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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 2.07PM

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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 Ms Oakley?

<PETER KOSTOGIANNIS, on former affirmation [2:07pm]

10 MS OAKLEY: Can I ask a few questions of this witness?

ASSISTANT COMMISSIONER: Certainly.

MS OAKLEY: And could I actually - could this witness have access to exhibit 35.

If you could have a look at exhibit 35, please, and there is some handwriting I think in blue ink on quite a number of those applications. I appreciate (not transcribable) handwriting (not transcribable) but there is - seems to be
20 notes kept of various meetings. Are you able to identify whose handwriting is that?---It's Virginia's handwriting.

It's Virginia's handwriting. Thank you.

Could you also have a look or could I first (not transcribable) at exhibit 36, please which is the bundle of (not transcribable) And the - you've identified the, the handwriting on exhibit 35 as being Virginia's?---Correct.

30 Do you know whether or not you were present at any of the interviews that those - who she (not transcribable) keep notes on?---I was not present.

You weren't present?---I was not present.

Thank you. I don't have any further questions.

ASSISTANT COMMISSIONER: Thank you. Yes. Does anyone else seek to question this witness?

40 MR GOLLAN: With your leave.

ASSISTANT COMMISSIONER: Yes, Mr Gollan.

MR GOLLAN: Mr Kostogiannis, I appear on behalf of Mr Pigot who was a director at Sydney University at part of the (not transcribable) time. You, as I understood your evidence before lunch, you were not a part of this industry until Mr Mylonas suggested that it might be a prosperous venture for you, correct?---Can you put that in more context please?

As I understood your evidence before lunch you took up the opportunity to set up Succuro the business at the suggestion of Mr Mylonas?---Let me clarify. It wasn't a suggestion. I've, I've been a family member of Bill and always talked things over but I was - my family had just started out and I had just left my previous employment at that time and I was looking at new ventures and, and one of, an area to consider was consulting, recruitment in that area but he wasn't the instigator of me moving into, into that area.

He wasn't?---He was not the instigator of me moving to that area.

10

What employment were you pursuing before you started this business?
---I was a consultant, I did business consulting IT support and various other areas.

And did you discuss with him whether or not there was a need for the kind of work that you intended upon providing or offering within the marketplace?---I did seek marketplace at, at first.

20 And did you in doing so discuss with him whether or not someone such as Transfield might be the kind of people that would be interested in this kind of - - -?---No.

- - - service?---No.

Transfield was a client of yours wasn't he?---Correct.

And they were a client of yours by reason of the contacts that you had within Transfield including Mr Mylonas, correct?---Correct.

30 And did you place Mr Smeros in Transfield?---No, I didn't.

Did you place any of the other people that you've become aware of in these proceedings in Transfield?---No, I didn't.

Those people were already there at the time, correct?---I'm not sure, I, I haven't been involved to know who was here or not, sorry.

40 And Virginia, would she be a source of work for you whilst you were at, whilst you were conducting business for Transfield?---If I had dealings with her, I would seek to see if there was any opportunities within her area, yes, of course.

Well, let's not mince our words. If the opportunity arose, it's past tense now, if opportunities did arise then you did business with her as a representative of Transfield, correct?---Correct.

And equally you did business with Mr Mylonas?---Yes.

As a representative of Transfield, correct?---Correct.

And they referred to you opportunities so that you could access your database and seek to place someone there, correct?---I would approach them.

10 And within the context of that approach there was a request made of them by you that should opportunities arise that you would look upon their involvement or them giving you notice favourably, correct?---Nothing was discussed.

You didn't say to them if your company is looking or your department or your team is looking for another employee give me a call, you didn't say that to him, is that what you're suggesting?---Correct. I'll be making inquiries into the business if they needed any further recruitment opportunities that I had candidates that I might be able to supply them that might fit their criteria.

20 The content of those inquiries wasn't, as I understand your evidence, pre-emptive in that you weren't saying to them, forget whether or not there's an opportunity now, if an opportunity comes up I'd be indebted to you if you gave me a call and let me know.

MR McILWAINE: Commissioner, can I object on two grounds. One, the relevance to this inquiry of what was happening at Transfield and two, the relevance to the interests that Mr Gollan represents.

ASSISTANT COMMISSIONER: Yes, Mr Gollan, what do you - - -

30 MR GOLLAN: Mr Pigot has an interest in having an understanding of what it was that was going around, on around him and the persons involved and whether or not there was any premeditation to that. What we've heard this morning is that this relationship goes back beyond that with the University and in those circumstances it is relevant to the inquiry generally but it's most certainly relevant to Mr Pigot if ultimately at the end we find ourselves in a situation where he can be extricated as not being a part of any of these goings on.

40 ASSISTANT COMMISSIONER: Well as I understand it you're seeking to explore what relationship this witness had with Ms Kantarzis and Mr Mylonas when they were at Transfield.

MR GOLLAN: Right.

ASSISTANT COMMISSIONER: Well I - - -

MR GOLLAN: And the reason why I, sorry, Commissioner - - -

ASSISTANT COMMISSIONER: Yes.

MR GOLLAN: - - - I don't mean to speak over the top of you. The reason why I'm exploring that relationship is because that relationship would appear to be the genesis of ultimately what we're dealing with at Sydney University, being that Succuro, the persons internal to Succuro and the relationships or the reliance upon relationships of people being within an organisation and that relationship with Succuro at present throughout the whole of that course of conduct.

10

ASSISTANT COMMISSIONER: Look, I think it has some marginal relevance but I don't want to spend a lot of time on it, frankly.

MR GOLLAN: I won't press time on it.

ASSISTANT COMMISSIONER: I think he's conceded that he would have appreciated work from either of them while they were at Transfield.

MR GOLLAN: Okay. Moving forward in the timeline, at the time that there was the handover in 2008 when you sought to relieve yourself of any of the business interests, now it's fair to say that at that stage the Transfield clientele, the contracts or business with Transfield had become almost non-existent if at all. Correct?---It had diminished. Obviously a small operation, you can only concentrate on the volume that was coming in and it wasn't concentrated on that area.

20

And at time all of the persons in these proceedings had moved on from Transfield. Correct?---No, Bill was still employed at Transfield.

Mr Mylonas was still employed at Transfield at the time that you approached him to start up this business. Is that right?---Correct.

30

And what about Virginia, was she?---No. As I said earlier she was employed under me from January, end of January 2007.

And isn't it the case that at the time the transfer took place, in that you've extricated yourself out of the business altogether at that time, the situation is or was wasn't it that the predominant client was this University of Sydney. Correct?---The predominant, yes.

40

And the predominant work came from the department associated with Todd Demiralay. Correct?---There was various departments I was dealing directly with did not have a direct contact with Todd with quite a few of those placements.

Most of the work came through Todd. Correct?---I can't tell you exactly, I did have contractors placed under Todd's authority, but I also had dealings directly with other faculties from the University.

I'm not suggesting that you didn't have any other work with any other faculty, what I'm suggesting to you is that the predominance of the placements were within Todd's faculty. Correct?---It looks like it, yes.

Well you know that to be true don't you? Don't you?---Sorry?

You know that that's true don't you?---It's come through, yes.

10 And you know that that's because of the relationship that you had with Todd. Correct?---There was no relationship with Todd.

And can I ask you about this virtual office. The virtual office is an arrangement is it where you pay certain fees to have a post office box or an address in the city and some phone services are run through that organisation and if required you have access to office accommodation for doing work or meeting clients and things of that nature. Correct?---Correct.

20 And was it that you would pay a particular fee to utilise that office space on a day by day basis when used or were you allocated some time when entering into the agreement?---Monthly payments.

And did that monthly payment restrict the time that you were able to use office space?---What do you mean by that?

Well were you only allocated so many hours of office time?---My percentage, they had my credit card details and they'll charge me accordingly.

30 And they charge you according to your use?---Correct.

So every time that you occupied the office it was costing you money. Correct?---Correct. When you would book a booking room or a meeting room, correct.

So you wouldn't book that just to go and do some work on your computer, you would use it when you had meetings with people. Correct?---Correct.

40 It's intrinsic to the presentation of professionalism to those that are coming to talk to you. Correct?---We had another, The Bureau at York Street where we made our presentations too.

And this office space and time was predominantly, not always, used to conduct interviews. Correct?---You would do your work as well.

Pardon?---You can do your work as well.

Well I'm not saying that it's restricted, I'm talking about your use, your business' use?---That was our, our base where we conducted interviews, we could work on the workstations, schedule meetings. You had the whole office space.

It was generally in the context of you meeting some third party to the business, whether it be an applicant, whether it be a prospective client or otherwise. Correct?---Correct.

10 And what I'm saying to you is that you wouldn't just put your laptop in your bag, you head in there and utilise the time and the space unless you had meetings and so (not transcribable) that you'd planned. Correct?---It depended on your workload if you wanted some peace and quiet or you had to go into a workstation area instead of working from home. Like I said there was different arrangements in that area.

Someone like Virginia who didn't have children at the time. Is that right?
---She, no she was just pregnant at that time.

20 Yes. Who didn't have children at the time, you wouldn't expect her to go in and have your credit card ticking over just to get some space unless she was having an (not transcribable) with a prospective client or someone with a resume. Correct?---Correct.

And I take it given that she was issued her own access card that she was accessing the environment quite frequently. Correct?---Yes.

30 And that she was doing that right up until the handover to Mr Mylonas and any other interest, but just the handover in 2008. Correct?---I assume, I assume.

And she asked you did she for that card so that she could get access at will to the office space. Correct?

40 MR MIRALIS: Commissioner, I object to this line of questioning. Sorry, I will approach. Commissioner, with the greatest respect for my learned friend, one really strains to ascertain what this line of cross-examination has to do with the interest he's representing. The last 15 questions have been confined to the purported use of a virtual office. As I say, any nexus if one at all exists between this virtual office and the possibility, possible conceivable interest my learned friend is representing, is so difficult to ascertain that in my respectful submission his line of questioning could not possibly have any relevance to the Commission's inquiry.

ASSISTANT COMMISSIONER: Yes, Mr Gollan.

