that Mr Quinn is correct in his recollection and in the evidence he gives, do you agree with that?---I agree with the events but not with his whatsaname of it, he never said anything to me about it.

Now - - -?---And I never spoke to Geoff Hadley about it either.

I won't go through all of these but you've told me that gloves are the type of thing you have on hand apart from one extraordinary occasion that's so, isn't it?---(NO AUDIBLE REPLY)

Gloves are the type of thing you have on hand?---Yes, sir, oh, yeah.

10 I suppose cable ties are the sort of things you have on hand, is that right?
---Yes and no. There's only a few customers use cable ties.

Dust masks are the sort of things you have on hand?---Yes, always have on hand.

And you told me yesterday that barrier tape you may or may not have on hand?---Barrier mesh.

20 Barrier mesh you may or may not have on hand, is that right?---That's right.

But you have barrier tape on hand, is that correct?---We have barrier tape on hand, yes.

And if you look down this, this list of products where there is no Star Track delivery consignment note you'll see, won't you, that apart from invoice number 4 which is safety fencing, all of the goods concerned are goods which typically you have on stock in your warehouse in the Central Coast, that's right, isn't it?---It all depends - yes, it is, yes.

30 Yes, thank you. And the safety fencing you may or may not have on hand, is that correct?---That's correct.

And you'd expect in respect then of each and every single one of those invoices listed there that there would in the ordinary course of business be a Star Track Express consignment note or invoice, that's so, isn't it?---That's right.

40 And the absence of it is evidence that those goods were never sent even though an invoice was, that's correct, isn't it?---That's right.

And in respect of every single one of those invoices you, you get paid by the Bathurst Regional Council?---That's right, yeah.

And sir, was this the arrangement that you had with Mr Hadley - I withdraw that. Was this an arrangement you had with Mr Hadley that in respect of those invoices on that schedule you, your company would be paid on the basis that he get a cash kickback?---I had no arrangements with Mr Hadley. I never spoke to Mr Hadley.

And was it the case that apart from the cheques that we can trace that cash was sent to Mr Hadley in respect of kickbacks for those invoices by some other means?---We thought the invoice had gone, yes - that the goods had gone, yes. Until this inquiry I didn't realise they hadn't but yes, the cash kickback, yes.

THE COMMISSIONER: I'm not sure what you're admitting to.

10 MR CAMPBELL: I think I should in fairness, Commissioner, put it again. You've agreed that some cash kickbacks - what I'm suggesting to you, sir, is the way we put it, I'm asking you that is this the true state of affairs, that each one of those invoices related to a fraudulent transaction whereby your company was paid for goods that were not sent to Bathurst Regional Council on the basis that you would by some means or another give Mr Hadley a cash kickback in respect of the money you received?---I don't know.

20 What do you mean you don't know?---Well, I don't know because there were four cheques sent to him and 37 or 22 invoices not gone, not delivered so it couldn't have happened every time.

There's other ways of - - -

THE COMMISSIONER: I beg your pardon, sorry, I didn't hear?---I said there were four cheques sent to the man for different reasons, I thought most of them were for holidays but there was 22 invoices that weren't, the invoices delivered but the goods weren't so not every time did he want a cash kickback - - -

30 Are you - - -?--- - - - and I'm wondering why he didn't. Hey?

Are you saying that you accept that he got a cash kickback for those 22 invoices?---No, I'm saying he got a cash kickback I suppose for four of them, not 22. There was no - - -

Well, what about the invoices for goods that weren't delivered?---I don't know (not transcribable).

40 Did he get a kickback for that?---No, he didn't get a kickback for them. No, he got four kickbacks, didn't he.

MR CAMPBELL: Yes. I - what I'm - - -?---This is what I'm trying to think - say.

What I'm asking you about though is, is this, that we can trace four cheques but cash payments would be untraceable, wouldn't they?---No, I never sent any cash payments, no, sorry.

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

Yeah. And that cash payments wouldn't show up in your company accounts either, would they, because they're untraceable. That's right, isn't it?---I have no idea. Well, when you take cash out of course it shows up.

10 You had a thriving business and there were lots of withdrawals from your bank account, weren't there?---Of course there was, yeah, but not many cash withdrawals though.

And you've told me already you read Mr Hadley's evidence?---Yeah.

You saw what he said, didn't you, on Monday that R&R Tapes was one of the businesses that was sending him cash, you saw that evidence didn't you? ---Cash cheques not cash.

Oh, well, I'll - - -?---I'm sorry, not cash. I've never sent that man cash.

20 No, but I'm asking you simply, sir, you saw Mr Hadley's evidence, didn't you, when he said that?---My wife did, I didn't to be honest with you.

I see, so you didn't read it, she read it, is that right?---We were, we was up till 1 o'clock last night doing - - -

I see. And, well, perhaps I could just - this is at page 820 of the transcript, Commissioner, from Monday. I'll read it to you, sir, you don't have to? ---Okay.

30 This is my question, were there any other companies where you were paid cash for placing orders, "Yes", and, "Who were those companies?" And the first company he named in his answer sir, was R&R Tape. Do you, now that as his evidence. Did your wife tell you about that evidence last night?--
-No.

No.---I saw it.

40 I'm telling you now, that's his evidence that he was paid cash by R&R Tape for placing orders. Now that's what happened isn't it?---A cash cheque yes.

No, I'm suggesting sir - - -?---Not cash no, I'm refuting that one, sorry. I've never sent cash, I wouldn't know how to unless you sent it through a - - -

You'd accept this wouldn't you that even if you didn't give him a kickback in respect of everyone of those invoices for goods that weren't delivered, there was corruption involved if your company got paid by a public entity for, for goods that were never delivered?---Yes, definitely.

Yes. And the, you know that I'm putting to you that you had an arrangement with Mr Hadley and I acknowledge you've denied that but you'd a motive for you going along with such an arrangement – if one existed – would be that you wanted to continue to do business with the Bathurst Regional Council. That's so isn't it?---Yes.

10 And if a corrupt public official working for them may made corrupt demands in respect of that ongoing business relationship well, you might not like it but you'd go along with it. That's correct isn't it?---I wouldn't go along with non-delivery of items, no, sorry.

THE COMMISSIONER: So Mr Quinn isn't telling the truth when he says you did?---That's right.

And can you give any explanation as to why he's not telling the truth?---We left under funny terms, the company under funny terms. I still don't know really why he left, I think it was to do with Geoff Hadley giving him the nod to get out of the there, to be honest with you, that's what we all think.

20 MR CAMPBELL: Well, when did come, when did you form that view?
---As soon as he left, after we'd been investigated.

I see. When you saw Mr Grainger back in January you spoke highly of Mr Quinn, didn't you?---Yes, he was, he was a good salesman, he was a good purchasing officer.

He was a very good salesman?---Very good.

30 Was he not?---Mmm, and a very good purchasing officer too, he used to the best price and sell for the highest price.

And you'd say that, if that evidence that I've read to you from Mr Hadley is, is correct – I'll withdraw that. You'd say to me that Mr Hadley was lying when he identified your company as a company that paid him cash. Is that correct?---I think he got confused with cash cheques to be honest with you.

40 Well, if he was saying he got cash quite apart from cheques, are you saying he's lying?---He didn't get the cash from me, he may have got it from Doug Quinn, I don't know, it could be his bonus, I don't know. He never got it from me.

Well, Doug Quinn never had access to the company funds did he?---No, but did it come from the company funds cash?

I have no further questions Commissioner.

THE COMMISSIONER: Are there any questions for Mr Pearce? You may be excused Mr Pearce.

THE WITNESS: Have I got to come back?

THE COMMISSIONER: No.

MR CAMPBELL: No sir.

THE WITNESS: I can go back to Forster?

10 THE COMMISSIONER: Yes.

THE WITNESS: Thank you.

MR CAMPBELL: Pardon me. Just wait for a moment sir because, sorry Commissioner nothing, my further I don't wish to ask any further questions.

THE COMMISSIONER: You may go to back to Forster, you're excused Mr Pearce.

20 THE WITNESS: Thank you Mr Commissioner.

THE WITNESS EXCUSED

[11.04AM]

MR CAMPBELL: Just a question for the bar table whether I've actually tendered the financial brief Commissioner - - -

30 THE COMMISSIONER: It's all right, Mr Pearce, it has nothing to do with you.

MR CAMPBELL: And if I haven't done so already I tender it now. There are two, perhaps we can deal with that matter in a moment.

THE COMMISSIONER: What's tendered are the 39 volumes.

MR CAMPBELL: Yes.

40 THE COMMISSIONER: But that's all.

MR CAMPBELL: The 29 volumes but there are two financial reports as well Commissioner which consist of a large number of folders having regard to the annexures. Perhaps after morning tea I can formally tender those.

THE COMMISSIONER: I think we can do a bit of housekeeping then.

MR CAMPBELL: Yes, thank you Commissioner. I call Mr John Morgan.

THE COMMISSIONER: Yes, the 29 volumes became exhibits 1 to 29.

MR CAMPBELL: Yes, Commissioner.

