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INDEPENDENT COMMISSION AGAINST CORRUPTION

THERESA HAMILTON ASSISTANT COMMISSIONER

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON FRIDAY 23 MARCH 2012

AT 9.45AM

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

ASSISTANT COMMISSIONER: Thank you, please be seated. Mr Gollan, are you still going?

MR GOLLAN: Yes, Commissioner. Thank you for the opportunity. I'm sure it's going to be shorter as a result.

<GEORGE TSIPIDIS, on former oath

[9.45am]

10

Could Mr Tsipidis be given back the document that were handed to him yesterday by learned Counsel Assisting starting at page 147. Mr Tsipidis, the documents that are before you is the first document number 147 with a box in the middle with a date located and titled the date being the 12 of 6, 2007. The very first document. Are you looking at this?---Sorry. Just the header, yeah.

20 And yesterday we were talking briefly about an email at page 156 of those documents. Correct? Do you remember having a read of that?---Yes, yes, I do.

And before reading that I asked you whether or not this is the kind of thing that you would do and you said you wouldn't. Can I ask you, on any other occasion, have you participated or made any recommendations about how to manipulate the content of documents arising out of or related to persons appointment or promotion?---Not that I, not that I can recall.

30 Well, you'd recall wouldn't you doing something that's so (not transcribable) wrong. You'd agree with that?---Possibly.

Are you suggesting that this wasn't something out of the ordinary this was something that you've attended to on other occasions or are you suggesting that you just conveniently don't have a memory?---No, I'm not, not suggesting I don't have a memory. All, all I'm saying is that, you know what I'm saying.

40 Well, that email, you remember constructing that email don't you?---No, I, I, I don't remember but having read it and looking at my name on there obviously I have to accept that that is me.

And do you have a memory of receiving Mr Demiralay's response?---No, I don't.

Can you have a look at that document that were you taken to yesterday at page 254. It's a TL interview notes. Can you see that?---Sure, yes.

And you remember being asked questions about that and correct me if I'm wrong but as I understand your evidence this was in preparation for someone such as my client making some inquiries about the source material or the notes from the interviews. Correct?--I, I was assuming that that's what it was at the time, yes.

Is that a problem that you were having, you and Mr Demiralay, you were having problems with post interview issues?---Not that I'm aware of, no.

10 You weren't having a problem with people like Mr Pigot making inquiries to look at documents and the content of them when asked to sign off on someone's tenure or employment?---Not that I can recall.

You don't have any memory of that?---I don't, no.

That's something you would remember, wouldn't you if it happened?  
---Well, as I said if I did and I could remember it I would say so.

20 Well, wasn't it the situation that you were having some issues about the content of those documents and persons seeking to examine or audit them?  
---As I said before I honestly can't recall.

Okay. Can you have a look at page 215, please. This is a Selection Committee report, report to Mr Todd Demiralay. Can you see that? Don't worry about reading it yet - - -?---Oh, sorry, okay.

- - - we'll take you though it piece by piece - - -?---Okay.

30 - - - but have you got 215 before you?---Yes, I do.

And can you turn over to page 216?---Yeah.

There's an attachment there with respect to Gerard Hunt?---Yes.

Do I take it that this report was in respect of the appointment of Mr Gerard Hunt?---Can I look at - can I look at the report?

By all means.---Right.

40 Yes?---Yes, that, that would appear to be the case, yes.

And if we can just, whilst you're looking at the report if we can go to page 218 which is the last section of the report, agreed?---Page 218 I'm on.

Yes?---Yeah.

And this is where you put the applicants in and the reason why one may be preferred over the other, correct?---I can see (not transcribable) That's right, yes.

And it's the kind of thing that if you employed - sorry, I withdraw that. It's the kind of document that if you had interviewed someone else the procedure as you understood it was to put their name in there and the reason why they may or may not be the more preferred of the candidates, correct? ---Yes, I guess so, yeah.

10

Well, you understand that these documents get filed away?---Yes, I do.

And you understand that they get filed away so that if anyone needs to examine the process - - -?---Yes.

- - - that it's available to them, correct?---Yes.

20

And you understand that that particular part of the document is the part of the document where you are able to tell all and sundry that might come and look at it at a later date who it was that was interviewed - - -?---Yes.

- - - and who was preferred?---That's right.

Correct?---Yes.

Now this is in respect of the later part of the process of filling this position, correct, that firstly went to those other two persons - - -?---That's right, it was a full, yeah.

30

- - - and then you along with Mr Demiralay at a later time recommended Mr Gerard Hunt, correct?---That's right. Well, yes.

Yes?---The Selection Committee did, yes.

The Selection Committee that apparently you were a part of, correct? ---Yes.

40

By the way, was there ever an occasion where your name was included on the Selection Committee report that you're able to tell us about where you weren't a part of the interview process?---No, not that I can remember.

And was there ever an occasion that you put someone's name on the Selection Committee report who wasn't present during the process?---No, I can't recall doing that.

Can you go back to page 215 please?---Sure.

And together let's have a look at this. "Attached you will find a draft version of the above re TL appointment"?---Yes.

Team leader appointment?---Yes.

"I have kept my/our statements deliberately simple, especially due to the fact that there have been some post-interview issues"?---Yeah, sure.

Et cetera?---Yeah.

10

What are you referring to when you say "post interview issues"?---Well, obviously reading, reading that I've, I've become aware that there were some problems with - I'm, I'm going to guess here, with, with from what we've heard at these proceedings with Todd talking to somebody at Sydney Recruitment and that's all, that's all, that's all I can relate so obviously I was, I was aware of something going on. Now, this, this, yeah, I'll answer your question, that's, that's what I recall so I've obviously aware - - -

20

Why - - -?--- - - - that there was an issue post the original interview - - -

Why - - -?--- - - - and that's why we've gone to market, yeah.

Well, gone to market?---Well, okay, we've, we've gone for another advertisement, sure.

You went to market and it didn't work according to you and Mr Demiralay's various documents and so you went privately to a recruiter, correct?---Not myself no, Todd, Todd Demiralay would manage all that being the TL.

30

(not transcribable) okay?---Well, I'm answering the question, sorry, yeah.

What benefit did you perceive was to be gained by making the statement deliberately simple?---When I fill out a lot of these documents for - on behalf of Todd whether it be a recruitment confirmation or a Selection Committee report it's always done in draft only, it's to give Todd something that he can take away and play with and, and type up and do what he likes basically, that's all that is, it's just my, just my kickoff for the process. At the end of the day - - -

40

ASSISTANT COMMISSIONER: Mr Tsipidis, you're not answering the question?---Sorry, okay.

The question was why did you want to keep the statements deliberately simple? Why did you say that?---Okay, because it's a draft for Todd, rather than sending him a blank document I'll give him something that he can go off with. Is that not answering the question?

MR GOLLAN: Let's not kid ourselves.

ASSISTANT COMMISSIONER: That's not an answer?---I'm not kidding.

MR GOLLAN: Well, let's not kid ourselves?---But that's what I did every time.

10 You've actually told us why, especially due to the fact that there have been some post interview issues. What I'm asking you is what's the benefit that you perceived when you wrote that - - -?---I don't see any benefit.

- - - by keeping it deliberately simple?---Well, maybe it's a poor choice in words, I, I don't mean anything by it. I can't see how it could be interpreted in that, the way - if you look at, I'm sure my emails have been checked. Every time somebody gets appointed I'm always sending a draft up to Todd so he can do what he likes, whether it be a recruitment confirmation or Selection Committee report or other documents.

20 When you say he can do what he likes - - -?---Well, I - okay.

- - - are you suggesting that the document is not your document, it's Todd's document is it?---I'd say my, my document is a draft and only draft and it's not the official document.

You provide input - - -?---That'll be submitted.

- - - as to its content and recommendations. Correct?---Sorry, I - - -

30 You provide input and recommendations as to its content. Correct?---That's right. Along with the other Selection Committee members, yes.

Well how many drafts are circulated? I understood you to say that you did the draft and you sent it to Todd for him to do with it what he likes?---Not in every case, it depends what, what Todd wants. If he's - - -

Yes, but this case?---In this case it appears that I have actually kicked off a document which is usually a template from a previous Selection Committee and you just change the details and off you go.

40 And you've included some views and recommendations. Correct?---In the actual report?

Well let's just - hold on for the record - we can just read another line and we'll find out what you thought?---Okay.

Note, I left Peter Smeros - - -?---Yep.

- - - from the last section as he was not on the official distribution list provided by Sydney Recruitment?---Right.

See you were making recommendations as to the content of the document. Correct?---I don't understand what that means, I left out Peter Smeros from the last section.

Well let's have a look at the last section. We were just having a look at that?---Sure.

10

That's at page 218?---Right. Okay. Yep.

If Peter had been interviewed the proper process would have been for him to be included in the document. Correct?---If he had been interviewed, yes.

If he had been – his resume considered, would you have included it?---Not, not in this document, no.

I'll just remind you - - -?---As far as I can remember.

20

- - - of your evidence you gave yesterday about the inclusion of names on committee reports?---That's on the recruitment confirmation, not in this selection report. Unless I've got my documents mixed up. So why did you need to tell him that you're leaving him out unless in the normal course he would be included?---I've got no idea.

Well is it because he wasn't on the official distribution list provided by Sydney Recruitment?---As I said, I don't understand what that means what I've got written down there. I can't, I can't recall what that means. I can't relate it back to anything.

30

Can I suggest to you that he was considered for the position of a team leader appointment - - -?---Right.

- - - during the process whereby Gerard was appointed?---I have no recall of the sequence of events of those things, so I couldn't say sitting here today.

He wasn't a team leader at that stage was he, Mr Peter Smeros?---December 2009, I don't know, I'd have to check the timeline, I would hesitate to have a guess.

40

Let's just move through the email a little further?---Okay. Yep.

And if you can read the final paragraph on that page before the words, your thoughts?---Right.

At that stage you were talking to Todd about the appointment of Gerard. Correct?---May I have a read of this paragraph?

Please do?---Thank you. Yeah, righto, yeah, I can see what I've put there. It's yep.

Your duty as an employee lies with the University. Correct?---That's right.

You understood that in December 2009. Correct?---Yes, I did.

10 You understood that you were to behave in a fashion consistent with the objects and interest of the University. Correct?---Sure.

And not consistent with some individual financial or other benefit or position. Correct?---That's right.

And do you agree that in that discussion you're having in that last paragraph that what you're pointing out is that Gerard - - -?---Yep.

20 - - - to the prejudice of the University, if it was fashioned in a particular way, would end up financially better off?---Sorry, and so what was your final question there? (not transcribable) I've read it again, I think I know where I'm going with this, but - - -

Isn't true that what you're explaining in that paragraph - - -?---Yeah.

- - - to Mr Demiralay was a set of circumstances that would benefit Gerard financially?---I don't, I don't see it as - I don't see it like that, no.

30 Right. Can you turn to page 225. This is "re PMD, Peter Smeros, 20 January, 2010"?---Right.

You'll recall that we were just looking at an email from December 2009 about the team leader appointment of Gerard - - -?---Right.

- - - and you'll see that this is a message from Andy but if we can just - - -? ---Okay, yeah.

40 - - - just got to the bottom to the message from you where you copied in Mr Demiralay and it's about Peter Smeros, 20 January, 2010?---Right. Sure, yeah.

What's an SU which is the second line up?---That's a, that's a superior rating in the PM and D performance appraisal, yeah.

And that's the highest rating isn't it?---No.

Well, there's superior then there's outstanding - - -?---Oh - - -

- - - then there's satisfactory - - -?---Sorry, I'm getting confused.



- - - and then there's unsatisfactory?---Um - - -

So it's the superior rating isn't it?---Sorry, I can't (not transcribable) I thought outstanding would but I'll have to take your word for it, I'm not sure, I'm not sure of the sequence and the, the ratings off the top of my head.

10 It's a good and beneficial rating for the recipient?---It's a good rating, yes. It's not a bad rating that's for sure.

What were you talking about, for what purpose you were going to give him or were you suggesting to the others - - -?---Right.

- - - about giving him a superior rating or client focus?---It's obviously a reference to a, to a PM and D and I'm just passing on my opinion as a, as a, as a fellow person with (not transcribable) group, you know. I might have been asked the question, I got no idea. I can't, I can't recall exactly where they came home but it's obviously to give somebody a pat on the back.  
20 You were then talking about that (not transcribable) justify the appointment?---Yeah, sure, I'm just, I'm just saying if someone's doing something good around the place we should, we should recognise that. We've been encouraging that with the, the awards that ICT gives on a monthly basis that we should try and get our folks out there more often and you know make a note of it, that's, that's all I'm talking about. I can't see there's anything other than that.

Justify what appointment?---I'm not sure.

30 Well, have a look at what you've written there. "And hence his appointment into the TL role"?---Okay, sure.

See in December - - -?---Yeah, sure, no, that's right, yes, I can - yeah, okay. What, what, what I'm relating back to there is that if, if Peter goes for a TL role obviously it's good to have that information there 'cause the guy's been doing good work it should be acknowledged, that's what I'm saying that don't, don't omit it, put it in there, that's my opinion. That's so I can see it. I mean I, I - that was part of my role and the TL's role to give, you know  
40 CSOs and TLs pats on the back whether they work at main campus or in the remote satellite sites, you know. If you hear of something good let, let the people that need to know, know.

In December he was considered in the context of Mr Gerard Hunt's appointment for a team leader role, correct?---I, I can't recall that time. Like I said to you I, I can't recall that at (not transcribable)

The other email we looked at didn't refresh your memory about that?---No, not (not transcribable) I told you - - -

Is there any other reason why you would refer to his inclusion or his omission in the context of Mr Gerard Hunt's application or consideration?  
---As I said I don't understand, I can't remember sitting (not transcribable) without, you know looking at the time line and things that happened to make a, make a comment on something from - - -

Do you want to go back and have a look at the other email?---No, no, I'm just giving you my answer.

10

Well, doesn't that provide the time line? That's in December 2009?---Right.

This is in January 2010?---Right.

The role that was occupied as a result of that process in December was by Gerard Hunt for a team leader position. Do you remember that?---Gerard, Gerard, Gerard applied for a role back in December, so he started early as I've indicated there, he was - he ended up starting in January. I'm not sure exactly the date he started, yeah.

20

Well, if we accept what you had up on the screen before it was 4 January but putting that aside - - -?---Sure.

- - - at that time it would appear from this email that Mr Peter Smeros - - -?  
---Sure.

- - - doesn't have a team leader position, correct?---I'm going to say we justified the appointment, I'd say yes, at 21 January.

30

21 January (not transcribable) I'm talking about at the time that Mr Gerard Hunt was being appointed?---Okay.

Correct?---I'll, I'll go with you but yeah, I can't say again for certain without seeing anything about it, yeah.

His appointment to the TL role was in January 2010?---Right.

That would appear to be the situation looking at this email, correct?---I, I couldn't, again, I can't say with any certainty what actually transpired and then as I said, I wouldn't be making those calls, Todd would be making those calls so if I'm, if I'm implying something there I, I can't agree that, I can't answer with any certainty.

40

What do you mean you wouldn't be making those calls, Todd would be making those calls?---No, I'm just saying Todd would know more accurately if, if he looked at his notes and his timelines as to what he was

doing, I'm not in, I'm not sitting there, you know, looking, looking at TL issues from a, you know, day to day basis.

We can proceed on the presumption that there is other evidence in this case that Mr Smeros is appointed in January 2010 and looking at your own email - - -?---Right.

- - - of 21 January, 2010 - - -?---Yeah, yeah.

10 - - - and looking at your own email of 9 December, 2009 and if you feel that you would be better placed to answer the questions about timelines please, I encourage you to read them and have a look at the content of them and we'll wait for you?---Right.

But looking at those times, looking at the 9 December, 2009 - - -?---Yeah.

- - - the attachment is an attachment about Gerard's successful - - -?---Okay, yeah.

20 - - - Selection Committee report form for general staff, Gerard's the only one on that?---Yeah.

And looking at the notation that you feel obliged to point out to Mr Demiralay and you can't include, you left out Peter Smeros from the last section as he wasn't on the official distribution list, if you - - -?---Yeah, I don't think, I don't know what that means.

- - - have a look at that clearly whether it be there was only his resume, whether it be that there was an interview, an informal discussion - - -?  
30 ---Right.

- - - whatever the story he clearly had his hat in the ring for that job, correct?---Obviously, obviously there is something there indicating that Peter was, was around a TL discussion. I can give you that.

