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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE DAVID IPP AO QC

PUBLIC HEARING

OPERATION CHURCHILL

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON WEDNESDAY 9 MARCH 2011

AT 10.05AM

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

THE COMMISSIONER: Ms Williams.

MS WILLIAMS: Thank you, Commissioner. Might Mr Koura return to the witness box, please.

THE COMMISSIONER: Yes. Please sit down, Mr Koura. Mr Koura, you're still under the oath that was administered yesterday?---Yes.

And the section 38 order that I made continues to apply to you?---Yes.

10

THE COMMISSIONER: Ms Williams.

MS WILLIAMS: Thank you, Commissioner. Mr Koura, I was asking you some questions yesterday about an engineering report that Mr Karkowski provided to you from the council relating to 32 Emerstan Drive. Do you remember that?---Yes.

10

And I was asking you some questions about what it was that you did for Mr Karkowski in return for him providing this information to you. Do you remember those questions?---Sorry, can you repeat the question?

Do you remember yesterday you told us that you had given Mr Karkowski things from time to time, ties from overseas and various gifts?---Correct.

The day after Mr Karkowski gave you the engineering report for 32 Emerstan Drive, you gave him a case of wine didn't you?---No.

20

No?---No.

You've never given Mr Karkowski a case of wine?---I had one case of wine which is he paid for it and was in my car and I hand it to him one night after work.

Ah hmm. And who did you say paid for that case of wine?---I recall that Bill Geroulis bought I think about three dozen or four dozen, I can't recall exactly. And I took one dozen and I think Ed had half a dozen. And then Bill said can you leave it in your car and Ed didn't have his car with him, so I left it at my place and so Ed one day said, look, I've got my car here today, I said, I'll drop it in to you, to (not transcribable) and gave it to him (not transcribable).

30

Ah hmm. And is the result of all that arrangement that Mr Karkowski paid for the wine or Mr Geroulis or - - -?---Initially I believe Mr Geroulis pays for initially.

Ah hmm. And did Mr Karkowski end up paying for his share or - - -?---I believe he's did, because I paid for my shares.

40

I see.

THE COMMISSIONER: But you don't know?---I pay for my shares.

Yes, but the wine you gave Mr Karkowski was your wine?---No, it was his wine that he paid for. I don't know if he paid for it, but - - -

Well, I don't understand that?---Okay.

You bought wine from Mr Geroulis?---Correct.

Mr Geroulis delivered the wine to you?---No, I picked it up from his office.

Your wine?---Yes.

10 Did you also pick up wine that was supposed to belong to Mr Karkowski?
---Correct.

Why?---To leave it in the car with me so I can give it, he didn't want to leave it in the office, so Bill's trying to distribute the wine because he bought a quantity of them.

Okay. Why didn't he deliver it to Mr Karkowski?---I wouldn't know.

20 So did Mr Geroulis tell you that Mr, I'll withdraw that. What makes you think that Mr Karkowski paid for the wine?---As far as I know he said (not transcribable) the costing of every case and I paid for my share.

How do you know he paid for his?---How do I know I paid for mine?

How do you know that Mr Karkowski paid for his share or for his wine?---I don't know. But he told me before he bought, Commissioner, he said they are 19 or \$20, I can't recall exactly and he worked it out and I gave him, you know, for the remainder of that.

30 You're talking about Mr Geroulis?---That's right.

But I'm not asking you about that. I'm asking you about Mr Karkowski?
---Yes. I don't know if he paid for it, if he paid - - -

You're saying you were simply the messenger, the delivery man. You had nothing to do with Mr Karkowski wine?---That's right.

Are you telling the truth?---Yes.

40 MS WILLIAMS: Mr Koura, I'm going to have played a recording of a telephone conversation between you and Mr Machoul on 12 July, 2010 at 9.33am. I'll just ask you to listen to the recording and you'll see that a transcript comes up on the screen in from you also.

THE COMMISSIONER: Is there a copy for me Ms Williams?

MS WILLIAMS: Oh, I'm sorry, I'm sorry, Commissioner. Commissioner, I'm told it will be at volume 6 of the brief at page 119.

THE COMMISSIONER: Thank you.

MS WILLIAMS: Volume 6 has been marked Exhibit 14.

THE COMMISSIONER: Yes, thank you.

MR GRIFFIN: Commissioner, can I get access to that, please?

THE COMMISSIONER: Yes.

10

TELEPHONE INTERCEPT PLAYED

[10.10am]

MS WILLIAMS: Mr Koura, the matter that you asked Mr Machoul to speak to Annie about in that telephone conversation was 32 Emerstan Drive, is that right?---Correct.

20 And the lady by the name of Annie you're referring to that's Annie Leung, at the council isn't it?---Correct.

And so you were asking Mr Machoul to chase up Ms Leung to see what was happening with your residence?---Correct.

And you told Mr Machoul to tell Ms Leung that you had spoken to the councillor?---The ward councillor, yes.

30 And what had you spoken to the ward councillor about?---I can't recall exactly. I can't recall to be honest.

Had you been speaking to the ward councillor about 32 Emerstan Drive? ---Correct.

And you'd been speaking also to the general manager of the council about that property, correct?---Correct.

40 And you told Mr Machoul that you had the general manager, Mr Tobin, on your side now?---No, I've always, I mean, he's always been a friend (not transcribable) I meant to say that we've got a function, I'll catch up with him today or something.

THE COMMISSIONER: No, that's not what you said?---Yeah, I said I've got him on my side, yes.

You said you've got him on your side?---Yes.

What did you mean?---All was, I've got him on my side, I can talk to him to see if he can really push it for me and speak to them and see what's the delay.

Ms Williams.

MS WILLIAMS: Mr Koura, you meant more that, didn't you? Didn't you mean that you already had him in a position where you were happy that he was going to push for you?---Not really, no.

10

That's not what you meant by on my side?---I mean so he can talk to see what's the delay so it can process the application.

And how had you arranged with Mr Tobin for him to do that for you?---I would have given him a call and ask him to check up with Ian, Mr Arnott, or, or Annie.

20

And, and you'd given him a jersey, correct?---I had fundraising function and I've given, he ask, you know, if you've got a fundraising function for raising money for Humpty Dumpty and I, yes, I donated a jersey, a Manly Sea Eagles jersey.

Was that something he asked you for or something you offered to him?---I recall he, he said that he's got a fundraising, I can't recall, I think I might have asked him or he might have, I can't recall exactly.

And did you offer him the jersey so that we would be on your side in relation to 32 Emerstan Drive, is that how it worked?---No.

30

THE COMMISSIONER: The jersey had nothing to do with him being on your side?---Nothing to do on my side. I've always been supportive, you know, with any fundraising happen in the council.

MS WILLIAMS: And after you told Mr Machoul about the jersey you again said, I spoke to the councillor. Which councillor were you referring to there?---Judith Rutherford.