THE COMMISSIONER: But nothing else as regards the financial brief.

MR CAMPBELL: I'll tender that at some stage, thank you.

10 THE COMMISSIONER: Yes.

MR HASSALL: Good morning Commissioner, my name's Hassall H-A-S-S-A-L-L and I appear on behalf of Mr Morgan. I seek leave to appear on his behalf.

THE COMMISSIONER: Yes, very well.

MR HASSALL: Thank you Commissioner.

20 THE COMMISSIONER: Please be seated Mr Morgan. Now Mr Hassall, are you asking for a Section 38 order?

MR HASSALL: Yes, I do, Commissioner.

THE COMMISSIONER: Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by Mr Morgan and all documents and things 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
30 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 MORGAN AND ALL
DOCUMENTS AND THINGS 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
40 TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR
ANSWER GIVEN OR DOCUMENT PRODUCED.**

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

MR MORGAN: Yes.

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

MR MORGAN: Under oath.

THE COMMISSIONER: Can you swear Mr Morgan in please.

MR CAMPBELL: Thank you Commissioner.

Mr Morgan, would you please state your full name.---John Fouad Morgan.

And are you the managing director or chief executive officer of a company called Universal Cartridges Pty Limited?---Yes.

10

And for how long have you been involved in that company?---As a director May 2008.

And in any other capacity?---Prior, June 2006.

And you have for many years been in the business of selling consumables for computer equipment. Is that correct?---Yes.

20

And before being associated with Universal Cartridges you worked for a number of different companies who had that type of work. Is that correct?---Yes.

And whilst working for one of those other companies before 2006, did you become associated with in a business sense Mr Geoff Hadley?---Yes.

And you knew him to be working, what's now called the Bathurst Regional Council in a purchasing capacity. Is that correct?---Yes.

30

Now the, when you went to Universal Cartridges you contacted Mr Hadley. Did you not?---Yes.

And you contacted him with a view to securing the Bathurst Regional Council business to the company?---Yes.

Now for how long had you known Mr Hadley before 2006?---To my recollection two to four years.

So some time in the early 2000s?---2002/2003, yes.

40

And during the time that you have worked in the industry that sells these computer consumables, have you ever known any company with which you've been associated in any capacity to provide gifts or benefits to the buyer of the customer with whom you were dealing?---Yes.

And how widespread was that practice in your experience?---Common.

Did ever company that you worked for do it?---Yes.

And did you – I'll withdraw that. And did you as an employee or a sales representative of those companies offer the employees of customer organisations gifts and incentives yourself in the course of your business?
---From my company, yes.

And did you ever offer any gift or incentive of any type to Mr Geoff Hadley of Bathurst Regional Council?---At previous employer, yes.

10 THE COMMISSIONER: And was that done with the authority of your employer?---Absolutely.

MR CAMPBELL: Who was that employer?---Mycom Australia.

And working for that previous employer what gifts and benefits did you provide or did you offer to Mr Hadley?---Mostly gift vouchers.

20 And are they vouchers in shops of vouchers that have a dollar value you can take to a shop and redeem for goods that the shop sells?---From my memory it could Coles Myer vouchers or Bunning vouchers.

And, but you take the voucher to Bunnings or to Coles Myer as the case may be, and you use it in their shop as though it was cash. Is that correct?
---Yes.

All right. Now did Mr Hadley ever accept gifts and benefits offered by you to him?---Yes.

30 What type of gifts and benefits did he accept from you?---From memory it was mostly gift vouchers. (not transcribable) at that time Coles Myer. Most of the time it was Bunnings.

And did he get these gifts, gift vouchers from you for placing an order with you?---Yes.

THE COMMISSIONER: And your employer at the time was, sorry?---Mycom Australia.

MR CAMPBELL: Where are they based?---Oakley.

40 I beg your pardon?---Oakley, Melbourne.

And so what – did he get, sorry. How much of these gift vouchers did you give him?---I cannot recall.

Well did it vary according to the size of the order?---Correct.

Well and was there a kind of established rate, if you spend so much you got so many?---It's on a bonus programme, so it's like a rewards programme.

So you have to spend a certain amount of money to qualify?---Correct.

The more you spend the more you get?---Correct.

And Bathurst Regional Council was a good customer I think. Is that correct?---From memory, he was one of them, yep.

10 And so how much did you, well I'll withdraw that. Can you recall say what size order he might place with you back in them days?---From 500 to 10,000.

And for a \$10,000 order what would you qualify for?---He could redeem gift cards, electronic organiser.

Well just, I'm really asking you about Mr Hadley and I think you've already told me that he had a preference for the vouchers. Is that correct?---Correct. Yep.

20 So for a \$10,000 order on behalf of Bathurst Regional Council what would Mr Hadley qualify for?---Around 500 to 1,000.

Dollars?---Dollars.

Worth of vouchers?---Yes.

Now you've already agreed with me that those vouchers were just like cash. That's so isn't it?---It's gift vouchers, yes.

30 Yes, but they were just like cash is the point of my question. That's so isn't it?---You can't redeem it as cash, you have to use it at the store.

But if I go into the shop with a \$50 gift voucher it's just as though I had \$50 in my wallet in that shop isn't it?---Correct.

It's just like cash in that shop isn't it?---Correct. Sure, yes.

And I can buy whatever goods that are displayed for sale in that shop with my voucher?---Correct.

40

Now you'd accept wouldn't you that giving a public official a \$50 note would be a bribe? Do you accept that?---At this moment I believe it is, but at that present time no, I didn't.

And you'd accept from your evidence today wouldn't you that the, that giving a voucher is the same thing in substance?---Yes.

Now during the time you've been associated with Universal Cartridges have you ever offered a gift or incentive to Mr Hadley?---Yes.

It's a little different from the evidence you gave me earlier is it not? When I asked you that question the first time you said, "In a previous employment, yes." Do you remember that answer?---Yes.

10 So your evidence now that you've also done it with Universal Cartridges is a different response from that which you earlier gave me?---No, at the previous (not transcribable) we were talking about my previous company at that time. We weren't talking about Universal Cartridges.

Would that be a convenient time, Commissioner.

THE COMMISSIONER: Yes, we'll adjourn until 11.30

SHORT ADJOURNMENT

[11.15am]

20

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Thank you, Commissioner. Just before I proceed with Mr Morgan's evidence, may I - I withdraw that. I tender the financial report relating to Bathurst Regional Council together with 11 annexures.

THE COMMISSIONER: Exhibit 61 comprises the Bathurst financial report including 16 folders of annexures.

30 MR CAMPBELL: Eleven, I'm sorry.

THE COMMISSIONER: Sorry, 11, I beg your pardon.

#EXHIBIT 61 - COMPRISES BATHURST COUNCIL FINANCIAL REPORT INCLUDING 11 ANNEXURES

40 MR CAMPBELL: I tender the financial report relating to Yass Valley Council together with two annexures.

THE COMMISSIONER: Exhibit 62 is the Yass Valley financial report with two folders of annexures.

#EXHIBIT 62 - YASS VALLEY COUNCIL FINANCIAL REPORT WITH 2 FOLDERS OF ANNEXURES

MR CAMPBELL: May it please the Commission.

THE COMMISSIONER: Yes, thank you.

MR CAMPBELL: Mr Morgan, do you understand that although you've been given the protection the Commissioner has extended to you under section 38 of the Independent Commission Against Corruption Act that the evidence, general evidence before the Commission may be capable of supporting an adverse finding against you that you have engaged in corrupt
10 conduct? Do you understand that?---Yes.

Do you understand that notwithstanding the protection the Commissioner has afforded you under section 38 that the general evidence before the Commission may be capable of exposing you to prosecution and conviction at the hands of the prosecuting authorities? Do you understand that?

THE COMMISSIONER: If you don't tell the truth?---Yes.

MR CAMPBELL: Yes. Now, this morning when I first asked you about
20 gifts and incentives you quite clearly stated in your evidence that you'd only offered them working in your previous employment, that's correct, isn't it? ---At that present moment I was under the impression we were talking about the previous employment.

I see. It was just a mistake, is that correct?---Correct.

All right. So your evidence today before the Commissioner lest there be any doubt about it is quite clearly that you have both in your previous employment and in your present occupation with Universal Cartridges
30 offered gifts and incentives to Mr Geoff Hadley at Bathurst Regional Council. Is that correct?---Correct.

That's the truth?---Correct.

And it's the truth, isn't it, that Mr Geoff Hadley accepted those gifts and benefits when offered?---That's correct.

Now, you have previously given evidence in this hearing room, haven't you?---Yes.
40

And you gave evidence on 9 March, 2011 before Assistant Commissioner Hamilton, did you not?---Yes.

And on that occasion just as today you made a solemn promise to tell the truth, didn't you?---Yes.

The truth, the whole truth and nothing but the truth, didn't you?---Yes.

Did you tell the truth, the whole truth and nothing but the truth on the last occasion?---From memory, yes.

I see. Do you remember - now, before I ask you that question, apart from these gifts and incentives that I've been asking you about, did you ever have any other arrangement with Mr Hadley in relation to any kickback to him in return for placing orders with Universal Cartridges?---Yes.