Well, you didn't start putting other people's names on like, you know, Nicholas Kovari or Ms McCabe or anyone else, you put him on there because he was specifically included in those considerations, correct?  
---I'm, I'm not, I'm not sure.  
40

Well, can you come up with any other logical reason why you would include that note?---No, I can't, no.

Now, if we move forward and go to 225 - - -?---Yeah.

- - - and we're looking at the email of 21 January, 2010, forget about what Mr Apin says, we'll talk about that in a second - - -?---Right.

- - - but at this stage there is an email that is produced by you?---Right.

And it's just a thought that you're circulating to Andy Apin and Todd?  
---Yeah.

And that thought is he received an annual award for nomination for customer service?---Yes.

And he does have a very good track record?---Yeah.

10

Both those things are true?---That's right.

And hence his appointment into the TL role, perhaps a CU and I'll withdraw the suggestion that's the top, it's one of the top?---Sure.

And I'm prepared to proceed on that basis?---That's okay, yeah.

20

Perhaps a CU for client focus is also warranted, so that hasn't been given at that stage, correct, because there's a question mark?---No, that's, that's just saying it's my opinion, like feedback, thoughts.

And the reason why you were looking for ways to bolster his application was that would further justify the appointment?---Not at all. As I said to you I see it as my responsibility to ensure that pats on the back don't go, don't go astray, it's as simple as that but not, not enough goes on around the place there so when you, when you see things acknowledge them and put them down.

30

Well, what's the - - -

ASSISTANT COMMISSIONER: Mr Tsipidis, that's not what it says. How can you say that you weren't suggesting this as further, to further justify the appointment?---Right.

That's what your email says?---Well, what I'm saying, included in his application so when, when he applies to become, to become a TL, you know, you include that in the documentation. That's, that's what I mean by it.

40

To further justify the appointment?---Yeah, well if he becomes appointed, you know, you've got some information to say it looks good, you know, that's what it is. So he's done the good, he's done the hard yards, give him a pat on the back. That's all I mean by that. I can't say it any other way. If it's a poor choice of words I put my hand up, but that's - - -

MR GOLLAN: Mr Tsipidis - - -?--- - - - that's what I'm talking about there. You know, don't let it go missing, that's all.

Mr Tsipidis - - -?---Yes.

- - - your oath didn't lapse overnight. You're still under oath?---I understand, I understand that. I'm trying, I'm trying to explain as best as I can.

And these are your words and your email. Correct?---That's right.

10 And you're prepared to accept that they're your words and your email as at 21 January?---I'm not, I'm not, as what I see in front of me appears to be mine and I'm not challenging that at all.

And you understand what was being discussed was the appointment to a TL role for Mr Smeros. Correct?---It's, it's a topic in that discussion, yes.

Well it is the topic of that conversation?---No, it's about the PM&D.

20 Let's have a look at what Mr Andy Apin thinks about this suggestion?  
---Right.

I was thinking along these lines as well but wanted to hear from you both firstly?---Sure.

You would agree that at that stage both Mr Andy Apin, Mr Todd Demiralay and yourself, Mr George Tsipidis were talking about how to justify an appointment for Mr Smeros to the position of TL. Correct?---No. I would say we're obviously trying to bolster his application. Just to make, like I said, don't leave anything out, put in the good stuff.

30 Justify not to yourselves, you concluded that this was the right appointment, justifying to anyone coming back and looking at this process at a later date?  
---I don't, I honestly I do not see it that way at all. It might be a poor choice of words, but I do not see it that way at all.

Let's just leave these documents for a second?---Sure.

And let me ask you, Mr Mylonas, when was the first time that you met him?  
And I apologise if this is repetitious - - -?---Sure.

40 - - - I've just forgotten when it was. When was the first time that you met him?---It would have been when I, when I handed, when I, probably around when I started, when I started work. I can't remember the exact date, but it would have been to give him the contract and so forth.

Your own contract?---I'm guessing. I can't be 100 per cent certain, but it was on or around the time I started with my contract roll in 2008, August, around that period for sure.

Your contract role in 2008 - - -?---That's right.

- - - that came through Succuro?---That's right.

And you otherwise could have had an ABN. Is that what you told us yesterday?---That's right. That's - I wasn't familiar with the process. I've never done contracting before, that's right.

10 And did you appreciate that the agent would have to get paid some money?--I wouldn't say that I was conscious but I assume there's obviously something there for them, yes.

Well - - -?---Yes.

And you know that they were going to get payment that was by reference to your income?---Sure.

20 And did you think that that was - I'll withdraw that. Did it occur to you that you may get paid less by putting an agent in between you and your employer?---Absolutely, yes.

And, and having occurred to you that you were going to get paid less - - -?---Yes.

- - - is there any reason why you then proceeded - - -?---Yep.

30 - - - to engage the services of an agent despite having found, well maybe you or Todd having found your own job?---The reason why I did that, as I think I might have mentioned earlier, I'm not sure if I did, I just didn't want the hassle, I've never done it before and I just didn't want to worry about my day to day work payment situation. I've always had an employer who's looked after my payroll and I was happy to leave it like that. I didn't want anything to do with it.

And how did you come to choose Succuro?---That's right, as I, as I said, well I'll say it again, when Mr - - -

40 ASSISTANT COMMISSIONER: Sorry, can you not say it again. Mr Gollan, he has already answered this question previously. I'm very keen not to go over the same material.

MR GOLLAN: I'll withdraw the question then.

ASSISTANT COMMISSIONER: Thank you.

MR GOLLAN: The transcript will tell us.

ASSISTANT COMMISSIONER: It will

MR GOLLAN: Okay. And your evidence is that you didn't know anything about your sister-in-law's ownership or involvement other than some back room employee position?---That's correct.

And thereafter did you have much to do with Mr Mylonas?---Working at the University?

Yeah?---Absolutely.

10 And - - -?---I'd be sending him CV's and so forth. Sorry, he'd be sending me CD's and so forth and working with female candidates, absolutely.

Did you ever send any CV's or any resumes to him?---I'm not sure, I might have, I might have sent resumes to him from other people at the University approach me. As you heard Dave Anderson say the other day he was canvassing friends of his. A lot of the people that worked at the University would know I was in that role and they would, sorry, and they would approach me to say look, you know if you guys are looking for contractors can I submit these guys blah, blah, blah. So I had a lot of CV's coming to  
20 me from, from people.

So the answer's yes?---Yes. Sure.

And did you send him CV's at any time that you received from Reed, Gemteq or Peoplebank?---I, I, I, I don't know. I, I, I don't think so.

Do you have a memory of sending him - - -?---No.

- - - Peoplebank resumes or CV's?---Absolutely not.  
30

And Gemteq?---No.

And Reed?---No. Reed.

And you know - - -?---No.

- - - that that would be wrong if you did that, wouldn't it?---I haven't thought about that 'cause I wouldn't have done that, I wouldn't - I can't think why I would do that but actually thinking about it I'd say it's not, not  
40 the right thing to do.

Well, well - - -?---Possibly, yeah.

- - - you might have done it so that Succuro could approach persons to become members of their books thereby the benefit financially going to Succuro rather than one of these other companies?---I honestly can't remember doing that.

When you've had some problems with Peoplebank - - -?---Right.

- - - did you take it upon yourself to send some CV's or resumes through to Succuro for members that you thought might be beneficial to the team?

---I honestly can't remember doing that.

Do you know Mr Buxton?---Yes, I do.

10 Do you remember interviewing him?---As I said yesterday it was an informal interview with, with Mr Demiralay, yes.

Well, Mr Buxton tells us that he had no meeting, he just turned up and started work. At page 250 of the transcript for the benefit of the Commission.---Yes, I did hear that yesterday.

20 I guess that came as an enormous shock to you?---Well, like I, I've been trying to think how that transpired that day but I knew that Mark - I don't know what Todd was doing behind the scenes with approaching - with Adrian coming into the University but I knew that Adrian was known to, to Mark Pigot and I was comfortable to, to go along and, and meet and greet and do what, do what Todd wanted me to do, yeah, sure, on the first day.

You're also comfortable to have your name included on all of the relevant documents purporting to disclose an interview process?---If, if I was there, yes.

Well, do you have a memory of interviewing him or not?---I remember an informal interview in Todd's office, yes.

30 And so you were happy to have formal documents completed and executed with your name on them, formal documents by reference to that informal interview?---Well, as long as I was there and I mean someone else prepared the documents I couldn't say but I've - it's something that I can't control. How can I answer that? I mean I don't know who prepared the documents so, yeah.

40 Did you do most of those documents for Todd if you were involved in the interview process?---As I said I would, I would - there was just - you just use the (not transcribable) template from a previous (not transcribable) you change a few things and I'd send it up to Todd and he'd check it and, and adjusted as he wanted to 'cause that was, that was the official document that would go to wherever it was going to go, so I would just kick - like I said before just kick start it, that's it. So I may, I may have an old date there, I may have an old reference but Todd, Todd would (not transcribable) that and, and fix it so I didn't, I didn't really sit there and lose too much sleep over it, it'd just be here you go, take it, I'll try and put dates on it and things just, that made it a bit easier, that's all I did. Call it a PA type thing.



So do you think that Mr Buxton has got it wrong, that there was - - -?  
---Well, no.

- - - some, that there was no meeting, no meeting?---No. Obviously, obviously Adrian from what I heard yesterday which was news to me that he actually was applying for a role at, with Mr Ian Brennan in infrastructure he said, so he - I had no idea until I heard that yesterday actually that he was actually talking to somebody else about another role, that was - - -

10 And if we accept what he tells us you would also then therefore accept that the document that was created - - -?---No. What - - -

- - - was false?---What I would accept is that the first time I met Adrian was when he came to the University and we sat in Todd's office and we conducted a, an informal interview. That's what I remember.

And might I suggest to you that the document was created to comply with your obligations despite you not having discharged them by performing the requisite interview?---Sorry, I don't understand the question, sorry.

20 There's no reason to create the document unless you're covering your arse, correct? If he didn't have a meeting at all?---I don't agree. I, I, I'm telling you I was in Todd's office with that first day - - -

(not transcribable) not having - - -?---Only if you accept - - -

- - - a meeting at all there could be no other logical reason for the creation of that document, correct?---I don't, I don't understand.

30 Thank you, Commissioner.

ASSISTANT COMMISSIONER: Thank you, Mr Gollan. Yes, does anyone else require to question this witness?

MR McILWAINE: I have a few short questions, Commissioner.

ASSISTANT COMMISSIONER: Yes, Mr McIlwaine.

40 MR McILWAINE: Mr Tshipidis, I represent the interest of Mr Mylonas?---  
Sure.

I think you're uncertain about when you first met Mr Mylonas, is that correct?---Well, I couldn't, like I can't remember exactly, it was on around the time I started.

Okay. I suggest to you that the first time you met, met Mr Mylonas was after you had already commenced at the University?---I, I, I wouldn't argue against that.

And I think you've said you had knowledge that the person that your sister-in-law was working for - - -?---Yes.

- - - had this business - - -?---Yes.

- - - amongst other things was, one of the businesses was recruitment?  
---That's right, yes, that's what I've understood all along, yeah.

10 Do you know a Mr Peter Kostogiannis?---No, I've heard of him obviously throughout this, these proceedings.

All right?---Reading the documentation that Ms McGlinchey gave me over the weekend preceding this inquiry.

What I want to suggest to you, that your knowledge prior to commencing at the University of Sydney about the person your sister was involved with, was knowledge about her involvement in a business then conducted by Mr Peter Kostogiannis known as Succuro?---Right.

20 Would you agree that's possible?---Yeah, sure.

Right. So I take it some time prior to having discussions with Mr Demiralay about starting at Sydney University you already knew that your sister had - was doing some work for a person - - -?---Yeah.

- - - who amongst other things did IT recruitment?---Yeah, yeah, sure, I didn't really know exactly what it, what she did on a daily basis, I knew she had a part-time job.

30 And that's the, that's the knowledge that you were referring to in your evidence - - -?---Yes.

- - - that made you comfortable with approaching Succuro?---Yes.

In regard to Mr Hunt's recruitment - - -?---Yes, sure.

- - - it's the case, isn't it, that at the time of his recruitment there were was some urgency because he had also been offered a position with another company and he was putting off accepting or refusing that position so that  
40 he could, as he preferred to start with Sydney University, do you remember that?---I, I can't recall that part but it may have happened, yes.

Just going to the documents you were shown, you were shown the Selection Committee report?---Sure.

And I think - do you have page 217 still in front of you? We'll start with page 217, the Selection Committee report, you've been asked questions about it - - -?---Sure, yeah.

- - - this morning?---Yeah.

Just going down - - -?---Yeah.

- - - to the bottom (not transcribable) words, firstly the Selection Committee report as you understood it would go to Mr Demiralay - - -?---Yeah, always.

10 - - - and Mr Pigot, it had to be signed off by both those persons?---It'd go to Mr Demiralay and then, yeah - - -

Just go to, continue looking at the third page, it's got the name, not Mr Pigot's signature but his position?---Head senior delegated officer on page 220.

It's 220?---Yeah.

So am I correct in understanding that from that document - - -?---Yeah.

20 - - - the Selection Committee chair signs it, it then goes for approval to Mr Mark Pigot, you agree?---Sure, yeah.

Now going back you will see that there's reference in that report, is there not, to the fact Ms Astar - - -?---Yes.

- - - will not take part in the selection process?---That's right.

And the reasons are given for that occurring, correct?---Yeah.

30 So it would have been your expectation, would it not, that that information would have been brought to the attention of Mr Pigot, correct?---Well, it's on, it's on there, yes.

And you'd expect in the normal course of events that would come to his attention?---Well, I, I can't speak for him but I assume it's there to be read.

I'm not saying whether it did or not but you would expect in the normal course of events that it would come to his attention, correct?

40 MR GOLLAN: I object to this, Commissioner, and the reason being he's asked for part of the process or to give evidence about part of the process that he had no idea about and doesn't participate in. If this wanted to be raised it should have been raised with Mr Pigot.

ASSISTANT COMMISSIONER: Yes. This witness doesn't seem to know much about what happens to this form.

MR McILWAINE: I hadn't put that (not transcribable) because I don't know but he's been asked a number of questions about his state of mind and the people who rely on his document, what he put in documents I'm sure it's fair then to, for him to be examined as to who he expected those documents would go to. In fact he's been asked similar questions by my friend.

ASSISTANT COMMISSIONER: Well, you can ask him who he expected it to go to.

10 MR McILWAINE: That's what I will ask.

THE WITNESS: Sure.

MR McILWAINE: My question was, Commissioner, you would have expected in the normal course of events that this document would have found its way to Mr Pigot?---Sure yes.

ASSISTANT COMMISSIONER: Thank you. Before you re-examine do you - Counsel Assisting I think may wish to ask this witness some further  
20 questions.

MR MORRIS: There is some material that's come to light and I should ask for leave if it necessary to ask some further material - - -

ASSISTANT COMMISSIONER: Yes, and I think it would be appropriate to do that before Ms McGlinchey examines her client.

MR MORRIS: Thank you.

30 Look, Mr Tshipidis, you remained in your position after the departure of Mr Demiralay, is that correct?---That's right, yes.

And his departure was roughly in about May 2011?---Yes.

Is that right? Now, did he have an office?---Yeah, it was an open office.

An open office?---An open area, open plan area, yeah.

40 And what happened to his desk and computer after his departure?---His desk, I wouldn't know what happened with his computer but his, his desk would have been vacant for oh, no, no, Peter would have, I assume Peter would have, would have sat in there 'cause he was made acting head.

Right?---Yeah, acting head of the team. I'm pretty sure that's where he was, I'm just trying to think where Peter was before Todd left but, yes.

Right?---Peter came across at some point, yeah.

Okay. Did - Demiralay had his own computer didn't he?---I'm, we, we were all given, given with, given an asset so I'll say yes.

Yeah?---I'm assuming it was, it was a work asset, yes.

And your computer for instance was allocated to you?---That's right.

And you assume Mr Demiralay's would have been allocated to him?---I'd assume so, yes.

10

Okay. Now do you know whether anybody after May - did you ever have cause to open up Mr Demiralay's computer after his departure?---Definitely not, no.

Do you know whether anybody had access to his computer after his departure in May?---Something would have happened to it. It would have, would have been left somewhere and stored away I'm guessing.

20

Yeah. You see, what I'd like to ask for your comment about - - -?---Sure.