MR GOLLAN: Well, as I earlier said Mr Pigot has an interest in what was actually going on and what was perceived by those relevant persons

involved who then fell under his directorship. That, that he's being well what may be said to be within or on his watch. And this in my respectful submission is a relevant inquiry when one looks at the work and the involvement of Virginia, and I say that respectfully, I just can't get my tongue around her name without having it front of me.

10 ASSISTANT COMMISSIONER: I can see your client's interest in respect of what Mr Demiralay was doing and what was told to him or not told to him by Mr Demiralay. It becomes a little more remote when it comes to what Ms Kantarzis was doing. So I really, yes I do struggle actually to see the interest your client has in this aspect.

MR GOLLAN: Well and you're sitting in a position where you're looking down from not necessarily through an enclosed prism. But no, I respect your observation to this end. Mr Demiralay is the husband of the person that I'm asking questions about. Mr Demiralay is also a shareholder and ultimately the theme, well sorry the company that's created out of his business.

20 ASSISTANT COMMISSIONER: Mmm.

MR GOLLAN: And as to the involvement of those persons in my respectful submission it could be said at any stage, and my learned friend might say otherwise, but if it's said at any stage that this should have been so obvious to Mr Pigot that for him not to do anything was delinquent, well in my respectful submission I should be able to inquire as to those particular persons' involvement in any of the structural set up when this particular time of turnover or changeover becomes relevant because their main client from your own questions before lunch is the University. It's not exploring beyond really what is a linear equation. The University is something much larger than 50 per cent I will submit. But the fact of the matter is that's where the importance of the questions comes from.

30 ASSISTANT COMMISSIONER: Yes. Look I don't think anyone could criticise Mr Pigot for not knowing about what was going on with Succuro before - - -

MR GOLLAN: Well, then I won't ask any further questions.

40 ASSISTANT COMMISSIONER: Thank you.

MR GOLLAN: Thank you.

MR McILWAINE: Commissioner, (not transcribable) on the Commission but I think it's an important matter. I'd like to ask this witness some questions about some bank deposits which I don't think have been handed (not transcribable) provided a copy and I don't know if they're - there is some way can be put in front of him. I certainly have a, have a copy. This is the Succuro - - -

MR MORRIS: Just show them to me. That's the propriety limited company.

MR McILWAINE: I can show the witness my (not transcribable) - - -

ASSISTANT COMMISSIONER: Well, this witness didn't have anything to do with the company did he?

MR McILWAINE: Pardon?

10

ASSISTANT COMMISSIONER: This witness says he didn't have anything to do with the company.

MR McILWAINE: No, but he's given some evidence about some payments he, he advanced - monies he advanced.

ASSISTANT COMMISSIONER: The loan.

20

MR McILWAINE: Loans, yes, Commissioner. It's about those - that specific question.

ASSISTANT COMMISSIONER: Yes.

MR McILWAINE: If that might assist the Commission - - -

ASSISTANT COMMISSIONER: Yes.

MR McILWAINE: - - - perhaps some detail about that.

30

MR MORRIS: We've got another copy, in fact there are copies everywhere. Apparently they've already been distributed. If my friend wants to take the witness to them I suppose we'd tender them. Is that all right?

MR McILWAINE: Yes.

MR MORRIS: Yes.

40

MR McILWAINE: Sir, you have in front of you a copy of records of an account not your account of Succuro Recruitment Propriety Limited. You'll see on the first page there's a deposit on the 3 October, 2008, \$50,000. See that?---I can see that, yes.

And if you turn to the next page you'll see on the 13 November there's a deposit of \$69,419.78. Do you see that?---Correct.

Are those amounts consistent with your recollection as to the monies that you advanced Mr Mylonas?---Correct.

Are those dates consistent of your recollection of when that occurred?
---Close, close.

ASSISTANT COMMISSIONER: Why is the second amount such an odd amount?---At the time he was ascertaining what he needed to pay to his - for the contractors in their terms of pay and that he hadn't received or hadn't - the invoices that (not transcribable) billed out and had to be settled, so he gave me that figure.

10 He gave you that figure?---That's - he was looking around that, that figure that he needed a, a loan on so he can cover all the pays.

Yes. Well, those statements of the Commonwealth Bank account of Succuro Recruitment Propriety Limited will be exhibit 40.

#EXHIBIT 40 - COPY OF BANK STATEMENTS

20 ASSISTANT COMMISSIONER: Yes. Mr Gibson.

MR GIBSON: Mr Kostogiannis, my name's Gibson, I represent Mr Demiralay. You've given evidence about how you came to be in contact with Mr Demiralay. I'm going to ask you some questions about those contacts that you had. Do you understand?---Correct.

Your first contact with him was in late 2006, is that right?---Yeah. Mid, mid to late, yes.

30 Mid to late. And that was while he was - when he was employed at the University?---Correct.

And was the first contact a telephone call?---Correct.

And then was your next contact with him was a meeting?---Correct.

Did you only have the one meeting with him?---Yes.

40 Did you have any other telephone contact with him?---No.

I should put that in some timeframe?--- Yes.

The meeting you had with him, do you remember if that was in the year 2006?---That was 2006, correct.

So if we confine it to that year did you have - do you remember if you had any more telephone contact with him that year?---I did.

During any of those - and did you have any other communication with him other than the telephone or that one meeting?---I sent him an email.

And in any of that communication and by that I mean a telephone call or meeting or email, was there any discussion between you and him about Succuro being the preferred supplier of contractors to the University of Sydney?---No.

10 And again, encompassing all that communication, there was no discussion, was there, about Succuro having any exclusive relationship with the University of Sydney?---Correct.

ASSISTANT COMMISSIONER: Thank you, Mr Gibson. Yes does anyone else - - -

MR GIBSON: Sorry, I'm sorry. I restricted my timeframe there to 2006. Did you have some communications with him after that, in the following year?---I did.

20 If I asked you, put to you the same proposition, that there was no discussion in that year or in time about Succuro being a preferred supplier of contractors to the University would you agree with that?---Yes.

And similarly for discussions at any time, at any year about there being an exclusive relationship between Succuro and the University of Sydney? ---Correct, yes.

30 ASSISTANT COMMISSIONER: Yes, thank you, Mr Gibson. Yes, if there's nothing else for this witness? Yes. Mr Kostogiannis, you are now excused. Thank you?---Thank you very much, Commissioner.

THE WITNESS EXCUSED

[2.32pm]

40 MR MORRIS: Commissioner, the next witness will be Nicholas Andrew Moustacas. I tender a statement dated 24 February, 2012 together with a copy.

ASSISTANT COMMISSIONER: Yes, have a seat, Mr Moustacas. Mr Moustacas, you're not legally represented?

MR MOUSTACAS: No.

ASSISTANT COMMISSIONER: You've been called here to give evidence and you are required to answer all of the questions asked of you. Under our

Act you may seek a declaration, the effect of which is that nothing you say here can be used against you in any future proceedings. Do you wish to seek an order in those terms?

MR MOUSTACAS: Yes.

10 ASSISTANT COMMISSIONER: Excuse me. The effect of this order is that nothing you say and no document or thing you produce can be used against you in any civil, criminal or disciplinary proceedings. The only exception to that being if it is found you have breached the Act in some way. Do you understand the effect of that?

MR MOUSTACAS: Yes.

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: Mr Moustacas, you're required to take an oath or make an affirmation to tell the truth.

MR MOUSTACAS: An oath.

40 ASSISTANT COMMISSIONER: Thank you.

ASSISTANT COMMISSIONER: Yes. I'll tender the - the statement will be marked as Exhibit 41.

#EXHIBIT 41 - STATEMENT OF MR N MOUSTACAS DATED 24 FEBRUARY 2012

10

MR MORRIS: Thank you, Commissioner.

Can you tell the Commission your full name?---Nicholas Andrew Moustacas.

And your occupation?---Chartered accountant.

Now, you've prepared a statement dated 24 February, 2012, is that correct?
20 ---That's correct.

And that statement is true and correct?---Yes.

Are there any changes you wish to make to it?---No.

And annexed to those - to your statement are a series of records, are they records that you have kept in the ordinary course of your business?---Yes.

Now, I'm not going to ask you to repeat all of the material set out in this
30 statement, I just want to take you to a number of matters and ask for some elaboration or clarification. Do you understand?---Yes.

If you don't understand the question just raise it with me, okay. Paragraph 7 of your statement, have you got a copy of it there?---(NO AUDIBLE REPLY)

There's a copy just provided to you. Just have a look at paragraph 7 and you set out certain matters in paragraph 7. I take it that you had a discussion with Ms Kantarzi at some time in order to take instructions?---Yes.
40

And if you just have a look at the bottom of the statement you'll see some pagination at the bottom, do you see down the bottom?---Of paragraph 7?

No, no, no, sorry, at the bottom of the page?---Sorry, ah, yes.

This statements' been paginated at the bottom so if I take you to page numbers that's what I'm referring to and that's where you'll find them. Is it

the case that you met them sometime around the - sorry, you met Virginia Kantarzis sometime around 15 or 16 July, 2008?---That's correct.

Had you ever met her before?---Not that I recall.

Right. So when you met with her did you have a general discussion about why she was seeing you?---Yes.

10 And was she alone or was she with somebody else?---She was with Mr Mylonas.

Right. And you knew Mylonas well didn't you?---Yes.

He'd been a friend of yours for some years?---Correct.

And in fact you'd done a lot of - you'd done some work for him and he'd done some work for you?---Correct.

20 Now, you didn't meet Mr Demiralay at any time did you?---No.

But you say there "my interaction with Atilla Demiralay was through his wife"?---Well, I didn't have any interaction with him directly.

Yeah. But the interaction that you had, was that from time to time she'd give you information about him and you would give her documents for him to sign?---Correct.

30 All right. Now, you say "from information conveyed to me I formed the opinion that Atilla Demiralay was employed at the University of Sydney." Who did that information come from?---From Virginia.

Right. And did she say at that stage what she was doing so far as occupation was concerned?---I don't recall.

Right. Okay. Did you ask her anything about her financial affairs?---We, when discussing what type of structure to establish for our client we do ask questions, however I can't recall specifically.

