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INDEPENDENT COMMISSION AGAINST CORRUPTION

THERESA HAMILTON ASSISTANT COMMISSIONER

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON MONDAY 26 MARCH 2012

AT 2.00PM

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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. Yes, now Mr Gollan, do you want to go next?

MR GOLLAN: If it pleases the Commissioner.

<WILLIAM MYLONAS, on former oath

[2:03pm]

10 MR GOLLAN: Commissioner, might the witness be shown Exhibit 41, please. Mr Mylonas, just before I ask you to turn over some of the pages in this exhibit, you understand that Atilla Demiralay is the same as Todd. Is that right?---Yeah, I was made aware of that at the - - -

And you were made aware of that before you entered into any negotiations with his wife about forming this partnership or this company. Is that correct?---Do you know what, I don't recall actually knowing it was Atilla then, no.

20 Okay. At some stage early on in the piece you were made aware that that was his proper or correct name. Correct?---I believe the first time I heard Atilla was at the ICAC inquiry thing that they brought me in the hearing, they brought me in - - -

Are you sure about that?---Yeah.

Are you?---Yeah.

30 And when you say the first time that you spoke to them, being the ICAC people that was when you did your statement. Is that right? Or your record of interview?---Yes, that's right.

Is that right?---Sorry, what was that?

Is that right?---Repeat the question please, sorry.

40 Is the first time that you tell us that you became aware that Todd's name was also interchangeable with Atilla was at the time that you spoke to the ICAC investigators and gave them a record of interview? Is that right?---Yeah, that's what I can recall. I couldn't recall if I heard it before I didn't take much notice of it.

And had you seen it in the content of any documents that you'd signed prior to the ICAC people becoming involved?---I - it may have been there but I, I never took too much notice of it, no.

Well, you knew that Mr Demiralay was the husband of Virginia Kantarzis. Correct?---Correct.

And if you saw Virginia Kantarzis and Atilla Demiralay, excuse me, Demiralay in the same content and same context would it be fair to presume that your assumption was that it referred to Todd. Correct?---Yeah, I think so, I mean - yeah.

Well, when you say I think so would you make an inquiry about that?

10 MS McILWAIN: Well, the witness is now being asked to speculate and he says he doesn't have any memory of - - -

MR GOLLAN: I withdraw the question. Why don't you turn up to page 61 of that document, please?---Page 61.

You can see that's a share transfer. Can you confirm that your signature is the second from the bottom?---Yeah.

And you can see Virginia and Atilla's name?---Yeah, okay.

20 As at that time you knew that Todd was also Atilla. Correct?---No, I probably don't - I don't even recall reading this.

Are you telling the Commission that when you were purchasing your shares in a trust where clearly Ms Kantarzis was one of the persons involved that you didn't recognise Atilla as being Todd?---As I mentioned I don't, I don't recall reading the full state - this full share statement.

30 Come on, it's only about 10 lines. Are you suggesting that you don't read documents that are 10 lines long being share transfers where you acquire rights. Is that what you're telling us?---Yeah, absolutely. I, I don't remember reading this share transfer. I - Nick would have told me this is the share transfer you got to sign here and I would have read share transfer up the top and, and then he would have had a little sticky thing there saying sign here.

You wouldn't read who the shares were coming from to you?---I would have - I assumed they would have been coming from Virginia's trust.

40 And you understood that her husband was involved in that trust?--- Absolutely.

At the time that you undertook the share transfer was because her husband was involved in this trust?---Yes, yes.

Correct?---Yes, absolutely, yes.

So when you - the very first line see her name and then Atilla you knew at that time that that was Todd. Correct?---As I mentioned before I've - I may have not made myself very clear I did not read this document.

And you were asked questions by the solicitor representing Ms Kantarzis at the - before lunch, you were asked a series of questions about her involvement and your understanding of Todd's involvement in the goings on of Succuro. Correct?---If you can be more specific, that'd be great.

10 You were asked questions about the particular tasks that she performed, being Virginia for Succuro in respect of the employees that you sought to place with the Sydney University. Correct?---Sorry, repeat that again, please, sorry.

You were asked in a series of questions about the involvement of Virginia in Succuro's business - - -?---Yes.

- - - so far as it related to putting employees with Sydney University? Correct?---Yes, yes, I do recall those questions.

20 And you were asked within the context of that business what you did being the accounting, the books, the liaising with the accountant and also some liaising with the Sydney University?---I did all the liaison with Sydney University.

And you also gave some evidence did you that you understood from your discussions with Mr Kostogiannis that it was best to keep Virginia away from contact with prospective employees, with the Sydney University because of Todd's presence. Correct?---I don't recall actually saying that.

30 Well, do you agree that that was a discussion that you had with Mr Kostogiannis?---No, not really, that's, I think I mentioned that I don't remember actually having that conversation with Peter.

Did you see any problem with Virginia being involved with vetting the employees that you sought to place with the Sydney University?---No.

And is that primarily what she did?---No, not, it was one of her tasks, it's one of the things she did.

40 Well, the Sydney University was the only client you had. Correct? ---Correct.

And as part of the process of placing people with those clients you had some contact with people at Sydney University. Correct?---We have some contacts at Sydney, yes, correct.

Yes. You didn't have any contact with Mr Mark Pigot. Correct?---No, I, I never, never met Mark Pigot.

And you'd never spoken to him either?---I don't believe I've spoken to him either, yeah.

And you had to go through the resumes. Correct?---Yes.

And you would interview some of those people yourself. Correct?---Yeah, I'd get down to a shortlist.

10 Would you interview all of the resumes that you put forward to the University?---Oh, absolutely.

All of the persons on the resumes that you put forward?---Yeah, generally I would put, yeah, absolutely I would, that would be a course of action, I would interview all the people that I would put forward.

Right. And would you do that in person or over the phone?---Oh, over the phone is, is my preferred choice.

20 Right. And I take it in that case that you had conversations with persons Taylor and Bach. Is that right?---Yeah, yeah, yeah, absolutely.

You did?---Yep.

And then in the context of those kinds of activities, is that the kind of thing that Virginia did as well?---She, if she was interviewing someone she may have done the similar type of thing, she may have met them face-to-face, I'm not sure.