- - - is that investigators pursuant to a section 22 notice - - -?---Ah hmm.

- - - obtained the hard drive - - -?---Okay.

- - - to Mr Demiralay's computer?---Right.

Right. And they examined it?---Sure.

30

Okay. Now, when they examined it they found that there was absolutely nothing retrievable on that computer?---Okay.

And not even an operating programme?---Okay.

And when I say the computer I'm talking about the hard drive. Okay?  
---Right, yeah.

40

Now that would be very unusual, wouldn't it?---Not necessarily. My understanding is when CSOs leave, I don't do it myself because I'm not, I'm not the tech over in the group but if somebody was to finish, I'm giving you the example of the computer support officer, their asset goes back into the pool of spare assets as far as I understand it with that team leader and he or she would run what's called a process to wipe it out, a (not transcribable) and they refresh and reload, if it's got an old version of the OS on it 'cause some of those machines have been circulated before so it wouldn't be unusual but I couldn't say it was done every time a machine was handed back from a departing person so it depends on the, on the process that that particular person was receiving it would follow so it's not really my area and I don't handle that side of things so - - -

All right. Given what you've just said - - -?---Yes.

- - - would a back up of that material be made?---Yes, yeah. From my understanding again, I, I really can't comment on that but I would probably say no because the, the assumption is that what's on there is, is useless and so you give it to a, a new, a new person coming in like, you know, with the newest OS patches and all that sort of stuff so - but again, I'm, I'm commenting on something, I'm no expert, I'll just give you my assumption of what would happen but you'd have to speak to the TLs individually to ask what they do with their machines so, yeah.

You just talk about the information being useless, they would be, you'd accept that any document on a computer would be - - -?---Okay, sure.

- - - any file on a computer would be a document. Correct?---Sure.

Reproducible as a document?---Sure, absolutely.

20 And those documents you know belong to the University not the individual?---I understand that, yes.

Right. So that would be the destruction of University documents?  
---Technically speaking yes, but as I said, that's a process the guys, the word I used to hear, we wipe it and we give it to the new bloke coming in. That's what I'd heard used quite often by the TL's.

30 Who, who did you hear that from?---That was a process that had been going on, I said to you, you asked me earlier on what would happen, I know from time to time that would happen. Whether it happened every time I couldn't say because sometimes new people would start and they were given a machine and the, the incoming person would, would wipe it and set it up themselves. But again, I don't, I don't get involved in that side of the, of the technical part of the job.

I'll ask you again, who did you hear it from?---I couldn't say a person individually, but I know TL's and CSO's would talk about that here and there, yes.

40 Okay?---From time to time, yeah.

Which TL would talk about it?---Any TL from the time I've been there would do something along those lines.

Which CSO would talk about it?---Yeah, usually the, usually the CSO that departed wouldn't, they would leave the machine and go, so the incoming person would come in and, and take ownership and, you know, it's going to

be their machine, they'd load it, do what they want with it, so I couldn't tell you how they preferred to set up their machines.

Who, I'll ask you again, Mr Tsipidis?---Sure.

You've heard this being talked about between team leaders and CSO's. Right?---Sure.

10 Now sit there in the witness box and tell me if you have got an image of who it was that you recall talking about this?---I'm generalising. From the time I started it'd be Andy Apin, it'd be Gerry Hunt, it'd be Andri Selamat, Peter Smeros, it'd be Adrian Buxton. The TL's would, would run after their affairs. They were just a pool of assets and as the teams moved and grew and the satellite sites grew and staff came in, assets would just get moved around. There was no, you know, there was just a pool of assets sitting there. I, yeah, it was a very, very loose approach, so I couldn't say much more than that really. We had an asset register I think at some point in time, but I don't know how, whether that was updated. Yeah.

20 Well the asset register would be maintained by you wouldn't it?---Not necessarily. All the TL's go in there and the onus was on them to put their own stuff or their own employee stuff. But generally the expectation was that it was on a shared drive and I think, I could be wrong here, but the file would have been kept in a TL drive, so it'd be the, the TL group would have access to it for sure. So yeah, so that's, the onus was on us to then, for example if one of my coordinators got a new machine, I'd sort of you know, make sure that that sticker and so forth and the serial number was put into that register at some point in time.

30 So that was your job to make sure that the asset register was maintained. You would put the serial number into the asset register?---Not for everybody, for my team.

All right?---For my team, yes. If I didn't do it over a period of weeks and a report was rendered someone would say, look why haven't you updated yet and so forth, yes, so - - -

40 But when you talk about that your team, are you talking about desktop services?---Field services, yes.

Field services?---Yeah well desktop specifically. I don't know what the AV people used to do, but definitely with desktop support, yes.

Yes. And field services. Correct?---Yeah, field services is the, is the group. There's desktop support and AV. So I don't know what the AV techo's would do, I didn't really get involved with them that much.

So if we made an inquiry of the University of Sydney - - -?---Yep.

- - - to get the asset register for Mr Demiralay's computer - - -?---Yep.

- - - there would be details in that register entered by you. Is that correct?  
---There would be something there by me probably, yes.

Yes?---Yeah, sure.

10 That was specifically referenced to Mr Demiralay's computer?---I couldn't say that for a fact, but I might have, I might have updated something at some point.

We're talking about in the usual and standard practice in your job?---Mr Demiralay will probably update his own details. I, you know - - -

But Mr - - -?--- - - - I look after my team and myself.

No you - - -?---This is not the question, sorry, you're confusing me.

20 No, no, no. Mr Demiralay, assume Mr Demiralay had departed the University?---Right.

Right?---Yep.

You are responsible for maintaining the asset register - - -?---No, not me. For the whole group, no. No, definitely not. Just for my team. It was a shared file.

30 Well Mr Tsipidis, who was responsible for maintaining the asset register for field services?---There was no, there was no individual – as far as I'm aware it was never my sole responsibility. It was a shared role between the TL's.

Who would be responsible for maintaining the asset register for field services?---I can't say – I saw that as a shared role by the individual people and their teams.

It was your job to oversee that process wasn't it?---Not, not, not at all (not transcribable) officially absolutely not. No, I never saw it as my - - -

40 Well what about unofficially?---No, no. I wouldn't, I wouldn't, I wouldn't go in chasing up after Andy's and, and, and you know Peter's teams, no, definitely not, no.

Well they're all still there aren't they?---Who's that sorry, the - - -

Andy?---Yeah, they are.



And Peter is still there?---Yeah, sure. I'm not working with them now but I don't, I don't look after that. It was, I'd look after my team and I must admit I wouldn't have done it every time and – at that day, I'd do it two days later or a report would run and Todd would notice that you know such and such hasn't gone in and he'd sort of have a go at us and we'd go and punch in the details. So the responsibility was for you to go back and get your team and put their details in.

10 But if Mr Demiralay's departed - - -?---Sure.  
- - - somebody - - -?---Okay. Would take ownership of it?

Yes?---Oh sorry, I didn't understand. Sorry, look apologies, I didn't understand what you were talking about . Peter, the acting manager, Peter Smeros would be in charge.

20 Peter Smeros?---Yeah, sorry, I didn't know that, yes, absolutely yes. He's the, he's now the manager, he'd be driving that, he'd be, he'd be doing what Todd did, you know, checking it and saying guys, what are you doing, this thing's missing, blah, blah, blah, yeah, absolutely.

Right. And would he get you to enter the details into the asset register?---I couldn't say. He could ask me to and if he asked me I would do it, yes.

Okay. Let me ask you, did he ask you to register Mr Demiralay's computer hard drive into the asset register after his departure?---Not that I can recall, no.

30 Okay. But if we made inquiries with the field services unit at the University of Sydney - - -?---Yes.

- - - we'd find a record there?---I'm sure there'd be, I think there'd be something, I'm not sure how the file system works, but yes, I guess. I'm not sure. The last modified or something like that, yes, sure.

40 Right. Do you say you're not sure how the system works?---No, I'm saying depending on the time that you did it, you know, I'm no expert in the Windows operating system, but obviously there'd be a – something there that says, you know, last modified by or created by, those sort of files that I'm aware of, yeah.

Okay. You'd appreciate the need for the maintenance of University business records?---Yeah, sure.

Right. And you would also understand that particularly for a person in Mr Demiralay's position and his incumbent there would be a need to preserve that information if for not any other purpose than for a corporate handover? ---Sure.

All right. So that the person who takes over knows where – what's been going on before him. Correct?---Sure.

And there would be no good reason can I suggest after Mr Demiralay's departure for somebody to go in and wipe the entire hard drive, would there?---Not unless it was, it was going to go to somebody or something, as I said the examples I gave earlier. Somebody could just grab it and say here's a spare machine, as I said depending on where the machine would be left, I could say anything could happen to it I guess, so, yeah.

10

I see?---Someone could grab it, sure.

You see you would also accept that a great deal of material, by the destruction of Mr Demiralay's hard drive, a great deal of material relating to his contact with Succuro and with various contractors would be destroyed. Correct?---Depending on how it was wiped. As far as I understand the too, possibly yes.

20

Now Mr Tsipidis, I want you to assume that this investigation has been greatly hampered by the destruction of that material on the hard drive. Right?---Yeah, sure.

You can see how that would occur?---I could see it'd be hard to access. Yes, sure.

Now Mr Demiralay left his employment after the raising of issues which are the subject of this investigation. Correct?---That's, that's right, yes.

30

And you know that he had been the subject of an internal inquiry, don't you, at the University?---Yes, I did at - around that time, yes.

And that of itself would be a very good reason why it is that the University would want to preserve this material. Correct?---Sure, yes.

And the people in Field Services beyond almost any other faculty or institution within the University would have the technological knowledge to ensure that a hard drive was completely overwritten, wouldn't they?--- You'd think a few of the guys would for sure, yes.

40

Yeah. And would it concern you, right, would it concern you in your position - - -?---Yes.

- - - to find out that the hard drive was overwritten?---With what was going on, sure.

Yeah?---Yeah.

Now, Mr Tshipidis - - -?---Sorry, but I wouldn't have thought about it but when you put it like that, yeah, it makes sense, yes.

Now, Mr Tshipidis, do you know anything about the destruction of this hard drive?---No, I don't.

Right, okay. And have you been asked by any person to - about the destruction of the hard drive after Mr Demiralay's departure?---Not at all. All, all I remember was - I can't remember who that - Todd's, Todd's  
10 machine had to be handed in at some point in time, I remember that - Geoffrey Brown I think he wanted it. Was the - - -

Who was, who was Geoffrey Brown?---Geoffrey Brown was the director, our new director.

Sorry, Geoffrey Brown wanted it?---That's what I heard, yes.

What, what - when did you hear that?---I can't recall.

20 Was it after Mr Demiralay's departure?---Yeah, it would have been, sure, yeah.  
All right. So we'd speak to Mr Geoffrey Brown as to when that requisition was made for the computer hard drive?---That's all I heard, yes.

Yeah. Would you consider the destruction of a computer hard drive of Mr Demiralay after his departure to be a serious matter?---Not in, not in other circumstances but certainly in, in, in these circumstances, yes.

30 Thank you, Commissioner.

ASSISTANT COMMISSIONER: Thank you. Yes, Ms McGlinchey.

MS McGLINCHEY: Mr Tshipidis - - -?---Yes.

- - - did you ever have a conversation with Mr Liew where you suggested to him that you didn't want Mr Hunt employed?---Definitely not.

40 What was your understanding of any of what Mr Demiralay was going to disclose to Mr Pigot about your relationship with him at the time you started your employment at the University?---Yeah, sure. We spoke about that at some point leading up to me coming down to the interview and he, he just told me that if, if you're telling Mark that I was a known person referred onto him from somebody. It was very, very simple.

Did you find out by him later or did you ask him later if he had actually made that disclosure?---Yes, I did.

And what did he say?---He told me it was okay that he, that he did it, yeah.

Did you have a conversation with Mr Demiralay about whether it would be wise or whether you should disclose your relationship as brothers-in-law?--- Yeah, sure, yeah, absolutely. That obviously came up.

Well, first just let me stop you. You had a conversation about that?---Yes.

10 When did you have that conversation?---Yeah, it was obviously in, in the lead up - it would have been maybe before the interview and then after the interview (not transcribable) a couple of times, you know on that topic around that time for sure, yes.

20 And to the best of your recollection that was said by both of you in that conversation?---Yeah, sure. I mean basically Todd's the one who approached me to come to the role so obviously he knew who I was and he just told me that basically he thought Mark would be okay that if, if he mentioned something and (not transcribable) the senior people but he thought if the word got out to the staff it'd be probably a little bit uncomfortable and awkward to know, knowing their characters and their personalities, so better off not mentioning anything. So I was happy that Mark was (not transcribable) Todd knew me and that it was known to him and I'd thought where I come from that should be fine.

30 And did you express that suggestion from Mr Demiralay that that would be the best way to proceed?---Yeah, I was happy, if he was happy I was happy, yes, and obviously his, his boss knew, knew of - didn't know exactly I was, I was his brother-in-law, sure but he knew that I was a known person. I was comfortable with that approach. I don't know whether he said anything to him but - anything else apart from that but I never heard anything other than that, yeah.

MR GOLLAN: Commissioner, I object. Only on this basis, I don't understand what's meant in the content of "I'm known person" and I don't think that anyone when coming back to do submissions will have a clear understanding of that. I'd ask my learned friend to clarify what's the content of a known person.

40 MS McGLINCHEY: Well, Commissioner, I'm not asking him to define a known person I'm asking him the content of the conversation and what was said.

ASSISTANT COMMISSIONER: I think, yes, I think that's fair enough, Mr Gollan. He's saying what was said between - - -

MR GOLLAN: If the Commission; please.

ASSISTANT COMMISSIONER: - - - them. He can be asked what he understood by that. I mean as I understand it you're saying you understood he teold Mr Pigot that he knew you?---Yeah.

Not that, that that - not that he'd tell him you, you were related?---That's right.

So he was going to make some sort of disclosure - - -?---Yes.

- - - to your understanding - - -?---Yes.

10 - - - that he knew you but he wasn't going to say you're his brother-in-law?  
---That's right.

MR GOLLAN: Thank you, Commissioner.

ASSISTANT COMMISSIONER: Thank you.

MS McGLINCHEY: Did Mr Demiralay - and I'm just going to ask you some questions about what you knew about his relationship and his wife's relationship with Succuro?---Sure.

20 But just at the moment confine your answers to what you knew before Mr Demiralay left the employment at the University, okay just to - - -?---Right.

- - - keep it simple?---Yeah. What I knew is, is, is basically that his wife, what I knew from when I started that she was working there in some sort of part-time capacity with, with Mr Mylonas and across his two or three interests as far as I was aware so, yeah. I'd, I'd come to learn a bit more obviously when talking to Bill on the phone with things that he - I think he had something - some other things - was hardware or something but I didn't - I couldn't tell you any specifics. So I knew she was working for him and  
30 looking after things so, yeah.

All right. And when you say she was working for him looking after things, was your understanding that that was looking after things exclusively in a recruitment (not transcribable) - - -?---No, she was working across things - she was just working across the, the (not transcribable) for him, I didn't know exactly what she was doing and I said I - what I've just said I don't know exactly what he did, I couldn't without any certainty - I've just hearsay. What I did know obviously that one of the things that he did was, was the recruiting side of things.  
40

Did you, was it your understanding that there are other types of businesses under the same (not transcribable) was that right?---Sorry, that was?

Was it there were other - he was running other businesses as well?---It was my understanding that she was doing something for him across whatever, whatever it was that he did, yes.

All right. Up until the time that, that he left the university did he ever disclose to you that his, his wife or himself had any kind of ownership or control with directors of Succuro in whatever form?---Sorry, up until when, sorry?

Up until the time that he left the University?---Right. No, definitely not.

All right. And you had no reason to think that he did?---Not at all, no.

10 All right. Now you had some conversations with, with him around about the time that he left the University. Is that right?---That's right.

And at that time did he with you discuss with him whether he had any further involvement with Succuro. Is that correct?---Not, not, not on the day, on the day when, when he told me he was leaving, no, not on that day. He was obviously a little bit, you know upset I guess and but we spoke at some point after that but up until that point nothing had changed from what I understood. He, he seemed to be, you know genuinely confused himself with a few things but I, I - that wasn't the time to talk about it so, yeah.

20

All right. And you say you had some conversations shortly after he left? ---yes.