40 You don't have any file notes of this conference?---No.

Right. But I mean, if you're going to set - if you're going to set up a structure for a client you'd be keen to know what their existing financial circumstances are, is that correct?---I was more concerned about their income, yes.

Yeah. And this was a proposal to set up a family trust and also a company, is that correct?---Correct.

And the family trust was something that was being set up on her instructions with her and her husband becoming trustees?---I did give Virginia some options.

Now, the - - -

ASSISTANT COMMISSIONER: Sorry, excuse me. You're just sitting a little too close to the microphone. Do you mind moving back?---I'm sorry.

10 Thank you.

MR MORRIS: I think that one of the reasons why you suggested a family trust was because of taxation implications a bit further down the track? ---That's one of them, yes.

What was the other reason, what were the other reasons?---Well, trusts are predominately set up for income distributions or for asset protection.

20 Right. And do you recall on this occasion whether it was asset protection or income distribution?---Most likely a combination of both, I can't recall.

All right. Now a trust is - is that reasonably easy to establish?---Yes.

Reasonably cheap to establish?---Yes.

It is reasonably easy to administer?---It depends on the activity of the trust.

30 Right. Now the activity of this trust would depend on the extent to which there are any distributions by the company. Is that correct?---The activity of this trust would depend on whether or not it was used for anything else other than holding shares in this company.

Right, okay. Now you say there that you only met Virginia Kantarzis a couple of times but you did have an email exchange with her. Is that correct?---That's correct.

40 Do you recall anything of the conversation of this first meeting and if so could you tell the Commissioner?---Generally I, I explained to Virginia how a trust operates and on my normal procedure is to do some diagrams up on the white board and explain how income comes into a trust and then gets distributed down to beneficiaries.

So in that - in what you just told the Commissioner are you relying on what your usual practice is or do you actually have a recollection of doing this on this occasion?---My usual practice.

All right. And what about the elements surrounding being a shareholder and being a company director and a company secretary, do you have any

recollection of any discussion along those lines?---I generally do not specifically but I do take my clients through their potential liability as a director of a company and there are ramifications of being a director.

Okay. Now is that based on again on the usual practice?---Yes.

Do you have any doubt that on this occasion you would have applied your usual practice?---I would have applied my usual practice, yes.

10 Now when we talk about the responsibilities and obligations of being a
company director what are the, in your usual practice, what are the things
that you generally tell a person who is coming in who wants to open a - start
up a company and become a director?---I usually refer them to an ASIC
document that ASIC do send out to a new director which runs through their
liabilities or potential liabilities or exposures. Being a director they are
responsible for the operation of the company, potentially could become
personally liable if PAYG is not paid or any other, any other negligence that
may arise as a director, they need to make sure they've got insurance if the
company is sued and they get through the corporate (not transcribable) and
20 potentially a director could be exposed.

All right. Now when you talk about insurance you're talking about
directors in offices insurance?---And professional indemnity, yes.

Right. And what about things like your obligation only to exercise your
duties as a director for the benefit of the company and those sort of complex
questions?---No.

30 You don't. You're familiar with the Corporations Law?---Yes

And you're aware of the section 231 disclosures that need to be dealt with at
the first company meeting?---Well, they're in the standard minutes that we
provide, yes, yes. Well, we purchase those from a (not transcribable)
company provider.

Yeah. Do you have any doubt that on this occasion you would have done
anything other than used your usual practice when talking with Ms
Kantarzis?---No.

40 Now you say at the top of page 3 which is the tail end or paragraph 8, was it
your understanding that Virginia Kantarzis, just hang on, "My
understanding is that Bill Mylonas and Virginia Kantarzis were to be equal
partners and shareholders in this company"?---That's correct, yeah.

Was that – see we're actually – I may be dealing with semantics here but is
the concept of equal partners and shareholders legally different to your
mind?---Partners is probably the word that they use, but using a corporate
structure, shareholding.

Okay?---Equal shareholdings it would have been.

Because as far as the company records are concerned, and I invite you to look at the annexures if you wish, it seems that the initial subscription was for a total of 30 shares, sorry, the initial subscription was for 20 shares, I'm reminded?---Yes.

10 And they were to be held equally by Virginia Kantarzis and Atilla Demiralay. Is that correct?---No.

No?---Which reference are you looking at?

Just have a look at the bottom of page 49?---Yes.

And the bottom of page 50?---Yes.

20 You see there's no reference is there to Mr Mylonas in either of those share – out of the consent to member to take shares or the share certificate to Mr Mylonas' acquisition is there?---Because this is one share certificate, that's why. Share certificate number 2, if you look at the top of page 50.

Sorry?---If you look at the top of page 50 - - -

Yes?--- - - - you'll see certificate number 2.

I see. So the question is that, okay, so the issued capital was 20 shares.

30 Right?---From my recollection.

Okay. So what's happened you haven't annexed the share certificate or application for Mr Mylonas?---No.

Right. Okay. Well that's clarified that issue. Now if we go to page 14 at the bottom. Right. You see there's an email exchange, right, the first of which is at the bottom and it's an email from Virginia Kantarzis to you. Right?---Yes.

40 "Dear Nick, thank you for your time yesterday." Right. "As discussed and requested please find below the details for the creation of our trust and the details are all there set out." Right. On page 14 and 15. Do you see that? ---Yes.

And is says at the end, if you require anything further please feel free to contact me and thereafter there is an email from you to Karen Unicombe. Who is Karen Unicombe? She was one of my employees at the time.

Right. And it's carbon copied to Virginia Kantarzis. Right?---Yes.

And it says importance high, follow up flag, follow up. Do you see that there in the - - -?---Yes.

Right. Karen, we need to establish a disc, D-I-S-C, that's discretionary trust for Virginia. All right. I think there's a hole where it shouldn't be, V&T Unit Trust, Virginia and Atilla will be the trustees. Once this company has been created, sorry, once this has been created we will be incorporating a new company, Succuro Pty Limited. We are waiting on the cancellation of a business name form before we can progress with the company with the company set up. Can you email Virginia the check list for the company (not transcribable) APP. What's that mean?---Application.

Right. So we are ready to go, right. Now, does this refresh your memory that there was an existing business name Succuro which was lodged, registered with the Department of Fair Trading?---Yes.

And that you had to cancel that before you were able to pick up the name Succuro?---Correct.

20 Right. And you were awaiting that. Who was to provide that to you?---Bill Mylonas.

Right. And what you were doing there was to establish the trust first, correct?---Yes.

Then establish the company, correct?---Yes.

30 And then transfer the shares into the trust, was that - - -?---No. No, when you incorporate a company you need to nominate who the shareholders are at the time of incorporation.

I see?---Hence why you need to create a trust, the shareholder needs to be in existence prior to incorporation of a company.

Right?---So if it was individuals not a problem, if it's a trust, you need to create the trust first and then create the entity that it will hold shares in.

40 Okay. Now, this trust, did you ever see the - you never say the signed trust deed, did you?---No.

And it was a discretionary trust?---Yes.

And do you recall who the beneficiaries were?---Our, this particular trust deed names principals.

Right?---And then the beneficiaries of the trust are the principals, off the top of my head their spouses, their parents, their children, their grandchildren, nephews, nieces, brothers, sisters, et cetera.

Right. So if we go to page 42 we see in the schedule to the trust that the principals are Virginia Kantarzis and Atilla Demiralay?---Yes.

Now is it the fact that they're also the trustees, Virginia Kantarzis and Atilla Demiralay?---Yes.

10 And is it the fact that in the event that they had children or wanted to nominate another beneficiary it was possible to do so?---Well, any other beneficiary would be automatically included.

Right. Okay. Because I think the terms of the trust extended to children? ---Yes.

Okay. Now - - -?---If you refer, sorry, to page 22 - - -

Yes?--- - - - of the deed, clause 1.3, sorry, page 22 of the, of the statement.

20 Yes?---1.3 defines your beneficiary.

Yes, 1.3(c). Now, in paragraph 12 the purpose of the trust was to allow for income distribution if the company was profitable. Did you have any instructions that they were actually acquiring an existing business?---No.

Well, what did you know about the business name cancellation?---Yeah, they were taking, well, they were taking over, I don't know about acquiring, I don't know what, whether they purchased that business because acquiring would tend to indicate they'd purchased it.

30 Yeah. Did you make any further inquiries in that regard?---No.

Did you seek to give them any advice about any stamp duty implications that there may have been?---No, no.

40 Okay. Now, going back to paragraph 12, "I think that at the time Virginia Kantarzis was pregnant so her income may change and this would give her some options to distribute an income to her". Was it actually discussed that - was this sentence that you set out in paragraph 12 actually discussed with Virginia Kantarzis?---Which sentence are you referring to?

Paragraph 12, final sentence?---Well, from my recollection she was pregnant.

No, no, but did you discuss - - -?---Distributing income to her?

Yes?---Yes.

And was it discussed that if she wanted to give up formal work it would give her the option of not working and distributing an income via the company?---Well, I believe that she was probably heavily pregnant at that time from my recollection so she was giving up work I believe, if not had already given up work, I can't recall.

Right. Okay. But that's a vague memory you've got. Is that right?---Vague, yes.

10 Now as to paragraph 17 and 18 I take it that you explained to Virginia Kantarzis the arrangements and benefits that were available to her by setting up the V&T United Trust. Right?---Yes.

And you would – you were relying on her to explain that to her husband? ---With the trust deed there's an explanatory memorandum that gets included.

Right?---So between my discussions with Virginia and the written material provided I would assume she would convey that to the other trustee.
20

Is it the case that you – because the ASIC document that we're talking about explaining about directors and shareholders responsibilities and the explanatory memorandum in relation to the trust were basically pro forma documents that you would have given them to them but copies of those pro forma documents would not have ended up on your file?---That's correct.

Right. So that's the explanation as to why it's not annexed to your statement?---That's right.

30 Yes. Okay. And so you gave them explanatory memorandum and also the ASIC document about directors and secretaries responsibilities?---I didn't hand them the ASIC document. But ASIC I know as a matter of course send that out automatically.

ASIC send that out?---Yes, when a company is registered.

Right. Once they get the consent to act as director?---Correct.