30 Other than interview people for the University of Sydney, what else did Virginia do?---Virginia was working on a training and development plans for, that is part of the business that she was passionate about and wanted to, to sort of progress with.

What do you mean, training and development plan?---Well, it's, it's going into, it's leveraging from companies and going in and training staff, improving staff performances and efficiencies, also implementing some kind of processes and standards like I-Tel and things like that.

40 Right. Did she do that for the University of Sydney?---No.

And you didn't have any other clients?---No.

Well, who did she do that for?---She was developing the, the, the plan for it. I didn't say she actually did it for anyone.

For how many years was she developing this plan not used on anyone?  
---Well, she was, as you're well aware, she was, she had a child for, for her first couple of years and I didn't expect her and I didn't put any pressure,

she could do it, I didn't give her any time frame to it and I didn't expect her to do it in any particular time frame, I was, I was happy with her progress.

Do I understand from your answer just then that she didn't do anything for the couple of years but, in the couple of years when her child was very young, other than to interview people for Sydney University?---Absolutely not. She also recommended potential new clients to me and, and she also networked for me.

10 What are the clients and what are the networking?---She, just through her personal contacts she would, she would recommend different clients.

None of that went anywhere. Correct?---Well, it, I think it did, yeah, I think it did.

Okay?---It did, did it translate to, to business, it may have.

Do you want to recount on your evidence that you've given three times, and I apologise for making you do that, that your only client was Sydney  
20 University?---Yes, sometimes, there's no magical, you don't just wave a wand and say, hey, I've met with a customer and you secure them the next month, it's a very very long, long drawn out process to sometimes securing new customers, it's not, it's not that easy sometimes. Sometimes it falls in your lap, other times it, it's, it's, it's a lot more complex and you really have to work on it.

Is that one of the reasons why you wanted Virginia to go into partnership with you when you took over the business and incorporated so as to keep the client, Sydney University?---I would, like I mentioned earlier, I, I would  
30 hope that the Sydney University client would have remained with me regardless whether Virginia was a partner or not.

You left Transfield and you said that this was a rather large step into (not transcribable) employment. Correct?---Ah hmm. Correct.

And might I suggest to you that the insurance you took along the way was to engage Virginia as a director and shareholder of the company?

40 MR McILWAINE: Commissioner, can I object. This area has been covered by Counsel Assisting. Mr Gollan represents the interests for Mr Pigot. The witness has said he's never spoken to him, had nothing to do with him. How does this advance the interests of Mr Gollan, sorry, I'm sure it advance (not transcribable) advances Mr Pigot?

MR GOLLAN: Well with respect this particular area might have been touched upon in a different context by Counsel Assisting. So far as Mr Pigot is concerned though, if at the end of these proceedings you conclude that there is some collusion between these persons and ultimately it's Mr

Pigot who's (not transcribable) prejudice person at the other end signing off. It is of great interest to Mr Pigot and the Commission I might say, to know about what the understanding was and the reason why these persons were appointed. But ultimately that tentacles into the University that at this stage, with respect, end up being those that slapped my client in the face and caused his presence here.

10 MR McILWAINE: Well Commissioner, there's certainly no suggestion that any such tentacle involving my client was relayed upon Mr Pigot. This area has been covered at length. We're just wasting the time of the Commission in my submission.

MR GOLLAN: (not transcribable) about it.

ASSISTANT COMMISSIONER: Look, I'm going to allow it at this stage. I think it is relevant and the question of – there are no parties in this so the question of people's interest is sometimes a little blurred, but I think there is sufficient interest to canvass this area.

20 MR GOLLAN: Thank you. Did you - - -?---I didn't hear the, I lost the last question, sorry about that.

What my question was - - -?---Yep.

- - - was that given that you were leaving permanent employment with Transfield, you saw that the appointment of Virginia - - -?---Ah hmm. Yep.

30 - - - a shareholder and as a director was some insurance that you would keep the Sydney University as your client and that's why you did it. Correct?  
---Absolutely incorrect. I had, like I said I brought on Virginia because of Sydney University and if we didn't have Sydney University, you know, fine, I would have still taken on Virginia and I still think we would have pursued – we probably would have had no income to begin with but we would have progressed and I'm sure we would have, you know, moved on okay.

40 Let's not kid ourselves, you had a permanent job, you wouldn't have taken this business over and incorporated it if it didn't have Sydney University. Correct?---Incorrect. I didn't leave because of this business. I had three other, two other businesses other than this. My primary business was Southern Computers and Stable IT. This wasn't my number one business. This was my second or third business. So to think, to suggest that this was my primary you're way off mark there.

Well did I understand your evidence earlier that you left Transfield because you saw there was some problem or it might be a perception by you running this business?---No, I didn't even come close to suggesting that.

Why did you leave Transfield then?---Because a senior position became available at Transfield and (not transcribable) took that senior IT position instead of me, so I thought the writing was on the wall.

Right. And given the writing was on the wall you saw this as an opportunity did you?---It was an opportunity to do recruitment absolutely.

10 Of course it was because you had Sydney University and you had someone on the inside of your business and someone on the inside of Sydney University. Correct?---Incorrect.

And indeed so that you ensured their participation you incorporated giving them shares so as to give them some comfort with respect to their role and position within that enterprise. Correct?---Incorrect.

20 And that when you were alerted to some problems with respect to another inquiry, you had a discussion with Virginia about the exposure of having her and Todd or Atilla on the company register. Correct?---Well I've just gone through all that - - -

MR McILWAINE: I object. This has been covered. How can Mr Gollan put that matter as a, as a positive proposition to this witness given who he acts for? How can he have any instructions to properly put that proposition.

MR GOLLAN: Well, it's borne out in other documents and I need to give him the opportunity if he tells me otherwise, but that's why I took him to that document to begin with being the share transfer. And that it happens to correlate in time with this other inquiry that we've spoken about.

30 ASSISTANT COMMISSIONER: Yes, I think he's, he can put it on the basis of the documents that are before this Commission.

MR McILWAINE: Well again Commissioner, that's been canvassed at length by Counsel Assisting. He's taken the witness through the document, put propositions to him - - -

ASSISTANT COMMISSIONER: Well, I don't think he did take him to the particular document that Mr Gollan took him to?

40 MR GOLLAN: He certainly didn't. In fact I criticise my learned friend for not fully doing his duties.

MR MORRIS: I accept that criticism.