40

I'm sorry, to?---Judith Rutherford. Councillor Rutherford and I think I spoke to Wendy Norton because they're my ward councillor to see to let them know if any issues.

I see. And you then said to Mr Machoul, I would like to get everything while it's on heat, you know what I mean? What did you mean by that?

THE COMMISSIONER: Mr Koura?---Yes

You're required to tell us the truth and the whole truth otherwise the consequences may be serious for you?---I understand.

Yes, Ms Williams.

MS WILLIAMS: What did you mean when you said to Mr Machoul, I would like to get everything while it's on heat?---While they're already dealing with it what's the real problem so we can't really rectify if any problem need to be rectified.

10 THE COMMISSIONER: You were really telling him you wanted to deal with it while you had Mr Tobin onside, isn't that right?---No, Commissioner.

Why did you say you've got the General Manager on my side now?---Not really meant anything on my side, it means - - -

It means plenty, you know it means plenty, Mr Koura. You say it wasn't because of the jersey?---Not because of the jersey.

20 What was it, what did you do to Mr Tobin to get him on your side?---I've always have contact with Mr Tobin, I've always had the - - -

That's not what you meant. You said, I've got the General Manager on my side now. What had you done to get him on your side now?---Maybe because I'll, I'll see him there - - -

No, you had already done something. What had you done to get him on your side now?---I can't recall that I've done anything.

30 Why did you say that?---Sorry, I might've just carried on with my conversation. Sorry.

You don't say words that are meaningless do you?---(NO AUDIBLE REPLY)

Tell Mr Machoul that you got the General Manager on your side now has a particular meaning doesn't it?---It does. Sorry, I didn't mean anything.

40 It means that he's likely to do what you ask him to do doesn't it?---That's what it mean.

Yes. So what did you do, why did you think that he was on your side, you won't tell us what you did to get him on your side, why did you think that he was on your side now?---He's been a friend of mine, he's always been, I mean - - -

You said he's on your side now, that means that you had done something recently to get him on your side. What had you done recently to get him on your side?---Sorry, Commissioner, I can't recall. I can't recall that I did

anything for him beside the jersey. And I think also I made a donation as well on the day to the Humpty Dumpty as well.

And you wanted to get everything while it's on heat. That suggests at least you wanted to get everything done while Mr Tobin was still under your influence doesn't it?---(NO AUDIBLE REPLY)

Doesn't it?---That's what it sounds like.

10 Yes?---Sorry, I - - -

But can you explain that?---I can't explain it.

You can't explain it. Yes.

MS WILLIAMS: Mr Koura, apart from the jersey you mentioned in that telephone call did you give Mr Tobin gifts from time to time?---Correct.

20 What kind of gifts?---I got him a tie, every time I come from overseas. I think I maybe a (not transcribable) tie I think or maybe a scotch maybe. I can't recall. I don't think scotch, I think maybe a tie and a shirts and we usually have breakfast with him from to time, sometimes I pay, a few times he paid and, you know.

30 And were these gifts that you mentioned part of a strategy to ensure that you maintained good relationships with Willoughby City Council?---I'm the kind of person, I'm a giver. I always, you know, I see a lot of friends and I usually always if Christmas come, when I come back from overseas I always got probably two dozen ties or maybe shirts or belts, just, it's just a small gift and I give them to everybody you know, to a lot of people that I know, friend, could be client, could be people who works with me, could be managers, could be anyone. So I haven't done anything different then, you know, as I've known Nick for a long time and, and I see him (not transcribable) you know, he comes to the box at the football stadium as well with us.

How often does Mr Tobin come to the football stadium with you?---I would recall probably three or four times a year maybe, if, if.

40 Ah hmm?---And sometimes I call him, I've got general admission ticket if he want for the kids. That's the only time.

And when you go to the football stadium is it a corporate box normally?---A corporate box, yes.

And it's a box paid for or booked by you?---Part of the sponsor.

Part of your sponsorship arrangements?---Part of my sponsorship arrangement, yes.

And that's with the Manly Sea Eagles is it?---Correct.

And on these occasions when Mr Tobin would attend the corporate box you would also be there?---Yes.

10 And who else would, what, who else would be there? Business colleagues, clients?---Unusually my partner, could be other friends, my family sometimes. Yeah, a lot of time my family and, and my partner or his friend or family or clients, you know.

20 And was one of the reasons that you included Mr Tobin and Mr Karkowski in the circle of people to who you gave gifts from time to time, was one of the reasons to ensure that you had people within the Willoughby City Council whom you could call on when you needed assistance or information?---It looks like that but I mean I do find out somebody in there I usually look after them, you know, I just keep in contact with everybody.

THE COMMISSIONER: You're not suggesting that you're a kind of general charitable organisation are you?---Well sometimes you see what I do, you would, I would think - - -

You're doing this for the benefit of your business aren't you?---Not necessarily, Commissioner. I'm not, ask the community, I've done a lot of charity works. Yeah, I've done a lot of - - -

30 You, you take Mr Tobin to the Sea Eagles box for charity purposes?---Not charity purpose because he - - -

(not transcribable) - - -?--- - - - he loves Manly Sea, he loves and support the, the football team and I have boxes. I mean and a lot of time the, the box usually, I've got fourteen seats there, sometimes it's empty and I just give them to anybody.

Mr Koura, I'm going to have played another telephone conversation. This time between you and Mr Karkowski on 22 July at 10.19am.

40

TELEPHONE INTERCEPT PLAYED [10.24am]

MS WILLIAMS: I'm just moving through to page 2 of the transcript, Commissioner.

TELEPHONE INTERCEPT PLAYED [10.25am]

MS WILLIAMS: We've just terminated the recording at that point, Commissioner.

THE COMMISSIONER: I beg your pardon?

MS WILLIAMS: I've just had the recording terminated at that point.

10 THE COMMISSIONER: Yes, thank you.

MS WILLIAMS: Mr Koura, you say to Mr Karkowski in that conversation that you're going to get Mark to call her today, you're telling him there aren't you that you're going to get Mark Machoul to call Ms Leung in relation to the 32 Emerstan Drive property?---(NO AUDIBLE REPLY)

Sorry, you need to actually say yes so your answer can be recorded?---Yes.

20 Thank you. And Mr Karkowski tells you, doesn't he, that he's observed that Ms Leung is actually working on your development application or on your report at that time, at the time that you were speaking?---Sorry, can you repeat it.

Mr Karkowski tells you in that information that Ms Leung is working on the report for 32 Emerstan Drive - - -?---Correct.

- - - whilst you were having that conversation, wasn't she?---Correct.

30 And he was able to tell you that because he'd checked what folders she was working on, checked what files were open in the computer, that's right, isn't it?---Yes, yes.

So you knew, didn't you, that he was keeping a very close eye on - - -?
---Correct.

- - - on Mr, Ms Leung's activities in order to provide you with information?
---Correct.