Would you tell the Commissioner what those conversations entailed?--- Yeah. I mean I can't be exact of the time line but basically he was, he was obviously confused as to - about, you know things in general and from my, from my, from my recollection, let me get the sequence right, from my recollection he, he spoke, he - he came back at some point and said that when, when, when the issue came out that his, his, his wife had done something with Bill, with Bill Mylonas to set up something for the future to do at some point down the track when his, when his wife got back on her feet with the kid and so forth, didn't understand the details of it and they'd set something up and it appears that that is tied up with Bill's other, other business or business or businesses. That's, that's the way I understood it and I didn't ask too many details obviously, you know a bit confusing for me and that they'd, I - yeah, that was it basically and that somehow things were, were tied up through that. And, and the final thing I remember (not transcribable) that from what - from their understanding or from his understanding that there was nothing - no money had gone through this new thing that she'd set up. That's, that's all - that's all I knew about it in those terms, yeah.

30

40

So was there any discussion about - or what was your understanding about any payments received by his wife?---Not really, but I mean he might have just said that you know, I can't remember exactly what was said, but I was under the impression she was obviously getting paid some small amount of money for working for Bill. I didn't know specifics.

Just moving on to a different topic. Did you, do you recall ever having a conversation with Mr Anderson where you said to him that he works with Succuro and that's just, that's that or words to that effect? You were here when he gave his evidence?---Yeah, I was a bit confused with that. It seemed he was referring to a conversation with another employee at the time, Bruce Hosking I think was the name he said.

Yes?---Right.

10 A conversation where he was present - - -?---That's right, yes.

- - - (not transcribable)?---Yeah.

But he said that you, that in his presence and his interpretation of the conversation was that it was being said to both him and the other participant?---Yes.

20 That either one of them was with Succuro and that's just that. Do you remember having that conversation?---No, I wouldn't have said that. No way in the world, no.

Do you recall that from time to time you would have conversations with contractors about - - -?---Yes.

- - - the mechanics of (not transcribable) ---Yes, I remember, yes, yes. There was a couple of occasions, yeah, where we spoke about that thing, yeah.

30 All right. So if I could just finish the question?---Sorry, yes.

Was that conversations about the mechanics of moving from one recruiter to another?---Yes, yes.

40 And did you outline that there'll be difficulties doing that?---As I said I'm no expert in contracting, but all I, all I advised the guys was that look you're obviously in a six month arrangement, it's not simple just to walk from it. We had a previous experience with Peoplebank obviously and, you know, you'd have to sort that out with your agency, but then there might be difficulties in us getting you to come back in a contract with somebody else because my understanding was you were committed to somebody upfront and may not be simple to do. That's all.

All right. Thank you, Commissioner.

ASSISTANT COMMISSIONER: Thank you. Yes. Well if there's nothing else, Mr Tsipidis, you can be excused. Thank you.

**THE WITNESS EXCUSED**

**[10:53am]**

ASSISTANT COMMISSIONER: Yes, Mr Morris.

MR MORRIS: Commissioner, the next witness is Mr Peter Kostogiannis.

MR PATTERSON: May it please you Commissioner, with your leave I appear on behalf of Mr Kostogiannis. He will take an affirmation. And I ask that you issue the section 38 declaration.

10 ASSISTANT COMMISSIONER: Yes, Mr Patterson. Thank you, yes.  
Have a seat Mr Kostogiannis. Yes, Mr Kostogiannis, I am going to make a section 38 declaration in respect of your evidence. Do you understand the general affect of that?

MR KOSTOGIANNIS: Yes, I do. Thank you.

20 ASSISTANT COMMISSIONER: Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by this witness 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 there is no need for the witness to make objection in respect of any particular answer given or document or thing produced.

30 **PURSUANT TO SECTION 38 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT ALL ANSWERS GIVEN BY THIS WITNESS 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 THERE IS NO NEED FOR THE WITNESS TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR DOCUMENT OR THING PRODUCED.**

ASSISTANT COMMISSIONER: Could the witness be affirmed, please.



ASSISTANT COMMISSIONER: Thank you. Yes, Mr Morris.

MR MORRIS: Thank you, Commissioner. Could you give the Commission your full name?---Peter Kostogiannis, thank you.

And your current occupation?---Credit controller.

10

Now on 24 June, 2011 you participated in an interview with some investigators from the Independent Commission Against Corruption?  
---Correct.

Did you get a copy of that interview?---I just received that yesterday. I sighted that statement yesterday.

So you've had a look at that document have you?---Correct.

20

And is what you told them true and correct?---Correct.

I tender a record of interview dated 24 June, 2011 with Mr Peter Kostogiannis.

ASSISTANT COMMISSIONER: Yes, that record of interview will be Exhibit 34.

30

**#EXHIBIT 34 - RECORD OF INTERVIEW OF INTERVIEW OF MR P KOSTOGIANNIS ON 24 JUNE 2011**

MR MORRIS: I just want to ask you a couple of questions about your business activities when you were operating the business Succuro and about the transfer of that business to Mr Bill Mylonas. Now what you'll have to do is you'll have to answer yes or no. The transcript doesn't pick up nods or head shakes?---Okay. Fair enough.

40

O.K. Now you were operating a recruitment business essentially on a part time basis by the name of Succuro. That's correct?---Yes.

At that stage it was simply a trading name registered with the Department of Fair Trading. Correct?---Yes.

And up until about 2008 you ran it as a sole trader?---Yes.

And did you have any employees during that time?---I did.

Who were the employees?---I had one part time employee, Virginia Kantarzis.

Right. Now how did you come to meet Virginia Kantarzis?---She was a client.

Right. She was working at Transfield at some stage?---Correct.

10 And she would go to you for various recruits on a part time basis or casual basis. Is that correct?---Correct. I'll approach them, yes.

You approach them?---Yes, correct.

All right. Now the – through that relationship you also met Mr Bill Mylonas or did you know him beforehand?---Bill Mylonas is a family – he's part of the family. He's, he's a godparent to my, to my child.

A godparent to your child?---Yes, thank you.

20 Did he attend your wedding?---Yes, he did.

And would you describe yourself as close friends with him?---Family.

Family. Right. Now the impression that one gets from your statement is that at about January 2008 you were trying to look after kids at home, you had some part time work with a debt recovery agency and you were also trying to run Succuro at the same time?---Correct.

30 And is it the case that your financial affairs at least with respect to Succuro were somewhat in disarray?---You could say that.

Now were you employing Virginia Kantarzis as at January 2008?---I was.

Right. And what was her role as far as you were aware at that time?---That was a part time role to build her portfolio, interview candidates that were on our database and that were streaming through our database of people seeking the opportunities in work as an agency recruiter. That was her primary task.

40 Right. Now up until about January 2007, Succuro had no business with the University of Sydney?---2006 ,we, I had our first placement, late 2006 (not transcribable)

Now I take it from your statement that you obtained access to the University of Sydney through Virginia Kantarzis and her then partner or husband, Mr Demiralay. Is that correct?---I was given a reference, obviously at that time Virginia was working at First Data, when you have a client base you ring them up, see if there's any opportunities within the organisations where you

can help. At that time she had nothing at her organisation, but got it referenced that if I could call Todd to see if there was any opportunities at, in his area.

Now you'd previously had no contact with, professional contact, placing IT recruits with Mr Demiralay prior to that introduction?---Not directly, I might have prior to that submitted some candidates on a previous organisation that he worked for.

10 Was that Ozemail?---Correct but I don't think we were successful or we missed, I missed the opportunity, the time someone had, had been placed at that time. I can't directly recall, it's quite a while.

As at 2006 were you still placing people with Transfield?---I was.

And as at 2007 were you still placing people with Transfield?---Correct, yes.

20 And what about 2008?---I think yes, I think I still had one contractor there at that time.

Right. Is it the case that you started placing personnel at the University of Sydney late 2006, early 2007?---I started placing - yes, in 2006, late 2006, yes.

Now was - to your knowledge was Virginia Kantarzis involved in screening potential workers for the University of Sydney at that time?---No.

30 What was she working on at that time?---She had to work on her own portfolio, build up her own clientele and, and go from there, that was the original set out of our term of employment.

Do you know when - what was the business you said she was working for? ---First Data.

First Data. Do you know when she finished up at First Data?---I don't recall the exact date.

40 Do you recall approximately?---Sorry, I can't recall.

No. And did she start spending more time with you in building up her portfolio after she left First Data?---No, I started when she started working for me was end of January 2007.

End of January 2007?---Around that times, yes.

Right. Okay. Now you say that she was building up a portfolio, right, was she paid a weekly wage?---Yes, she was, a part-time wage, yes.

Sorry?---A part-time wage, yes.

A part-time wage and do you recall how much that was?---That was \$500 dollars per week.

Five hundred?---Yeah.

Per week?---Five hundred dollars per week.

10

And you said she was building up her portfolio. In the event that she identified a recruit, an IT recruit, who you then managed to place into a position somewhere would you pay her a commission or a bonus for that?  
---No.

Right. I want to take you to page 21 of your statement?---Yes.

Right. And if you go to about line 17 you'll see the investigator is referring to \$500 a week?---Correct.

20

Right. And that was the weekly wage that you were paying Virginia Kantarzis, right?---Correct.

And there was nobody else that was working for you at that stage?  
---Correct.

And you say that that \$500 comm fee, was that like for one day or was it for a week?---That was for a week, yeah.

30 Yes?---Sorry.

And you say, no, no, that was for the week, for the week so, Investigator Wright, You say for the week and then if, if you were successful you could get a bonus or something like that depending on how the company was, was going. Right. So how did the bonus structure work then, the bonus then was for ah, for my ah, understanding was that I was going to give her 10, 15 per cent on that but I never, 10 to 15 per cent, yeah, but I never, ever gave her the bonus I don't think. Right. Now, would you like to just - I'd like to revisit the statement - - -?---Yeah, you're right.

40

- - - that we're just talking about?---Just to clarify that, yes.

Was it your plan that you'd pay her \$500 a week and if she, if you happened to place one of her recruits into a position you would pay her a bonus?---No. The plan wasn't that. There was discussion, because obviously with the wage it wasn't enough that she made investigations to see how she can build up her, her wage and, and we had discussed it but I had not followed that through.

But it was something you'd discussed, correct?---She had brought it up to me in regards to - because of the, the amount of money that I paid her on a weekly basis.

Do you - did she, she must have brought it up some time after January 2007, is that correct, because that's when she started working for you?---Yeah, probably, probably about late 2007.

10 Right. And it's the case that she was raising it with you, all right, but you never actually paid her it?---Correct.

But if your statement to the investigators is correct you were looking at sort of 10 to 15 per cent?---That was what was in my mind if, if that was to, if I was to follow that through, to structure a new pay, pay deal for her at the time.

20 Did you consider that was an inducement for her to continue working for you?---Correct, to work harder, to try and get more, more business and build her portfolio.

Right. Now, the 10 to 15 per cent, that was going to be calculated as 10 to 15 per cent of what the head contractor was going to pay the agency, is that correct?---We didn't discuss in full detail sorry, we did not discuss.

30 Okay. Let's step away from discussions shall we and I'll ask you what was in your mind when you had formulated that plan, 10 to 15 per cent of what, Mr Kostogiannis?---That, that wasn't a formula that I had already thought through, it was just an idea of trying to encourage an employee to, to see more business out there.

Okay. Now, you're asking the Commissioner to accept that answer, right, you must have had something in your mind as to what the 10 to 15 per cent was going to be calculated against didn't you?---That was just - I had not formulated, I had not structured that, it was just an idea of, of myself thinking with discussions to see how I can try and build up the team, build up, you know, our, our business.

40 ASSISTANT COMMISSIONER: But Mr Kostogiannis, you must have had some idea. Was it - it wasn't going to be 10 per cent of the value of the building you were working in?---No, no, no, no.

Well, what was it going to be 10 per cent of?---It was going to be 10 - - -

What she got in?---Ten per cent of her, her portfolio of what, you know, as a commission so - - -

Yeah, as a commission if she got a big client - - -?---A successful, yeah.

- - - who was paying you a lot of money you'd give her 10 to 15 per cent of it?---Correct.

Yes.

MR MORRIS: Right. Thank you, Commissioner.

Now, did you throughout 2007 actually pay her any such commission?  
10 ---No, I don't.

You would recognise that it was her introduction which gave you the open door into the University of Sydney, correct?---Correct.

And that was a valuable resource for your business, wasn't it?---It ended being a valuable resource but it wasn't - it was not her client, I, I did all the lead up work, I did all the work, it wasn't, it was just a referral. It was - the, the bonus scheme in my head that was working was you'd pick up a client yourself and, and look after it and, and place them, that's when you would  
20 qualify for a bonus if that - - -

Mr Kostogiannis, the entry into Sydney University was a very valuable asset for you, wasn't it?---It proved to be good.

So are you saying that - I think just a couple of questions ago you mentioned building up the team. Well, there was you and there was Ms Kantarzis wasn't there?---Yeah, correct.

Right. Now you're trying, can I suggest to draw a line between Ms  
30 Kantarzis' portfolio and your business, correct?---Correct.

But her portfolio was part of your business wasn't it?---Incorporated in my business.

And the University of Sydney you knew had very, and I'm suggesting at 2007 you knew, that the University had a very great demand for IT consultants. Correct?---Yes, I found out, yeah, they would call us continually seeking candidates, yes.

40 They'd call you continually. Right?---Yeah, we had some project work that was going on.

Yeah. And you also had a whole heap of small time contracts going on as well, didn't you, at the University?---Correct.

In other words they just weren't big high price placements for positions like team leadership roles but there were also small value placements like data

entry and computer set up and so forth. Correct?---Correct. That was ad hoc work when, when quiet.

But that was quite high volume work, wasn't it?---Yeah, it ended up being quite high volume, yes.

And in fact if we read your statement it proved to be such high volume that you had very great trouble keeping on top of the paperwork?---Correct.

10 It was generating a major administrative headache for you. Correct?---Correct.

And given that it was generating such a major administrative headache for you, did you ask for assistance in that administration from Virginia Kantarzis?---No, I didn't.

20 Why wouldn't you?---That was my responsibility. She had her set tasks to find out - to get new organisations on, on her portfolio, she had nothing to do. I had a clear cut of who was handling Sydney University and who was, and who was she to handle.

All right. While you were paying \$500 a week to develop a portfolio, were you also paying her \$500 a week to perform administrative tasks from time to time?---No, she never touched.

Never touched?---Never touched.

30 All right. So there you are getting yourself in a real administrative stew and the one person who could help you out, you never ever asked for any assistance at all?---Correct.

Okay. Now in terms of performing the recruitment process you would identify a likely candidate for placement at a customer. Correct?---Correct.

And you - what would you do as a recruitment agency with respect to getting that person?---Can you please clarify your questions 'cause I don't understand the question.

40 Somebody approaches you and says have you got any work for me, all right, I'm from this background. What would you ask for and what would you get before you place them with the person who was seeking your services? ---First I'll provide them with a CV to have a look at what skill set they had and then I could see if I had anything available at that time through, through my network and if they didn't they'll just sit on my books until something came up.

Right. Would you also consider whether you had anything on the books through Virginia Kantarzis's network?---Sometimes I would ask to see if she had anything going. I had a strong candidate in that area, if she had

anything that would fit her bill. Of course sometimes with a candidate internally I might share information in regards to my particular candidate if she had any opportunities.

Okay. Now as at January 2007, who was on Virginia Kantarzis's books?--- She just started.

10 Okay. Let's take June 2007, what was her portfolio?---I think she - I can't recall exactly but she was working on some clientele trying to place some transport company DP World or something like that, she was conducting quite a few interviews at that time.

All right. And what was the volume of work that she was bringing to your business as at June 2007?---Not much. That's why I was trying to see how I could encourage her to try and get her to build more, like when I was trying to identify a bonus scheme, I worked to, to bring more and more.

20 And what about December 2007, how much work did she have then?---Just trying to think, I think she was working on another - trying to get a placement at Transfield Services or something like that at that time.

A placement at Transfield Services?---At Transfield Services for a couple of clients.

And what was the volume of income that her portfolio was bringing to your business as at December 2008?---I can't recall exactly, sir.

30 Would you be prepared to have an estimate as to - - -?---No, I can't recall, I don't know, I can't recall.

MR McILWAINE: Commissioner, I think there was an error. I think my friend said December 2008.

MR MORRIS: Sorry. Thank you. Thank you, Mr McIlwaine.