ASSISTANT COMMISSIONER: Can we move on, please.

MR GOLLAN: The reason why you said to Virginia, sorry, I withdraw that. You had a conversation with Virginia and you said to her that given



the inquiry that was going on it was not a good thing to have her and her husband, Atilla, on the company register. Correct?---Sorry, say that, say that- - -

You remember the inquiry that you became aware of through some cleaning contracts of yours that you told us earlier about?---Yeah.

The other inquiry?---Yeah.

10 And that was in or about the middle of 2010. Correct?---(NO AUDIBLE REPLY)

It's being recorded?---Yes, sorry, yes.

And given that inquiry, you I suggest spoke to Virginia and said, look, it's not a very good idea that you and your husband be on the company register. Correct?---I've answered that exact same question with the earlier people. As I mentioned earlier, I didn't say you and your husband, Virginia phoned me and said there's suggestions that Todd is a member of the, is a, is a, a  
20 representative on our company and we needed to remove him.

And in- - -?---And it had nothing, sorry, and it had nothing to do with some other, I don't know, cleaning contract, it had nothing to do with that.

And in so doing you removed both of them, being the trust. Correct?  
---Since you're a lawyer, how do you remove one of them?

Well, let's not get into that because it's well and truly possible?---Is it?  
Okay. All right.  
30

Now, you removed the trust. Did you then suggest to Virginia so that she could have some comfort with the business arrangements that she could take up the shareholding that was otherwise allotted to the trust?---Sorry, say that again.

Did you suggest to Virginia that the 10 ordinary shares that I'm going to get, Virginia, for giving you \$10- - -?---Yeah.

- - -should better be transferred from the trust to you directly and you can  
40 give the trust \$10 so as to protect your position in this partnership, in this corporation?---I- - -

Did you say that?---I didn't say that because I don't even know what you said. Can you repeat the question, please?

Rather than take both of them- - -?---Yeah.

- - -out of the company altogether, if we are to accept what you say- - -

?---Yeah.

-- -being that the real concern was Atilla- - -?---Right.

-- -or Todd- - -?---Right.

-- -rather than remove them altogether, being both of them- - -?---Yeah.

10 -- -was there some discussion that was instigated by you that she could come on as a shareholder in that- - -?---Okay.

-- -in that company?---No, there was no discussion of that. We, I understood if, from, from taking advice from Nick that once, to remove it, we had to remove the trust which effectively removes both of them.

20 Quite. But then did you suggest rather than you take up the 10 shares, that she could have them in her own name?---Well, you can't do, have a single person in a trust. That's what Nick told me, I don't know, I'm not, not a legal guy, but that's, he said you just can't have Virginia there.

Let me put it in these terms. You're on the share register. Correct?---Yes. My trust.

Correct. And who's the other person in the trust with you?---Oh, I've got my little kids.

Oh, you've got your kids?---Yeah.

30 Okay. And at this stage I think that Virginia had a child in June 2010? ---Correct, yes.

Did you say, how about you put your little kid and yourself in the trust and you can have the shares rather than me take them off you so that you can have some comfort about our business arrangements?---We didn't even think of that. We should be employing you. Yeah, we didn't even think that. Yeah, it's a good idea.

40 Might I suggest to you that you thought about it long and hard and you were concerned that Virginia would still be related to Atilla and he was the person on the inside of the University?---Oh, I didn't, we didn't think of it.

And might I also suggest to you that it was, sorry, I withdraw that. Are you in other companies as well?---I am.

And are you a shareholder in those companies?---I believe so.

And are you always a shareholder through a trust?---The trust only came about in October for me or July, sorry, July/August.

ASSISTANT COMMISSIONER: Mr Mylonas, the question is- - -?---I'm just trying to- - -

- - -are you always a shareholder through a trust or are there any companies where you're a shareholder other than through a trust?---I'm not sure, I'd have to- - -

10 MR GOLLAN: Come on, you told us this was your first trust and you've also told us that you were involved in companies before?---Yeah, I'm saying that I'm not sure which - this is my only trust and I'm not sure if this trust is a partner in any other company.

Listen to my question carefully.---Yeah.

Are you the shareholder in other companies?---Yes.

20 So you know that you can be a shareholder in your own name in other companies?---Correct.

What I'm putting to you or what I'm suggesting to you is why other than that you wanted Virginia off the share register altogether - - -?---Mmm.

- - - off the company records, why didn't you suggest to her rather than you take the 10 and then she would be in a prejudiced position as you said - - -?---Mmm.

30 - - - she can scream and yell all she wants she's not getting anything, why didn't you suggest to her then given our concerns (not transcribable) Atila why don't you just take the shares in your own name so you protect your commercial position?  
---Who, who takes the shares?

She takes the trust of her family's shares?---You're, you're going into areas which I, I'm just not experienced enough to, you know it's not, it's not something we discussed, it's not something that was considered at that time. I'm just not up to speed enough on company structures.

40 Let me put it to you this way, you suggested to Counsel Assisting and also when asked by Virginia's lawyer - - -?---Yes.

- - - that as far as you were concerned she can kick and scream and yell or words to that effect, certainly that sentiment as much as she wanted thereafter, she had no entitlement to any of the proceeds of the company. Correct? Correct?---Incorrect. I, I suggested - she - regard -that was regarding receiving a, a (not transcribable) - - -

A dividend?---Yeah, dividend.

And you saw that the reason why she can kick and scream and yell all she wants but she's not getting any dividend is because you had her removed from the company share register. Correct?---The question again for that, please.

The reason why you formed the view that she could kick, scream, yell, do whatever she wants she wasn't getting a dividend or a share of the profits was because she was no longer entitled by reason of this share transfer.  
10 Correct?---That wasn't the nature of the question. The question was when - for her to receive a distribution while she was a director, there was no question asked post, post that way.

No. With respect the learned Counsel Assisting actually asked you about the situation after she transferred her shares or the trust to transfer the shares to you?---That was, that was regarding half the profit - that was regarding half that money and I said well, she's not entitled to it.

She wasn't entitled to it because she didn't have a share holding any more.  
20 Correct?---Correct.

And you saw that that was the product of this transfer. Correct? She no longer had shares because of this transfer. Correct?---That's correct.