40 And you knew that you were getting information from Mr Karkowski of a kind that you wouldn't otherwise be able to get from the council, would you?---Not really, as you heard the conversation which is Mark already had the document, you know, and Ed got it later which (not transcribable)

But Mr Machoul already had that document - - -?---Correct.

- - - because Mr Karkowski had already given it to you, that's how he had it already, wasn't it?---I don't believe so, I don't know if that's the

conversation, I said they already had it. He said I'll try and get you the document if you really require, that's what I heard, I could be wrong.

And Mr Karkowski said, then says, "That's why I said to you I think I've already given you this." Mr Machoul already had it because Mr Karkowski had given the particular document to you twice, that's right, isn't it?---It's possible.

10 And you effectively had Ms Leung under surveillance through Mr Karkowski, didn't you?---Yes.

And that was something that you couldn't do without Mr Karkowski's assistance, wasn't it?---Correct.

THE COMMISSIONER: And did you think that that was an appropriate compliance by him of his duty to the council?---He offered me a service.

20 Did you think that that was an appropriate compliance by him of his duty to the council?---I didn't know what was his duty but - - -

Do you think that his duty to the council was consistent with him spying on Ms Lee for you?---No, no.

You knew what he was doing was wrong?---I suppose so.

MS WILLIAMS: Did you see Mr Karkowski's role as being there to grease the wheels for you?---Was there to grease the wheels for me?

30 Yes. That's how you saw his role to grease the wheels for you within the council wasn't it?---He was checking up with the, see what's happened, yes. (not transcribable). If he told me I can't do it, I can't get it I'll understand and I wouldn't even ask him to do but he offered the service and I accepted.

THE COMMISSIONER: You see, when you say that's why you're there all the time to grease them sounds as if you're saying Mr Karkowski that he's working for you to get things done in the council by greasing the squeaky wheels. Is that what you had in mind?---I didn't say the squeaky wheels myself. I mean, he said - - -

40 No, he said that?---He said that, yeah.

You said, Well, that's why you're there all the time to grease them, that's what you said?---Yeah, bit of conversation, yes.

So what did you mean by that?---So just to check up, keep me updated on my project what's going on.

Doesn't it mean more than that?---No.

Doesn't it mean to ensure that people do what you want them to do?---He can't, I don't, I didn't believe that he got influenced and make him do things that, I didn't know how much he's, how much authority he have to get things done in there.

But he could give you information?---Just pass information, doesn't mean that I, just to keep me informed what's going on.

10 He was your window into the workings of the council?---Yes.

A window that was closed to other people but open to you?---Well, I never had this window and this window came to me I didn't expect it.

The window was open to you but not to others?---A window open to others, no. I was getting, I was getting something, yeah.

MS WILLIAMS: Commissioner, I tender the transcript of that telephone conversation.

20

THE COMMISSIONER: The transcript of the telephone conversation between Mr Karkowski and Mr Koura of 22 July, 2010 is Exhibit 24.

**#EXHIBIT 24 - TRANSCRIPT OF TELEPHONE CONVERSATION
BETWEEN MR KARKOWSKI AND MR KOURA 22 JULY 2010 AT
10:19AM**

30 MS WILLIAMS: Thank you, Commissioner. I also tender the transcript of the telephone conversation played before that one on 12 July - - -

THE COMMISSIONER: That's part of the exhibit.

MS WILLIAMS: It's already part, thank you, Commissioner. Mr Koura, I'm going to play you a transcript of a further telephone conversation between you and Mr Karkowski on 26 July, 2010 at 5.49pm. The transcript of this telephone conversation is already in evidence, Commissioner, it's Exhibit 7.

40

THE COMMISSIONER: What page is that please?

MS WILLIAMS: It was marked as a separate document Exhibit 7, Commissioner.

THE COMMISSIONER: Sorry, Exhibit 7?

MS WILLIAMS: Exhibit 7, yes. I have a further copy that can be handed up if that's convenient.

THE COMMISSIONER: No, no, it's all right. I'm sure it's there.

TELEPHONE INTERCEPT PLAYED

[10.34am]

10 MS WILLIAMS: Mr Koura, when you spoke to, at the time you spoke to Mr Karkowski in that telephone conversation you knew already that Ms Leung had completed her report, didn't you?---Correct.

How did you know that?---I believe Mark might have spoke to her, I can't recall.

And you knew that the next step was for her supervising officer Mr Arnott to review it and finalise it, didn't you?---Correct.

20 And you asked Mr Karkowski to check out the report?---Correct.

And he indicated to you that he would do that, in fact, he would get a copy of it for you by taking it from Mr Arnott's desk early the next morning didn't he?---That's what he said, yes.

And you knew that he would have to get in early to do that because it wasn't something that he could do legitimately, didn't you?---No, he tell me he always start early and he got it done early.

30 But he says to you in this conversation that if he gets in early when they're not around then he'll be able to grab it and make a copy?---Correct.

And you knew from that statement, didn't you, that it wasn't something that he could do with their knowledge?---Correct.

And you were quite prepared for him to illegitimately obtain council information and provide it to you in this way, weren't you?---Correct.

40 And Mr Karkowski did in fact get the report and make a copy for you, didn't he?---I believe so.

He gave it to you early the next morning?---I assume he probably did.

Do you remember him giving it to you?---I remember he gave me, a couple of times he gave me reports, probably that's, that could be that one.

I want to suggest to you that the morning after you had the conversation with him that you've just heard you met up with him at Patterson's coffee shop in Chatswood Chase - - -?---Correct.

- - - and he handed over a copy of the report?---Correct, correct.

You recall that now?---Correct, yes.

10 And the day after he gave you the report you took Mr Karkowski out as a reward, didn't you?---Yes. I mean, what, I usually see him regularly, he gave me a report or he didn't give me a report.

Well, you took him to a place called Romeo's at Petersham, didn't you?
---Yeah, I could remember taking him there twice.

And Romeo's is a place that provides massage and other sexual services, isn't it?---I only know massages, just massages.

20 You only know about massages?---Massages.

And you paid for yourself and Mr Karkowski at Romeo's the day after you got this report didn't you?---Correct.

And you mentioned you'd been there twice with Mr Karkowski, did you pay for him on the other occasion also?---Yes, I did.

30 Did you go to other massage parlours with Mr Karkowski where you paid for his services?---Went once to Help Street got a massage and body scrub and I recall I paid about \$180 or \$200, I can't remember if it's for one or two (not transcribable) inside I just took cash and I paid for it. I didn't know if that was for him or for me and him, I'm not sure.

Going to these massage places, was that something that you paid for Mr Karkowski for on any regular basis or was it just the three occasions you've mentioned?---I recall three occasions that I paid for.

40 THE COMMISSIONER: So why would you pay on those occasions, was that because he'd done things for you?---Because he done this for me and also he's been a friend as well.

MS WILLIAMS: What about a place in Foster Street in Chatswood, was that another place, another massage place you went to with Mr Karkowski on occasions?---Foster Street, Chatswood?