Right. And that's a standard operating procedure of ASIC?---Yes.
40

Okay. Now I take it that you told them to read the trust deed and make sure it was correct before signing it?---That's part of my covering letter I believe.

Yes?---Yeah, make sure all details are correct, yes.

So there was a covering letter as well?---Yes.

Okay. And that if they have any questions come back to me. Correct?

---Yes.

Now we've dealt with, if we go to page 6 explaining the responsibilities consenting to act as a director, what about secretary, did you explain what the responsibilities were of a secretary?---I can't recall specifically if I did.

Would it be your usual practice to do so?---Yes.

10 If somebody who'd never been a director or secretary before would you make that inquiry of them?---Yes.

And would that mean that you would take particular care to explain their responsibilities?---Yes.

You'd explain to them the need for a registered office?---Yes.

Of keeping ASIC notification forms up to date?---Maintaining a corporate register basically.

20 Maintaining the corporate register. We're talking about a register of shares, shareholdings?---Yes.

Right. Which is a formal document the secretary has got to keep. Correct? ---Yes.

The importance of procuring an Australian business number?---Yes. However, in practice and I would say for the majority of our clients, we maintain that register on their behalf.

30 Yes. Did you maintain the register on behalf of this company?---Yes.

All right. So in other words you provided secretarial services? ---Absolutely.

And do you charge a fee for that?---Yes.

And do you know roughly what that fee is?---\$275 per annum.

40 Per annum. Right. Now you provided to Virginia Kantarzis the document at page 49, which is an agreement or consent of member to take shares. Would you have given her that document at the meeting or would you have posted that to her?---No, it wouldn't have been at the meeting because this was dated 19 August.

Right?---It would have - - -

So - - -?---Yeah, most likely posted to her. I can't recall.

And this is a statutory requirement for a member to take shares in a company and to get registered on the company register?---Yes.

And a form needs to go to ASIC as well. Correct?---Yes.

Now you then - did you prepare annual accounts for the directors in 2000 - for the financial year ending 2009?---Special purpose financial reports are you referring to- - -

10 Yes.---Yes.

And what about the company minutes and so on and so forth?---Yes.

And the standard declarations about solvency and so forth - - -?---Yes.

- - - that are required?---Yes.

And you would have sent them where, do you recall?---I don't recall but generally would have been provided to Bill Mylonas.

20

Right. And for that the directors and the secretary need to call a meeting and approve the accounts. Correct?---That's correct.

And they need to lodge particular forms with ASIC don't they?---Not at the time of signing the financial - - -

Sorry. No. But - - -?---Because - - -

30 - - - sometime later they've got to file an annual return with ASIC don't they?---They do a declaration of solvency once a year that's right with ASIC that's different to the status you're referring to.

Yeah, I understand. I'm sorry I've confused two concepts. Now the other thing is the secretary, sorry. The company needs an ABN, correct?---Correct.

And the ABN is a particular number that is required by the tax legislation isn't it?---Correct.

40 I think it was introduced by the new taxation system section 42 or something - - -?---July 2000.

July 2000?---2000 when GST was introduced.

Yeah. And the - each company has a - an ACN, correct?---Correct.

Otherwise known as an Australian company number?---Yes.

And each of those are numbers that are allocated to that individual company aren't they?---Yes.

So it is almost like a fingerprint, each company is different, correct?---Yes.

And you can change the name of each company but the underlying company remains the same, correct?---That's correct.

10 So I'll just - before I move any further onto that topic I want you to go to an email which is to be found at page 53 and this is an email dated 4 September, 2008 from Virginia Kantarzis to you and somebody called Cathy Chitty. All right. Now who is Cathy Chitty?---She's one of my employees.

Right. Now this email was received by you some time after the email beneath it, right which is 29 August, 2008. Do you see that?---Yes.

20 And in that you are writing directly to Virginia Kantarzis with a carbon copy to Cathy Chitty and it says, "Dear Virginia, Cathy has told me you have a few, few questions", all right?---Yes.

Now does this - do you have any recollection of a conversation you had with Cathy Chitty?---Oh, not specifically, no.

30 All right. Now is it the case that looking at this email in case it refreshes your memory, is it a - does it revive your memory that Virginia Kantarzis in the conversations with Cathy Chitty had asked whether Atilla could be removed from the company?---It appears to be. It answers that question, yes.

Right. Do you recall any - do you recall now any information you received as to why he wanted to be or she wanted him to be removed?---No.

Right. You then say well, look there a couple of options, right. One is to create a whole new company. If you go over to page 54, all right, and that will cost you about \$2000 plus GST?---Yes.

40 All right. And the next one is to transfer the shares into the trust into Virginia's name only, right?---Yes.

And you give the warning that there'll be stamp duty implications and ASIC documentation but it may give you a problem insofar as tax is concerned? ---Correct.

Right. And then you - paragraph 2, "We've noted the change of business postal address for correspondence". Where was that going to, do you recall?---Oh, I can't recall.

Okay. And then it says, 3, "Our understanding is that Bill does not want to be a director of the company Succuro Recruitment Pty Limited. This was discussed with Bill on several occasions and I suggest you discuss this with him." Right. Now, Bill was a friend of yours?---Yes.

Right. And this statement in paragraph 3 discloses that you had discussions with Bill on several occasions in relation to this, do you recall?---Yes, yes.

10 And do you recall any of those discussions today and, if so, can you tell the Commissioner what was said?---I can't recall specifically the exact conversations but at the time in August Bill was still, I believe, an employee of Transfield and didn't want to be a director.

ASSISTANT COMMISSIONER: So he didn't want it on the public record that he - - -?---Yeah.

- - - was involved in this company?---That's right.

20 MR MORRIS: Okay. And then you say to Virginia, "I suggest you discuss this with him". Now, was the - did Bill proffer a reason that he didn't want to be director because he could be in conflict between his position at Transfield and his role in Succuro Recruitment?---I don't recall anything along those lines.

You've got no memory either way?---No.

30 Now, of course, toward the end you've asked for payment of the fees. To that email you received this response from Virginia Kantarzis, "Hi Nick, thanks for clarifying the below. Apologies for my slow response. Still getting used to the lack of spare time." Now do you recall having any discussions with her about what she was doing in those days which meant she had little spare time?---I believe she may have had the baby.

Right. Okay. Now, response 1, "My only concern is that I didn't want my husband's name publicly listed with the company, that is fine, we will leave it as is." Right. Do you recall any discussion as to why she didn't want her husband's name publicly listed with the company?---No. What you can see is the email, there was no discussion.

40 Okay. So you can't really add anything - - -?---Other than what you see there, no.

Okay. And she then says, "Business address and postal address for registration of the company details, please feel free to send any communication from Strategic Wealth to my home address" right "directly but the company should not be linked to Newington". Right. Now Newington in the suburb in which she lived, right?---That's right.

So she did not want any public disclosure that the company was linked to Newington, is that correct?---That could be one aspect but, I mean, with our clients it could be any number of reasons. They could have been going through a separation, she may have had interests that she didn't want her husband to know about.

All right?---That is not uncommon with clients.

10 Okay. So you don't know what the purpose - - -?---I don't know the specifics as to why, it's not our purpose, we don't - - -

Now 3, I've since had the same discussion with Bill and Bill has agreed to be listed as a director also." Right. "Please feel free to confirm with him but we agreed that we would both be listed as directors of Succuro Pty Limited". Right?---Yes.

20 Now, going back to it, Bill was your friend. Did you have a discussion subsequently as to why Bill - and I'm talking about did you have any discussion with Bill as to why he was then content to become a director of the company?---I can't recall. Around that time was when he was probably leaving, he left Transfield, I don't know the exact dates.

Right. Now I'd just like to take you to page 56. Right. This is the document in which Bill becomes a director, ASIC was notified that Bill's become a director of the company. Right?---Yes.

If we got to page 58, we've got an ASIC form notification of resolution change of company name. Right?---Ah hmm.

30 And the name gets changed some time about March 2009 from Succuro Recruitment Pty Limited to I-Secure Recruitment Pty Limited. Right? ---Yes.

So the ACN, on lodgement of that document the ACN remains the same, right, 1-3-2-8-0-7-1-8-8. And if you'd like to compare page 58 to page 60? ---Yes. Yeah, that's right.

40 And the ABN remained the same?---The ABN remained the same as well, yes.

So essentially it was just a change in the company name?---That's right.

Did you have any discussions with anybody as to why they changed the company name?---No.

Did you receive any instructions to lodge with the Department of Fair Trading a business name Succuro or Succuro Recruitment?---No.

In the event that you wish to use a business name, either a company or a person wishes to use a business name other than their natural name, you are obliged to lodge a business name application with the Department of Fair Trading. Correct?---No. Not if your company is (not transcribable)

No, if your company has a different name - - -?---Okay.

- - - to the business name you've got to lodge - - -?---If your company wishes to trade under a different business name?

10

Yes?---Yes, you would lodge an application for a business name.

And that's to enable people to perform a search and see who is dealing, who they're dealing with?---Yes.

Right. And then in June 2010 there was a transfer of the shares of Virginia Kantarzis and Atilla Demiralay to Mylonas Enterprises Pty Limited. Go to page 61. Do you see that?---Yes.

20

Do you have any recollection of any discussion behind that transfer?---No, we just took instructions to transfer the shares.

Right. Did you identify whether any stamp duty was payable on that transfer?---We, I can't recall whether it was lodged for stamping at the time.

Right. Ordinarily a transfer of shares - - -?---Ordinarily it would be, yes.

Right. Ordinarily you require, you're required to submit the share transfer for stamping?---Yes.

30

But is it the case that you essentially left that aspect up to the clients to sort out?---Quite potentially, yes.

Do you have any idea what the value, the nominated value for the share transfer was?---I couldn't tell you off the top of my head.

No, that's okay. I'm just asking whether you've got any recollection?---Yeah, yeah, no I don't have a recollection.

40

But let's face it, in order to discharge your stamp duty obligations you'd have to nominate what the value of the transfer was?---Correct. Correct. Generally we would provide a balance sheet to the Office of State Revenue because that's what they would require.