And this share transfer was by reason of getting rid of the trust that Atilla was in rather than there being some split in the partnership. Correct?---  
Yeah, yes.

You also said when asked some questions just before lunch that - regarding  
30 your record of interview that you felt guilty about paying her at some stage. Do you remember that?---Yeah, I do.

And that the reason why is you felt guilty for paying her for doing nothing. Do you remember saying that?---Actually that was, that was someone else's words I just agreed to them but yeah - - -

You just agreed to them?---Correct. But, yeah, it was the nature that she, you know the suggestion that what she was doing and what she wasn't doing whether it was - she was worth that.  
40

Well, she, she does some interview in the back rooms as I understand it. Is that right?---At home.

Right. 'Cause you guys didn't have any registered office did you, sorry any serviced office or premises other than your residential address, did you?---  
yeah, we did we had the Castlereagh Street address.

What was the Castlereagh Street address?---31 - sorry, I don't - 320, level -  
- -

So what, what was the set up with the Castlereagh - - -?---It was a share, it was a serviced office.

And was that in the company's name?---Yeah, it was.

Are you sure about that?---Well, I - no, I can't be sure actually. I, I know they used to answer the, the telephone Succuro Recruitment.

10

Yeah. They answered the telephone but I'm talking about actually being there using an office as a place of employment or product related to employment. I'm not talking about having someone answer the phone?--- Okay. Why, why, why - I'm not sure the reason for wanting to go and work out of that office.

Well you didn't conduct any interviews in that office I take it from your answer that you've just given?---I wouldn't, I'd rarely do that. I don't see, I don't see why you would conduct interviews from an office.

20

And nor did Virginia under your stewardship of this company. Correct? ---Yeah, I, I - well I wouldn't do interviews from that office I don't see why I'd put any kind of pressure on anyone else doing any interviews from that office.

And that's because you didn't see the need to develop all of these other things that you spoke about she was doing or other clients and things as long as you kept the status quo with her on the company or her within the company and Todd at the University. Correct?---Incorrect. I didn't, sorry, was that a question that I need to answer?

30

Well you've said incorrect?---Okay.

And that you knew that George was related to Virginia. Correct?---That's correct.

And you knew so long as you kept George and Todd within the University they would be able to deceive those above them with respect to the process of appointment. Correct? Correct?---No, no definitely not. Incorrect.

40

And is the reason why you didn't distribute at the end of the financial year 2010 was the reason why so that you maintained some insurance with respect to the relationship you had with Virginia given she was no longer on the share register?---We didn't distribute at the end of - - -

MR MIRALIS: Ask a specific question. Really, I first object on the following basis. However one defines interests of Mr Gollan, there has to be some reasonable limit to what that interest is. One cannot say that

anything as remote as what this question is could reasonably fall within this witness' knowledge nor can it be said that it is directly relevant to Mr Gollan's interests. Now I understand Mr Pigot is a man of many concerns (not transcribable) interest, but (not transcribable) have to be narrowed relevant to reasonable grounds before questions of this nature could be asked of this witness. It cannot be said that Mr Pigot's interests are so far and wide reaching that we have to shadow box and chase every rabbit down every hole. That is unreasonable. It's got to be confined. It's a narrow definition of reasonable. It has to apply to Mr Pigot's purported interests and this does not fit within that definition.

MR GOLLAN: I thank my learned friend for making my submission that Mr Pigot has many and varied concerns. Now I'm not sure that I necessarily agree with that given that that's the premise upon which the objection proceeds. I join in that submission and say well if that's the approach, I should be, I should be allowed to ask about his knowledge. I'm not asking about anyone else's knowledge, why he didn't distribute. It was my learned friend that actually asked those questions.

MR MIRALIS: I asked him in relation to Ms Kantarzis and his relationship with her. There is absolutely no foundation before this Commission establishing a nexus between Mr Pigot and Ms Kantarzis. There's been no evidence adduced whatsoever with respect to the type of relationship that's purported to exist between the two that would give any reasonable foundation for this line of questioning. It is the case that my friend rightly observes that Mr Pigot has wide and varied interests, but this Commission is not at his beck and call. It's not here to entertain and ventilate Mr Pigot's concerns, anxieties, subconscious or conscious. There has to be some reasonable confines and with respect we're really outside of those reasonable confines and to assist the expediency of how much time this Commission has left, I would respectfully submit that these questions are finished on this topic very quickly or not be permitted to be pursued any further.

ASSISTANT COMMISSIONER: Yes. I don't have a problem with the foundation as in the interests for which you're acting Mr Gollan. But I do find that last question a little speculative. You can certainly ask him why he didn't distribute - - -

MR GOLLAN: Might I ask the question in different terms?

ASSISTANT COMMISSIONER: Yes.

MR GOLLAN: You told us earlier that you were a conservative business man?---I think, I believe I am.

And you don't know what tomorrow holds. And that's one of the things that motivates that conservatism?---Yeah.

Correct?---Correct.

And that you told us that one of the reasons why in your mind so far as you were able to control the affairs of the company there was going to be no distribution at the end of June 2010 despite the profits of the company. Correct?---There was no distribution at the end of 2010 just like there was no distribution at the end of 2009.

10 It would be quicker and easier if you just answer the question. Is that the reason? Correct? You didn't know what the future held - - -?---No, that's not correct.

ASSISTANT COMMISSIONER: Sorry, look you've already given this evidence Mr Mylonas that you're conservative, you wouldn't want to distribute the profit because you'd want to keep it in the company because you don't know how the business is going to go?---Yeah, that's, but - - -

20 That's, that's all Mr Gollan's suggesting to you?---Oh, okay. All right.

MR GOLLAN: Correct?---Right. Yes, correct.

Is one of the reasons why you were concerned about the future is that you understood by reason of the share transfer that Virginia and Atilla had lost their capacity to assert an interest in the company that was generating and receiving the financial benefits from the Sydney University?---Have lost, can you, sorry, just a bit more basic for someone simple as me, please.

30 Come on, you're a businessman. Correct, correct?---I run some businesses.

Well, you've had three of them apparently, there was the subordinate one to the other two at the time that you kicked Transfield. Correct?---(NO AUDIBLE REPLY)

That's what you told us?---Yeah.

It's not that long ago, since we came back?---Yeah, I've got two, I've got three businesses in total.