Ah hmm?---No.

No. And after - - -?---I think Foster Street in, went with the boys I think once in Foster Street, not at Chatswood, I recall the name Foster Street, not the, I think in the city or Redfern area.

I see. And was that, that was massage place was it?---It was just a massage place, yes.

And did you pay for Mr Karkowski there?---I recall I went with the boys, I can't recall if I paid for him, possibly I did. I can't recall.

10

And the boys include Mr Geroulis?---Mr Geroulis, yes.

Mr Mai?---Mr Mai and Ben Moseley.

After you took Mr Karkowski to Romeo's at Petersham, the day after he gave you the report that he'd taken from Mr Arnott's desk, Mr Karkowski continued to be on the lookout for you for information about 32 Emerstan Drive didn't he?---I believe he did, yes.

20 He rang you a few days later and told you that he understand that Ian Arnott supported Mr Leung's report didn't he? Do you remember that?---Possibly he did, I can't recall.

You can't recall, but that's the kind of things Mr Karkowski would do for you?---Correct.

Did he do it for you in relation to developments other then Emerstan Drive? ---I think the only thing he assist me with Spearman Street.

30 And how did he assist you with Spearman Street?---Spearman Street I had exchanged contract on the property and I need to settle on it, the conditions, get occupation certificate and we had the stormwater tank, which is, need to have to sign, we got the signing done but wasn't the exact wording according to the conditions. And he said that's not, that's not correct we can't give you this, so I order it and it takes a little bit longer to, to get it done, you know, it took about four or five days before the printer finish it, you know, the, I think I took (not transcribable) and he said, oh, we need a photo, you know just a photo off another stormwater tank. So I took a photo from one of the properties and email it to him and, and approved it and two
40 days later I put the (not transcribable).

Ah hmm. And Spearman Street that was a property that was within Willoughby City Council area?---Correct.

But it was outside Mr Karkowski's area of responsibility wasn't it?---
Outside, yeah.

And the photograph that you took of the sign, that was at a property other than 2 Spearman Street was it?---Correct. Yes.

And what did you intend Mr Karkowski to do with this photograph?---I know I said I need to get the occupation certificate and signs won't be ready (not transcribable), you know, a couple of days later and he said all I need, just take a photo, you know, and email it to me and put it part of the report and I'll put it to the inspector and, and we got it done.

10 So Mr Karkowski gave the photograph that you took of the sign at another property - - -?---Correct.

- - - to the inspector who was responsible for issuing the occupation certificate at 2 Spearman Street?---Yes, I believe so.

And you understood did you that Mr Karkowski would be indicating to the, to that building inspector that the photograph had been taken at 2 Spearman Street?---I assume so, yeah.

20 And that was in fact the case?---No, correct.

And why was it so important for you to get the occupation certificate rather than wait a few days until you had the certificate?---Because I sold, I had settlement date, was a penalty on it as well.

I see. So there would have been some financial consequences for you - - -? ---Correct.

30 - - - if you hadn't been able to get the occupation certificate?---Correct.

And Mr Karkowski was aware of that situation you were in?---Yes.

And he was prepared to help you in this way by lying to one of his colleagues and submitting the photograph to them indicating it that it had been taken your property. Is that correct?---Correct.

40 And you encouraged him to do this to get you out of the problem you were in?---I ask him what can I do, he says just order me the photo, I mean, when are you going to get it? I said another two, three days. The guy that provide sign two, three days. He said as long we have that and I mean we're not misleading in any way because wasn't the place occupied. And I said, okay, I'll do that. So I took a photo, email it to him and he got it done.

But you knew didn't you that you, you were going to be misleading the building inspector - - -?---Correct.

- - - responsible for the property?---Correct.

And you were quite happy to do that and to have Mr Karkowski help you do that in order to suit your own purposes?---Well I would have had to, if Ed wasn't there probably I would have had to wait until, delay the settlement and pay the consequences with the council until the sign comes in.

Is this one of the ways in which you considered Mr Karkowski was there to grease the wheels for you within council to help you do this kind of thing?
---Sorry, I didn't hear you.

10 Is this one of the ways in which you considered that Mr Karkowski was able to grease the wheels for you within the council? Is this one example of that?---It's only a one off, I think, yeah.

It's a one off is it?---I think so. I ask him what he suggest and he said, look, it's not, as long as we have it all done in the next few days and which I did, yes.

20 But there was no doubt in your mind at the time that it was wrong was there?---It was wrong, I knew it was wrong.

Were there any other properties other than 2 Spearman Street and 32 Emerstan Drive where Mr Karkowski was able to provide you with some inside help at the council?---I think, I recall once the Willoughby Road project that I've got there, I've got a private certifier, which is I (not transcribable) the DA approval and one day he called me and he said we've got a problem here and I said, what's the problem? He said, your private certifier Fitzgerald, I said, yes. He said, you've got a problem with the council. I think you better check your site. So I said what is it? And I believe he read it to me over the phone, I recall. And I said, if you could let me know or get me a copy so I can put it to Mark because Mark appointed the private certifier to see if he's doing anything wrong. And I thought this is something that will come to me because I'm the owner of the property, the council would notify me about it.

30

And did they in fact notify you after you received the information from Mr Karkowski?---No. No.

So perhaps you were wrong about - - -?---Correct.

40 - - - perhaps it was something that wasn't going to come to you?---Yes. Sorry.

But, and the Willoughby Road project that was outside Mr Karkowski's, that was outside his area wasn't it?---Correct.

But you were able to call on him to look up information on the council systems for you?---No, he called me to tell me about that's what came up about Fitzgerald on this project.

So you didn't call him and ask him to find out for you, he offered the information to you. Is that right?---He called me and he said, look, or I might have called, but he mentioned me, he said, I didn't know anything about Fitzgerald or anything else, so, he called me and he said there's a problem with Fitzgerald. I think you've got a problem with the council.

10 Ah hmm?---And I said, What on? And he said (not transcribable) that's the problem with him in the way (not transcribable) to me, I can't recall so he doesn't comply in all these things, so he provide me a (not transcribable) report to look at it with my architect and ask me I won't say anything and - -
-

And what advantage did you get from having that report from Mr Karkowski? How did that help you?---That's help to make sure I'm using the compliant private certifier, which is this, the last thing that I want to make sure I'm not using the wrong private certifier who doesn't comply and just to check up on Mark, if I've got the right person for me, because I haven't used him before.

20

So were you able to take some action to pull your private certifier into line or sack him and get a new one? What did you do?---Just to see what seemed to be, what seemed to be the problem. And to deal whatever the problem is, whatever the consequences.

30 Do you think that it helped you avoid problems with the council on that development at 500 Willoughby Road as a result of the private certifiers conduct? Did it help you fix things up before it became an issue with the council?---No, there wasn't any issue there, but, and when I, we spoke to him (not transcribable) Mark spoke to the private certifier I believe and he said there are no, we have no issue, we comply with everything and I checked his, I think Mark checked his policy to make sure they all comply.