10 You were - you remember, don't you, being asked about that when you were before the Commission on the last occasion, don't you?---I cannot recall.

I see. Well, can I give you one more opportunity to answer this question. When you were before the Commission on the last occasion, did you tell the Commission, the truth, the whole truth and nothing but the truth in relation to your relationship with Mr Geoff Hadley?---From memory, yes.

Are you having any trouble with your memory lately?---No.

20 Might I show the witness a copy, show the witness a copy of the transcript of proceedings taken on 9 March 2011 with a copy for you Commissioner.

THE COMMISSIONER: Thank you.

MR CAMPBELL: Sir, please assume that that's a transcript of your evidence before Assistant Commissioner Hamilton. Would you please turn it, you'll see there are page numbers at the bottom right hand part of the page. There are also page numbers at the top of the page. If you turn it, use the ones at the top, would you turn it to page 197. I'm going to direct your attention to some questions in between lines 20 and 30. You remember don't you, that on that occasion my instructing solicitor who's sitting beside Ms Lee, was asking you questions?---Yes.

And you'll see this question won't you, at about, just below line 20, you've been giving evidence about the system in relation to these gift cards or other benefits and you say, I'm sorry. You're asked this question by Ms Lee, "What about to Bathurst Regional Council did you send any gift cards to Mr Hadley as well?" Answer, "No." Do you see that?---Yes.

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

Mr Morgan?---I apologise.

Well, firstly answer my question. That was a lie wasn't it?---I was confused with the question at that time.

Would you please answer my question. It's a simple yes or no. That was a lie wasn't it?---Yes.

I'll give you the opportunity now to ask, answer this question. Why did you lie?---I panicked.

You thought you'd get in trouble if you told the truth?---Defence mechanism took over.

I beg your pardon. Defence mechanism took over, you thought you'd get in trouble if you told the truth. Is that right?---Correct.

10

You'll see that Ms Lee asked you, "No gift cards were ever sent to him." You answered, "No." Do you see that?---Yes.

That was a lie wasn't it?---Yes.

Same explanation?---Yes.

20

Could you go to page 198; look about line 30. You see that Ms Lee in a slip said, "Do you have any idea of the total value of the incentives that were sent to the Bathurst Regional Council?" And you're then legal representative interjected properly so, "His evidence is, there wasn't any." He repeats that and then Ms Lee asks again, " .. if anything was sent?" And you've answered, "No." Do you see that?---Yes.

That was a lie, wasn't it?---Yes.

Same explanation?---Yes.

30

She asked you again, okay? And you said, "No." That was a lie, wasn't it? ---Yes.

Persistently Ms Lee said, "But you said you didn't send any gift cards to Mr Hadley?" You answered, "No." That was a lie wasn't it?---(NO AUDIBLE REPLY)

Mr Morgan?---Yes.

Same explanation?---Yes.

40

You, she then asked you, " .. and do you say that no other gifts were sent to .." and you said, "No, from my memory no." That was a lie wasn't it? ---Yes.

Same explanation I assume?---I panicked.

Now before I asked you those questions you said to me that quite apart from these gift cards there was another arrangement between you and Mr Hadley did you not?---Correct.

Well Mr Morgan would you like the opportunity to tell me what that arrangement was or would you like me to tell you?---Can you please tell me.

The arrangement was wasn't it, a corrupt arrangement between you and Mr Hadley in relation to the payment to him of kickbacks for placing orders with you. That's correct isn't it?---Correct.

10 And for how long had that been going on for?---I cannot recall.

Well ever since you started at Universal Cartridges for instance?---No.

And what was, what was the modus operandi? Do you understand that expression?---No.

How did you, what was the deal? What were its terms?---When it first started?

20 Yes?---It was the same, the same system as I was previously dealing with, from previous company, you know, he places an order, I send a fax conf. He authorises a purchase order number. He signs it. He faxes it back to me with an agreed incentive on the fax.

An agreed incentive on the fax?---On the fax conf, yep.

He wrote down what he wanted from you?---I wrote it down.

I see. And to start with that was the gift cards. Is that correct?---Correct.

30 Now at some stage that wasn't good enough. Is that correct, for Mr Hadley?---For a while it was fine.

Yes, but at some stage that changed?---Correct.

And about when did it change?---Towards the end or towards the mid of my relationship with him.

40 And did he make different demands for placing orders?---He made other arrangements.

Well what were the other arrangements that he made?---He preferred other ways of receiving his reward incentives.

Can you tell me what they were, sir? What were the other ways he preferred? Please spell it out us?---He requested cash.

And did he request cash every time he placed order with you?---No.

How many times did he request cash?---This is three years ago, I cannot recall.

THE COMMISSIONER: Approximately?---I'm under oath, I'd like to tell the truth, it's been three years, your Honour. I simply can't answer that.

10 MR CAMPBELL: Mr Morgan, I'm sorry Commissioner, pardon me. Mr Morgan, you're under oath as you've said. You've been given the benefit of a section 38 order. That will protect you as long as you don't lie to us?
---Correct.

Do you understand that?---Yes.

So why don't you try and tell us the truth about how frequently Mr Hadley made these demands of you?---Probably once, twice.

20 THE COMMISSIONER: Over what period? The whole period of your dealing with him?---Twice maybe mid to end of our - - -

I beg your pardon?---Between mid to the end of our relationship.

Yes. Just once or twice?---He mentioned it once or twice.

MR CAMPBELL: During your relationship with him you were placing, I'll withdraw that. He was placing a lot of orders with you wasn't he?---Once every couple of months.

30 Well Commissioner could, could the witness be shown annexure 8, which is the Universal Cartridges invoices to Bathurst Regional Council. Now we've got all these invoices in this folder, sir. You see here, now you see don't you that there are 21 invoices listed over a period from 1 August, 2006 down to 29 September, 2008. Do you see that?---Yes.

So that's virtually an average of, if my arithmetic's reliable, one a month isn't it, virtually?---Ah hmm.

Correct?---Correct.

40 If we look at the total value you can see over, over in blue ink in the second last column on the right we can see the total value of these orders, can't we?
---Yes.

That is the amount that Bathurst Regional Council paid to your organisation, correct?---Correct.

The way your organisation operated was that you didn't actually hold any stock on hand, did you?---Correct.

You were kind of a sales outfit solely, is that correct?---Correct.

So you'd get an order, you'd negotiate it and you would then place an order with suppliers known to you for shipment out to the customer?---It's called direct shipment, yes.

Thank you for that, my mercantile knowledge is not what it should be. That's how it worked, wasn't it?---Correct.

10

And the - we can see, can't we, looking at these amounts - these amounts in blue, for instance the first one of \$10,540.40 is an amount that was paid to your outfit, Universal Cartridges, is it not?---Yes.

Not to the third party supplier, I'm correct, aren't I?---Absolutely, yeah.

So these are all the sums and they're all down the page and if you go over to the second page of that spreadsheet you'll see over that period of two years a total of \$167,177.17. That's so, isn't it?---Yeah, yes.

20

A pretty good customer I suppose, is that right?---Yes.

Eighty grand a year would make them one of your larger ones, wouldn't it? ---My third largest.

Third largest, thank you. And you've already told the Commissioner that the way the old voucher system used to operate, if you placed a \$10,000 order you might get as much as 500 or \$1,000 in vouchers. That's correct, isn't it?---Yes.

30

Are you seriously suggesting to us then that when Mr Hadley suggested he prefer the cash to the vouchers that he only got the cash on one or two occasions? Is that what you're saying?---On cash payment or, or gift vouchers?

Well, on cash payment?---On cash, cash?

Yes?---Like I said, I recall once or twice.

40

But on these large orders, and there are many of them that amount to figures of around \$10,000, he was entitled to between 500 and \$1,000 in the vouchers. Is that correct?---Not all of them, no.

I see. What, you'd - - -

THE COMMISSIONER: Why is that?---It depends on the pricing on the cartridges at that particular moment so if, say for argument's sake the cost of goods cost me 9,000 or 10 or 8,000 and the invoices total 10,000, then

he's, he will only be eligible for him for like 50 bucks or \$100 so it varies from, from order to order.

I don't understand that. Can you just explain it to me please?---Our suppliers had a set price and it varies but with my - - -

Have a set price and it varies?---Yeah. Due to the economy that was happening - - -

10 The set price changes?---Yeah, on the prices of the original cartridges but my prices with Bathurst has always been fixed or steady - - -

Yes?--- - - - depending on the cartridges so it does vary from order to order - - -

What's the profit?--- - - - what sort of profits are - - -

Your profits vary?---Correct, on each order.

20 Yes, yes?---So in some case some customers order for 12 months and then receive an incentive towards the end of the, at the end of contract agreement so not necessarily every order they get an incentive, they just accumulate and sometimes big customers like himself gets a big lump towards the end of the contract.

Well, if it's a \$10,000 order would you, would he get his \$1,000 at the end of the contract?---It depends on that order (not transcribable) varies.

Well, does the incentive depend on the profit or depend on the - - -?
30 ---Depends on the profit.