40 You understand what shares entitle people to, you can get dividends and if you don't have them, you don't get dividends?---Correct.

Correct?---Yes, correct.

And you understood by Virginia and Atilla not having shares- - -?---Yes.

- - -as at June 2010 when they transferred them to you- - -?---Yes.

-- -that they would no longer be entitled to dividends?---Correct.

You understood that by reason of having them removed from the share, the share portfolio or the share register- - -?---Yes.

-- -and therefore not being able to assert interests and benefits as shareholders- - -?---Yes.

-- -that their commercial position- - -?---Yeah.

10

-- -was much weaker than the position they were in before they transferred those shares to you. Correct?---I agree, yes.

And what I'm asking you about is were you conservative or cautious with respect to what the future held because you understood by reason of that share transfer that they no longer were in a position of equal power with you and so they might pack up their tent and go home?---So what's the question in that, sorry, I- - -

20 I've got nothing further.

ASSISTANT COMMISSIONER: Yes?---Sorry.

Did it, did it occur to you that if Virginia and Todd no longer had an interest in the company- - -?---Yeah.

-- -that you mightn't get as much work from Sydney Uni?---No, no.

30 You didn't think that might influence that at all?---Absolutely not, no, not at all.

When you took the business over from Mr Kostogiannis- - -?---Yes.

-- -he asked you to take it over, didn't he?---Yeah. He, he was, he was shocked.

Yes?---Yeah, he did.

40 We don't, just answer the question?---Yeah.

He asked you to take it over?---Yeah.

He was burnt out, he wanted to leave?---Yeah.

So you were doing him a favour?---Yeah.

And in persuading you or asking you to take it over, did he tell you that he had a good customer in the uni, Sydney Uni?---I knew he had Sydney Uni.



You already knew that, did you?---Yeah, I knew that, yeah, I was very close to Peter.

10 All right. And in those circumstances did it occur to you that it would be wise to keep Virginia Kantarzis on in order to keep Todd onside?---Oh, no, never, absolutely not. I think when I ran, the way I ran the business is that it had to run on its own merits and that's how the business should run and if, it shouldn't be run because, it can't work that way, can't function that way, I'd be a prisoner.

All right. You understand the concept of a conflict of interest?  
---Absolutely.

Have you ever heard of a perceived conflict of interest, that is what other people perceive?---I, I haven't heard of it but I, I can sort of work out what it actually means.

20 And leaving aside Mr Demiralay's involvement, do you understand that an outsider might perceive that even his wife's involvement in the company could lead to conflict of interest?---I agree, yes, it can, but- - -

Because he's giving work to the company and his wife is potentially getting a benefit?---But there's lots of precedents for that happening in the government, I mean- - -

30 Yes, we investigate quite a lot of them?---Yeah, I mean didn't, didn't, didn't Kevin Rudd have his wife doing some stuff there too, like, you know, it's- - -

That's outside our jurisdiction I believe?---Okay. Okay.

But I'm talking to you about the perceived conflict of interest. You can understand how an- - -?---Absolutely.

40 - - -outside observer might say, hey, wait a minute, that work's being given to his, his wife's, the company his wife has an interest in?---I agree, but what people don't recognise is, Virginia's a really really good, she's, she's, she's not, she's, she's very very important, she has a lot of good ideas and you could go forward with her. If Sydney Uni didn't work out, I didn't, you know, what I walked into Sydney University they had two or three people there, it wasn't that many. If that disappeared, you know, it wasn't the end of the world, you know, it's, it's, I would still go on, it wasn't that hey, I didn't think I was going to get 10 more people or five more people, there was no expectations like that.

Well, in the end you got no more clients?---At the end, yeah, absolutely. Just on my other business - and that's all I had to, to run with now.

So - - -?---That doesn't mean I don't start again.

Yes. And there's just one other issue I want to clarify with you, when the discussion was held about the fact that you needed to get Mr Demiralay off the public record - - -?---Yeah.

10 - - - off the company was it also the fact that it was discussed that Virginia should get off the books too, she shouldn't be associated with the company on the public record?---I remember having this discussion with Nick and Nick kept saying well, you can't have like - Virginia didn't have a baby when we first started the (not transcribable) and he kept saying to me you got to have two people and that's why - - -

I'm not talking about that I'm taking about whether it was discussed that it would look just as bad for her to be publicly associated with the company as for Mr Demiralay. Do you understand what I'm saying?---I see what, I see what - all I can say - - -

20 Was there any discussion along those lines - - -?---No.

- - - that they should both get off the company books?---No. There, there wasn't, I, I didn't see her, I thought as long as Virginia stayed more than an arm reach away from the actual - any kind of direct involvement with the University I thought it would be acceptable.

All right. Thank you. Yes. Now, Mr Gibson, I think you or - - -

MR GIBSON: Someone else has moved to the front, I think.

30 ASSISTANT COMMISSIONER: Ms McGlinchey, are you - - -

MS McGLINCHEY: I've just got one question.

ASSISTANT COMMISSIONER: Yes.

40 MS McGLINCHEY: Mr Mylonas, I represent Mr Tshipidis in these proceedings. Is it the case that throughout 2008 through to 2010 that Mr Tshipidis would contact you fairly frequently to arrange placement of CSO positions?---I would say we, we spoke to each other regularly, yes.

All right. Now it was Mr Tshipidis who was contacting you about those CSO placements at the University?---Yeah, generally he would, he would be the one that would engage that, that, that, that phone call. Occasionally I would phone up to find out how things are going as well and, and things like that but generally he would do the contact and advise me that there would be a placement.

For the CSO positions?---For the CSO positions, essentially that's what George looked after was the CSOs.

Thank you.

ASSISTANT COMMISSIONER: Yes. Mr Gibson.

MR GIBSON: Mr Mylonas, you know I represent Mr Demiralay?---Yes.

10 When you started giving your evidence there were some questions and answers about the - your work at Transfield and in July 2008 or around about then you resigned?---Yeah, that's correct.

With a view then that you were going to take over the running of the Succuro business?---Correct.

You didn't formally become involved with that company until some time in middle of August - - -?---August I think, late August, yeah, it may be late August.

20

You said because I think, as I understand your evidence you had resigned but were still working at Transfield until your resignation became effective? ---Correct.