December 2007, do you recall it? It would - was it a lot of money?---I'm not sure what, what you classify a lot of money.

40 Well, in percentage terms of your gross billings?---Yeah. It wasn't, wasn't if you're talking in that comparison, no, that wasn't that much.

Would you be prepared to have a guess?---No.

It certainly wasn't enough for you to start kicking in with the bonus scheme was it?---Correct.

Okay. Now just going back a bit. You said that you would as part of your recruitment process you'd ask somebody for their resume, all right. Would



you interview them as well?---At some - sometimes we'll conduct a phone interview or I'll conduct a face to face interview depending on the urgency.

Was that a very important part of your processes?---That was one, one of the, the parts, yes.

10 You see if you provided the wrong person though your recruitment (not transcribable) for a position with a valuable client that would be very detrimental, wouldn't it?---Correct. Might not get us to, you know -next time we might lose their, their business services.

And basically if - it could be any particular - any particular individual at any level that could cause that sort of concern about your - the quality of your candidates?---Yeah. And indeed from junior to whatever level, yeah, that's correct.

Now I think in your statement you were asked about a lady called Erin Normoyle, right?---Correct.

20 And I think that you said that you - what have I done. Do you say that you had a look at her resume. Do you recall?---I can't recall exactly but I do recall Erin.

Yeah. And what about - would you do a reference check as well?---Um - -

Prior to sending them onto a valuable client?---On that case I interviewed her face to face on that - can't remember the exact time.

30 'Cause trouble for myself here. I want you to - I want to suggest to you, okay. Page 64. It's actually page 66, Commissioner. You said there - you told the investigators that she gave you a resume and you interviewed her?---Correct.

40 All right. Now I want to suggest that her evidence before this Commission is in stark contrast to the description that you give at page 66 of your interview, all right. She says that she was at the time of - that she was recruited by you that she was a single mother on a pension, she was recommended to you by a person working at the University that she made a phone call to you saying that you'd be interested, that she'd be interested, she met with you for the purpose of discussing the contractual arrangements only, she didn't have a resume, she didn't have an interview with you and she found herself in the job at the University the following day?---I don't agree with that.

You don't agree with that. She's got it wrong?---I'm not sure, maybe she's omitted some details, I, I can't, I recall that she was interviewed. I, I can recall she was referred to me by a person Craig Walker.

Right?---I think he was a contractor at the University, not through my agency and that she was seeking work at that time and when he forwarded me her details I think which consisted of her resume I sought to interview her. Over that time, I think a couple of days later Craig called me up and mentioned that they might be able to utilise her in, in his area in, in doing some work, in coordinating work and doing some other work and he had mentioned that he had worked with her at the University of New South Wales and that she would be a good fit in, in assisting him for a couple of days.

10

Okay. So insofar as her statement which she didn't even have a resume at that point and she didn't have an interview with you, either you're right or she's right?---Well, we were at the Bureau, we had a, we had a, at the Bureau, we were at the Bureau, like that was our, our area where we have our meetings and, and interviews which is at 50 York Street.

That was licensed office space?---Correct.

20

At about 50 York Street, wasn't it?---50 York Street, that's correct.

Self, self, service offices, correct?---Yes, something very similar, yes, with meetings rooms, conference rooms so if I can go back to - like obviously I don't know if they have sign-in books, I can try and go and search that she's come in and we've actually met face to face but I'm not sure if they keep those type of records that she would have to sign in.

30

How many people in between the time that you first got entry or access to the University of Sydney in about late December 2006 and the time that you finished up which seems to be finished up with your business, which seems to be about 30 June, 2008, how many people do you think that you interviewed in that period?---Directly for the University, is that what you're saying or just - - -

Anybody?---Quite a few.

Well, are we talking in scores or are we talking in hundreds?---Probably hundreds.

40

Hundreds. And how many for the University would you have interviewed? ---Well, I've just given a ballpark figure, I can't, can't disintegrate what was the University, what was other things, what was - - -

Okay. Well, let's just take the University. How many people do you think that you interviewed for the University?---It could be about 50.

Fifty. How many people do you think you placed through the University at that time?---Three to four, five. Is that in contracts or just ad hoc work or - - -

Contracts or ad hoc work?---Well, the ad hoc work was a totally different beast where I'll be getting a call or an email saying they needed certain works to be carried out by certain teams or available people, not too high level experience but more moving, cleaning, virus checks, various - - -

10 Data entry?---Various other things or if - and that would then work on a time by time on different faculties, different areas so those short term placements might have been a day, half a day, two weeks, a week, depending on, on that type of scenario so I'd try to build up a team where they would be available on certain times, different hours to try and service that.

And how many people do you think that you interviewed in total for ad hoc and contract work?---Probably, like I said 50, about 50 for the whole - - -

And Erin Normoyle's interview sticks in your mind?---Correct. I think she had a hat on, I can picture her, seeing her I guess.

20 All right. Okay. Now the way Succuro worked, and I'm taking you to page 61 of your statement, was that you got paid by your client a certain dollar amount for the person that you provide and you paid a contractor less, correct?---You try and, yes, you put your admin fees in there and you, you try and create a business where you can survive as well to keep on providing the service.

And I think we're looking at a - it seems from page 60 we're talking about a gentleman by the name of Thomas Bott?---Yes.

30 And I think you were paying him something in the range of \$35 to \$38 and a half dollars an hour, right, and you were charging the University somewhere between \$60 and, \$55 and \$60 an hour, right?---Somewhere near there, I'm not sure if it was \$42 or \$43 or as time would go forward you'd seek if you could get an increase because of extended experience but I can't recall the actual figure that we had agreed upon at that time when he first started and what over the period of time of renegotiating his contract to what the actual figure was.

40 Now, so would you look at page 61, would that be your most accurate recollection of the differential between what you were paying the contractor and what you were charging the University?---It depended, I can't, where exactly did we - okay, over here \$35.

61?---Okay.

Page 61 at about line 17?---Yeah.

Kostogiannis?---Okay, thank you.

And then down to about 25?---Thank you. If I was able to establish or achieve an increase it would be passed on to the contractor as well, in part of course.

No, no, that's not the question?---Sorry.

10 The question is whether that evidence you gave the investigators about the differential between what you paid the contractor and what you were receiving from the University was about right?---It varies to whichever contractor was and who it was, depending on if it was project work which was - at, at short notice which was like a VIP service which would attract a higher rate or was it an extended contract which would be at a, at the acceptable rate.

I understand that, Mr Kostogiannis. Is what you told the investigators true? ---Yes, of course.

20 Thank you. And as (not transcribable) the proprietor of this business did you have a business model in your mind about what the percentage mark up ought to be?---You try and get as much as you can.

Right.

ASSISTANT COMMISSIONER: That's a good business plan?---Sorry.

No, I like it. It's simple.

30 MR MORRIS: And pay as little as possible I suppose?---Correct.

So we're talking about a 40 per cent, roughly, 35, 40 per cent mark up on these figures here?---I can't recall exactly as to the right figure, I haven't done an analysis on that.

40 Well, I'm asking about what the business model in your head was at the, at the time?---At the time I negotiate on a, on a job by job, person by person, it wasn't, it's got to be preset if, if I was able to negotiate a better rate so it was, if I was - if the other person was a better negotiator so, you know, it wasn't just a standard, this is a percentage that I've got to make, it was very flexible.

Yes. Now you had contact with Todd Demiralay at the University did you?--Yeah, about late, late 2006, correct.

Late 2006?---Yeah.

And did you know that Todd Demiralay was the partner of Virginia Kantarzis at that time?---I did.

And he - did he start asking you for work?---No, I approached him.

Right?---I approached Virginia for, at that time where she was working and she had no opportunities at that time so I said is there any other one, other, other people that you know that might be looking for, for people and that's how I got referred.

10 I see. Now, so your case is that she gave you the reference but Sydney University became part of your portfolio and was definitely not part of her portfolio. Correct?---Correct.

And you were paying her \$500 a week. Correct?---In January when she, at the end of January when she started for her work that she was doing?

Yes?---I was.

And did that weekly figure ever increase over the next 18 months?---No.

20 No. And in the meantime you have picked up what is a very valuable contact. Correct? Contact with the University of Sydney?---Correct, yes.

Now there were a number of other people that you were trying to open doors with. I think you mentioned First Data, you had no luck with them? ---Correct.

That was Virginia's former employer. Correct?---Correct.

30 Was that First Data contact in her portfolio or in your portfolio?---I didn't, they were a small organisation, once I couldn't open the door there I moved on.

No but that contact so far as your relationship with Virginia Kantarzis was concerned, did you consider First Data to be in her portfolio or your portfolio?---Because it never came into our business it never got, it never got, got seen. It was no one's portfolio.

40 Okay. Now you say that in your statement that Virginia Kantarzis has nothing to do with the University?---That's right, yes.

Was that a conscious decision by you to keep her away from the University?---Yes.

Why was that?---My, my initial intentions were I – when I got into the University, providing the candidates and the success was that, well the relationship was I was building that relationship with the University and all the other contacts within the University's different faculties. I didn't want

her, any association of her having maybe any thoughts that, you know, she was contributing in any way.

Was it possible that the real reason that you kept her separate from the University was because you knew that Todd Demiralay was her partner?  
---No, like I said before I kept her separate, I made a conscious decision that that was my portfolio that I was building up with other relationships, not just Todd, with other people within the University.

10 Was the real reason that you kept her away from the University because you knew that Todd was in a position, Todd Demiralay was in a position to allocate IT recruitment work to your business?---No, I didn't know exactly what his role within the University and what power he had.

Well you met with Todd?---I met with Todd, yes.

And can I suggest to you that it became very clear to you that he did have the power to allocate IT recruitment work to your, to your business.  
Correct?---Yes, yes. Under his team, yep, correct.

20

So it became obvious to you that he was allocating work either directly or through his team to the business known as Succuro. Correct?---Yes.

And is that the reason why you kept Virginia Kantarzis separate and not doing any work for the University?---Probably.

Is that because you recognised that if she was involved in procuring contractors through the business to the University, that that would give rise to a conflict of interest?---It could be.

30

Yes. Because you say to the investigators quite clearly that she was, she was to have no involvement with the University recruiters - - -?---Correct.

- - -recruitment process. And she was not to engage in any interviewing for University positions?---Correct.

Now is it possible – now you were being snowed under with work.  
Correct?---Correct.

40 And here was a readily available resource for you to use for the purpose of vetting or interviewing, vetting resumes and interviewing people. Right. Kantarzis was there?---Right. But no, I didn't, I didn't, didn't get her involved in that, that's why my paperwork suffered because I took it on upon myself to do it myself.

Yes. Now, and is it the case that throughout this period you were pretty much on a learning curve as to how the business operated?---Correct.

That's at page 32. Now I'm going to move on to another topic.

ASSISTANT COMMISSIONER: Yes.

MR MORRIS: Is that an appropriate time?

ASSISTANT COMMISSIONER: Yes. We will adjourn for 15 minutes at this time.

10

**SHORT ADJOURNMENT**

**[11:36am]**

ASSISTANT COMMISSIONER: Thank you, please be seated.

MR MORRIS: Mr Kostogiannis, at page 57 of your statement, you say, you use the words at about line 15, building up my business in the University being very hard to get in there. Is it the case that prior to the arrival of Ms Kantarzis, you'd been trying to get into the University of Sydney?---I've  
20 been trying to get everywhere, trying to put my foot in every organisation.

Well did that include the University of Sydney?---I hadn't approached them at that time, no.

All right. But you recognised it was difficult to get in there?---It does have constraints, so - - -

Yes?--- - - - because different departments, different, you can't really go talk to one director.  
30

Did you ever have any discussion between the beginning of 2007 and mid-2008 with Mr Demiralay about becoming a preferred contractor?---No.

Did he ever notify you that you were a preferred contractor?---No.

Did he ever tell you that you were one of two preferred contractors?---No.

But you noticed the volume of the work increasing in that period didn't you?---The more, the volume was for the short term project of having staff available to do one, two days ad hoc work. That's where the main, the  
40 major volume of that work (not transcribable)

But then you had some high value placements in more senior management positions. Correct?---Correct.

And in dollar terms they were fewer but they were more remunerative weren't they?---Of course.

Yes. Now a large part of your statement relates to the circumstances in which Mr Mylonas came to acquire the business. Right?---Correct.

By the time he approached you, you had volume work at the University of Sydney. Correct?---Yeah, I still had contractors still there, yes.

Right. At the time that he came to approach you, you had problems with the tax department because of non-payment of tax and superannuation. Correct?---Yes, yes.

10

You had problems getting your invoices out and paid. Correct?---Yes. You were having administrative problems dealing with your contractors. Correct?---Yes.

And you had a database. Correct?---Yes.

And you had a trademark that you'd invented?---Yes.

And you had a website?---Yes.

20

And in terms of the goodwill of the business, you had various contractual relationships with clients. Correct?---Yes.

You had a database of people that you could call upon to fill positions. Correct?---(NO AUDIBLE REPLY)

You had a trademark that you used?---My logo, yeah.

Telephone numbers. Correct?---Yes.

30

And a website?---Correct.

And they were all quite valuable in total weren't they?---Oh, yes.

And you say that Mr Mylonas approached you to assume conduct of the business?---I approached him.

You approached him. Now the first approach seems to have been in about January 2008. Correct?---Correct.

40

All right. I'll take you to page 59 of your statement, not just hang on, sorry, did Mr Mylonas join you in the business about six months prior?---No.

Right. Did he work for you at all prior to him acquiring the business?---No.

Right. So when do you say he approached you?---I approached him.

You approached him. When do you say that took place?---In May.



In May. Right. Now you've set out in your statement the circumstances in which he you say came to acquire the business. And that is that you were exhausted and overworked. Correct?---Correct.

You were unable to administer the business . Correct?---Correct

He'd been working at Transfield?---Yes, that's right.

10 Right. You essentially gave him the business. Correct?---Correct.

And you paid him sums totalling well over \$100,000 to keep the employee entitlements and so forth paid. Correct?---I paid some money to help out with the cash flow, obviously taking over the business, he had no cash flow to maintain the existing contractors to pay their wages.

And you say it was somewhere in the order of 130 or \$140,000?---I think it was closer to 120.

20 120, okay. Now Mr Mylonas you say was a friend?---Family.

Family. Right. Now you lent – do you say that that contribution, that cash contribution was a loan?---Yes.

All right. Now you've never been repaid that have you?---Not yet.

30 Not yet. And – look just in terms of the commercial sense, right, of this transaction that you described to the investigators, from your point of view what was the commercial sense in it?---I just wanted out of the industry. I was burnt up. I was just looking to, you know, I confided in Bill at that time and told him I was spent, the industry had tired me out, exhausted me so I was just looking for a new breath of fresh air to, you know, see the back of it.

Now you're asking - but you give him valuable assets for nothing and you actually lend him the money to clear up the financial position?---Yeah, he's family.

40 He's family?---He's family.

Okay. So it wasn't - your explanation is it wasn't really business at all, it was a gifting to him?---No, it was, to me, to my gratefulness, I was grateful that he could take over the business, I was a bit embarrassed walking away from the clientele so to me it looked like he was coming to rescue me and put me out of my, you know, circumstances that I found myself in.

You were paying him to rescue you?---No, I loaned that money.

Right. I see. Now, look, did Virginia Kantarzis play any role in this acquisition at all?---No.

Prior to speaking to Mr Mylonas did you speak to Virginia Kantarzis about it?---Prior, I had a - she was pregnant at the time, I had alerted her that I was looking to get out of the business.

10 All right. Did you - I mean, she'd had by that stage 14 or 15 months' experience in the IT recruitment industry, correct?---Probably correct.

Yeah. And Mr Mylonas had none, correct?---Correct.

And surely the obvious person to take over the business would have been Virginia Kantarzis?---I had no relationship with Virginia, she was just an employee.

20 But she was the one with the skill set, correct?---She had a skill set but to me I've got no relationship with Virginia on any personal level. I went to my family member who can assist me.

Okay. Now, look, what I want to suggest, you've got no knowledge at all of how Succuro Recruitment Pty Limited was set up?---Correct, no knowledge.

Do you have any knowledge at all about any discussions between Bill Mylonas and Virginia Kantarzis?---No.

And I'm talking about in the period May 2008 through to about October 2008?---No.

30 You thought that you were selling the business to Mr Mylonas - - -?  
---Correct.

- - - or giving the business to Mr Mylonas?---Correct.