- - - amount ordered?---No, of the profit that we make.

So it's your discretion as to whether or not to give him an incentive?---We, we value the order and if we see we're making \$2,000 we give him 10 per cent, so \$200. If we make \$3,000 it's usually 10 per cent so it's not 10 per cent of the volume, sorry, I do apologise, it's actually what profit that we make.

40 MR CAMPBELL: Well, did you ever send him any, any cash in the post for instance?---No.

You see, since you gave your evidence back in March, sir, you have learnt what the Commission's got on you, haven't you?---I've been provided evidence, yes.

Yes. And you know that what we've got on you is two cheques, that's right, isn't it?---Yes, I've seen that.

And so you're coming along here today knowing that we have limited information on you, correct?---I'm providing on the evidence.

And well no, you're coming, just please answer my question Mr Morgan, you've come along today knowing that we have that limited information on you, that's correct, isn't it?---Yes.

10 And would it be fair to say to you that you are anxious not to admit to anything that you don't think we can prove against you. Would that be a fair assessment of your attitude to giving evidence today?---No.

Well, let's talk about what we've got on you. Could the witness be shown annexure 9, Commissioner. Just while it's getting out, Mr Morgan, all of these deals with Mr Hadley were all between you and him, were they not? ---Correct.

He was your customer, that's correct, isn't it?---Correct.

20 There was no one else involved in dealing with Mr Hadley, was there? ---No.

So here's what we've got. You'll see the first one is \$1,500 paid out of the account of Universal Cartridges at the Bank of Queensland to Mr Hadley's account at the Commonwealth Bank of Australia, that's correct, isn't it? ---Yes.

30 All right. Now, if we go behind tab 78, it's a grey tab, you will see, won't you, about a third of the way down the page there's 27 March, Bank of Queensland and the identification reference is Geoff. Is that, have you got, picked that up?---On the sheet.

Sorry?---Yes.

Yes. And this is a transfer, an electronic transfer that you made, is that correct?---Correct.

40 And we see it's for \$1,500, we know that. That's correct, isn't it?---That's correct.

And then if we - if you wouldn't mind going over to page 652 and look at the last transaction on that page we see that the day before you gave him \$1,500 that Bathurst Regional Council had deposited \$4,965.95 in your account. That's right, isn't it?

THE COMMISSIONER: Is that Universal Credit, it's Universal Cartridges, isn't it?

MR CAMPBELL: Universal Cartridges' account, do you see that?---Yes, I can see that, yes.

And that's accurate, isn't it?---Yes, apparently, yes.

Well, the bank wouldn't get it wrong, would they?---No.

And so we see for that figure of about five grand you gave him 1,500, is that correct?---Yes.

10

Now, was that a pre-arranged matter or did he ring you up and ask for it when the cheque came - when the deposit went into Universal's account? ---From my recollection it was an accumulation of invoices that I came to a final agreement of \$1,500 gift card voucher.

Well this wasn't a gift card sir was it?---No, it wasn't.

This was, this was a kickback wasn't it?---He requested other alternatives.

20 You agreed didn't you?---Yes.

You committed a corrupt act with him didn't you?---He requested other alternatives.

Is there some reason why you will not answer my question Mr Morgan? You committed a corrupt act with him didn't you?---From this present moment yes, I think I have. But at that time my only record that I could keep of any sort of incentive was pay him directly into his account.

30 Mr Morgan, you well knew to pay cash for a public official for doing business with you was a bribe wasn't it? Wasn't it?---He requested alternative - - -

Mr Morgan, I'm asking you what you knew. You well knew at the time you paid that money to Mr Hadley that that was a bribe didn't you?---I kept a blind eye.

Are you saying yes?---I kept a blind eye and I went with it, yes.

40 Please answer my questions directly if you would. Do you understand me Mr Morgan?---I'm trying your Honour.

THE COMMISSIONER: You knew it was a bribe?---It was other alternatives and I was - - -

But you knew that it was a bribe?---It was a consent to that he requested - - -

You knew it was a bribe? Yes or no?---Your Honour, there's two different things between a bribe and receiving different ways of incentives.

Yes?---At that present time to me it didn't bother me if it was a gift card or cash. If he requested - - -

10 So why, why do you say that it wasn't a bribe?---Because it was part of his rewards programme. If, if someone orders \$10,000 from me and he wants \$1,000 gift card and he request give me cash, at that time I kept a blind eye to keep the customer happy.

Yes. Is this what, is this something that your management had explained to you?---No.

So is this something you worked out all on your own?---It was a stupid mistake.

It was something you worked out all on your own?---I done it, yes.

20 Was it company policy?---No.

MR CAMPBELL: See Mr Morgan, I haven't asked you this question and the Commissioner doesn't know this yet, but you were Universal Cartridges weren't you?---I was part of it, yes.

Well you were the main man behind it at that time weren't you?---I was the main person for sales, yes.

30 Well you were the main man, you were the engine that ran Universal Cartridges weren't you?---Correct.

And the only reason why you weren't officially a director was at that time because you were illegally, I'm sorry, you were legally incapable of becoming a director. That's so isn't it?---I was bankrupt, yes.

And when the bankruptcy was discharged you took over in name as well as in spirit didn't you?---Yes.

40 Now let's ask you about the other one, \$4,700 on 19 July, 2007. You can see that on the spreadsheet. Do you see that?---Yep.

And then if we go, just to make it crystal clear, if we got to tab 79 at page 655, we see about four from the bottom on your company bank statement, the transaction on 19 July. Do you see that? Do you see it, sir?---Sorry, where?

The fourth from the bottom, 19 July, Bank of Queensland, Geoff. Do you see that?---Yes.

That's \$4,700. Correct?---Correct.

And that was a bribe wasn't it?---Yes.

Thank you, sir. It's much easier when you answer them directly. Now if you could go back to annexure 8 and if we look down to transactions, look at spreadsheet, let's look at transactions 12 and 13, we can see can't we that in July of 2007 the Bathurst Regional Council paid into your company's account over \$20,000. Do you see that?---Since April and July, it's about \$40,000, yes.

Yes, it's a lot isn't it?---It was good.

And the – you see it would be fanciful, I'll withdraw that. If the bill was 10 per cent, it would be fanciful to suggest wouldn't it that all he got from you out of \$167,000 worth of business was those two sums. That's correct isn't it?---Yes.

20 So where did the rest of it go?---Gift cards.

Gift cards in similar amounts. Is that what you're saying?---I can't recall the amounts but there were gift cards and electronic stuff.

Gift cards and a lot of them I suggest to you. Is that correct?---I can't recall.

Well, sir, you didn't keep a record I suppose. Is that right?---You're asking me something from three years, I'm trying my best to answer it.

30 THE COMMISSIONER: But did you keep a record?---No.

When you said electronic stuff what did you mean?---Such as like Xbox, PlayStation.

A television set?---I don't recall a television set.

All right. How much do you they cost those, those items?---It varies, your Honour. It could be from 400, 700, 200.

40 Now Mr Morgan is it really the case that you just don't want to fess up to the full amount of your involvement in this fraud? Is that the situation today?---I'm trying to give you the best answers I possibly can with my recollection, yes.

Well you're disagreeing with my proposition is that right?---I didn't understand the question.

Is it the truth that, I'll withdraw that. Is this the situation, it's not really your recollection it's just a reluctance to fess up fully to your involvement in Mr Hadley's fraud?---I have your Honour, I mean, sir.

Pardon me a moment, Commissioner. You see when, when you gave evidence before Commissioner, I'll withdraw that. Assistant Commissioner Hamilton, you tried to implicate somebody else didn't you in this?---Yes.

10 You tried to implicate the man sitting in court here, Mr Schillaci didn't you?---He was my business partner, yes.

Well he helped you in the business. That's right isn't it?---Correct.

But you falsely accused him of perhaps being involved in something with Bathurst Regional Council didn't you?---He was, he wasn't directly involved with Geoff. But when it comes to authorisations of payments, we consulted each other, yes.

20 Sir, you already agreed with me that you were the engine behind this company even before you were legally allowed to become it's head. That's right isn't it?---Engine to me is the sales force.

The driving force of the whole business wasn't it?---It's sales.

That's all you did. There was no other division was there?---Sales.

You're agreeing with me aren't you?---Correct.

30 THE COMMISSIONER: Who did purchases?---I do.

MR CAMPBELL: You did, all Mr Schillaci did was help out doing menial things around the place. That's correct isn't it?---He had access to financials and that's all he had, yes.

He, even though the situation at the start was his wife's name was down as director. That's right isn't it?---Correct.

But she had no active part in the business did she?---No.

40 All she did was put the capital to get the thing off the ground. That's right isn't it?---Correct. Correct.

And it was always going to be your baby wasn't it?---Oh, well, excuse me?

I'll withdraw that question if you don't understand it. It was always going to be your enterprise wasn't it?---Ours.

The idea was you had the experience and expertise and you would run it and he would help out in minor ways. That's correct isn't it?---Define minor ways.

Help you out around the office doing menial tasks?---It was an equal share so it was equal decisions made.