And you didn't feel comfortable becoming formally involved in the Succuro business while you were still working at Transfield?---Correct.

Right?---Correct.

30 Now you used the term I think - you talk about comfort levels and not being comfortable and the Commissioner's just asked you some questions (not transcribable) conflict of interest. That, that sort of comfortable level that you talked about there - - -?---Ah hmm.

- - - does that reflect your personal principles regarding - regards your business and personal decisions?---I try to behave I believe in, in the right way as best I can, I - - -

40 Now moving forward to your and association with, withdraw that I suppose. I want to talk about meetings you had with Mr Demiralay?---Yes.

Now you met him - was your first meeting with him that's in relation to the Sydney Uni, a meeting with him at the University?---Ah hmm, correct.

And then throughout the next couple of years did you meet with him on some occasions after that?---I probably met Todd at the University over three years I would say three times, maybe four.

Three or four?---Maybe.

Could it have been half a dozen?---No, I don't think it was that much, but maybe three or four.

Okay. And did you also - - -?---Face to face. Yeah.

But you had some telephone contact with him as well?---Oh yeah, of course.

10 And would that be maybe once a month or once every two months?---No there was no schedule, we just - - -

I want to suggest to you there was some sort of arrangement, some schedule but just when it became necessary - - -?---Yeah, correct.

- - - that I'm suggesting that the frequency of that might have been no more than once a month?---Oh, like I said it wasn't that regular.

20 It wasn't, you didn't talk to him very frequently?---Not very frequently at all.

And I want to suggest to you that at no stage during any of those communications or meetings, telephone calls with Mr Demiralay did you discuss with him any arrangement where Succuro would be a preferred supplier or recruitment agency for the University of Sydney?---We didn't discuss - - -

30 And when I ask that question it's in relation to Succuro Recruitment Pty Limited and or I-Secure. Do you understand that?---(NO AUDIBLE REPLY)

I don't want to make a distinction between the two things, it's - - -?---Okay.

- - - your business of your recruitment agency. I'm suggesting you never had any discussions of that nature with Mr Demiralay?---Not that I'm aware of.

40 No. And similarly, you didn't have any discussions, no meetings or telephone calls about any exclusive arrangements for Succuro Recruitment and the University of Sydney?---That's correct.

In fact is it the case that you dealt on more occasions and relative to Mr Demiralay with people in positions of team leader at the University?  
---Primarily, I'm sure we have maybe have spoken of a CSO, I'm not going to say definitely I never spoke to Todd about a CSO position. And we may not have but, we may have, but more, more often the only time I did speak to Todd was regarding a team leader position.

That's right. You would speak to him about team leader positions?---Yeah.

And if it was a position below that in the scheme of things you would deal with the team leader at the University?---Correct. Well primarily George.

Primarily?---Or Peter.

10 And there were more, over the time that Mr Demiralay was – I'll withdraw that. I've got the timeframe wrong. The time you were – had Succuro and Mr Demiralay was at the University, you supplied more people in the CSO type position than team leaders. Do you agree with that?---Oh yeah, absolutely. There were would have been more positions at the CSO level.

And then finally in relation to placement fees, you were asked some questions by Counsel Assisting about placement fees?---Yep.

20 I just want to clarify something with you if I can. Is it correct that in a recruitment business you would be entitled, you would say to a placement fee if you placed a candidate directly to a permanent position?---Ah hmm.

But if they were going on to a contract position, then you wouldn't normally get a placement fee?---That became the arrangement, yes.

You were asked some questions about whether a contractor, about contractors being entitled to a placement fee that – and I think the question was – I'll withdraw that. The contractor, that is someone who is a contract by their vocation - - -?---Yes.

30 - - - is what, that's what they do. If you put them into a contract position you don't get a placement fee?---No, there's no placement fee for, for contractors at all.

Thank you.

ASSISTANT COMMISSIONER: Thank you. Yes, Mr McIlwaine?

MR McILWAINE: Thank you, Commissioner.

40 MR MORRIS: Just before Mr McIlwaine rises I understand that this witness is, this witness is his client. There's one matter which it occurs to me we've gone very close to but nobody's actually articulated it specifically to Mr Mylonas and perhaps it will happen before Mr McIlwaine seeks to speak to his client.

ASSISTANT COMMISSIONER: Yes.

MR MORRIS: And I'm sorry to interrupt the flow of the evidence. Mr Mylonas, is it possible that the payment of a wage of \$600 a week to

Virginia Kantarzis was the consideration for her continued, for your continued access of the company to University of Sydney?---No.

Thank you.

ASSISTANT COMMISSIONER: Thank you.

10 MR McILWAINE: Thank you, Commissioner. Mr Mylonas, you've been asked a number of questions about distribution of the sum of, the amount of profit for, the 2010 profit of \$150,000 or thereabouts to Ms Kantarzis upon termination of her interest. Do you remember being asked about that?--- Yes, a few times.

If you could go to the annexures to Exhibit 41, page 68, that's the document I think it comes from. Do you have that in front of you?---Yes, I have.

That statement of financial performance of I-Secure?---Yes, correct.

20 Do you have that in front of you?---I do.

Firstly see down the bottom, profit from ordinary activities 2010, \$155,000?---Ah hmm.

Do you see that?---Yep.

And the year before profit, \$5,167. Correct?---Ah hmm. Correct.

If you just turn to page 69 or the next page?---Yep.

30 Do you see under the heading 2010- - -?---Yeah.

- - -below the figure of operating profit of \$155,000 appears Mr Moustacas has made, put in an amount for tax payable on that amount?---Yep.

\$48,000. Correct?---Yep.

That's correct?---Yeah, it seems like it.

40 That left what's called an operating profit with \$106,000?---Yep.

And then there's a further deduction for losses from the previous year which brings it down to \$101,857?---Ah hmm.

So it would seem from that document, do you agree, the retained profits of I-Secure as at 30 June, 2010, were \$101,000?---Okay, I get, yeah, I agree with that, it's there.