Right. And the reason that Office of State Revenue would require that is because the nominated value by the transferor or transferee is not relevant for stamp duty purposes, it is the actual value of the underlying shares as compared to the business. Correct?---The market value.

The market value?---What they perceive it to be, yes.

And now I'd just like to take you to page 68. All right?---Ah hmm.

See that there. Do you have any background information as to how it was that - these - this is a balance sheet essentially for Succuro Recruitment for the financial years ending 2001-2010, correct?---Think, no - I think you need to be on page 70.

10

All right, sorry.---Or 71.

Thanks for that.---71 actually.

Seventy-one. Right, okay. Do you recall - would you have any copies of the underlying documents that gave rise to this?---The underlying - - -

The generation of these - these statements?---I don't understand. What do you mean? Bank statements or?

20

Bank statements, MYOB records, anything like that?---Yes, yes, yeah, yes.

We've got some bank statements next to your statement here but is this the - this is the extent of the material that were you given. Is that correct?---I can't recall. I have four staff that process financial statements.

Okay. But you've got little doubt that these are the ledgers and so forth that you or somebody in your staff used to generate these records. Is that right?---They appear to be the ones relating to Succuro, yes.

30

And if we just go to page 68, right?---Yes.

Right. If you look in the right hand column which is for the financial year ending 30 June 2009. In the second line we've got professional fees 364,097.89?---Yes.

All right. And if we now go to page 78. Right. We've got the grand total at the bottom 364,097.89. Right. It's the same figure isn't it?---Yes.

40

And that ledger shows that under the heading 'memo' is all Sydney (not transcribable) but that indicates that the person making the payment I suggest is the University of Sydney?---That would appear to be the case, yes.

Right. You don't have any reason to doubt that?---No.

And in fact in that ledger there is no other identified payer to the company, correct?---That's correct.

And then I'd like to take you to the right hand column, 2010 on page 68.

Sorry, the left hand column on page 68?---Yes.

We got 522,367.11. Right. And if we go to page 85. Right. We got the grand total there which is exactly the same figure?---Yes.

And that tells you that the - both those ledgers tell you as an accountant that the income of these - this company were those to use (not transcribable), except for interest, solely derived from the University of Sydney. Is that correct? Yes.

10

Nothing further, thank you.

ASSISTANT COMMISSIONER: Yes, thank you. Does anyone wish to cross-examine Mr Moustacas. Mr Gibson.

MR GIBSON: Mr Moustacas, my name is - my name is Gibson, I represent Mr Demiralay.

20 You say in your statement at paragraph 7 that you didn't have any (not transcribable) physical, you never physically met him, that's Mr Demiralay. That's correct, isn't it?---That's correct.

Just to expand on that, you never had any communication with him at all, did you?---No.

You never talked to him on the telephone?---No.

And you never had any email communication with him?---No.

30 The V and T United Trust was set up on the instructions of Virginia Kantarzis?---That's correct.

Is that right?---Yes.

And do you agree with me that it was set up for the benefit of Virginia Kantarzis?---I can't agree with you.

40 ASSISTANT COMMISSIONER: Well, I really think the trust document speaks for itself, doesn't it?---Yes, that's right.

About whose benefit it was set up for.

MR GIBSON: You were asked some questions about the beneficiaries at 1.3 and they're set out there and - have you got it there on page 22?---Yes.

And just for clarity, it extends beyond the principals and the children, doesn't it?---Yes, it does.

And it's all those persons and/or entities listed in clause 1.3, is that correct?
---Yes, that's correct.

This - the entity or trust (not transcribable) you in answer to some questions from Counsel Assisting said that it was necessary to set up a trust first before the company was registered?---That's right.

10 That's because the shares had to be in the trustees' names?---Correct, when you, well, when you register a company you need to nominate who the shareholders are.

And in this case it was the trustees of the trust?---Yes

And they hold the shares as trustees, is that right?---That's correct.

20 And you say at paragraph 24 that in any case Atila Demiralay and Virginia Kantarzis do not own the shares in Succuro Recruitment Pty Limited, their trust does?---The trust has the beneficial ownership of the shares, that's right.

And they are - the shares are jointly held on trust, is that right?---Correct.

And there are 10 shares held jointly?---On trust, yes.

Do you agree with that?---Yes.

It's not 20 shares?---No, no, it's 10.

30 It's 10. You received or you had cause to send an email to Virginia Kantarzis on 29 August?---What page were you on?

Fifty-three, you see that? And I take it you sent that as a result of some communication from a member of your staff?---That's correct.

And it's clear in there, in your answer isn't it, that there is an issue about Mr Demiralay being involved with the company. Is that correct?---Yeah, yes, it appears to be, yes.

40 And you responded in your email, sorry, Ms Kantarzis responded in her email of 4 September at point 1 "My only concern was that I didn't want my husband's name publicly listed with the company." That was her response, wasn't it?---Yes.

And you said, and there was also in point 2 I should point out, that she didn't want the company to be linked to Newington, can you see that there?--Yes.

And you see that was the address that she had provided for her and her husband, do you want to check that?---Well, Newington was their address, yes.

Yes?---Their home address, correct.

They both gave the address - well, I'll withdraw that. She had provided the address for both of them as [REDACTED]?---
Correct.

10

Did you think that from those two bits of information that I've drawn your attention to in point 1 and 2 of that email, that Ms Kantarzis might have been trying to hide some information from her husband?---That could be one of the reasons, yes.

And I think you said that it may have been the position that she didn't want her husband to know about details of the company.

20

MR MORRIS: I object.

ASSISTANT COMMISSIONER: Yes. I don't see how anyone could reasonably read that into saying she didn't want her husband's name publicly listed, it's not as though she'd be keeping it secret from him, just from the public. I mean he appears to have signed documents which would have alerted him very well to his involvement in all of these matters so I don't think it's fair to even put that as a suggestion to the witness.

30

MR GIBSON: I was, with respect, Commissioner, trying to put back to him some of his own - an answer that he made, I may have misquoted it, my note is that he in answer to a question from Counsel Assisting gave an answer that it may have an interest she didn't want her husband to know about?

40

ASSISTANT COMMISSIONER: He said in general terms people might be separating from their husbands I think or not want them to know, none of which applies in the present circumstances. He was giving some general examples. You seem to be putting to him that a fair reading of this email correspondence is that that might have been her concern and I don't think that that is correct and I don't think it's fair to put that to the witness.

MR GIBSON: If the Commissioner pleases.

MR MORRIS: And that response was related to the registered address for the company correspondence not for shareholder details.

MR GIBSON: I concede that. Thank you.

ASSISTANT COMMISSIONER: Thank you.

MR MIRALIS: Commissioner, I seek leave to ask some questions on behalf of Ms Kantarzis.

ASSISTANT COMMISSIONER: Yes, I think you should go first.

MR MIRALIS: Mr Moustacas, I'd like to ask you, I'd like to ask you a number of questions in regards to Ms Kantarzis. Do you understand that?
---Yes.

10 On 15 July, 2008 when Ms Kantarzis visited your office she was heavily pregnant, do you agree with that?---I do recall her being quite pregnant, yes.

And I suggest to you that was the first time that you had met my client?
---Yes, from the best of my recollection, yes.

On the other hand by that stage you had known Bill Mylonas for over 20 years, is that correct?---Bill Mylonas, that's right.

ASSISTANT COMMISSIONER: Mr Miralis, all three of the things you've
20 just put to this witness he has already given in evidence,

MR MIRALIS: Yes.

ASSISTANT COMMISSIONER: Could you please not go over the matters that have already been handled.

MR MIRALIS: I'll move very quickly, Commissioner. Yes, thank you, Commissioner.

30 The arrangement for the company structure to be set up by yourself was Bill's proposition, is that correct?---Yes, that's correct.

And it was Bill's idea that that should take place at your office?---Yes.

Virginia had no involvement in that recommendation, is that correct?
---That's correct.

Now during the course of the meeting you had with Bill and Virginia and I
40 suggest to you that they were both together in your office at the same time?
---That's correct.

You were also speaking to Bill separately about a number of his other companies which he has either incorporated through you or for which you are keeping accounts?---I can't recall whether we spoke about it at that time.

Okay. It is the case nevertheless that you do his personal tax returns?---Yes.

You do his family trust returns?---Yes.

You do his company returns?---Yes.

And I take it that he has a number of companies beyond the Succuro Recruitment Pty Limited company that you were giving evidence about earlier on?---He does.

10 Are you able to tell the Commissioner how many companies at the moment he is presently actively involved in?---Two I believe, two companies but there are other businesses as well.

And no doubt there are other businesses that he's associated with where his name is not on a public register, is that the case?---That's correct.

MR GIBSON: I object.

MR MIRALIS: He's answered the question.

20 MR GIBSON: Well, it's relevant the objection isn't it?

MR MIRALIS: I think his - - -

MR GIBSON: (not transcribable)

ASSISTANT COMMISSIONER: Well, sorry, that his name's not on the public register.

30 MR MIRALIS: That's correct. Your Honour, Commissioner, you may recall that the evidence this witness gave earlier on with respect to a possible suggestion as to why Mylonas may not have wanted to be a director was that he wanted to be involved in the company but somehow perhaps wanted it to be at a distance publicly being seen as being involved and so I'm simply putting to him whether or not that situation applies to other businesses that his accountant is aware of that Mylonas has the same relationship to.

40 ASSISTANT COMMISSIONER: Yes. I mean, I must say I don't see the fact that he doesn't want his name connected with other business necessarily has anything to do with the reason he may not have wanted his name connected with this but anyway.

MR MIRALIS: Yes, and I won't draw a nexus along those lines, Commissioner. You would understand therefore, that Mr Mylonas has had some experience in companies and business structures. Is that correct? ---That's correct.

I suggest to you that my client when she was present at the office disclosed to you that she had never previously incorporated a business?---I can't recall the conversation, but - - -

And I suggest to you that she had also told you that she had previously been a sole proprietor herself?---I don't recall.

Now you say that you are responsible for doing the tax returns for Succuro Recruitment Pty Limited?---My firm is, yes.

10

And also Bill Mylonas' personal tax returns?---That's correct.