THE COMMISSIONER: Who had the shares in the company?---It was his wife and my sister.

10

Equal share?---Correct.

MR CAMPBELL: Again that as because Mrs Schillaci had a financial interest in having giving you a loan. That's right isn't it?---Yes, and I repaid that back, yes.

And your sister was your nominee. That's right isn't it?---She was my only family member, yes.

20

She was your nominee to hold the shares until you could hold them in your own right. That's correct isn't it?---Correct.

And you falsely accused Mr Schillaci of having anything to do with your corrupt relationship with Geoff Hadley. That's right isn't it?---Any sort of withdrawals from the bank, Mia had to be consulted by him, not just Geoff Hadley.

THE COMMISSIONER: What are you saying that?---Like any gift cards, not just Geoff Hadley it could be other companies that I buy \$50 gift cards.

30

So are you saying that all gift cards that were issued to any person including Mr Hadley, were discussed with Mr Schillaci?---Of course, yes.

And he approved that?---He was my business partner so he, he agreed with me, yes.

And what about the cash to Mr Hadley?---I actually consulted him, yes.

And he agreed?---It's no problem, yes.

40

MR CAMPBELL: Mr Morgan, those transferred we looked at were made electronically weren't they?---Correct.

And you had access to the computer to make those transfer yourself electronically didn't you?---I had authorisation and access yes.

And you didn't consult him at all about making those two corrupt payments, did you?---That's incorrect.

You lied about his involvement when you gave evidence before the Assistant Commissioner on 9 March 2011, didn't you?---(NO AUDIBLE REPLY)

THE COMMISSIONER: I think you better put that - - -

MR CAMPBELL: I'm going to Commissioner.

10 Look at page 208 of the transcript that we gave you earlier, do you still have that in front of you?---No.

Can it go back to you, 208 around line 40. You are, you see, you're asked this question, "Did Sam also make any sales to Bathurst Regional Council as well or was it just you?" You answered, "Well, after he seen me doing well with Geoff he made some calls to him as well. I don't know what they were doing, what they were on about, but yes, I do, I am aware he made some phone calls but that was it." That's false isn't it?---No, that's true.

20 The only, you've told the Commissioner already in your sworn testimony today that the relationship with Mr Hadley was yours and yours alone, haven't you?---At that present time they weren't talking about sales, they were just getting to know one another.

You implied to the Assistant Commissioner that they must have, they were talking about sales to take the heat off you. Didn't you?---That's incorrect.

Well, I'll ask you something, can you please turn to page 212, perhaps we'll start at the foot of page 211 and we're talking about Mr Hadley, you were asked this question, the last question on the page, "Did he ever make an improper request of you, by that what I mean is, did he ever ask you for something such as a gift or holidays or a free ticket somewhere or something like that?" You answered, "No." Didn't you?---Yes.

30

And once again, that was another lie you told about what Hadley requested of you. That's so, isn't it?---I panicked.

Can you answer my question, the question is - - -?---Yes.

40 And the explanation is the same. Correct?---Yes.

Over the page to 212, Ms Lee was very fair with you. She said, "Ever?" And you answered, "No." Do you see that?---Yes.

Another lie?---Yes.

Same reason?---Yes.

She tried again, "Are you sure?"---I was scared.

Answer, "Yes." Another lie?---Yes.

Is that correct?---Yes.

Then she said this to you, "Did he ever ask for any money?" Your answer was, "No." Do you see that?---Yes.

10 And that was a lie, was it not?---Yes.

And can I just, I won't keep piling them up sir because when someone looks at the transcript they'll see it's full of similar responses. But if you go down to the middle of the page - - ?---Which page?

The same page 212. You'll see that in capital letters there is a question from the Assistant Commissioner and innocuous one at that, with respect to her, "Did you offer him gift cards?" was the question. And then you said this, "Yeah, at the beginning a Premium and he made it clear that as a
20 government department they can't accept any gift cards." Do you see that answer you gave to the Assistant Commissioner?---Yes.

Well, I first question is, that too is a lie isn't it?---Yes.

And the second thing about it is you knew from your business dealings elsewhere that it was wrong to offer gifts and incentives to government officials, didn't you?---Can I rephrase that please.

No, no, I want you to answer my question, you knew from your dealings
30 elsewhere that it was wrong to offer gifts and benefits to public officials, didn't you?---Your Honour, at the beginning there was no gift cards but he started to change and I started to adapt to his changes so yes, it is true that when I first started at Premium there were no gift cards but then he started to change and I started to offer him the incentives.

Can you just deal with my question which is that you knew from your other dealings with other customers that it was wrong to offer public officials gifts and incentives didn't you?---At that time?

40 Yes, at that time? That's so isn't it?---Yes.

THE COMMISSIONER: At which time?

MR CAMPBELL: At the time that he was talking about, at the beginning he made it clear it was a government department.

THE COMMISSIONER: At the time you started dealing with Mr Hadley?

---Correct. We used to send fax com's that he needed to sign back saying he accepted these gift cards knowing that at that time - - -

MR CAMPBELL: You used to, you used to say didn't you – I'll withdraw that. You had dealt with government departments apart from Bathurst Regional Council hadn't you?---I can't recall.

I see.

10 THE COMMISSIONER: You must recall, surely.---From Premium four or five years ago, no your Honour.

No Councils?---No, no, no.

Can't remember?---No, I think no, no.

Did you have, as far as Council's are concerned, you only dealt with Bathurst and Yass?---No, I never dealt with Yass.

20 You never dealt with Yass, only dealt with Bathurst?---Correct.

How did it come about that you deal with Bathurst?---It was just a lead that was given to me at that present time to (not transcribable) . We used the orders from our previous company and then my account manager just offered me the lead and I just sold them.

MR CAMPBELL: Now, can I just take you further along to page 213. Just before we go, further at page 212, you say again, "And I never sent him any gift cards." Do you see that, do you see that sir?---(NO AUDIBLE REPLY)

30 Mr Morgan, have you got it?---Page 213.

No, I'm asking, go back to page 212.---Okay.

Just the last thing you said at the bottom of the page. Do you see that? ---Yes.

Another lie correct?---Number 40 - - -

40 Sir, I'm sorry it's so difficult. It's the very last thing you said at the bottom of the page, the last line - - -?---Oh yes, sorry.

And I never sent him any gift cards. Do you see that?---Is it relating to (not transcribable) or Premium?

Sir, just answer my question.---I'm trying.

Do you see he said - - -?---(not transcribable)

- - -“And I never sent him any gift cards?” Do you see that?---Yes, that’s a lie.

Thank you. Go to page 213, line 8.---Yes.

Did you offer, “Did you ever offer to pay him any money?” Do you see that?---Yes.

10 “No.” That’s a lie isn’t it?---That’s correct.

Well sir, you may not have made the first offer but you certainly agreed to pay him money didn’t you?---He requested, yes, but I never offered it at the beginning though.

I see. So you’re taking pleading points, I’ll withdraw that?---I’m taking, I’m taking orders.

20 So you were evasive, is that what you’re saying?---I don’t understand what that word means.

It means you’re avoiding answering, telling the truth, that’s what it means? ---That’s not, that’s not true. I never offered any of my customers cash.

If you’re asked a question did you ever offer a customer any money then to simply say no is not to tell the truth, the whole truth and nothing but the truth, is it?---But it’s a broad question.

30 That’s the, that’s my point exactly, Mr Morgan?---So the answer is no.

The truthful answer was I didn’t make the offer but he asked me for it and I gave it to him. That was the truth, the whole truth and nothing but the truth, wasn’t it?---That’s correct.

(not transcribable) on about, the one at line 11 “And you have never made any cash payments to Mr Hadley?” answer, “No.” Well, do you have an explanation for that one, sir?---Like I said I panicked at that time.

40 So we can take it that that question was clear enough, is that correct? ---Yeah.

And that was a lie, is that correct?---Yeah.

Now, Mr Morgan - - -?---Yeah.

- - - I suggest to you - do you understand what I’m putting to you, how I’m putting this? I withdraw it. The truth of this matter is, isn’t it, that what the

Commission has been able to prove conclusively is but the tip of the iceberg in relation to your corrupt relationship with Mr Hadley, that's right, isn't it?
---Yes.

I have no further questions, Commissioner.

THE COMMISSIONER: Yes, thank you. Does anyone have any questions for Mr Morgan? Ms McGlinchey?

10 MS McGLINCHEY: Yes, Commissioner. I seek leave to appear for Mr Schillaci.

THE COMMISSIONER: Yes.

MS McGLINCHEY: Mr Morgan, I appear for Mr Schillaci in these proceedings. It's the case isn't it that Mr Schillaci was never involved in sales?---Correct.

20 Never involved in preparing invoices?---No, he was involved in networking, getting sales.

Preparing invoices?---No.

THE COMMISSIONER: I'm not sure what you mean. Did you say he was involved in sales?---Yeah, like, he wasn't - like he had a network of people that he introduced me to to get the deal through so direct sales, were not in direct sales, like he would - it was just a network of people that he - - -

30 No, I don't understand, sorry. Do you mind starting again?---Like say for argument's sake he works at a security company and he left that security company, he then contacts the, the owner bob, I've started at Universal Cartridges, what sort of printers are you running and then he introduces me to him, I then get the information of what models he's running and then I deal directly to him.