That's what appears here. Now, the history of Succuro, leading into Succuro Pty Limited, was that there had been significant problems with paying taxation or superannuation liabilities. Correct?---It's more superannuation (not transcribable)

And those problems were such that you had to borrow money from Mr Kostogiannis early on in existence of Succuro Pty Limited to meet those liabilities. Is that correct?---Yeah. Not only superannuation, sorry, there was also operating profit, operating moneys for - - -

10

But in any event, the situation, you found, the company found itself back, back in, in November 2008 was that you had to seek the assistance of Mr Kostogiannis to borrow \$69,419.78 - - ?---Ah hmm.

- - -to meet those liabilities?---Correct.

20

And also previously on 3 October an amount of \$50,000 had been deposited into Succuro Recruitment Pty Limited, perhaps if I take you to, do you accept on 3 October you deposited or caused to deposit, be deposited \$50,000 for Succuro Recruitment Pty Limited?---Correct.

And then there was a subsequent deposit - - -?---Yeah.

- - - on the 13 November of \$69,419.78?---Yes.

And you've seen documents this week about that?---Correct.

30

All right. So whilst the company had at 30 June \$101,857 in retained profits it also had an outstanding loan to yourself and your business partner that purchased the property. Correct?---Ah hmm, correct.

That's tied up in that property I take it?---It is.

You had an outstanding loan of something in the vicinity of \$120,000.---127.

One hundred and twenty seven thousand dollars to Mr Moustacas?---Yeah. No, for Kostogiannis.

40

Sorry, Kostogiannis. And the company had a history having had financial problems and not being able to mix liabilities. That's correct?---Ah hmm, correct.

And were those factors that impacted upon your belief as to whether any monies could or should be paid to Ms Kantarzi?---I don't understand that questions.

Well, it's been suggested that there was \$150,000 floating around in the company and you could have just given Virginia \$75,000?---Yeah.

And I think you've given some evidence that that's not the way you were going to operate or (not transcribable) Correct?---Yeah, yes, correct.

And the company still had or you personally still had this outstanding debt to Mr Kostogiannis - - -?---Yes, correct.

10 - - - (not transcribable) amount. Okay, I see. And you intended at some stage to pay that back presumably?---I, I had to eventually, I'm sure he's not - - -

Now if you go to (not transcribable) the same document we got to the annexure to exhibit 41 which is at page 58. See that, that's a notice, it's a notification of resolution, change of company name?---Yeah.

And if you look at the two following pages 59 and 60, 60 in particular it seems to be a, a document of the Australian Securities and Investments Commission?---Ah hmm.

20

Do you see that, a certificate of registration, change of name?--- Yes.

You've been - it's been suggested to you today that the reason for the change of name from Succuro Recruitment Propriety Limited to I-Secure was to avoid it being known that Mr Demiralay had anything to do with your company?---Correct.

And you've given other reasons as to why you changed that name. Correct?---Doesn't do anything, if you change the name it doesn't change that.

30

Well, you haven't - (not transcribable) changed the name for reasons 'cause you thought it was a better name?---But it doesn't change (not transcribable)

Looking at those documents would you agree with me if a person searched the records of the Australian Securities Investment Commission they would clearly see that the forerunner to I-Secure Recruitment Propriety Limited was Succuro Recruitment Propriety Limited?---Absolutely, if you do a company search you would see that, yes.

40

And do you have any, any knowledge or experience of doing company searches or seeing them?---You know what I - I did do some company searches when I was going for another name recently so yes, I have got some experience in that.

Do you know whether or not if you searched for a company name the records produced to you show the - if there's been changes of name show



the corporate history of that, that name as to whether there's been a previous change of names? Do you know that or not?

MR MORRIS: I object. It depends on the type of search that you ask for and it depends on all sorts of perimeters. So to put it in these particular terms is not accurate to be quite honest.

10 McILWAINE: Commissioner, I'm having some - it's quite difficult to get (not transcribable) witness for obvious reasons. The Counsel Assisting I think has perhaps solved the problem (not transcribable) concession that (not transcribable) some search of the corporate record would show that the previous name on I-Secure Recruitment Propriety Limited was Succuro Retirement Propriety Limited (not transcribable) - - -

MR MORRIS: Succuro Recruitment not retirement. (not transcribable)

MR McILWAINE: If that's the case that's what I'm seeking to establish and I have some difficulty through this witness - - -

20 ASSISTANT COMMISSIONER: Yes, I'm sure you do. I mean – and it's equally something I think that submissions can be made on.

MR MORRIS: Certainly Commissioner.

ASSISTANT COMMISSIONER: It's a matter of law, it's a matter of record.

MR MORRIS: Certainly.

30 ASSISTANT COMMISSIONER: It's a matter upon which people can make their own inquiries and make submissions. I don't see much point in trying to get it from this witness.

MR MORRIS: Thank you.

MR McILWAINE: Mr Mylonas, when you first started discussing the set up of Succuro Recruitment Pty Limited - - -?---Yes.

40 - - - with Ms Kantarzis, had she – she hadn't had the baby yet. Was she pregnant at that stage?---I think she was, she was, she may have just had the baby around about then.

Okay. And you've given evidence that you expected her to – you believed she had some strong skills in training and development, high skills I think was the word that you used?---She still does.

Did then and does now?---Mmm.

And whilst the business of Succuro Recruitment Pty Limited at the time it was set up was solely in relation to Sydney University at that time. Is that correct?---The business was - - -

The only client?---Yes, correct.

And that continued to be the case?---Correct.

10 Nevertheless did you have an intention by using Ms Kantarzis to expand that business in other areas?---Oh yeah, definitely.

And was that – into recruitment or into different aspects of - - -?---She could do both. As long as, she couldn't do recruitment at Sydney University, but there was no reason for her not to do recruitment elsewhere.

You had an expectation that she would be able to assist to expand the business into other new corporate clients?---Correct.

20 And I think you said in your evidence you also had the expectation that she could expand the business in other ways in terms of training and development?---And ITIL implementation process procedures.

Okay. And there's some linkages there between recruitment and, and those, those businesses?---It's all got to do with personnel.

30 So suppose you had a client who you do some recruitment for that may then lead to an opportunity for training and development, those sorts of things? ---These days it's a big (not transcribable) between recruitment companies and professional development.

Right. But then some time after – do you recall when Virginia's child was born?---I don't.

Roughly how long after - - -?---It may have been, I can't - - -

All right?---I went to the christening. I don't remember.

40 Okay. But after the child was born did things not work out the way that you had expected?---No, they were fine. She had a baby, that's a wonderful thing.