Right. You were transferring the business to him?---Correct.

40 Right. And you had no conception that she had any role to play in it?---She was pregnant at the time and she was about to deliver a baby so I didn't come across.

Okay. Now, what I want to ask you about, you may not know anything about, but what I want to ask you about is that Virginia Kantarzis was the person who went to an accountant called Bill Moustacas, right, for the purpose of setting up the company called Succuro Recruitment Pty Limited. Did you know that?---No.

That initially she and her husband, Todd Demiralay, became the shareholders to the extent of two-thirds of the issued company, company capital. Were you aware of that?---No.

MR MIRALIS: Commissioner, I object to this line of questioning.

ASSISTANT COMMISSIONER: On what basis?

10 MR MIRALIS: There's absolutely no probative value to asking this witness what his opinion may or may not be with respect to the setting up ultimately of the company - - -

ASSISTANT COMMISSIONER: He's not - sorry, he's not being asked his opinion about the propriety of it or anything else, he's being asked whether he's aware of it.

20 MR MIRALIS: Well, with respect, Commissioner, Counsel Assisting opened by saying it would be likely you would know nothing about this. He's made no reference to this during the course of his statement to the ICAC investigators. What probative value does his opinion about an issue that he has already - Counsel Assisting has conceded he knows nothing about.

ASSISTANT COMMISSIONER: Look, I'm sorry, he's not being asked his opinion. He's being asked about any knowledge he may have had about it and I'm sure he's perfectly capable of saying whether he has any knowledge or not.

30 MR MIRALIS: I think he's already answered that, Commissioner, with respect and the answer is no.

MR MORRIS: I thought it was.

40 MR MIRALIS: And the next line of questioning is furtherance of an answer which is in the negative and it seems to be me to be of no probative value (not transcribable) finding the Commission will ultimately need to be making about this witness' knowledge as to what takes place at the accountant's office further down the track. It's not in the ambit of his knowledge, asking him questions about which he reasonably cannot be expected to have any knowledge seems to me, with respect, to be of no probative value at all, Commissioner.

ASSISTANT COMMISSIONER: Well, we don't know whether he has any knowledge, that's what we're exploring and some of the details might trigger a memory with them, oh, yes, I did hear about that so I'm allowing it.

MR MIRALIS: May it please the Commissioner.

MR MORRIS: Thank you, Commissioner.

You had no knowledge that two thirds of the issued share capital was owned by Virginia Kantarzis and Todd Demiralay?---No.

Did you have any knowledge that the Virginia Kantarzis became the director of the company and the secretary of the company at that time?  
---No.

10

MR MIRALIS: Objection, Commissioner. If these lines of questions are to be permitted I would respectfully request that my friend particularise the period of time over which this particular witness is being sought to answer these questions.

MR MORRIS: I'll make it - if there's any confusion I'll make it clear.

As at August 2008 were you aware of that?---No.

20

Right. Were you aware that at that time, at the time of the company incorporation, Bill Mylonas had not taken any shares at all in the company?  
---No.

In, in, in Succuro Recruitment. You transferred - did you actually have a transfer of the company business to Succuro - sorry, of Succuro the business to Succuro Recruitment Pty Limited?---No.

Did you ever consider that stamp duty may have been payable on that transfer?---No, I didn't think of that.

30

Right. It was family?---Correct.

If I suggest to you that Mr Mylonas didn't come on as a company director or shareholder for a further month, did you have any knowledge of that?---No.

Right. Now, is it possible - and as I understand it from your statement the company Succuro Recruitment Pty Limited continued to use your ABN number up until about December 2008?---I was made aware by the investigators that might have been the case.

40

Oh, I see. So you didn't know that before?---Not, no.

All right. You didn't know that for the purpose of tax, your own tax obligations?---The, the arrangement was that they were to take, you know, Bill was to take up to the end, up to the end of June where I would have that cut off before that financial year.

Right. And of course you told the investigators how you were struggling to get the billings up to date to that cut off of 30 June?---Correct.

Right. Now, I want to ask you this for your response, okay. Is it possible that in the period January 2007 through to 30 June, 2008 contrary to your evidence today and to the investigators, that Virginia Kantarzis played a greater role in the University of Sydney recruitment process than you've said?

10 MR MIRALIS: Objection, Commissioner, it's an entirely speculative question, it's inviting someone to speculate on an issue which Counsel for the Commission has indicated he may not possible be able to answer, it seems to me to be entirely irrelevant and frivolous in the circumstances of that concession that this question be permitted.

ASSISTANT COMMISSIONER: Mr Miralis, I'm sorry, when you make objections you'll have to come up to a microphone but - - -

MR MIRALIS: I apologise, Commissioner (not transcribable).

20

ASSISTANT COMMISSIONER: Next time you can, you don't have to do it this time.

MR MIRALIS: Yes.

ASSISTANT COMMISSIONER: I overrule your objection. This witness has previously said she had no connection at all, it's been put to him she had a greater, is it possible she had a greater connection, I'm sure he's quite capable of answering that.

30

MR MORRIS: Commissioner, we might invite Mr Miralis up the front because I expect we're going to hear from him.

ASSISTANT COMMISSIONER: Oh, all right. You know where you're going, I don't. Perhaps he can just sit up there. Anywhere near a microphone, Mr Miralis.

MR MIRALIS: Yes, thank you, Commissioner.

40 MR MORRIS: Is it possible - I'll wait for you to get here, Mr Miralis.

MR MIRALIS: I thank, I thank my friend for that.

MR MORRIS: Is it possible that in the lead up, certainly in 2008, so January 2008, that you were becoming the public face of the Succuro business while Virginia Kantarzis, contrary to your evidence to the investigators and today, was in fact the directing mind behind the business? ---That's totally incorrect.

Okay. And what happened after 30 June, 2008, you've got no knowledge about?---No, I was never told.

You essentially passed out of the business and whoever was operating the business after that period, what their interests were, you've got no interest?  
---Correct.

Okay. Thank you, Commissioner.

10

ASSISTANT COMMISSIONER: Mr Kostogiannis, what family is Mr Mylonas to you?---He's the godfather to my child.

Oh, godfather?---Yeah.

20

So he's not like a relative as such?---Well we've known each other from 1990 that we invited him in our tradition, sorry our culture, godfathers play a very important aspect in becoming family members. They might not be blood related, but in our community we hold them in very high respects (not transcribable)

So you're very close?---Correct.

I just find it a little strange in those circumstances that you don't seem to have any knowledge at all about what was done with the business by Mr Mylonas?---We never discussed it.

So you never discussed it again?---Correct.

30

We haven't still yet discussed what happened.

So after you transferred the business you and Mr Mylonas have never discussed it again?---Correct.

Is that strange?---No. The only time I've raised this, when, if there was a possibility to get my loan back. That's the only thing that I've raised. But we never talk business.

40

In respect of Ms Kantarzis, I'm having a lot of trouble working out what she actually did for her \$500 a week. You said in your earlier evidence she interviewed candidates?---Correct.

But as I understand your evidence you deny she ever interviewed candidates for the University?---No. But what she did on my database, she would be just verifying these candidates, doing reference checks and the whole lot.

So she well could have interviewed or verified candidates who ended up going to the University?---There was none that I recall.

But you can't say she didn't?---The database was for all of us to use but - - -

Yes, well that's right. As I understand it, you sourced, saw people, you either interviewed them or you checked their references. And you had them there available for when somebody wants them. Is that right?---Correct, yeah.

10 So she may well have vetted or reference checked people who subsequently went to the University?---I can't recall if she did that actual thing for a particular - - -

Well that was, that was the only job you specified that she was doing?---She was also trying to open doors - - -

She was trying to build up a portfolio with, as from what you've said, little success. Would that be fair?---Yes, yes.

20 So you were paying her \$500 a week, what is that \$25,000 a year, yet I'm having a lot of trouble understanding from your evidence what she was doing?---Yep. Interviewing, we'd be receiving about 100 to 200 applications or people seeking opportunities, so a lot of the time was spent filtering, going through that and dissecting it and, and picking up any strong candidates that might be of potential interest and do follow ups. And also going to see if there was any other opportunities, you know, in the areas. Making contacts with those candidates of the previous workers and follow up. Just recruitment areas where you follow up on a previous company that they worked for, see if they needed any position filling, obviously they've moved on to, and do more that line of work. A lot of hard work doing that  
30 work, so, you know.

And you can't say that some of the people she identified or checked didn't end up going to the University eventually?---I can't recall that it ever happened. I'm sorry.

Yes. Thank you.

40 MR MORRIS: I'm sorry, Commissioner, you've given me time to think and there are two issues that I should have dealt with.

ASSISTANT COMMISSIONER: Yes.

MR MORRIS: Is it possible that you were paying her \$500 a week in consideration of the introduction to the University of Sydney?---No.

And the continuing business from the University of Sydney?---No.

You knew Mr Moustacas too didn't you?---I know, I know of him, yes.

You know of him?---I know of him.

He's an accountant?---Yes, he's got a practice.

Yes. How do you know him?---He, he's a University student, he went to University with my brother.

And did you, do you know him otherwise?---No.

10 Socially?---We, we don't hang out too much.

At all?---No, we haven't seen each other for quite a while.

All right. What about did you ever meet him at a wedding?---Oh yes, mutual friends we'll meet up, of course, but, you know, hi, how are you.

All right. What about at a wedding on 25 January, 1998?---I can't recall.

Mr Mylonas' wedding?---Probably, yes.

20

Yes. Okay. Thank you.

ASSISTANT COMMISSIONER: Yes, thank you. Does anybody else, yes.

MR McILWAINE: Yes, I have some questions, Commissioner.

ASSISTANT COMMISSIONER: Yes, Mr McIlwaine.

30 MR McILWAINE: Mr Kostogiannis, can I just clarify your evidence about the referral by Ms Kantarzis to Mr Demiralay. At the time was it your evidence that you contacted Ms Kantarzis when she was still employed by First Data. Is that correct?---Correct.

I think there's been some suggestion to you in examination by Counsel Assisting that she was providing contractors on your behalf when you first started. That's not correct is it?---No, no, not at all.

Okay. So she's working at First Data, you approach her to see if there's some opportunities?---Correct.

40

And this is certainly prior to her commencing any employment with you? ---Correct.

How long prior?---I had made early contact with her over six months plus.

All right. So I think she started in late January, 2007?---Late January, 2007.

So this conversation where you contacted her at First Data, I'm clarifying, at



some stage when you were contacting her at First Data she says, we don't have anything but Todd Demiralay, my partner is at Sydney University, he might have something and you contact him?---Correct. Correct.

How long before she started working with you did that occur to the best of your recollection?---When, in what, can you, sorry, just- - -

10 How long was that conversation where she said to you why don't you contact my partner who's at Sydney University?---That was just a quick, a quick call.

What's the gap in time between that conversation and when she started working with you?---Oh, over six months, plus, yeah.

Okay. And there would be absolutely no legal obligation or certainly, virtually no legal obligation on you to pay her any fee or give her any money for that referral?---Correct.

20 That's how in your business things work?---Correct.

People, when you approach them - - -?---Networking, yeah.

- - - you ask them, you have the opportunity to say no, but maybe you should try here?---Correct.

Correct?---Correct.

30 Okay. And at that stage what was your relationship with Ms Kantarzis at that point at that conversation?---She was a client.

And nothing further?---Nothing else.

Any social relationship?---No.

She owed you no favours?---No.

You owed her no favours?---No.

40 Okay.

ASSISTANT COMMISSIONER: How soon after the conversation did you actually contact Mr Demiralay?---A couple of months.

So you waited a couple of months to contact him?---I was busy with other areas of the business and then followed, followed through.

And how soon after you contacted him did you first get work?---I was invited to provide candidates probably about a month later.

And I think you've told us that you first provided candidates - - -?---Yeah, a Thomas Bott.

- - - late 2006. Is that your evidence?---Correct. About November I think it was or December, 2006, if I can recall correctly.

I beg your pardon?---Around November/December 2006.

10 November 2006. And that was - - -?---Thomas Bott.

- - - a month after you spoke to him?---Correct.

Yes. Yes, Mr McIlwaine.

MR McILWAINE: Thank you. Now you've already told the Commission that you had - you described Mr Mylonas as family?---Correct.

20 For reasons you've explained. And that you advanced to him you think in total around \$120,000. Correct?---Correct.

And there's no written documentation about that. Correct?---No, no.

Because he's family?---Correct.

But you provided it to him via cheque. Is that your evidence?---Correct, yes.

30 All right. At the point in time where you approached him did you say to him confidentially the business is just too much for you?---Correct.

Was it having some impact on your health?---Correct.

What sort of impacts, without going into too much detail?---Yeah, I was, I was run down. I was run down mentally, health wise, I just couldn't cope with - - -

40 All right. But you had continuing commitments because the contractors you had out there - - -?---Correct. I didn't want to let them down, so - - -

Okay. And you turned to Mr Mylonas and as it turned out because of his situation it was convenient for him to buy it. Correct?---Yes.

Now in regard to payments to Ms Kantarzis you've been asked a number of questions about - you were paying her \$500 per week. Correct?---Correct.

And you've been asked if effectively what value did you get for that money. Correct?---Correct.

But apart from what she was actually doing did you see some benefit to your business in her being employed for the purpose of growing the business?---In what way would (not transcribable)

Well, I think you've spoken about you wanted her to go out there and - - -?  
---Yeah, build the business.

- - - build the business?---Yeah, yeah, yeah.

10

So sometimes in business I take it you have to employ people even though you're not initially making any immediate income or profit from their employment in the hope of future (not transcribable)?---Of generating - yes, of course you got to have sales people out there knocking doors otherwise no door will - - -

And she's not going to do that from your experience unless she's given some remuneration?---Correct.

20

And that - was that part of the reason why you were paying her the money?  
---Correct.

Now I think you were asked questions about the employment of Erin Normoyle. Correct?---Yes, correct.

And you said that she was referred to you by I think a Mr Walker?---  
Correct.

30

Someone from Sydney University?---Correct.

And that - was he one of your contractors or - - -?---No, no.

Just an employee?---I think he was a contractor at the, at the University there, I'm not sure - - -

From another agency?---From another agency, not sure where it originated.

40

Okay. Now Ms Normoyle has given evidence, I want you to assume that she was told that to gain employment - that she had a friend at the University. Was that Mr Walker to your knowledge or - - -?---That's, that's the, the link. Mr Walker gave me Erin's details.

Okay. And that she was told that she couldn't directly apply for employment at the University she had to go through an agency. I just want you to assume that's her evidence?---Yeah. I wasn't made aware of it but, no.

Okay. Do you understand - is that, does that surprise you personally?

---Yes.

It does. All right. So do you have no understanding of why it was that the University - that she could only be employed through an agency not directly?---No, I didn't understand that - - -

MR GOLLAN: I object to that. That question proceeds upon an unestablished fact and it's the University that's in a position that (not transcribable) - - -

MR McILWAINE: He said no - answered that (not transcribable)

10

ASSISTANT COMMISSIONER: Yes. Let's move on.

MR McILWAINE: But in any event this was a situation where a person employed through another contracted University referred a friend to your agency for the purpose of assisting in the gaining of employment with the University. Correct?---He was - it wasn't directly with the University it was a friend that gave me the - a person seeking opportunities and at that time that person said we could use her within our team for a couple of days, yes.

20

And that's (not transcribable) common practice in the recruitment field?--- No, that's - it's, it's standard, it's acceptable practice in the recruitment (not transcribable) referrals. You're looking at people who know good people to, to pass on information if they're seeking employment.

People working in places here about positions and tell friends that there's a position and refer them through an agency that has some connection?--- Correct, correct.

30 Nothing further, Commissioner.

ASSISTANT COMMISSIONER: Thank you.

MR MIRALIS: Commissioner, I seek leave to ask Mr Kostogiannis questions - - -

ASSISTANT COMMISSIONER: Yes, Mr Miralis.

MR MIRALIS: - - - (not transcribable) Ms Kantarzis.

40

Mr Kostogiannis, I appear on behalf of Ms Kantarzis. Do you understand that?---Correct.

I just wish to ask you a number of questions with respect to the evidence you've given today. If I can just start off by going back to the time when you first met Virginia Kantarzis and your relationship with her began. It's the case isn't it that she was working at Transfield?---Correct.

And you in fact got onto Transfield as it were by virtue of the fact that Bill Mylonas was employed there?---Correct (not transcribable) introduction, yes.