So are you saying that he was involved in sales to the extent that from time to time he introduced you to potential purchasers?---Correct, that's all.

40 MS McGLINCHEY: Mr Morgan, Mr Schillaci never prepared bills - well, should I say invoices to go to customers?---Yes.

He never prepared any of the paperwork involved with sales?---Not paperwork in sales, no.

Never operated the computer systems?---Oh, he had a computer system, yes.

There was a computer system but Mr Schillaci didn't operate it?---I don't know what he was doing on the computers actually, no.

THE COMMISSIONER: Did he have a computer?---Yes.

MS McGLINCHEY: Mr Morgan, I'm putting to you that Mr Schillaci never spoke to Mr Hadley and that your evidence on that is a further lie? ---No, he has spoken to him once.

THE COMMISSIONER: Sorry, I didn't hear?---He has spoken to him once, just introduced himself.

10 MS McGLINCHEY: So your evidence is that he introduced himself to Mr Hadley?--- Yes.

THE COMMISSIONER: When was that and how did that come about? ---Oh, I was, I was just speaking to Geoff at that time and then I just passed him on to Sam to introduce himself.

On the telephone?---On the phone, yes.

20 MS McGLINCHEY: Well, I put it to you that that never happened, Mr Morgan?---No, that's fine.

Nothing further, Commissioner.

THE COMMISSIONER: Yes, thank you.

MS McGLINCHEY: I'm sorry, Commissioner, if I can put one more question, I'm sorry.

30 THE COMMISSIONER: I beg your pardon?

MS McGLINCHEY: If I can put one more question.

THE COMMISSIONER: Yes.

MS McGLINCHEY: I also put it to you, suggest to you, Mr Morgan, that Mr Schillaci had absolutely no knowledge at all of your corrupt relationship with Mr Hadley?---That's incorrect.

40 And that your evidence on conversations that you had with Mr Schillaci about your corrupt relationship with Mr Hadley is also a lie?---That's incorrect.

Thank you.

THE COMMISSIONER: Mr Hassall.

MR HASSALL: No questions.

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Commissioner, I need - I regret to say I need leave to ask one further question.

THE COMMISSIONER: Yes.

MR CAMPBELL: Thank you, Commissioner.

10 You agreed with me in my last question that what we can conclusively prove is just the tip of the iceberg. In your type of work operating as you've explained it to us it would be very easy if you had someone on the inside like Mr Hadley to send out an invoice that would be paid and in respect of which no goods would be delivered. That's correct, isn't it? It'd be an easy thing to do?---How do you know, explain it again, sorry?

I'll withdraw that question. Did you ever send an invoice to the Bathurst Regional Council that was paid and in respect of which you didn't cause any goods to be delivered?---That's incorrect.

20

It would have been a very - you'd agree with this, wouldn't you, that it would have been a very easy thing to do if Mr Hadley was prepared to go along with it. That's correct, isn't it?---Yes.

Or did it happen?---No.

I have no further questions, Commissioner.

30 THE COMMISSIONER: Yes. Thank you, Mr Morgan, you may be excused.

THE WITNESS EXCUSED

[12.26pm]

MR CAMPBELL: I tender the transcript of the compulsory examination, Commissioner.

40 THE COMMISSIONER: Yes. The transcript of Mr Morgan's compulsory examination is Exhibit 63.

MR CAMPBELL: Commissioner, it can be inserted, I'm sorry, I should have told you this already, in folder 3 and it's tab 22.

THE COMMISSIONER: That's part of the brief, is it?

MR CAMPBELL: It's part of the brief.

THE COMMISSIONER: Well, we won't - I'll reverse that. It won't be given an exhibit number and it will just simply be inserted where you say.

MR CAMPBELL: Thank you, Commissioner, and I call, I call Mr Schillaci.

THE COMMISSIONER: Please be seated, Mr Schillaci. Ms McGlinchey.

MS McGLINCHEY: I seek leave to appear for Mr Schillaci.

10

THE COMMISSIONER: Yes, well, you have leave already.

MS McGLINCHEY: And we also seek a section 38 order, thank you.

THE COMMISSIONER: Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by Mr Schillaci 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
20 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 SCHILLACI 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
30 TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR DOCUMENT PRODUCED**

30

THE COMMISSIONER: Mr Schillaci, despite me making that order you do understand that you're obliged to answer all questions asked of you and it is a serious criminal offence - - -

MR SCHILLACI: Yes.

40 THE COMMISSIONER: - - - either to refuse to answer or to give false answers?

MR SCHILLACI: Yes.

THE COMMISSIONER: You do understand that?

MR SCHILLACI: Yes.

THE COMMISSIONER: Now, do you wish to give your evidence under oath or do you wish to affirm the truth of your evidence? Do you want to swear on the Bible or not?

MR SCHILLACI: I'll swear on the Bible.

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Thank you, Commissioner.

Mr Schillaci, would you please state your full name?---Sebastian Schillaci.

10 And at one point in time did you have something to do with a company called Universal Cartridges Pty Limited?---Yes.

What was it that you had to do with Universal Cartridges?---I set the company up.

And why did you do that?---Because we had a half share in it, my wife and John Morgan.

20 THE COMMISSIONER: What do you mean I set it up?---The carpet, renovations, the walls and that, I got my friends in to do what had to be done 'cause it was just a bare, a bare office space.

So what, you prepared the premises?---Yes.

MR CAMPBELL: Who set up the company? Who set up the legal structure, do you know?

30 THE COMMISSIONER: Who registered it? Who caused it to be registered?---Therese did, my wife.

MR CAMPBELL: And we've heard evidence that she put in some - she put in the only capital to start with?---Yes, yes.

And how much was that?---It was around 20,000.

40 Did your wife have any active part in the affairs of the company?---No, no, no. The plan was that John Morgan's sister and my daughter one day, 'cause my daughter was leaving school, would end up in there as a business, future employment and that.

Right. No so far as you were concerned you've told the Commissioner that you were involved in helping to get the premises set up?---Yes, yes, yes.

Did you have any ongoing involvement with the operations of the business after it started?---No, no. I'm illiterate. I can't read and write.

Did you, did you, well did you go to the premises of the business from time to time?---Yeah, I used to go in for an hour or when John would ring me.

You can check by the phone records, sometimes he'd ring me at 11 o'clock in the morning and say, I've got to do this, I've got to do this, come in for half an hour and I'd go in.

And what would you do when you went in?---Just sat there, if the phones rang answer the phone.

And did you ever make any sales to anybody?---I never sold not one cartridge to anybody.

10

Did you ever have anything to do with running the administration of the business?---I can't read and write.

Well I'm going to make this clear though, you've heard Mr Morgan's evidence?---Well we had internet banking.

20

Yes?---And I had a computer there, but you know like to open it or you know things like that I could do. When I went to check the balances in the bank I used to stuff it up all the time till the Bank of Queensland threatened to stop internet banking with us. And then after that I never touched it at all. You can ring up the bank.

So you tried to do some, you tried to check the balances?---Yeah, but I kept stuffing it up and every time you stuff it up it'd give you a new starter pack. In one week I done it four times.

Well how long, I suppose you had a reason to look at the financial side of things your wife had money in it?---Yeah, we put money into it.

30

And, but how long before you were barred from looking at the internet banking?---It would have been a couple of months I think.

What after the set up?---Yeah, because I kept stuffing it up and the bank didn't want to give us no more start packs, so - - -

THE COMMISSIONER: What was your job before, how did you make your money Mr Schillaci?---Security.

40

Security.

MR CAMPBELL: And now you've heard, I'll withdraw that. Did you have anything, you've heard evidence sitting here today that Mr Morgan caused corrupt payments to be made to a Mr Geoff Hadley. Now had you heard of those bank transfers before coming here today?---No, the first time I heard it was when Paul rang me.

That's Mr Grainger is it?---Yeah, yeah. And I thought it was a joke and I told him it was a joke. And he said it was fair dinkum. And we met and he

served me with a summons and I thought it was, I didn't know it happened. Actually I'm lying there actually. I had a whiff of it a couple of months before. The Victorian Police rang my wife up over a company in Melbourne. And, but I didn't know - - -

And he says that he discussed those corrupt payments with you before he made them?---Well it's funny I ended up with no money.

10 Well no, no, no, no. But you've got answer my question?---No, no I never did, no, no. He ran the whole lot. He had his plans in place while I was - - -

THE COMMISSIONER: Did you go to work every day?---Huh?

Did you go to work every day?---Not every day.

20 Then what did you do when you went to work?---Well if I had to pick up some stationery, I'd go pick up some stationery. If I had to, 'cause we done stationery as well, stationery supplies. If he had to go out I'd stay there and mind the phone for the hour until he got back.

So often in a week would you be there?---Every second day or every day. It depends, you know. There was not much I could do in there, 'cause I couldn't do sales.