Did Mr Karkowski give you some plans and software in about August, 2010? Do you have any recollection of that?---Not August plan, no, he gave me plan for Willoughby Road, I think, early in, earlier in the year, when I didn't have a copy of the plan, as I mentioned earlier when I came in the witness box.

40 Do you remember towards the end of August, 2010 you gave Mr Karkowski a framed jersey to be auctioned off at a fundraising function?---Correct, for his wife at school.

Do you remember you delivered that to him in Chatswood one Saturday morning?---I didn't deliver to him, he picked it up from my brother's house.

I see. And at the time he picked that up from you did he hand you some plans and software?---He hand me plan, I don't recall software.

What were the plans for?---I wouldn't recall to be honest.

Were they plans that Mr Karkowski had obtained for you from the council?
---I can't recall. I assume.

You assume they were?---I can't recall to be honest.

10 It's not very long ago, Mr Koura, it's only a few months ago. We're talking about the end of August 2010?---Yeah.

Do you really say you have no recollection what the plans were that Mr Karkowski gave you on that occasion when he collected the rugby jersey?
---I don't have recollection exactly which site or what plans from the council or, I recall that he gave me some plan, yes, but I can't recall what's, what plan, which, which project it was.

20 If Mr Karkowski was giving you plans would they, is it the case that they must've been plans that he had obtained from the council?---Yes.

Is there any other reason why he would be giving you plans from some other source?---I don't think so, no.

You shared office space with Mr Machoul at that time in August 2010 didn't you?---Correct.

30 And did you see Mr Machoul on a regular basis as a result of sharing that office space?---I see him probably three times a week and he's the project manager on my site. He check on the site.

And if you needed Mr Machoul to give you any plans he would give them to you directly wouldn't he?---Correct.

There would be no reason for Mr Machoul to give Mr Karkowski plans to pass on to you would there?---I can't recall what, which plan for which project on that day 'cause I see him regularly and I can't recall, I'm sorry.

40 Mr Koura, I'm going to play you a recording of a telephone conversation between you and Mr Karkowski on 28 August, 2010 at 9.47am. The transcript is Exhibit 8, Commissioner. And I'll ask you to listen to that and see if that refreshes your recollection about these plans please.

TELEPHONE INTERCEPT PLAYED

[10.52am]

MS WILLIAMS: We just terminated that recording. Mr Koura, does that help you remember what the plans were that Mr Karkowski gave to you on 28 August, 2010?---Doesn't recall honestly.

THE COMMISSIONER: I beg your pardon?---I can't recall, I can't remember just exactly. If you want to play a bit more so I can recall.

MS WILLIAMS: Do you remember an occasion when Mr Karkowski, I'm sorry, I'll withdraw that. Casting your mind back do you remember now why Mr Karkowski considered it lucky that Mr Tobin hadn't seen him at work when he was at work that Saturday morning getting the plans?---I don't know that but I think he said in Chatswood, he was going to be in the office to meet Sonya.

You can't recall any occasion when Mr Karkowski had to get plans for you from the council office that he wouldn't have wanted Mr Tobin to know about?---I recall I got a plan but I can't recall which plan it was. And the only thing that I had at that time which is, I think Spearman Street and, and I think Willoughby Road would've been started at that time. Yeah, I can't, I can't recall to be honest, I'm sorry.

All right. So, Mr Koura, what I want to suggest to you is that the overall nature of the arrangement between you and Mr Karkowski is that he was your eyes and ears inside the council?---Correct.

And your source of information inside the council?---Correct.

And in return you looked after him in various ways by providing him with gifts, visits to massage parlours, a supply of Cialis?---Correct.

Correct. I have no further questions, Commissioner.

THE COMMISSIONER: Mr Baltinos.

MR BALTINOS: I don't have any questions, Commissioner.

THE COMMISSIONER: Ms Fisher. Any other - - -

MR LEWIS: Commissioner, I may have some questions but I would need to take some instructions from Mr Tobin.

THE COMMISSIONER: Is he here?

MR LEWIS: Yes.

THE COMMISSIONER: How long do you need?

MR LEWIS: Maybe 30 minutes.

THE COMMISSIONER: You have ten.

MR LEWIS: Thank you, Commissioner.

SHORT ADJOURNMENT

[10.57am]

10 THE COMMISSIONER: Mr Lewis?

MR LEWIS: No questions, Commissioner.

THE COMMISSIONER: Mr Griffin?

MR GRIFFIN: Thank you, Commissioner.

Mr Koura, have you ever had any applications before the Willoughby Council in relation to a property in the Chatswood CBD?---No.
20

Did Mr Karkowski, was he ever in a position where he was the decision maker in any application you had before Willoughby Council?---No.

How long have you know Mr Tobin?---I said about two years, two and a half years approximately.

Sorry, Mr Tobin?---Mr Tobin, 28, 30 years.

Did you answer an invitation from the Independent Commission on Corruption to attend an interview on 12 January, 2011?---Yes.
30

And was that interview conducted with two investigators from the Commission?---Yes.

And did it occur at the Chatswood Police Station?---Correct.

During that interview did you tell those investigators about your sponsorship at Manly Sea Eagles?---Yes.

40 Did you tell those investigators about the corporate box you had with the Manly club?---Yes.

And did you outline to them the fact that you invited various friends, associates and colleagues to attend games at that corporate box?---Yes, I did.

Mr Koura, is it the case that when you sought information from Mr Karkowski you did so primarily to determine why there was a delay in dealing with applications you had before the council?---Yes.

THE COMMISSIONER: If you lead like that, Mr Griffin, the value of the reply is diminished.

MR GRIFFIN: I understand that, Commissioner. They're all the questions I have for this witness.

10

THE COMMISSIONER: Yes, thank you. Ms Williams?

MS WILLIAMS: I have nothing further, Commissioner.

THE COMMISSIONER: Yes, thank you, Mr Koura. Thank you for your attendance. You are discharged from the summons. You may leave the witness box, yes.

20 **THE WITNESS EXCUSED**

[11.06am]

MS WILLIAMS: Commissioner, the next witness I wish to call is Mr Chuang Yun, Y-U-N.

THE COMMISSIONER: Mr Yun, you do not have any lawyer to represent you?

30

MR YUN: No, sir.

THE COMMISSIONER: No. I am able to make an order to give you some protection in regard to the evidence you may give. The law authorises me to do this because in these proceedings you are obliged to answer every question that you are asked even though it may incriminate you. Do you understand that?

MR YUN: Yes, I understand.

40

THE COMMISSIONER: The, the order, the effect of the order is that any evidence you give cannot be used against you in any criminal proceedings or disciplinary proceedings except that the evidence you can give can be used against you if it is suggested that you haven't told the truth to the Commission in these proceedings. Do you understand that?

MR YUN: Yes, I was.