Once you actually started providing contractors to Transfield you started dealing with Virginia Kantarzis independent of Bill Mylonas?---Correct.

And over a period of time you had an opportunity to observe the way she conducted herself with your firm in a professional manner?---Correct.

10

Would it be fair to say that the opinion you formed and the way that she dealt with you on a professional level was one in which she conducted herself ethically and you would say on a professional level without fault? ---Correct.

Now once she left Transfield you became aware of that?---Correct.

20

The reason you became aware of that is you've alluded earlier on to common practice within the IT sector and that is it seems to be people who are around on short term contracts. Is that correct?---Correct.

And as a small business owner it's in your interests to see where people actually end up?---Correct.

And you found out through word of mouth or perhaps through other sources that she had gone to another firm called First Data?---Correct.

30

Now it was entirely normal business practice for small business owner to subsequently make contact with First Data specifically to seek her out?---Of course.

It can't be suggested for a moment that there was anything untoward about that practice?---Correct.

And in fact you expect your competitors to be doing that on a daily basis to get their foot in the door and advance their - - -?---True.

- - - business interests?---Correct.

40

While she was at First Data you sought to provide contractors to her company. Is that correct?---Correct.

But that proved to be unsuccessful?---Correct.

While she's at First Data you've continued obviously trying to pursue other interests. That's correct?---Correct.

And during that year you found out that she had left First Data? So, I'll take it back one step. You had a conversation with her at First Data in

which she told you she was not able to provide your firm with any work?---  
Correct.

However she did disclose to you on that occasion that her husband Todd  
was employed at Sydney University and he may have some opportunities  
for you?---Correct.

In your understanding of the IT industry that would simply be defined as a  
referral?---Common - - -

10

Is that correct?---Yeah, yes.

There was nothing untoward or sinister about what she suggested to you?---  
No.

And in fact you would have understood that the reason why she was making  
this invitation to you was that she formed the opinion that your outfit was  
professional and ethical and she was making a commendation on your part?--  
--Correct.

20

There was no other reason in your mind why you believe that she would  
have commended Todd to you or you to Todd. Is that correct?---Correct.

MR MORRIS: I object.

ASSISTANT COMMISSIONER: I'm sorry, Mr Miralis, this - I mean - - -

MR MORRIS: We're getting references on states of mind and - - -

30 MR MIRALIS: Yes. Well, Commissioner, with the greatest respect to my  
friend (not transcribable) people's state of mind regrettably seems to be a  
common attempt during the course of these proceedings. His state of mind  
as to why he believed the referral was made is directly relevant because a  
referral has been made by Virginia to Todd on what basis? At some point  
in time the Commission will need to adjudicate as to whether or not there is  
something perhaps more sinister or suspicious as my friend would no doubt  
be contending or whether or not he believed it was simply done in the  
course of business because of a prior business relationship with Ms  
Kantarzis. Some (not transcribable) fact inevitably need to be made by the  
40 Commission and I suspect my friend will be advancing that there was  
something sinister about that very initial contact that perhaps it was a set up  
if you like towards a future relationship with Todd Demiralay.

ASSISTANT COMMISSIONER: Findings will be made on inferences  
(not transcribable) on the evidence and the evidence. This witness's  
opinion about whether something was sinister is of minimal assistance to the  
Commission.

MR MIRALIS: Certainly and I'm not going to ask him that, I'm not going to spend much time in that area in any event.

Now just moving forward, Mr Kostogiannis, you in fact got in contact with Sydney University and specifically with Todd?---Correct.

And you had a meeting with Todd at the University of Sydney?---Correct.

10 And over the course of a coffee I think it was you put forward a business proposal with respect to what services you could provide as you saw Sydney University?---Correct.

Virginia Kantarzis was not part of that meeting?---Correct.

Did you call her after that meeting to relay to her any of the information that had flown between you and Todd Demiralay?---No, no, not at all.

20 During the course of that discussion with Todd Demiralay are you able to, to the best of your recollection tell the Commission what was discussed and the perimeters of what you put forward as a proposal?---It was more a background of the business and what I could provide - services and if they had any opportunities within the University in requiring short term contractors or long term contractors, you know where to place them.

30 During the course of that conversation with Todd are you able to tell the Commission whether or not Virginia Kantarzis's name was mentioned and if so in what circumstances?---No, it wasn't mentioned. The only thing was that was referred from Virginia that's why I called (not transcribable) initial call that I made but that was, that was it.

Okay. And in fact after that initial contact with Todd Demiralay your contact with him was very minimal was it not?---Correct.

And in fact you said previously on that you wanted to monopolise all the contacts within Sydney University and I take it from that what you in fact did was you met the other people at the University?---Correct.

40 How many other people apart from Todd did you actually have contact with at Sydney University?---Four, five, six people I think.

Were they all from the same area as Todd or from other departments?---No, that was probably from different faculties as well.

Okay. And with respect to Todd's department it's the case is it not that your contact with him beyond his first interview ceased and thereafter you had contact with other individuals from Todd's department?---Correct.



During the course of any of these conversations or contacts with people from Todd's department did you relay any of the conversation back to Virginia Kantarzis?---No, not at all.

Did you keep her abreast of your business relationships or dealings with Sydney University?---She wasn't working for me at that time, no.

Why did you not do that?---Because it's my business.

10 You saw no reason why - - -?---No reason, yeah.

- - -she'd be privy to that confidential information?---The first thing was just a referral and that's it, it ceases from there. From then on it's my business.

Now of course at some stage thereafter she contacts you. Is that correct?  
---Correct.

And she contacts you seeking employment.---Correct.

20 And she does so in circumstances where you are aware that she has resigned from First Data. Is that correct?---Correct.

And she has explicitly told you that she is pregnant and she wishes to focus on (not transcribable) pregnancy, didn't want stress and the type of job at First Data was not conducive to her particular goal. Is that correct?---  
Correct.

30 So you were aware that she was pregnant, leaving First Data and I think words to the effect were said to you by her, that she wanted a stress (not transcribable) on a part time basis. Is that correct?---Correct.

And at that time were you in a position to offer employment that fitted that job description?---I thought I could assist her.

Now you knew that she had been involved in IT for some time.---Correct.

You had personal knowledge of her professional capacity.---Correct.

40 And are you able to express an opinion about her professional capabilities relative to the needs of your firm as of the time that she's making an enquiry for employment?---She's managed help desk support people at a high level in big organisations and the expertise was valuable.

Okay and you were satisfied that those skill sets were relevant to the need that had to grow your - - -?---Our IT market, that's correct.

So you employed her on the basis of what you say were a transparent set of skills.---Correct.

And you had prior knowledge of those skills because you dealt with her.  
---Correct.

Now no doubt you also turned your mind to what an appropriate and reasonable income would be for the services that she was capable of providing your business.---Correct.

10 And you discussed with her what would have appeared to have been something commensurate with a part time worker.---Correct.

And the figure of five or \$600 or thereabouts was mentioned.---Correct.

There was no contract between the two of you.---No.

But in your mind, based on her level of experience and what she was expected to do that appeared to be reasonable pay for reasonable work.---Correct.

20 You're certainly would not, a charity and you certainly weren't taking on-board freeloaders.---Correct.

And in fact, there's demonstrable evidence I would suggest which has been put before the Commission by way of Notice of Produce, to show that she in fact, was performing the work that you've given evidence about namely, interviewing people administrative type work - - -?---Not administrative.

30 ASSISTANT COMMISSIONER: No, as I understand his evidence she did no administrative work at all.

THE WITNESS: I've said no administrative work.

MR MIRALIS: Let me just, the term administrative regrettably can have many meanings to different people. I won't go into that area for the time being but let me just put to you a number of things with respect to the type of work that she was performing for you and you tell me whether you agree or disagree. Was she identifying suitably qualified candidates?---Yes.

40 Was she taking part in the professional screening and processing of applications?---Yes, that goes hand in hand.

Was she sourcing candidates using a variety of approaches for example, on-line advertising, networking and referrals.---Correct.

Was she short-listing resumes and applicants.---Correct.

Was she providing acknowledgment letters, unsuccessful letters to keep communication open with clients, was she drafting job specifications for advertisements?---Correct.

Was she generating leads?---Yes, she was after - - -

Is it also the case that she was reasonable for setting up an office which was referred to earlier on as the Bureau?---She assisted, yes.

10 And she sourced that location.---Correct.

And she took responsibility of this along with you in doing what was necessary to provide a professional outfit to your business.---Correct.

MR MORRIS: I'd just ask the witness speak up, apparently, we have difficulty picking up the mike.

ASSISTANT COMMISSIONER: Yes.

20 THE WITNESS: I might get myself closer.

ASSISTANT COMMISSIONER: Can I just ask you just, as I understand most of those things, were they done from home?---Yes, the opportunity was there to work from home, we also had the Bureau which had office spaces as well, workstations you could do it there as well and meeting rooms and so forth.

Well, but did Miss Kantarzis regularly come into the Bureau?---She did, yes.

30

How often?---I can't account for how many times on my hand or figures because I might be out, she might be in, she might be seeking clients, I can't really say exactly how many times she walked in that door.

But you were happy for her to work from home weren't you?---I was, that was part of the agreement that - - -

That was part of the agreement, she wanted to be able to work from home. ---Correct.

40

Yes.---I understood from the start.

Yes, Mr Miralis.

MR MIRALIS: The situation was that when she was required to do interviews or have face to face meetings with clients she would do so at the Bureau?---Correct.

And in fact she was provided with a security clearance card by the Bureau. Is that correct?---Correct.

And if I could just show you this card, if the witness could be shown this card Commissioner. Do you understand that to be a card that is relied upon to enter the Bureau?---Correct.

And that's what she relied upon to get her into the Bureau for interviews? ---Correct.

10

If I could also show you this bundle of documents, Commissioner, I tender that has been given to the Commission pursuant to a Notice to Produce obviously in photocopy format, so it may be already before the Commission it's the official card.

ASSISTANT COMMISSIONER: I don't know really what it adds because it doesn't tell us whether she ever used it.

20

MR MIRALIS: I'll ask some questions with respect to that.

ASSISTANT COMMISSIONER: Yes, but the card doesn't add to it, so I don't think it needs to be tendered. Nobody seems to have disputed that the office could be accessed by both of them.

MR MIRALIS: Sure. Records presumably would be available to any ICAC investigator who so sought to approach the Bureau - - -?---Of course.

- - -and seek details of how many times it was used. Is that correct? ---Correct, I should have records yes.

30

MR GOLLAN: I object, can this witness tell us what the ICAC investigators have the capacity to do or otherwise.

ASSISTANT COMMISSIONER: Yes, and I - - -

MR MIRALIS: He's just saying records are kept - - -

40

ASSISTANT COMMISSIONER: I must say from my knowledge of these records they're not kept, entry, electronic entry records are not kept for any lengthy period by anybody so I don't think you can put that to him as a proposition.

MR MIRALIS: Commissioner, I don't press that. Can I show these documents Mr Kostogiannis. Do they appear to be resumes dated 2007 which appear to have Mrs Kantarzis's handwriting on them.---Yes.

If you could just look quickly over and just flick through those and satisfy yourself that that's the case. Just if you could.---Yes, quite a few notes.

ASSISTANT COMMISSIONER: Mr Miralis, have these documents been provided to Counsel Assisting?

MR MIRALIS: Yes, pursuant to the Notice to Produce, they've been provided to ICAC.

MR MORRIS: Well, I'm not sure that we've seen them. We'll make some enquiries. Might I have access to those Mr Miralis?

10

MR MIRALIS: Of course, that's no problem.

MR MORRIS: And I'll make some enquiries.

MR MIRALIS: Now you've had a chance to look at those resumes?---Yes.

And you were giving evidence earlier on about the type of work that Virginia Kantarzis was doing for you.---Correct.

20 Would that be an example that's consistent with what you believe her role was?---Correct.

And she was being paid to perform that type of work.---Correct.

I'll show you these documents. Have you seen those documents before? Just have a read of that first page, they're all the same.---Yes.

30 Are they the documents that Virginia Kantarzis created with respect to, if you like, a pro forma for interviewing or assisting in an interview process that you carried out with respect to clients?---Correct, correct.

Likewise Commissioner, they have been produced pursuant to the Notice to Produce.

MR MORRIS: My friend tells me they have been but I'd like to see them.

ASSISTANT COMMISSIONER: I take it Mr Miralis they're being produced as examples of the work not as the entire output of Miss Kantarzis's employment.

40

MR MIRALIS: That's correct Commissioner, I rely on the oral evidence with respect to what she was actually performing. This is really corroborative if accepted by the Commission as indicative of her employment of work.

MR MORRIS: I'm told they have been produced.

ASSISTANT COMMISSIONER: Yes.

MR MIRALIS: For the purpose of admitting the documents, Commissioner, I'm happy to rely on the documents that are being produced to the Commission and to formally admit those or I'm happy to admit the documents (not transcribable)

ASSISTANT COMMISSIONER: I think as the witness has been asked about them they should be tendered.

10 MR MIRALIS: I tender - - -

ASSISTANT COMMISSIONER: So I'll make Exhibit 35 the bundle of resumes and Exhibit 36 will be the pro forma interview forms.

**#EXHIBIT 35 – BUNDLE OF RESUMES SHOWN TO MR KOSTOGIANNIS**

20 **#EXHIBIT 36 - PRO FORMA INTERVIEW FORMS SHOWN TO MR KOSTOGIANNIS**

MR MIRALIS: Thank you.

ASSISTANT COMMISSIONER: Are these all, these pro forma's, are they all the same or - - -

MR MIRALIS: They're all the same, Commissioner, is it necessary for all of them to be tendered, just the, the sample is sufficient but I think they've  
30 all been photocopied.

ASSISTANT COMMISSIONER: Well, it's really just one pro forma interview that was prepared.

MR MIRALIS: Yes, it's more just the volume to indicate we would respectfully submit that it was anticipated that there be a number of interviews. It's consistent with that evidence and it corroborates the volume of interviews that evidence has been given about.

40 ASSISTANT COMMISSIONER: I don't know that it shows anything except that the form's been photocopied but anyway, I'll mark them as indicated.

MR MIRALIS: Thank you, Commissioner.

Mr Kostogiannis, is it also the case that as part of her employment with you she was provided with access to access to a computer?--Correct.

And an email address?---Correct.

And you would communicate with her during the course of a working day either through emails - - -?---Emails or phone.

- - - or you would call her?---Yes.

10 Now, if she was working at home what would have been the most typical way in which you would communicate with her?---It depended on the case by case basis, a short email if I was out or a phone call, depending on what - - -

And no doubt if ICAC sought to obtain call charge records from your mobile phone or your land line there would be telephone calls showing you calling her?---Of course.

And no doubt she calls you as well?---Correct.

20 And I'll show you this document here. A two-page document which is the inbox of Ms Kantarzis, if you could have a look at that second page and you'll see there's highlighted an email address?---Yes.

Can you read that to the Commission?---vkantarzis@succuro.com.au.

Now, that's the email address that she was provided by your business? ---Correct.

And is that how you contacted her on that email?---Correct.

30 I tender that. It fits into the same category, it has previously been produced.

ASSISTANT COMMISSIONER: Yes, well, Exhibit 37 is this email address of Ms Kantarzis.

### **#EXHIBIT 37 - EMAIL ADDRESS OF MS KANTARZIS**

40 MR MIRALIS: I'll show you another document, Mr Kostogiannis. You gave evidence earlier on about Ms Kantarzis' role also involving seeking prospective candidates?---Correct.

And one way that she did that was obviously putting adverts on line? ---Correct.

What were the providers that you were using on line?---MyCareer.

Is that an account opened with MyCareer?---Correct.

And whose name is that in?---Virginia Kantarzis.

Was that one of her tasks at your company?---Correct.

I tender that document.

ASSISTANT COMMISSIONER: Yes, that will be Exhibit 38.

10

**#EXHIBIT 38 - CAREER ONE PRINTOUT**

MR GOLLAN: Commissioner, might I get access to Exhibit 38 please?

MR MIRALIS: Mr Kostogiannis, beyond the Bureau was there any other office that you were using during this period of time?---Primarily used the Bureau as a place - we had a virtual office as well at the - called Clearly Business.

20

Can I show you these documents. Is that an advert flyer from that office that you've just given evidence about?---Correct, yes.

I tender that document. Now just on that particular office, it was Ms Kantarzis' role to facilitate the appointment for people who were going to be interviewed there?---Correct.