MR CAMPBELL: Did you get paid for any of that activity?---No.

Why were you doing it?---Well because there was the first 12 months to build up the company. If we all took money, it wouldn't have survived.

30 And at some stage did the relationship between the Schillaci's and Mr Morgan break down?---Yes.

40 And can you tell us when that happened?---Well I thought, when we was doing promotions we thought, like instead of giving them six, \$700 promotion, he was giving them a \$300 promotion and he was pocketing the rest of the money. And, and the relationship just, wasn't getting along. And me and my wife thought we wind up the company. He got whiff of it. One day he just locked the doors, transferred all the cash into his own personal account and that was it.

THE COMMISSIONER: When was this?---About 12, 13 months later.

Later?---From when we started.

MR CAMPBELL: And he said it started in about 2006. Is that correct? ---Yeah, yeah.

I have no further questions.

THE COMMISSIONER: And did you let that just happen?---Well I had two choices. The lease was - - -

Did you just let that happen?---What close up?

Yes. And let him take the money?---Yeah, I had no choice.

So from then on he ran the company?---Huh?

10

From then on he ran the company?---Yeah, yeah. Well he had everything.

And you didn't go there?---No. He kept all the money and all the office stuff. He's got everything. I didn't get nothing.

Have you got any questions for Mr Schillaci?

MS McGLINCHEY: No, Commissioner.

20

THE COMMISSIONER: Yes, you're excused from giving evidence, Mr Schillaci?---Thank you.

THE WITNESS EXCUSED

[12.35pm]

30

MR CAMPBELL: Commissioner, I call Mr Kerry Smith. We've completed the evidence of Bathurst apart from the evidence from the general manager which we'll have tomorrow. And we're moving on to Yass.

THE COMMISSIONER: Yes. Mr Naylor?

MR NAYLOR: If the Commissioner pleases, I appear. Mr Smith seeks a declaration pursuant to section 38.

40

THE COMMISSIONER: Yes. Please be seated Mr Smith. Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by Mr Smith 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 SMITH AND ALL DOCUMENTS**

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

10 THE COMMISSIONER: Mr Smith, 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 SMITH: I do.

THE COMMISSIONER: You must say yes so that's it clear.

MR SMITH: Yes, I do.

20 THE COMMISSIONER: And how do you wish to give your evidence? Do you wish to swear on the Bible or do you wish to affirm the truth of your evidence?

MR SMITH: Under oath, thanks.

THE COMMISSIONER: Mr Campbell.

MR CAMPBELL: Thank you, Commissioner. You may sit down again, Mr Smith if you wish?---Sorry, I just - - -

10 You might need the, are you ready to, just tell me when you're ready to go?
---Thank you.

Okay. Mr Smith, would you please state your full name?---Kerry Lloyd Smith.

And can you just answer my questions just a little, a little bit slower so we can all hear what you have to say. Were you employed by Yass Valley Council?---Yes.

20 For how long were you employed by the Council?---27 years.

And when did it finish?---March 2010.

What was your job at the Council?---I had various jobs, but the, the reason I'm here is because I was the storeman at the Council.

And as the storeman of the Council, was it part of your job to procure supplies on behalf of the Council?---Yes, it was.

30 Did you have a delegation?---Yes, I did.

How much was it?---I think it was 20,000.

Now you said the reason why you're here is because, because of that role you had. Do you want to tell us something about what happened in that role as the storeman with the delegation to buy things?---What do you mean by that, sorry?

40 Well do you want to tell us whether you did anything wrong or not in that job?---Yes, I did.

All right. And what was it that you did wrong in that job?---Dodgy dealings.

Okay. And how did it start?---Excuse me.

It's all right, sir, just take your time?---It started a fair while ago with a company called UTS.

Can I just stop you for a minute?---Yes.

Did you deal with someone in particular at UTS?---Initially I was dealing with a lady called Julie - - -

Riddle?---Riddle, yeah. And then later on Robin Newman.

All right. And you're telling me it started with UTS and about how long ago? Just do your best?---Probably '02/3, something like that.

10

And how did it start?—Oh - - -

Sorry, go on.---She just rang me up and said who she was and who she was with and blah, blah, blah and what they sold. I said, oh yeah, no worries. And then, I didn't actually buy anything to start with but after a while I did.

Did she persistently ring you?---Oh yeah.

Yes.---They used to ring every three weeks to a month, something like that.

20

And after how many months did you decide to place an order?---I can't remember.

All right. But before you placed an order did she say anything to you about anything they had going?---As in dealings?

As in dealings?---Yeah.

30

And what did she say?---They had, like if I bought a box of riggers gloves or something like that I'd get a Drizabone coat, you know, if you bought more than that you could get a holiday or whatever. What I mean by a holiday is a weekend in Surfers or something like that.

And did she make it quite clear that these benefits were for you rather than the Council.---Yeah.

Is that correct?---I'm pretty sure so, yeah.

40

Well, she wasn't sending the whole workforce up to Surfers for a holiday was she?---No, no.

And did, and did that seem like an attractive proposition to you?---Not really.

All right. Why not?---I don't really like the coast that much.

What about the Drizabone coat and things?---I got one of those off her.

When you placed your first order?---Yes.

Okay. Did she mention any other type of promotions or benefits or gifts apart from the Drizabone coats and the holidays?---Oh yeah.

What other things did she mention?---Oh cards - - -

When you say cards you mean gift vouchers?---Yes.

10 And did she explain how the system would work with the gift vouchers?
---What did you mean by that?

Did you have buy some, did you have to place an order for so much product to qualify for so many gift vouchers?---It would have, yeah.

Did she explain that to you is my question?---I'd say yes.

20 And these gift vouchers – I'll withdraw that. So when you placed your first order, did you get the coat, is that what you got?---Yeah.

Did you, thereafter, continue to deal with UTS?---Yeah.

And when you placed your next order did you get something?---Yeah.

What did you get?---Another coat.

And what did you do with the coats?---I gave a couple away, excuse me and I'm not sure but I think it was about five or six.

30 Five or six in total of coats?---Yeah, oh no, no, not in total um, I got one, I gave a couple away and I put five or six in a cardboard box.

Whereabouts?---Whereabouts did I put them?

Yeah.---I had them at the depot.

And, yes, why did you put them in a box at the depot?---Just for storage.

40 THE COMMISSIONER: You didn't take them home?---No.

Why?---I already had one.

Fair enough.

MR CAMPBELL: There's only so many Drizabone's a man might need even living in Yass. Is that correct Mr Smith?---Absolutely.

Did you regard, is it that sort of thing that you told us you regarded as dodgy dealings?---No.

What did you regard as the dodgy dealings?---Oh the, once, once I met Robin Newman that's when it all turned to - - -

10 All right. I'll come back to Mr Newman in a moment but, did, did you ever get any of those cards from Miss Riddle that you mentioned, the gift cards, did they ever come through?---I'm not a hundred per cent sure whether I got them off Julie or whether I got them off Mr Newman.

All right. Well, let's go then to Mr Newman.---Yep.

So after a period of time did Mr Newman become the person who rang from UTS?---Mmm.

And, was he the person that kept ringing thereafter?---Yes.

20 You have to answer yes audibly.---Yes.

Thank you. Did you ever have anything to do with any there person at UTS, for instance have you ever heard the name Michael Stokes?---I have but not from UTS.

A different Michael Stokes, is that right, or where did you hear that name? ---Emprint.

30 Oh yes. And that was a company he started later, Commissioner. Did he ring you from there did he, at some stage?---From Emprint?

Yes.---Yes he did.

And did he make any offers to you when he rang?---Yes.

What sort of offers did he make to you when he rang?---Oh same sort of thing.

40 All right. I'll come to that. Let's go back to Mr, Mr Newman. Did you meet him over the phone the first time?---Yes.

And you say that he might have been the first person from UTS who offered you these gift vouchers?---I'm not sure but it could have been.

I understand you're not sure. But what did, what did he say about them when he offered them to you?---The gift vouchers?

Yes.---Um, oh you know, you could use them at certain stores, I just forget the name of the stores but I - - -

Where they Coles/Myer stores?---Possibly.

All right.

THE COMMISSIONER: And did he tell you how you'd them?---Yes.

How you'd qualify for them?---By placing orders.

10 Did those orders have to be of a certain amount?---I think they had a starting point, yeah.

And the more you ordered the more gift vouchers you'd get?---Yes.

MR CAMPBELL: And did that sound attractive to you at the time?
---Yeah.

So how many gift vouchers were they, did they, did they, were they sending you?---I can't really recall.

20

I see. Well - - -?---(not transcribable)

Was it every time you placed an order?---No, not really, like it varied.

THE COMMISSIONER: How much extra would you make a month out of this?---I beg your pardon.

How much extra would you make a month out of this about?---Would I make?

30

Yes.

MR CAMPBELL: From the gift vouchers the Commissioner means?
---Probably a hundred, \$200 may be. I don't know.

THE COMMISSIONER: Yes, I'm just asking you about it.---Yeah.

It's about \$200?---Possibly, I'm not sure.