THE COMMISSIONER: Would you like me to make an order for your protection of the kind that I have explained to you? It's in your interests.

MR YUN: All right. I am okay.

THE COMMISSIONER: You want me to do that?

MR YUN: No, sir.

THE COMMISSIONER: No, very well. Do you wish to give your evidence under oath or do you wish to affirm the truth of your evidence?

10

MR YUN: I can't understand, sir.

THE COMMISSIONER: Well, generally people are asked whether they want to swear on oath to tell the truth and they swear on the bible or on some holy book in which they believe. You do not have to do that. You can simply declare and affirm that you will tell the truth. Whatever you do has the same legal effect. Do you understand that?

MR YUN: Halfway, sir.

20

THE COMMISSIONER: Well, the real thing is it's not, very simply it is not of any particular importance except to the individual. It's a matter for your own conscience. Do you wish to swear to tell the truth or do you wish to merely state that you will tell the truth?

MR YUN: I will tell only true things.

THE COMMISSIONER: All right. Well, administer the affirmation to Mr Yun, please.

30

THE COMMISSIONER: Ms Williams.

MS WILLIAMS: Mr Yun, could you tell the Commission for the record your full name please?---My name is Chuang Yun.

10 And you are commonly known as Tony, is that correct?---That's correct.

You are the manager of Xstream Carwash in - - -?---That's correct.

And that's a business located in the car park at Chatswood Chase, is that correct?---That's correct.

You've made a statement to the Commission in connection with this matter, is that correct?---Yes.

20 Do you have a copy of your statement with you?---Yes. On my chair.

That's all right. I'll have another copy handed to you in a moment. Commissioner, the statement commences at page 40 of Exhibit 23, that's volume 7A.

THE COMMISSIONER: Thank you.

MS WILLIAMS: And, Mr Yun, could you state for the record please your address?---..... ,,

30 Thank you. Mr Yun, I'll have a copy of your statement passed to you. Now, Mr Yun, you first met Mr Edward Karkowski from Willoughby City Council in about June last year, is that correct?---Yeah, that's correct.

And you met him because the owner of the Xstream Carwash business Mr Won was negotiating a proposal that would allow him to have two separate locations for his business within Chatswood Chase, is that right?---That's correct.

40 And is it Mr Lim who first introduced you to Mr Karkowski?---Yes, that's correct.

And Mr Lim was an architect or advisor to Mr Won in relation to his proposal to have another location, is that right?---Yeah, that's correct.

And how did you, in what circumstances did you first meet Mr Karkowski, was it a meeting in relation to this proposal?---The first time, Paul Won my boss he want to open another carwash at Chatswood Chase.

Yes?---But the biggest problem is the car park space is not enough, need approve by city council. But he need, I believe he need some information, that's all I know.

And in order to get some information or in the hope of getting some information did you and Mr Won and Mr Lim go to dinner with Mr Karkowski?---That's correct.

10 And was that a dinner you went to at the Blue Angel Restaurant?---Yes, that's correct.

And that's the dinner you mention in your statement, that's correct?---Yeah.

Now, before that dinner you say in paragraph 6 to 8 of the statement that Mr Karkowski went with you and Mr Won to the Dan Murphy's bottle shop, is that right?---Yes, that's correct.

20 And Mr Karkowski, you say, selected four bottles or wine to be taken to the dinner at the Blue Angel Restaurant?---That's correct.

And they were very expensive wines, correct?---Yes.

In fact you were so surprised at the cost that you made a note of the name and cost of the wines didn't you?---Because normally I drink something like Wolf Blass (not transcribable) or something.

30 And the wines that Mr Karkowski selected in paragraph 8 of your statement you say they were between \$99 and just under \$250 a bottle, is that correct? ---Yes, I remember, correct.

And at the time that, sorry, I'll withdraw that. And who paid for these wines?---Paul Won my boss he paid.

And how did you feel at the time about Mr Won being required to buy these expensive wines at Mr Karkowski's instruction?---Yes.

40 Was that something you felt that you could say no to or did you feel you had - - -?---My, my boss decision and he pay. Well, (not transcribable) well I didn't know such expensive wine exist.

And did you think that this was a normal way to be doing business with an officer of the council?---No, I don't think so.

And the dinner that you went to a few days later on 18 June at the Blue Angel Restaurant you say in paragraph 10 of your statement that it was Mr Karkowski who insisted on going to that restaurant?---Yes.

Is that right?---Yeah.

You had suggested a few less expensive restaurants but he insisted on that one, is that correct?---Yes, I ask him some other restaurant in Chinatown, some other place, yes, I remember that.

And did you feel that you had any choice about the restaurant or that ultimately you had to give in to what Mr Karkowski wanted?---I mean, Karkowski suggest and then Paul just allow to go ahead so just (not transcribable).

10

At this stage did you and Mr Won think that Mr Karkowski would be able to help you or give you some information about the business proposal?---This time?

Ah hmm?---That moment, yes, might be we get, get some information, yeah.

20

And did, was that something you and Mr Won talked about between yourselves? Did Mr Won tell you that that's what he was hoping for?---It might be expect, I agree.

THE COMMISSIONER: He expected that? Mr Won expected that? ---Mean information?

Yes?---Information, yeah

Is that why you bought the expensive wine?---I mean Paul he didn't explain what he think, why he do, all the detail, he did not explain me.

30

But you must've understood why it was happening?---Yes, I, I think he expect something, yeah. Maybe, I don't know. Hard to say.

He was giving, he was taking Mr Karkowski out to dinner at an expensive restaurant and buying him very expensive wines because he was hoping to get something in return wasn't he?---Maybe, yes, sir.

Information?---Yeah, I think, yeah.

40

What interests me, Mr Yun, is how did it come about that you thought that you could get information from Mr Karkowski by doing, by taking him to an expensive restaurant and buying wine for him? Why did you - - -?---I believe the Chatswood Chase Centre Management and Paul Won had agreement have to open new site but anyhow they have to, Mr Won prove city council by end of the June and he hasn't got the time and he actually personal I believe he went to council, the council, I don't know, they (not transcribable) and Mr Lim introduce Karkowski and I think maybe he decided just have a meeting and what he can get information I believe.

Were you present at this meeting?---No, sir, I, I didn't, the first time Blue Angel Restaurant I attend first time. That, that story is Paul told me, yeah.

All right.

MS WILLIAMS: And, Mr Yun, during the dinner at the Blue Angel Restaurant on 18 June did Mr Karkowski in fact give you and Mr Won any information about how the business proposal may be able to be achieved?

10 ---No, I don't think so. I was very sick and I went out buy some tablet, Panadol Cold and Flu, and most the case were (not transcribable) with Karkowski and Mr Lim. And, I mean, Paul just listen I believe but I, I do not remember any particular business relationship with Tony.