Now with respect to the \$140,000 that you received in 2008 how is that accounted for?---What \$140,000 are you referring to?

You weren't aware that Mr Mylonas received \$140,000 from Peter Kostogiannis in relation to Succuro?---We do his tax return, so if it was income - - -

20

Yes?--- - - -we would expect Mr Mylonas to have given us that information if it was income.

It wasn't declared?---I can't recall right now what's in Mr Mylonas' tax return from 2008.

When ICAC investigators requested that you provide them with documents relevant to this investigation were you asked to produce or to retrieve from the offices his personal tax returns for the year 2008?---I can't recall exactly what we provided to ICAC.

30

Okay. Have you provided to ICAC company accounts for the company Succuro Recruitment Pty Limited for 2008 and 2009?---The company was only created in August 2008, so there was no 2008.

Okay. Let's say 2009?---So 2009/2010, yes.

Have you provided those documents to ICAC?---Yes.

40

Can you point to where it is in those documents that the \$140,000 that was provided by Peter Kostogiannis to Mr Mylonas is recorded?---I don't know where you're alluding to, because there's no - - -

Let me ask you this. Has Mr Mylonas ever disclosed to you as his accountant that he received \$140,000 from the previous owner of Succuro? ---No.

So this is the first time you've heard it from me?---Yes.

I will take it in the ordinary course that's a disclosure that would be relevant to his personal tax position?---Well - - -

MR McILWAINE: I object.

MS OAKLEY: I object.

10 ASSISTANT COMMISSIONER: I don't know that it would be, if it was a family loan or whatever it's been characterised as, you wouldn't have to declare it in your tax.

MR MIRALIS: Did he disclose to you that he received \$140,000 with respect to Succuro specifically from Peter Kostogiannis?---We do his tax return.

Okay. You have no recollection of that figure - - -?---Of a discussion.

- - - being present in his tax return. Is that correct?---No, no.

20 Okay. Now it's the case isn't it Mr Moustacas that you predominantly dealt with Mr Mylonas in relation to Succuro Recruitment Pty Limited?---That's correct.

And in fact beyond the emails that you have provided in evidence today your contact with Ms Kantarzis I would suggest to you was virtually non-existent?---That's correct.

MR MORRIS: I object.

30 MR MIRALIS: Do you agree with that?---Yes.

ASSISTANT COMMISSIONER: I don't know that you can characterise it as non-existent - - -?---Well not non-existent.

- - - virtually non-existent. Why don't you ask just ask - - -?---As a director she would receive correspondence.

ASSISTANT COMMISSIONER: I presume the contact he says he has is as set out in his statement and in those emails.

40

MR MIRALIS: And there's no further contact beyond what you've described in your statement. Is that correct?---That's correct.

In fact, with respect to the ongoing concerns of the company is it fair to say that you had regular contact with Bill and he would either because he was in the office with respect to other business matters or for other reasons, speak to you on occasion about the progress of the company?---Yes.

You had no such conversations with Virginia Kantarzis after that initial meeting in your office about the progress of the company?---I don't recall, but generally not.

Okay. It's the case – well presumably you would know from those conversations therefore with Bill Mylonas in relation to the progress of Succuro that he was the person who negotiated if you like the contracts with Sydney University?---We didn't go into those details.

10 Well were you aware that he had left Transfield in order to purchase Succuro or become involved in Succuro?---I knew he had left Transfield but Bill had – most of his time was taken up doing one of his other businesses.

Okay. So he was running a number of businesses during this period of time, however you no doubt would have been aware of the time that he was becoming involved in Succuro that he had taken from the previous owner whatever assets there were of the business?---There weren't – very little assets if you look at the balance sheet, if any.

20 Okay. What about the list of prospective contractors that he would provide to potential clients, were you aware that he had taken that from Succuro? ---No.

Okay. Were you aware that he had also inherited some liabilities with respect to outstanding superannuation regarding contractors that were placed at Sydney University at the time of the changeover from Succuro to the incorporation of the company?---I had one of my staff dealing with it but there was a mess I guess you could say in trying to ascertain what liabilities were Succuro Pty Limited's.

30 Okay. So you had one staff dedicated to resolving that mess?---Yes.

Has that been resolved?---I believe so, yes.

Now that was the ATO being concerned about the liabilities that Bill Mylonas had with respect to outstanding superannuation taxes.

MR GOLLAN: Well I object to this.

40 MR MIRALIS: Is that correct?---No, no.

MR GOLLAN: What's been put, his proposition is that the ATO were concerned, that the matters before that I, I begged for someone to object and stop the pain, that this man has got nothing to do with this. It's not relevant to anything. Whether or not someone took assets equally it could be put that Virginia took the assets, but this is just completely outside of the purview of this man's knowledge or expected knowledge.

MR MIRALIS: Well your Honour, with the greatest respect, your Honour, you will see Commissioner, that he's been his personal accountant since 2004 and has known him for over 20 years. The matters that I've raised one would reasonably expect to fall within the purview of an accountant because they are all exclusively accounting matters. Beyond that it is clearly and patently relevant that the Australian Tax Office regards that Bill Mylonas as being responsible for outstanding debts. It seems, with respect, to be a situation where one would expect that he has accepted liabilities on behalf of Succuro Recruitment Pty Limited, that will give rise ultimately to the submission that I will make to the Commission about effective control of the company, putting to one side any alleged legal association my client may have with the company. So it's directly in point, directly relevant to my client's case and certainly within immediate relevance to this particular witness' expertise.

ASSISTANT COMMISSIONER: Well I don't see how the ATO could hold him personally liable for anything. It's the structure of the company that will determine who's liable for what, it's the legal documents.

20 MR MIRALIS: Well I'll tell you the ATO believe Bill Mylonas is liable. Why?---Why would - - -

ASSISTANT COMMISSIONER: I have no idea that the ATO believes he's liable. This witness is not saying that if I understand him?---No.

MR MIRALIS: Well I think he said there's superannuation issues outstanding.

30 ASSISTANT COMMISSIONER: He says there was a mess which they're trying to clear up.

MR MIRALIS: Bill was trying to clear up, with respect Commissioner? ---No. Look it's a company issue, it's not a personal director's issue at the moment.

ASSISTANT COMMISSIONER: Yes.

MR MIRALIS: Mr Moustacas - - -

40 ASSISTANT COMMISSIONER: It's a company, it's a company, Mr Miralis.

MR MIRALIS: Well that's - the witness has certainly said that after we discussed the issue.

ASSISTANT COMMISSIONER: Yes. Well I think it's pretty obvious to everyone it's a company and there were directors of the company. As to

their respective liability it's not really a matter that I think the Commission needs to get into.

MR MIRALIS: At some point, Commissioner, a fact finding exercise will need to be made not only about the legal ownership of this company but about who truly had effective control and they are two very separate and distinctive issues.

10 ASSISTANT COMMISSIONER: Well I'm sure your client can give evidence about that if she wishes, but this witness seems to have a very limited knowledge of the things that you're wanting him to comment on. I don't know how you'd expect him to know about what business Mr Mylonas was doing with the University or that he was the one negotiating with the University. How could an accountant be expected to know those sorts of things.

MR MIRALIS: Well he would rely, he would know that on a few bases, one his professional relationship with Bill but also additionally his personal relationship. I'm not going to, I do seek leave to ask one or two more
20 questions which may clarify this issue and may make it relevant if you're, if the Commissioner holds that it's not a relevant, but it is relevant to my client's ultimate submissions.

ASSISTANT COMMISSIONER: Yes.

MR MIRALIS: Mr Moustacas, I apologise I may not have been clear when I was asking you about the superannuation. You did say that it was a matter that was being resolved by your office. Is that clear?---That's correct.

30 Now can you tell us in your words please what that problem was?---In producing group certificates and getting the records compiled.

Okay?---Employee records, et cetera.

When you were dealing with this issue who were you dealing on behalf of?
---I was dealing with Mr Mylonas.

40 Did you have any dealings with Virginia Kantarzis with respect to that side of the company's affairs?---No.

Was any correspondence directed from your office to Virginia Kantarzis with respect to the superannuation issue, if I can call it that way?---I don't understand why you think there's a superannuation issue. I can't recall a specific superannuation issue in 2009.

Okay. I think relying on your evidence you gave just a moment ago there was some issue of unpaid superannuation. Is that correct?---This current year.

Yes. And I'm simply asking you whether or not Virginia Kantarzis, to your recollection, was privy to that information or whether or not you incorporated her into if you like some discussion about this matter?---Most unlikely, however my staff were corresponding on this matter.

Okay. You have no personal knowledge however of whether Virginia Kantarzis was brought into that issue. Is that correct?---That's correct.

10 Okay. To your knowledge the – did the company - did Virginia Kantarzis and Bill Mylonas put any start up capital into this company?---I believe so, yes.

On what basis do you say that?---Because there were deposits into the account.

Okay. Who made those deposits?---We were instructed that they were start up capital funds.

20 Who instructed you on that?---Bill.

And you accept that Virginia Kantarzis never said to you that she had put up start-up capital. Do you agree with that?---I didn't discuss it with Virginia.

Okay. So when you say in your statement that there was some suggestion by your staff that information, I refer you to paragraph 41 of your statement Mr Moustacas. Information provided by Bill Mylonas and Virginia Kantarzis indicated that they both injected \$25,000 to commence the business. In fact, that's not the case and your evidence today is you have never received such information from Miss Kantarzis.---I would have to, look I mean I can't recall back to 2009 but we dealt with Bill.

30

No I appreciate that. You dealt with Bill, you certainly did not receive information from Virginia Kantarzis consistent with what you put in paragraph 41 of your statement. Do you agree that you may have made an error in relation to that?---It's possible.

Clearly if such information was available to you no doubt you would produce it to the ICAC investigators because it would have been relevant to the investigation they're carrying out.---Yes, correct.

40

And no such information has been produced of your personal dealing with Virginia Kantarzis on the issue of \$25,000 of start-up capital. Do you agree with that?

MR MORRIS: I object. I think the obligation to provide to ICAC (not transcribable) documentary material and the, at page 71 there do appear to

be loans and perhaps my friend ought to take this witness to that before he, just so that he is, we're all certain about what we're talking about here.