40 MR CAMPBELL: Would they, did they, did he ask you where you wanted them sent to work or to home?---I'm not sure on that either.

Well where were they sent? I'm sorry about that Commissioner. Where were they sent?---Actually in the post but they were registered.

THE COMMISSIONER: To where?---Sorry?

To what address?---Well I assume mine but - - -

At home?---Yeah, but I had to go to the Post Office to pick them up.

I understand.

MR CAMPBELL: Because you had to sign for them?---Yes.

You must have given him your home address at some stage?---I did.

10 Well, did he ask you for it?---Yeah.

And did he say why he wanted it?---Yeah, he was going to send me a Christmas card.

Well, is that the first time when you got a gift voucher when you got a Christmas card from him or did the gift voucher show up on its own?
---No, no, no there was no gift voucher in there there was actually Woolworths money in the Christmas card.

20 For the money you could take to, like play money that Woolworths would redeem, is that right?---Yeah.

And how much did he send you in the Christmas card?---\$300 I think.

And of course you used it at Woolies at Christmastime?---Yeah.

Yeah. And did this pattern of sending these vouchers continue for a period of time?---Yeah, on and off, when I needed stuff he did, yeah.

30 Yeah, when you rang up and placed an order?---No, when he, when he rang up looking for one.

I do beg your pardon?---Yeah.

When he rang up looking for one would he mention them to you, the gift vouchers or some other things?---No, not really.

What, did you - were you aware whether you'd get them for placing an order? Had you become accustomed to that or how did it work?---Yeah.

40

You'd become accustomed to it?---Pretty much.

After the first couple of times you got an expectation that if you placed an order of a certain amount you'd get the gift vouchers. Is that correct?
---Get something, yes.

Yes, something. And would that influence your decision about whether to place an order?---No, not necessarily.

Not necessarily you say but it must been better than getting nothing for placing the order?---Oh, true.

And you know how the human mind works, do you think it had an effect upon you that you'd be pleased when you rang up because you'd get this present from him?---Actually I was quite sick of him ringing up.

In the end I suppose?---Oh, no, during.

10

Did you ever ask him whether he was going to send a gift voucher with this order?---No.

They'd just show up?---Yes.

THE COMMISSIONER: Did he tell you before when he - when you ordered did he tell you how much you were going to get?---It was discussed, yeah but he, like, he wasn't always offering gift vouchers.

20

Well - - -

MR CAMPBELL: Well -sorry, Commissioner.

THE COMMISSIONER: You did discuss when you placed an order what benefit you were going to get, whether it be a gift voucher or something else?---Yeah.

30

MR CAMPBELL: And would he make an offer, would he say would you like this or is that what he'd do?---Yes.

And sometimes would you select the gift rather than the voucher?---Yeah, he could.

I'm asking you did you do that, Mr Smith, sometimes?---Sometimes, yeah.

And what type of gifts was he offering you?---What the hell did he offer? He offered me TV's or a television, DVD players, more coats, holidays.

40

Did you ever take a holiday?---No.

Never accepted one from anyone?---No.

Was anyone else operating in this way apart from UTS? Any other suppliers to the council operating in this way?---Offering holidays or, or, or these dealings?

Offering, offering these dealings?

THE COMMISSIONER: Well, one or more of these sort of benefits?
---Yeah.

MR CAMPBELL: Well, you better tell us, who else?---Hot Chilli Sauce.

What did they provide? What products did they supply?---They pretty much all sold the same, all, all those companies on the Central Coast.

THE COMMISSIONER: Hot Chilli Sauce did not set hot chilli sauce?
10 ---No, it did not.

That was just a clever marketing trick, was it?---Oh, I have no idea.

It got your attention?---Probably.

MR CAMPBELL: Well, apart from - had you any dealings with - I'm just asking, I'm not telling you, R&R Tape Supplies and Safety for instance?
---Yes, I did.

20 And did they have this type of arrangement?---I don't know. I didn't deal with them long enough. I, I dealt with a man by the name of Doug Quinn and that was probably 10 years ago and I only ever placed probably three maximum.

Why didn't you go on dealing with them?---A good question, I don't know, they sort of - Dougie used to ring every now and again and then all of a sudden he stopped ringing and - - -

30 You see, most of the orders placed at the council when you were doing this job were they kind of placed in response to one of these phone calls?
---Yeah, but not all the time.

No, no, but somebody might ring up and you'd say I don't need anything, is that correct?---Yeah.

But by and large when you did need something did someone ring you about it then you'd place the order at that time rather than you ringing them up?
---Yeah.

40 Is that what happened?---(NO AUDIBLE REPLY)

And you're nodding, you have to say - - -?---Sorry, yes.

- - - yes, yes or no?---Sorry.

Thank you. And well, just going back to other suppliers who operated in this way, does the name Chemsearch mean anything to you?---Yeah.

And who did you deal with at Chemsearch?---Fiona something.

Oh, right. What about - - -?---Buchanan, Buchanan.

Buchanan. And did someone take over from Fiona Buchanan at some time?
---Yes.

Who was that?---Sri Ramachandran.

10 And what about Momar Australia, did you deal with them?---Yes, I did.

And did they operate in this way as well, with these, these dealings as you put it?---Yes.

And who was the salesman from Momar Australia that you dealt with?
---Ronnie.

I'm sorry?---Ronnie.

20 And what's his last name?---Is it - - -

Butow?---Butow, Butow.

Yeah?---Yeah.

B-U-T-O-W?---Yeah.

All right. Now, and for instance, did Ronnie - Ronnie used to come and see you I think, is that right?---He did.

30 And he was a sort of travelling salesman?---Yes.

And he'd come in from time to time is that right?---Yeah.

And he - would he bring the gift vouchers with him or would he post them to you?---Post them.

And once again was it registered post?---Yes.

40 And once again to your home address or where you've picked them up at the post office?---Yeah.

All right. Now, was - Mr Ramachandran didn't have gift vouchers, did he?
---No.

So what did he - what delights did he offer you?---Oh, hell, a stock of them.

And what did they consist of?---Oh, electronic devices, tools.

And did he call them promotional items?---Yes.

And did you understand that the promotional items that Chemsearch were offering you, otherwise known as NCH Australia, were - you became eligible for those if you spent a certain amount of money, is that right?---I think so, yeah, well, I'm not sure but, yeah.

10 Would he ever mention them to you at the time he was - I'll withdraw that.
Did Mr Ramachandran also come and visit you?---Yes.

And he'd come to you at the depot at work, is that right?---Yes.

And when he was there and talking to you about whether you might need to place an order would he show you any brochure or anything about what was currently available?---Yes.

20 And would he show that before he asked you to - before you signed off on the order?---Usually after.

Usually after, all right. But would he help you put the order together?---Oh - sorry.

That's all right, I think. Like for instance would - - -?---Would, no, would he help me put the order together, no, we'd go out the back and have a look - - -

Yes?--- - - - to see what I needed.

30 All right. So he's sort of say you look a bit low on that, is that right?
---Yeah.

And you'd say oh, you might be right?---Mmm.

Is that correct?---Yeah.

Would he say have you tried this new product, is that correct?---Yeah.

40 You see - and you'd say no, I haven't I suppose?---Yeah.

And would he give you a sample or something like that?---Sometimes.

Yeah. So did you have the feeling that, you know, he was building up a personal relationship with you?---Yeah.

I mean you've been around for a long time, no doubt, Mr Smith, you can I guess see a spiv coming don't you think? Do you understand my question?
---Yeah. But I'm too easy going.

I see. So they, you didn't regard them as spivs, you thought that they were good blokes. Is that right?---What's a spiv?

Someone who wants to take you for a ride?---Oh, okay. No, I didn't actually.

You thought they were good blokes?---Yeah, they were all right.

10 They seemed friendly enough when you met them. Correct?---Yeah. Yeah.

And they were helpful in helping you look in your store and see what was needed. Is that correct?---Yeah. Oh, Ronnie never.

Ronnie didn't?---No.

What did Ronnie do?---Oh Ronnie used to just call in and say do you need anything? And I'd say, I don't know, ring the sewer blokes, so he'd ring the sewer guys. Mainly his, his line was in the sewerage department.

20

He sold those kind of industrial chemicals that were useful at the treatment works. Is that right?---Oh well, unclogging drains and stuff like that, yeah.

All right. Did the blokes speak highly of the product?---Yes.

At any event he was a Momar man. Is that correct?---Yes.

All right. And the – Mr Ramachandran, did he cause you to get, for instance, a portable air-conditioner?---Yes.

30

Did that get delivered to home?---(NO AUDIBLE REPLY)

Where was home at that time?--- , , .

And did it come to work or come to home?---It's a difficult question to answer that one.

Because you can't remember?---Well no I can't remember, but - - -

40 THE COMMISSIONER: Did you install it at home?---No.

What did you do with it?---Gave it away.

To a friend, family?---Family.

MR CAMPBELL: I see the time, Commissioner.

THE COMMISSIONER: Yes, thank you. We'll adjourn to 2.00pm.

LUNCHEON ADJOURNMENT

[1.01pm]