And although you went out to get some tablets did you listen to some of the discussion as well at the dinner?---No, just to, I don't know, is the pretty big table and Karkowski and Lim were talking together. I was sick, yeah, so - -

20 So to your observation Mr Karkowski didn't talk to Mr Won very much, he talked mainly to Mr Lim, is that right?---Mainly talking to Lim I believe.

You say in paragraph 12 of your statement though that there was very little talk about the business proposal at the dinner. Is that your impression that that's the case?---Yeah, just the very, I mean, the common things I believe but I do not remember particularly the one that he's talking about there.

30 And after the dinner at the restaurant you say in paragraph 13 of your statement that you accompanied Mr Karkowski to a massage parlour. Correct?---Yes, that's correct, yeah.

And you waited there for him until he had finished and then gave him some money to go home. Is that right?---Not, not give him money. We, yes, for taxi, yeah.

And you weren't participating in the massage though?---No, I went there, went, Paul and I and Karkowski three of us enter there. But Paul went home and I went across the road to beer, have the beer.

40 I'm sorry, you, you went - - -

THE COMMISSIONER: Across the road to a bar.

MS WILLIAMS: I see. Thank you, Commissioner. And why, why did you feel that you needed to wait for Mr Karkowski and then give him money to, to go home? What was it that made you think that that was expected or appropriate?---No, because well the parlour might be the, Paul ask me to stay and go together to home, so I did, yeah.

So Mr Won asked you to do that did he?---Oh, but it's the, it might be our culture is to, yeah (not transcribable) til the end, come together, it's the, yeah, one of our culture, yeah.

THE COMMISSIONER: Sorry, I don't understand. Can you just say that again, please?---Yeah, when, my background is Korea, is when you have a dinner or a meeting together to the end and say goodbye to them, that is the normal, the manners, I believe, so and when, when (not transcribable) Paul and ask him to stay and take a cab together, so, yeah.

10

You were taking him to dinner?---Yeah.

Mr Karkowski to dinner, therefore you had to pay for the taxi. Is that what you're saying?---I mean the, Paul ask can you pay, so I did, so, yes.

MS WILLIAMS: Mr Yun, did Mr Karkowski indicate at any time that it wasn't necessary for you to wait for him or to pay for his taxi?---Well, I do not remember.

20

THE COMMISSIONER: Sorry?---I do not remember, sir.

You do not remember.

MS WILLIAMS: And you say in paragraph 14 of your statement that you and Mr Won talked about the dinner afterwards. Correct?---Yeah.

And you say there that you got the impression that Mr Karkowski was someone who doesn't expect to pay when going out with business owners. Was that an impression that you formed - - -?---Sorry, I can't understand.

30

Do you see the last sentence in paragraph 14 of your statement, Mr Yun? ---Yes.

You see you say there that you got the impression that Mr Karkowski is someone who does not expect to pay when going out with business owners?---Yes, that's correct. Yeah.

Is that an impression that you formed based on the evening of 18 June? ---Yes.

40

And, I'm sorry, Commissioner.

THE COMMISSIONER: The previous sentence is, if you read the previous sentence in paragraph 14, I believe that Edward's character is one that is easily entertained to gain information. Do you see that?---Yes, sir.

Why do you say that? Or what is it about his, that leads you to this conclusion?---Before the meeting I think he came to the carwash down there

and I believe he mention to the, he ask him about, all this happen, more car park space or other, all this thing he can ask Leonie, I don't know who is Leonie but I believe it might be, it feel like his boss, so I mean, I thought maybe we can get easy information to, yeah, that, that meeting, sir.

Just because he mentioned his boss?---He say, when I ask the Leonie, I don't know who he is, but he say ask Leonie and then see what happened. He say, I went to, he say - - -

10 So he offered to get information for you. Is that what you're saying?---Yes, yes, that's correct.

But how do you know that he needed to be entertained?---Sorry, I can't understand.

You see your sentence, "I believe Edward's character is one that is easily entertained to gain information." What do you mean by entertained?
---Maybe I can say when I met Edward my impression was yeah.

20 That what?---Maybe have a, hard to explain but what my feelings, sir, about it, yeah.

Yes. Is what, what is your feeling? I'm asking you what it is?---(NO AUDIBLE REPLY)

What did, did you feel that if you took him out to dinner and bought him expensive wine he would give you information?---I do not say, sir, expensive wine or expensive restaurant, I mean, he, like even doesn't know how much it cost maybe, dinner together or lunch together might be we can,
30 yeah, get some information at that meeting, sir.

MS WILLIAMS: Mr Yun, you say in paragraph 16 of your statement that after the dinner on 18 June Mr Karkowski brought his wife's car to the Xstream Carwash to be detailed one day. Do you remember that?---Yes, I remember.

And you say that he made no attempt to pay for that and that there was no talk of the cost of it. Did he simply bring the car in and, and have it attended to by you or your staff and then take it away again without even
40 mentioning the subject of payment?---Yes, yeah.

Had you given him any indication that he didn't need to pay or he, he just, it simply wasn't discussed?---My feeling he, he ask I have to pay but my feeling was that he pretended to say something, my feeling was, yeah, so I said no.

I see. So you, so he mentioned something about payment but you had the feeling did you that it wasn't a genuine offer to pay, is that what you - - -?

---Yeah, and as soon as I say you don't worry and then he says okay so, yeah.

All right. And you say in paragraph 16 of your statement that you feel Edward doesn't like to pay for things, was that - - -?---That, that was my feeling, yes.

10 Was that just based on this incident or, or also on the, the dinner on 18 June?---Yeah, I mean, since I met Karkowski, that was my feeling so it doesn't mean say it's like over \$1,000 or that (not transcribable) somebody and he bring his wife's car in and there is a charge for \$60, I don't, I don't think that makes sense.

After the dinner on 18 June did you or Mr Won, so far as you're aware, ask Mr Karkowski if he would like to go out for dinner again? Did you raise the subject with him?---I do not remember that day or after but yeah.

20 But you say in paragraph 17 of your statement that you received a few phone calls from Mr Karkowski but you ignored them because - - -?---Oh, yes, yes, that's correct, yeah.

You had the impression, did you, when you were receiving those calls that Mr Karkowski would be suggesting another dinner, is that why you ignored them?---Yes.

30 And, and what gave you that impression?---Well, the, when I got the phone call from Karkowski and I always ask Paul, my boss, and have, expecting another dinner or lunch, whatever, and Paul says go ahead so, yeah (not transcribable)

When you answered the phone call from Mr Karkowski eventually did you ask him to dinner or did he suggest to you first that you go out for dinner? ---I do not remember exactly what the situation but it's hard to say that point, I'm sorry, I do not remember exactly.

But you say that, in paragraph 17, that neither you nor Mr Won really wanted to go to dinner. Is that right?---Yes, that's correct, yeah.

40 Because by that point you didn't really believe Mr Karkowski could or would help you. That's right, isn't it?---That's correct, yes.

But you say there you found it hard to say no because Mr Karkowski worked for the council?---That's correct.