MR MIRALIS: Mr Moustacas, do you see on the screen page 70 of documents that you produced to ICAC?---Yes.

And there is reference there to a loan that Virginia Kantarzis was an amount in 2009 for \$8,091?---Yes.

10 My question to you is, did you have any conversation with Virginia Kantarzis leaving to one side these records which suggested to you or gave you the impression that she had injected \$25,000 into this company as a start-up?---I don't recall.

These records rely on information from Bill Mylonas. Do you agree with that?---Yes.

Now are you aware of who had control of the Succuro Pty Limited bank account?---I know Bill has control, I don't know if Virginia has.
20

And when you say, he has control, I take it from your answer that he was responsible for making payments out of the account to third parties.---That's correct.

And also receiving income from various sources but predominately Sydney University?---Well Bill monitored, Bill was administering the company, yes.

And you would agree that to the best of your knowledge that was an account that he controlled. Is that correct?---The bank you're referring to, yes.
30

ASSISTANT COMMISSIONER: I'm sorry, what account are we talking about here?

THE WITNESS: The bank account.

MR MIRALIS: Of Succuro.

ASSISTANT COMMISSIONER: The bank account of this company.
40

THE WITNESS: Of this company, yes.

ASSISTANT COMMISSIONER: In what way do you say he controlled it? ---He had internet access to the account.

And to your knowledge Miss Kantarzis did not?---I don't know.

You don't know?---I don't know whether she had control, I don't get involved with paying bills to that level.

I notice that only Mr Mylonas has signed the director's declaration about these accounts.---Yes.

Is it only necessary for one director?---Yes, Commissioner, 30 June 2010 which is when these accounts were produced Mr Mylonas was the only director at that time.

10

That's right, at that time.---Yes, that's right.

So what about previous accounts, would they have been signed by both directors?---I would assume but I can't say.

MR MIRALIS: On that point, Mr Moustacas, I suggest to you that you produce no material before this Commission in relation to those accounts signed by Miss Kantarzis. Do you agree with that?---Could you please rephrase.

20

The Commissioner just asked you a number of questions in relation to the accounts and observed that they seemed to be signed by one director Bill Mylonas.---Yes.

And you intimated that the previous ones may have been signed by Virginia Kantarzis.---May have been.

You have no knowledge of that, is that correct?---I could look at my files and I could answer that question but I - - -

30

Burt certainly today there is nothing before this Commission to show Virginia Kantarzis's signature as a director on those documents?---These accounts are dated 30 June 2010 so she would not be required to sign these financial statements.

I appreciate that. What about 2009?---She would most likely have been required to sign those documents being a director of the company at that time.

40

Were those documents produced to ICAC?---Not as part of my statement.

Why not?---I can't recall whether we actually, we, I got asked to provide financial data for 09 and 10 which is what we have here.

Isn't it the case that as you sit there today, you can't even tell the Commission whether or not you forwarded those documents to Virginia Kantarzis in 2009?---We would have given them to Bill I would assume, I

would have to look at any standard letters we may have otherwise it would have been handed to Bill for Virginia to sign.

Okay. Well let me just understand the nature of this relationship. My client comes to your office to set up the company as a co-director. Correct?--- Agreed.

10 The arrangement is pursuant to Bill Mylonas' account and you've been doing the accounting and have known each other for 20 years.---Correct.

Bill presents himself to you as being a person who is in charge of the banking side, if you like, of the company. He controls the actual account through the internet. Is that correct?---Yes.

You deal with him in relation to the progress of Succuro Pty Limited, you have no such conversation formally or informally with my client beyond what takes place on the 15 July 2008. Do you agree with that?---Yes.

20 When the company accounts need to be completed you forward them to Bill Mylonas not knowing whether or not he in fact speaks to Virginia Kantarzis about the content thereof or whether or not he even passes them onto her. Is that correct?---Well, that's right. We give them to one director we don't send out financial statements to two or three directors, we send them to one generally, a point of contact.

30 You relied on the representations made by Bill with respect to any information that's passed onto my client regarding Succuro Pty Limited. That's the extent of your knowledge of what my client's involvement is. Is that correct?---Could you please ask that question again.

I'll rephrase it. You rely on giving information to Bill on the assumption that that information be forwarded on appropriately to Virginia Kantarzis the co-director. Is that the way you operate?---Yes, yes.

And that's on a relationship of trust that you have with Bill Mylonas. Is that correct?---Well, not necessarily, I would do that with any director that I dealt with on a day to day basis.

40 Now at the time, now I'm just going to jump back to the initial meeting you had with my client. But the time that you saw her on 15 July 2008 she indicated to you that she was only in part time employment?---I can't recall.

You were asked a whole series of questions about what would ordinarily be your procedure in dealing with people who are coming to seek advice from you in relation to incorporating. Do you understand that?---Yes.

The fact of the matter is you have diary notes or file notes or any records that you can produce to ICAC today which can actually refresh your

memory about precisely what happened during the course of this conversation with my client.---That's correct.

So whilst you rely on what you say is your ordinary procedure, you cannot say (not transcribable) that you in fact conveyed to my client the matters that you've referred to earlier on?---As I have said that earlier that I cannot specifically recall the conversation.

10 Now we've been told by Counsel Assisting to the Commission and we've seen some figures this afternoon that the total revenue of Succuro Pty Limited in 2007 was \$258,891. Does that accord with your recollection and your accounts?---I wasn't acting for Succuro.

30 June 2009 \$428 - \$428,000.---Where are you referring?

30 June 2009?---What page are you on?

20 I'm not referring to pages I'm just referring to figures that you would have been responsible for putting together.---I don't know what you're looking at so I'm sorry I can't comment - - -

ASSISTANT COMMISSIONER: Well, I don't think you can be expected to - - -

MR MIRALIS: The figures are coming from (not transcribable) - - -?---The only explanation I might offer there is those figures may be GST inclusive.

30 Well, you provided these figures to Counsel Assisting.---I don't know what figures you're looking at so I can't say.

I'll tell you what these figures are and you let us know whether or not they come from you.---I can't comment on a number I can't see or, what are you reading from, financial statements or?

Let me just ask you another question.---Sorry, but - - -

MR MORRIS: I think (not transcribable) witness, Commissioner.

40 THE WITNESS: - - - I don't know what you're talking about.

MR McILWAINE: There's no suggestion (not transcribable) those figures came from this witness.

ASSISTANT COMMISSIONER: No.

MR McILWAINE: None whatsoever in fact.

MR MIRALIS: That's fine. If they have been presumably some other source will be (not transcribable) of that later on.

Can I ask you this, Mr Moustacas, in terms of the company arrangement and the share structure, are you able to, looking at the records you produced to the Commission today, tell the Commission what profits if any were given to Ms Kantarzis as a result of this company structure?---From the information produced here I can't see there was no profit distributed.

10 Now if I understand that answer to be correct what you're saying is that the company did make a profit?---It did make a profit.

And the profit was not distributed?---That's correct.

Now you've continued to do the accounts for Succuro Propriety - Succuro Recruitment Propriety Limited. Is there any explanation you can (not transcribable) as to why that's the case?---It's up to the directors as to whether or the directors will hold a meeting to determine whether they pay a dividend.

20

Well, the following year when you did the company tax returns - - -?--- Which year are you referring to?

2010.---Yes.

What was the profit of the company in that year?---Profit as per page 68 in 2010 was \$155,035.

30 Okay. 2011?---I can't recall, I don't - - -

To the best of your knowledge has any of that profit been distributed to any account belonging to Virginia Kantarzis in any way that you are aware of? ---Profit Distributions I - like I mean there may have been loan payments and they had their wages paid to her.

Well, let's put that to one side - - -?---But I mean what are you - - -

I don't mean wages for, for labour - - -

40 MS OAKLEY: Well, I object. Mr Moustacas was attempting to answer a question that was put to him and he was interrupted.

ASSISTANT COMMISSIONER: Yes. Finish your answer, Mr Moustacas.

THE WITNESS: Yeah. So, sorry, payments made that may have been made to Virginia post the 30 June, 2010, again I don't have that information here in front of me but from what I understand could not have been a profit

distribution because she no longer had a shareholding after the 25 June I believe it was.

MR MIRALIS: So your evidence is that during the period of the time that she was a director, secretary and shareholder she received no profits from Succuro Recruitment Propriety Limited. Is that correct?

MS OAKLEY: That wasn't the evidence.

10 MR MIRALIS: I'm making the suggestion. Do you agree with that?---
There was no dividends paid to anybody during 2009, 30 June 2009 nor
during - for the year ending 30 June, 2010.

And just so we're speaking about the same thing, when you say dividend do you mean a distribution of the profit as a shareholder that she would be ordinarily entitled to (not transcribable) decision was made for the profits to be distributed?---That's right.

20 She did not receive such a profit?---She did not receive a dividend in 2009
or 2010.

Now if I can just take you to page 9 of your statement specifically at paragraph 30. And I may need your assistance in understanding the distinction that you appear to draw in the following statement; "It shows that they held the shares for the benefit of V and T United Trust and not for their own benefit even though they are discretionary beneficiaries of the trust. What do you mean by that?---As an example; if you hold shares in a company in your own name and I take action against you, you are the legal and beneficial owner of those shares. If however you hold those shares on
30 trust for somebody else whether it be a discretionary trust or some other person then if I am to take legal action against you I cannot access the shares that you hold or the asset that you hold on behalf of that other person.

Does that change the nature of the share ownership?---Of course. Well, the share ownership is owned on legal title by Atilla and Virginia, however by - on beneficially their own by the V and T United Trust.

Okay, thank you for that.

40 Now just finally, Mr Moustacas, you were shown an email where there appears to be a suggestion that at some point in time you had a discussion with Bill Mylonas in which he indicated to you that he did not wish to be a director of Succuro Recruitment Pty Limited?---Which page are we on again?

Do you remember that chain email where you, you suggest to Virginia Kantarzis, page 54, I thank my friend for that?---Yes.

Did you have any discussions with Bill Mylonas as to why he would not want to be a director of this particular company?

MR McILWAINE: Oh, Commissioner, this has been answered.