And she would have regular contact with conducting that aspect of your business?---Correct.

30

ASSISTANT COMMISSIONER: I mean, when you say a virtual office, what do you mean?---You have a reception taking your phone calls, you have mail services, you also have offices there to conduct interviews, workspaces, the whole, the whole office with different businesses in their different areas which you can utilise.

But it is a physical office not a virtual office?---It's a physical office, correct.

40

Yes, that will be Exhibit 39.

**#EXHIBIT 39 - BROCHURE OF VIRTUAL OFFICE**

MR GOLLAN: And might I return the exhibit that I've had access to just so it's on the record that I'm doing so.



ASSISTANT COMMISSIONER: Yes.

MR MIRALIS: Now, Mr Kostogiannis, I want to ask you a number of questions about the issue of Todd being employed at Sydney University and you employing Ms Kantarzis, do you understand that?---Yes.

10 I want to suggest to you that in fact it was Ms Kantarzis who in an initial telephone call with you when she was to be employed made it very clear to you that she wanted nothing to do with the Sydney University and that side of your business. Do you agree with that?---We agreed, we both agreed to it.

But it's not what I'm asking you. I'm suggesting to you that she's the person who initially raised it with you and I would suggest was at pains to point out that whatever she was going to do for your business - - -

ASSISTANT COMMISSIONER: Mr Miralis, you can't make a speech. You can, you can put to him what you say was said by your client?

20 THE WITNESS: Yes.

MR MIRALIS: Mr Kostogiannis, do you agree that during a telephone conversation where Ms Kantarzis was seeking employment with you she raised the concern that there might be a conflict if she was doing work with Sydney University?---Yes.

And thereafter I think your evidence is you both came to an agreement and an acknowledgment that that was the case?---Yes.

30 And you put in place for two reasons, firstly the business reason that she was to have nothing to do with Sydney University?---Yes.

That makes perfect business sense because you'd already got your foot in the door and had started as it were spreading your tentacles within the campus?---Yes, correct.

And your ultimate goal was to grow your business in Sydney, is that correct?---Yes.

40 Therefore there was no reason why she ought to be part of that part of your business which was attributable to your efforts and your work?---Correct.

The other reason of course was she - and you both came to the agreement that it was inappropriate for her to be conducting any work that was referable to Sydney University?---Correct.

During the time that she was under your employ did she ever call anyone from Sydney University with respect to Succuro?---No.

Did she ever forward any correspondence to Sydney University relevant to Succuro?---No.

Did she have any meetings with anyone from Sydney University relevant to Succuro?---No.

Did she advise you, instruct you, procure, counsel, assist, aid and abet your business - - -

10

MS OAKLEY: I object.

MR MORRIS: I object.

MS OAKLEY: I object.

MR MORRIS: And how would he know?

MS OAKLEY: He's not being asked about his knowledge.

20

MR MIRALIS: Well, he is because she was if you accept that - - -

ASSISTANT COMMISSIONER: No, he's being asked to categorise matters as aiding, abetting, procuring which is, you know, he wouldn't know. You could just ask him about what she did or did not do.

MR MIRALIS: I'll simplify it. Yes.

MR MORRIS: As far as he knows.

30

MR MIRALIS: Did she at any stage give you any advice - - -

ASSISTANT COMMISSIONER: To his knowledge.

MR MIRALIS: - - - about how you ought to conduct your affairs with Sydney University?---No.

Did she in any way, form or shape give you any advice as to how you were to conduct your relationship with Todd Demiralay - - -?---No.

40

- - - or anyone else at Sydney University?---No.

Your evidence is that there was, if you like, a sharp division between that side of your business and Ms Kantarzis' role in the business?---Correct.

Now, she was being paid by way of direct transfer into her account? ---Correct.

Who was responsible for those payments?---I did.

Where was that money coming from?---My business.

And did your business have an account?---Yes.

What was the name of the account?---Succuro, it was a NAB, a NAB business account.

10 And were you doing the transfers personally?---Yes, correct.

And where was the money being transferred to ?---To her account that she had provided me, I think it was a St George Bank account that she - - -

These are all records which are able to be examined by anyone seeking to do so, available at the bank?---Yes, of course.

You understand, don't you, as a general proposition that if someone was seeking to hide or disguise payments made to somebody - - -

20

MR MORRIS: I object.

ASSISTANT COMMISSIONER: Mr Miralis, there's no point asking him that, that's something you can make a submission on if you want to.

MR MIRALIS: Yes, thank you, Commissioner.

So the case as you understood it whilst Ms Kantarzis was employed by you is that she had no equitable interest in your business?---Correct.

30

She had no legal ownership of your business?---Correct.

She was an employee?---Correct.

She wasn't in partnership with you?---Correct.

She was made aware of that?---Correct.

There could be no shadow of a doubt about that aspect?---Correct.

40

And you understood that to be the case as well?---Correct.

You certainly would not be maintaining her employment because of some suggestion that she had introduced you to Todd Demiralay?---Correct.

In fact, isn't it the case, Mr Kostogiannis, that when you found out, to use your expression, that the baby was about to pop which you told the ICAC investigators during your interview on 24 June, 2011, you in fact were very

close to letting her know that you had no reason for her to be an employee of yours any longer?---Correct.

So if you just think about that for a moment, on Counsel's versions here's this golden goose, metaphorically speaking, she was about to give birth and you were about to effectively terminate her employment?---Correct.

The reason why that didn't happen is because you found someone to take over the business for you?---Correct.

10

Is that correct? Now I just want to move on to another topic which deals with how Succuro ultimately was handed over to Bill Mylonas. I want to start off by putting a proposition to you. You've know Bill for a long time?--Correct.

You've described him as family?---Correct.

You've had dealings with not only him but his brother, is that correct?---Correct.

20

And your relationship goes back to the nineties?---Correct.

You would agree as a general proposition that Bill is an entrepreneurial individual?---Correct.

He's a dynamic individual?---Correct.

He's someone who seems to be business oriented?---Correct.

30

It's the case is it not that in fact your entry into this IT recruitment business came as a result of discussion between yourself and Bill?---What do you mean by that?

Well Bill was working at Transfield?---Correct.

You had a discussion with him about your interests in creating a company and possibly source work from Transfield?---Well I had confided and what he would think and so forth.

40

Okay. So you sought – you were counselled by, by him?---Guidance.

You got advice from him with respect to starting up Succuro?---Correct.

And that was whilst he was at Transfield?---Correct.

So in fact Succuro from its very inception if you like had some involvement by Bill only if in terms of the idea. Is that correct?---It was an idea that - - -

You took that idea up and ran with it?---I ran with it.

It became your business?---Correct.

Okay. Now you're aware that Bill has a number of business interests?---I don't know personally what interests he has, but I know he's involved in other businesses.

10 You know he has other companies for example? He has other companies that deal with other things in IT?---He probably has, yes.

Okay. Do you know what they are, what sort of business?---I don't know, so - - -

Okay. But you're aware that he, as it were, was a person of an entrepreneurial character and his interest in business generally?---Correct.

20 So it's the case isn't it that you then built Succuro up but admittedly there were significant problems like small businesses you built up too quickly, you didn't have the infrastructure happening to deal with the resultant pressures?---Right.

Is that a fair summary of what happened?---You could say that.

Okay. And you say you were burnt out, you were at the end of your tether and you say it wasn't, it wasn't particularly profitable for you given the amount of work that you were performing for Succuro?---Correct.

30 Now you have a conversation which you say was you opening up to Bill about these problems. Is that correct?---Correct.

And that was a conversation to which Ms Kantarzis was not privy?  
---Correct.

Why not?---It didn't involve her. It's my business.

Okay?---She was just an employee.

40 Okay. You spoke to Bill about being burnt out. Is that correct?---Correct.

I think you even told the Commission that you saw him as a saviour despite the fact that you ultimately paid him \$120,000 to continue the business?  
---Correct.

When you have these discussions with Bill, firstly how many discussions did you have with Bill about how the business was going to go from being a sole proprietary business into Bill's hands? How many discussions did you

have?---I didn't discuss how it was going to go, all I just discussed was if, if he had any capacity or if he had any interest in taking ownership.

ASSISTANT COMMISSIONER: Mr Miralis, I really don't want this witness to repeat all of his evidence again about what happened, what he said to Mr Mylonas. If you want to ask him something about it, please do so but I do not want him just to repeat it all again.

MR MIRALIS: No, I appreciate that, Commissioner.

10

MR MORRIS: It's all in his statement.

MR MIRALIS: I certainly won't be, I'll just be dealing with the parts that aren't in his statement.

ASSISTANT COMMISSIONER: Yes.

MR MIRALIS: Can you tell us how many meetings you had with Bill in order to discuss these issues?---What do you mean?

20

Well how the business was going to be handed over to Bill. You must have met him surely to discuss all sorts of outstanding matters?---Well I came, well I met and we discussed, I told him how, you know, if he was going to take over.

ASSISTANT COMMISSIONER: He's just been asking you how many times did you meet him.

MR MIRALIS: How many times, how many times?---Okay. Yep. Twice, three times.

30

ASSISTANT COMMISSIONER: If it was only once say once. Okay. Twice, good.

MR MIRALIS: On two occasions. Okay. And Bill told you that he was interested in leaving Transfield?---Correct.

And he told you that he was interested in Succuro because of the contract you had or the work that you were providing with Sydney University?---He was interested in, in building up that business and putting it into his new business proposals.

40

Okay. Now during these two meetings Virginia Kantarzis was not present?---Correct.

Why not?---It didn't concern her.

When you received the \$120,000, \$140,000 from Bill how were you paid?--  
-I never received - - -

So you gave it to him?---I, yeah.

How did you give it to him?---Cheque.

And what account was that drawn from?---My, my business account, Succuro.

10 And it was made out to his name?---No. I'm not sure, I can't recall exactly on the first one if it was to his name, but the second was to a company name  
- - -

Have you been asked to produce your cheque books to the Commission?  
---No, I haven't.

But presumably if they were produced it would show a cheque made out not to Bill Mylonas personally but to Succuro. Is that correct?---No, I don't have that cheque no longer.

20 Well do you know whether in fact the cheque was made to him personally or otherwise?---I can't recall exactly how it was made out.

Okay. So your evidence is that you're not sure whether you made the cheque out to Bill Mylonas personally, it could have been?---I can't recall exactly, sorry.

30 Okay. Well is it possible, given that he was a person who was coming to save you from this awful business, that you made the cheque to him personally?---I'm not sure.

Okay. Did you have any discussion with Virginia about this money that you were going to give Bill?---No.

Why not?---It didn't concern her.

Did you pay her any money at all in circumstances where the business was going to be transferred to someone else?---No.

40 Why not?---It didn't concern her.

Okay. So she was not privy to any of the conversations with Bill?---No.

And any of the conversations to do with the handover?---Correct.

It's the case isn't it you told her that the business was going to be handed over to Bill, but you didn't tell her the circumstances?---No.

And you didn't even know and at that point it wasn't even a concern to you whether she remained as an employee or otherwise?---Correct.

In other words what I'm getting at there was no agreement between you and Bill that as part of this handover Virginia Kantarzis would remain employed?---Correct.

10 And there was no suggestion between you and Bill Mylonas when Virginia – when this transaction was taking place that the reason why you would insist on her remaining there was because of some perceived connection she had which could bring work in from Sydney University to your business?  
---No.

Or to Bill's business once he took it over?---No.

Now you had no knowledge with respect to how the company incorporated?---No knowledge.

20 And as far as you're concerned once you gave Bill the \$120,000, \$140,000 that was the end of your involvement?---Correct.

And to this day you still do not know what happened thereafter?---Correct.

But you do know this that you negotiated with Bill?---Yes.

You gave him 120,000 or 140,000?---Thereabouts, yes.

As far as you're concerned it's a debt?---Yes.

30 He still owes you that money?---Correct.

You spoke to him about the hand over?---Correct.

That included the name?---Yes.

That included access to the database?---Yeah, yes.

40 I would suggest to you that your database was the most lucrative part of your business?---Right.

Did Virginia Kantarzis have access to your database?---She was an employee she had access, yes.

Did she own your database?---No.

All those discussions about if you like the logistics of transferring your business to Bill Mylonas did not include Virginia Kantarzis?---No.



And I suggest to you the reason for that is because Bill Mylonas was the person who was taking effective control of Succuro?---Correct.

Do you agree with that?---Correct.

That was your impression when you were dealing with him?---Correct.

At no stage did he tell you that he was in fact representing the interests of Virginia Kantarzis?---Correct, no.

10

At no stage did he intimate to you that in fact these negotiations were also being done on behalf of a third party?---Yeah.

And there was no written agreement between you and Bill to see how this was going to be effected?---No.

Did Bill speak to you about himself incorporating the business?---No.

20

Well, you understood did you not that he was not permitted to use your ABN number?---I made it clear for him to register his business name under his own entitlement, it was clear cut, yeah.  
Therefore you must have had a reasonable expectation that if he wasn't going to use your ABN number he was going to register his own?---Correct, yes.

And so therefore to the extent that you can shed any light on this the impression you received from Bill was that he was going to start up his own ABN with respect to Succuro or a variation there of?---Yeah, yeah.

30

That's part of the discussions - - -?---Correct.

- - - you had with him and one of the pre-conditions of you handing over the business?---Correct.

Now you had some dealings - you had some problems with the ATO?---  
Yes.

40

Have those issues resolved finally?---They're, they're, yeah, on their way, yeah.

There are liabilities that you have to the Australian Tax Office - - -?---  
Correct.

- - - are there not?---Correct.

These are liabilities that you've assumed?---Yes.

Has Virginia Kantarzis as a former employee of Succuro assumed any liabilities to the ATO?---No, no, that's - - -

Why not?---Nothing, nothing to do with her.

Why not?---It's my business.

10 Okay. You understand at present that Succuro or you may not understand but are you aware that Succuro Recruitment currently also has outstanding matters with the ATO?---I'm not aware of (not transcribable)

Now you were also asked some questions earlier on about interviewing Erin Normoyle. Is that correct?---Yes.

And you have a recollection of that?---Correct.

Did Virginia Kantarzis have anything to do with her?---No.

20 To the best of your knowledge did she interview anyone who ultimately was placed at Sydney University?---I don't recall.

Finally, as far as you're concerned you handed your business over to Bill Mylonas - - -?---Correct.

- - - and Virginia Kantarzis remained as an employee?---That was up to him.

30 Okay. You became aware that Virginia Kantarzis shortly after the handover gave birth to a child? Were you aware of that?---I knew she would have gave birth, yes.

Yeah. And while she was working with you it was obvious that she was heavily pregnant?---Correct.

Can I ask you this question, did you notice any difference in her performance levels during the course of 2008?---No.

Thank you, Mr Kostogiannis. There's nothing further, Commissioner.

40 ASSISTANT COMMISSIONER: Thank you. Mr Kostogiannis, sorry (not transcribable) I think you agreed with Mr Miralis when he put to you that Mr Mylonas was interested in taking over the business because you had the University of Sydney work?---No, no, I said, no, I, I - my original events was I approached Bill to come and help me.

Yes. Well, I thought you did agree with him that one of the factors that interested - - -?---No, no.

- - - Mr Mylonas was the University of Sydney (not transcribable)?---No, no. Yeah, the only interest - my interest was to for someone to take over the business if they cold. All I had was I had current contractors there that -  
- -

And you would have discussed that with Mr Mylonas that you did have valuable contracts - - -?---I did have ongoing contractors as an enticement.

10 Yes. And as an enticement. And what percentage of your work at that time you were leaving would have been coming from the University of Sydney?---Probably around 50 per cent. I think I only had two contractors there or three contractors at the time, yeah.

So 50 per cent of the total income was coming from the University of Sydney?---Correct.

Yes. Thank you. Yes, Ms Oakley?

20 MS OAKLEY: I wonder if I could have access to exhibit 35 (not transcribable) lunch adjournment?

ASSISTANT COMMISSIONER: Have you got exhibit 35?

MS OAKLEY: (not transcribable)

ASSISTANT COMMISSIONER: All right. Now, Ms Oakley, are you going to cross-examine or you just want to see the exhibit?

30 MS OAKLEY: If I could just have a look at this because I may wish to ask Mr Kostogiannis some questions.

ASSISTANT COMMISSIONER: Yes, all right. Well then in those circumstances then we might take the break. We'll resume at 2.00pm.

**LUNCHEON ADJOURNMENT**

**[1.02pm]**