Not in relation to the child, but in relation to the expansion of your business?---No, no, no problems. It wasn't, it wasn't – I wasn't earning enough from Succuro for it to impact my life in any particular way. So it didn't worry me one way or the other.

All right. But what I'm asking you about is you've told us about, you had this expectation about where you believed that Virginia Kantarzis could take

the business, that is the Succuro Recruitment part of the business?---Oh, yeah.

That did not occur. That's correct?---It hadn't at that, no, it didn't happen.

Well it didn't occur to the extent that you hoped?---It didn't happen, it didn't happen really, it just, she created some documents, but it didn't really happen.

- 10 Okay. Do you understand that part of the reason for that was in reality having had the child, she didn't have that much time or perhaps energy as she might have expected she would. Is that a true statement?---Yeah, of course. Her priority was the child.

All right. Nothing further, Commissioner.

ASSISTANT COMMISSIONER: Thank you Mr McIlwaine. May this witness be excused Mr Morris?

- 20 MR MORRIS: I have made some inquiries in relation to the retraction. On my inquiries we have no record of the retraction. Rather like Mr Moustacas the other day, it seems that you might give a direction for him to produce his counterpart of it and make inquiries. We're happy for him to email it to us or otherwise produce it, but subject to that compliance with that, it may well be that he can't find it or - - -

ASSISTANT COMMISSIONER: Well I get the impression he doesn't, did you ever have a copy of this letter that was sent on your behalf, the retraction?

- 30 ---Sorry, the - - -

You said your previous lawyer wrote a letter - - -?---Ben Clarke.

Ben Clarke - - -?---Yep.

- - - wrote a letter?---Yes. To, to ICAC.

Yes. Did you ever have a copy of it?---I don't have a copy.

- 40 Did you ever actually see the letter?---No, I spoke to Ben and in that telephone conversation he said he's typed up - he's saying he doesn't have it?

Well we're just asking you whether you have it?---I've never had it, no. I've never seen it. He, he did it from his chambers and he sent it from there.

Yes, I don't think there's any point trying to get this witness to produce it. He says he doesn't have it. I think we'll have to make inquiries with Mr Clarke.

MR MORRIS: I'll have inquiries made.

MR McILWAINE: There's just one, sorry.

MR MORRIS: Please.

10

MR McILWAINE: There's one document I overlooked showing the witness and I've shown Counsel Assisting this document. Mr Mylonas, could you have a look at this document?---Yeah, sure.

Can you see that, do you have that document in front of you?---Yes, I do have it.

Tax file declaration?---Yes.

20

Now that's tax file declaration for David, signed by Mr David Gareth Anderson?---Correct.

Do you recall Mr Anderson gave evidence for this inquiry that he didn't see any documents from you for some months after he commenced employment?---Yeah.

Do you tell the Commission that this is a copy from your files of the tax declaration of Mr Anderson and it bears the date 16 October, 2008?---Yes.

30

And do you tell the Commission that the original of this was to your – according to your usual business practice scanned and forwarded to the Commissioner of Taxation?---Yeah. Correct.

And you understand that Mr Anderson commenced employment at the Sydney University on or about 13 October, 2008. Is that - - -?---No, he, yeah, he started about the 8<sup>th</sup>, I think, the 8<sup>th</sup> or 9<sup>th</sup>.

All right?---The 8<sup>th</sup> of the 10<sup>th</sup>.

40

I seek to tender that document. I'll ask that Counsel Assisting tender that document.

ASSISTANT COMMISSIONER: Yes, the tax file declaration will be Exhibit 49.

**#EXHIBIT 49 - TAX FILE DECLARATION OF MR D ANDERSON  
SIGNED 16 OCTOBER 2008**

MR McILWAINE: That's all, thank you?---Can, can that one go, sorry, can that one go back? That's the original, so - - -

Happy to tender and my friends have the copy?---Keep the copy instead.

MR MORRIS: I'm happy to tender a copy.

10 ASSISTANT COMMISSIONER: Yes. Yes, well the copy will be Exhibit 49. Yes, well Mr Mylonas, that's the end of your evidence. You are now free to go, you are excused?---Thank you very much.

**THE WITNESS EXCUSED**

**[3:07pm]**

ASSISTANT COMMISSIONER: Yes, Mr Morris.

20 MR MORRIS: Commissioner, the next witness is Ms Kantarzis. I note the time, I note the time it's taken. The question is going to be - I see no prospect of finishing this witness myself by 4 o'clock and probably not by 4.30. Given what's happened and I mean I make no criticism, but I make the observation that the other witnesses have generated a great deal of interest by those to my left and behind me, that it may take some considerable time if the existing witness is anything to go by. Now the question is, and it's a matter for you Commissioner, whether you wish to start this witness, because I don't think we'll finish it today or whether you wish to adjourn the proceedings to another date. I'm mindful of the expense  
30 for everybody and the convenience of the Commission, but it may well - I don't have a particular view either way but I generally think that it's undesirable to have people in examination being stood over for any length of period. It may be that Mr Miralis has a particular view about it and other people may wish to make observations, but it does seem to me to be a practical matter which we need to grapple with.

ASSISTANT COMMISSIONER: Yes, and before anybody expresses a view I might indicate that because of prior commitments, the resumed date is likely to be probably at least two weeks into the future, that is after Easter,  
40 although we are keen to carry on as soon as we reasonably can. So, yes, do you have a view Mr Miralis?

MR MIRALIS: Commissioner, my instructions are that, given what my friend has already put on the record is appropriate in the circumstances that she give evidence on the next occasion. It's only two weeks away. It's the preferable course.

ASSISTANT COMMISSIONER: Yes. Well unless anybody else has strong objections I think that is the appropriate course to take. And yes, so unfortunately we won't be able to finish this matter today. Yes, look I

won't attempt to set a date at this time. I'll rely on Counsel Assisting to canvas people about their availability and we will resume on the earliest date available, but bearing in mind it's unlikely to be before at least two weeks or thereabouts.

MR MORRIS: May it please the Commission.

ASSISTANT COMMISSIONER: Thank you. This hearing is now adjourned to a date to be fixed.

10

**AT 3.11pm THE MATTER WAS ADJOURNED ACCORDINGLY  
[3.11pm]**