ASSISTANT COMMISSIONER: It has been asked, it has been answered, Mr Miralis.

10 MR MIRALIS: Yes, fine. Thank you, Mr Moustacas. There's nothing further, Commissioner.

ASSISTANT COMMISSIONER: Thank you, Mr Miralis. Yes, Mr McIlwaine.

MR McILWAINE: Thank you, Commissioner. About the time, I'll be about 10 minutes I think. I'm happy to start now. I'd prefer in fact to deal with the matter now as long as it is convenient for you.

20 ASSISTANT COMMISSIONER: Yes.

MR McILWAINE: Thank you, Commissioner.

Mr Moustacas, I represent the interests of Mr Mylonas. Now, just by way of background there's lots of evidence about this, you've known Mr Mylonas a long time, you've had a long personal business relationship with him, with certain companies for him before, correct?---That's correct.

30 When he approached you with Ms Kantarzis about this new company, Succuro Recruitment Pty Limited, you didn't need to discuss with him how his, his interest in the company would be held because you'd had that discussion over a number of years, correct?---Yes.

But Ms Kantarzis was in a different position because she's someone you'd never met before, correct?---Correct.

And then you proceeded to have discussions with her via email about how she should hold her shares, correct?---Yes.

40 Thank you. Now, if the witness could be shown Exhibit 40 which are the Commonwealth Bank statements. I think in your - you'd been already asked some questions about this but you do make a statement in your statement at paragraph 41 that you had some understanding that there'd been \$50,000 of start up capital put forward and that it was provided equally by Mr Mylonas and Ms Kantarzis, do you remember that?---Yes.

Now if you look at the first page of that, of Exhibit 40 which is the bank statements, you see there's a deposit of \$50,000?---Yes.

You see that?---Yes.

What I'm going to suggest to you it was that, that deposit which caused you to have a belief that there was \$50,000 of start up capital put in?---Yeah, sorry, it wouldn't have been a belief, it would have been a direction or instruction from somebody to tell us that's what it was.

But you have no clear recollection of that now?---No.

10

All right. But in any event that deposit would be consistent with your understanding that there was \$50,000 of start up capital, correct?---Yes.

Because it's pretty much to (not transcribable)?---Well, when you use the term start up capital it wasn't share capital, it was a loan to the, to the company, that's how it was reflected in the balance sheet.

Right. I simply want to suggest to you that, that you are in error when you say that there was ever any suggestion that Mr Kantarzis was putting up any of the start up capital, is that, I think you already said that's possible?
20 ---Well, it is possible, that's right.

Now whilst we're on that looking at those bank records, exhibit 40, turn over about five pages to an entry which is headed 'statement number 2, the period 30 December, 2008 to 30 March, 2009'. Do you have that in front of you?---Yes.

And you'll see about fifth entries down (not transcribable) been transferred VK loan repayment, VM loan repayment and the figures of \$8,500. Do you see that?---Yes.
30

What I want to suggest to you is this that you gave Mr Mylonas advice that rather than the wage being paid to Mr Mylonas and Ms Kantarzis, that if that was structured as a repayment of loan there would be a tax advantage?
---I don't recall.

Right. Would you agree that there would be a tax advantage?---Not necessarily. It depends on whether the company – the company can still make \$17,000 profit, repay the loans and still pay tax.
40

But if there's a loan outstanding to persons who put money in the company and that's repaid to them - - -?---Yes.

- - - that's not taxable is it?---Not taxable to the people that are receiving the money.

Who receive the \$8,000?---That's correct, yes.

However if it's wages - - -?---That would be taxed.

That'd be taxed?---Correct.

Now in relation to the assets of the company, if you go to page 70 of the annexure to your statement. Do you see that there?---Yes.

That's the, have I got the right document, current assets/non-current asserts, that one there?---Yes.

10

Go to the company, one of the non-current assets what's shown is a loan to James (not transcribable), see that \$127,000?---Yes.

That – can you tell the Commission what that loan (not transcribable) to be?---James is somebody that Bill knows and the company lent him some money.

Okay. And that was in relation to a purchase that Mr (not transcribable) and Mr Mylonas were involved in?---I believe so, yes.

20

So when that asset there was in fact a loan advanced by the company for the benefit of Mr Mylonas and an associate of his. Correct?---Correct.

Do you agree that there was no discussion or conversation with Ms Kantarzis about that loan?---I don't know. Not with my office, no.

Would you accept that any information about that was given to you by Mr Mylonas - - -?---Yes.

30

- - - and accepted by you from him?---Yes.

And that's indicative of the way this particular company was run. Do you agree with that?---Yes, I do.

It was Mr Mylonas who, who told you what things were and discussed how payments were to be structured. Correct?---Yes.

And just very short – the whole idea of the share ownership with Ms Kantarzis being held by the trust was quite for proper professional tax reasons, your idea. Correct?---Correct.

40

You say at paragraph 9 of your statement that relying on access to your emails that your first contact with Virginia Kantarzis was around 15 July, 2008. Do you agree that it's probable that you had contact with Mr Mylonas and discussions about this new company some time prior to that date?---Well the appointment had to be made and that was made through Mr Mylonas.

So Bill initially contacted you?---It was Bill who, yeah, correct, yes.

You had a constant – both professional and friendly relationship. Correct?
---That's right.

10 And I don't want to go to length, but paragraph 16 you say no dividends were paid out while the trust had shares. What you say is there was, there was payments as disclosed in the records of the company but there was no payment of interest of dividends by the company either to Mr Mylonas or his companies or to the trust that you'd established. That's correct?---Well there was no dividends paid to any shareholder during that time.

Nothing further, Commissioner.

ASSISTANT COMMISSIONER: Thank you, Mr McIlwaine. Yes, well, if there's nothing further?

MR GIBSON: Well, I - - -

20 ASSISTANT COMMISSIONER: Haven't you already had a go, Mr Gibson?

MR GIBSON: I have had a go, Commissioner, but if I could have leave on one, on one issue, I missed one of my post-it notes which is sort of relevant.

Mr Moustacas, your office, you would have caused or someone in the office caused to be sent out to Ms Kantarzis a number of documents to be signed?
---To which, to which documents are we - - -

30 The trust deed?---The trust deed, yes.

Then the - if you want to go to pages it starts at 19 then it goes through to 44, a resolution?---Yes.

Then the - - -?---An 45, that would have been part of the package as well.

Would have been sent 46 and - sorry, 47, 48?---That would have been a separate package but, yeah.

40 It would have been sent out. Is it the practice of your office to send those things, documents out with those post-it notes with sign here on them to indicate where things should be signed?---Yes.

Thank you.

ASSISTANT COMMISSIONER: Thank you. Yes.

MR MORRIS: Commissioner, after the examination by Mr Miralis it became apparent that the annual return for 2009 had not been produced - - -

ASSISTANT COMMISSIONER: Yes.

10 MR MORRIS: - - - and also there may be correspondence which may have been address to Virginia Kantarzis in her capacity as director and secretary and there may also be diary notes and file notes which may be relevant. In those circumstances the Commission may well be assisted by having access to that material and it seems to me that pursuant to section 35 of the Act you would be entitled not to release this witness but to give him a direction to produce documents of that description which I've just articulated returnable Monday. I don't wish to inconvenience him professionally but the question is whether we excuse him from attendance or whether he attends with those documents.

20 THE WITNESS: Excuse - Commissioner, may I just say that I did provide all of our documents to Mr Stephen Thomas, now whether or not they were included in this statement is, is another matter.

ASSISTANT COMMISSIONER: Yes.

MR MORRIS: Right.

ASSISTANT COMMISSIONER: Look, I'm sure you provided all that you were asked for or what you thought was relevant. It does appear there may be some other relevant documents which we'd like to access and I'm sure you've - - -?---Sure.

30 - - - got no problem with producing them. I can make the order sought. As I understand it if the documents are produced you don't then have to personally appear yourself and I'm happy to make it in those terms and I think the investigators can give you the details of the documents we're seeking, are you happy to do it on that - - -?---Yes, specifically, yeah, more than happy, yes.

Yes?---No, that's fine.

40 MR MORRIS: It may be possible that if Mr Moustacas, we could provide him with an email address and he might be able to produce them by scanning them and sending them via email.

ASSISTANT COMMISSIONER: Yes, yes.

THE WITNESS: Yes, that's not a problem.

MR MORRIS: Yes. I certainly don't wish to inconvenience him any further, he's been very patient with us.

ASSISTANT COMMISSIONER: Yes. We're happy to receive them by whatever method. I think I can - I will not excuse you at this time but on the understanding you won't have to appear again on Monday if the documents are produced in the way requested by the investigators and I will then formally excuse you on Monday in your absence?---Thank you.

THE WITNESS STOOD DOWN

[4.10pm]

10

ASSISTANT COMMISSIONER: Yes, is that all?

MR MORRIS: Thank you, Commissioner.

MR MIRALIS: Commissioner, can I seek a direction on behalf of Ms Kantarzis that if such documents are produced that they be served on myself at a time prior to Ms Kantarzis being called to give evidence. There has been occasion during the course of this inquiry where representatives from the various parties involved have been inundated perhaps is an understatement with up to 1,000 pages at any given time on very short notice, I'm reluctant to not be provided an opportunity to adequately look at those documents before my client is called to give evidence.

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ASSISTANT COMMISSIONER: Yes. It doesn't sound like we're talking about anything in that magnitude but I'm sure Counsel Assisting will give you every opportunity to look at them in a timely manner.

MR MORRIS: We'll certainly make arrangements.

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MR MIRALIS: Thank you, Commissioner.

ASSISTANT COMMISSIONER: Yes. All right. Well, look, if there's nothing else I was hoping to start at 10 o'clock Monday but I feel we better start at 9.30 again and I should say if the matter doesn't finish on Monday it won't be able to continue on Tuesday because we have another matter starting. It will have to go off so we'll just have to see how we go but Monday is certainly available at this stage and we will commence at 9.30 on Monday.

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MR MORRIS: May it please the Commission.

AT 4.11 PM THE MATTER WAS ADJOURNED ACCORDINGLY

[4.11PM]