So is it the case that you and Mr Won felt by this time that you really had no choice but to go along with Mr Karkowski's suggestions about dinner? ---Yes.

And how did you feel about an officer of the council imposing on you to be taken out to dinner in this way?---Well, my main role is the customer care, which is my client, I look after my client and then (not transcribable) But Paul want (not transcribable) some reason it's not easy to communicate, communicate with English so then like I'm something like a sort of interpreter while I attend there, so, but my feeling, hard to say, but my first experience is uncomfortable there.

10 Mmm. Had you previously had dealing with local councils in Australia before your dealings with Mr Karkowski?---No.

THE COMMISSIONER: This was your first time?---First time, yeah.

MS WILLIAMS: Did, before you started dealing with, with Mr Karkowski, did you expect that you would need to offer free service and, and, and take a council officer out to dinner in this way in order- -?---No.

20 No. You did take Mr Karkowski out to dinner again to Steersons Steakhouse. Is that correct?---Yes, that's correct.

And was Mr Karkowski able to give you any assistance or information about the Xstream Carwash business during that dinner?---No.

And you paid for that dinner using Mr Won's credit card with his permission?---That's correct.

Did Mr Karkowski make any offer to pay or contribute?---No.

30 Right. And again Mr Karkowski wanted to go for a massage after dinner. Is that correct?---Ah, yes.

And I think you say in paragraph 20 of your statement that on this occasion you paid for his massage but you didn't wait around, you, you left and you made him find his own way home. Correct?---That's correct.

And then there was a further occasion after that when Mr Karkowski brought a council vehicle in for, for detailing again. Is that correct?---That's correct.

40 And you say in paragraph 21 of your statement that again Mr Karkowski didn't pay and this time he didn't even offer to pay. Is that right?---That's correct.

Did you have the impression that you couldn't ask for payment or even raise the issue because he worked for the council?---Yes.

Can I ask you about paragraph 23 of your statement. Do you see paragraph 23 there?---Yes.

You say that in the end your experiences with Mr Karkowski cost Mr Won \$1,650 for no benefit at all. Is that, you stand by that evidence today?
---That's correct, yeah.

And that was a large cost for the Xstream Carwash business, wasn't it?
---That's right.

10 And you say in the last sentence of that paragraph that, "In the end I think Edward used the Korean culture and his position to take advantage of Paul offering assistance but providing nothing."---That's correct.

That's how you see- -?---How I feel, yeah.

Thank you, Mr Yun. I have no further questions, Commissioner.

THE COMMISSIONER: Does any counsel wish to question Mr Yun?

20 MR BALTINOS: Yes, Commissioner, I do.

THE COMMISSIONER: Yes, Mr Baltinos.

MR BALTINOS: Sir, I am the counsel for Mr Karkowski, in other words, the lawyer?---Yep.

I just have a few questions for you?---Yep.

30 Do you recall earlier this morning that Ms Williams, counsel assisting this inquiry, asked you about prior to going to the Blue Angel Restaurant you stopped off at a bottle shop? Do you remember that question relating to that?---Yeah.

Do you remember that issue?---Yeah.

And you were asked whether when Mr Karkowski selected a range of wines- -?---Yeah.

40 - - -that your boss, Paul, may have felt pressured in some way by having been instructed by Mr Karkowski in respect of those wines. Do you remember that?---Yeah.

Do you have your statement in front of you?---Yes.

Could you please have a look at paragraph 8 on page 42, which is Page 232 of 49 of your statement but page 42 of the volume. From the third-last line you say, "The reason we purchased the wine was because Edward said it would be cheaper to bring our wine instead of buying it at the restaurant and

you would get better quality of wine for your money.” Do you remember that occurring?---Yes, that’s correct.

In effect what Mr Karkowski was endeavouring to do was save both you and your boss, Paul, some money?---Yeah.

Correct?---Yeah, correct.

10 THE COMMISSIONER: That’s what he said. That’s what he said in effect.

MR BALTINOS: Yes.

THE COMMISSIONER: Well, you’re not suggesting that that’s what he did?

20 MR BALTINOS: Well, I would suggest, you’ve been to the Blue Angel on prior occasions with other persons. You’ve been to the Blue Angel before, haven’t you?---Yeah, about 18 years ago.

And if you ordered wine it would be a rather expensive exercise with your dinner?---At that time I didn’t drink wine so- - -

But you knew of the restaurant being expensive?---Yes, I understand, yeah.

That’s correct, isn’t it?---Yeah, that’s correct, yeah.

30 Because you say so in paragraph 10 of your statement where you say, “I had been there once before many years ago and I knew it was expensive?”
---Yes, that’s right.

And you know that by ordering wine at the Blue Angel, that would inflate the bill somewhat. Do you agree?---I (not transcribable) yeah.

And coming back now to my previous question relating to the reason why the wine was purchased at the bottle shop, that being that it would be cheaper to do so rather than buying the wine at the Blue Angel, that Mr Karkowski in effect was endeavouring to save some money.

40 THE COMMISSIONER: Mr Baltinos, really, I find that an absurd suggestion with respect. I mean, are you saying that he, by buying four bottles of wine for, how much is it, four fifty, five eighty, six eighty, for something like \$700, he was saving money?

MR BALTINOS: Well, with respect- - -

THE COMMISSIONER: Really, I think we’ve got better, you must have better points than that.

MR BALTINOS: Well, I do, Commissioner, but with respect also that this witness is in a position to make that comment.

THE COMMISSIONER: I hope not.

MR BALTINOS: Well- - -

10 THE COMMISSIONER: I mean, he's not a person- - -

MR BALTINOS: Well, I won't press it then, Commissioner.

THE COMMISSIONER: Mr Yun?---Yep.

Have you ever heard of wine called Rockford (not transcribable)---(Not transcribable)

20 Do you know how much it would cost if you bought it in the Blue Angel Restaurant?---I don't know, sir.

Do you think you could buy wine cheaper than \$250 a bottle if you wanted to at the restaurant?---I don't know, sir.

You don't.

MR BALTINOS: Thank you. Sir, you also said that you believed that "Edward's character is one that is easily entertained to gain information." Do you remember saying that?---Yeah.

30 And you say that, "I also got the impression that Edward is someone who does not expect to pay when going out with business owners." Do you remember saying that?---(NO AUDIBLE REPLY)

Do you remember saying that to the- - -?---Yes.

- - -to the investigators- - -?---Yes.

- - -when you participated in- - -?---Yes.

40 - - -this record or this statement? Were they the words you used when you participated in the statement?---(NO AUDIBLE REPLY)

Are they your words?---Well, they're, yes.

They were all of your words?---Yes.

Right. You also said that you had the feeling that Edward doesn't like to pay, but you'd only known him for a short period of time. That's correct, isn't it?---Yes, but I can feel that, so I can say it.

You, if you just answer that question. You had only known Edward, Mr Karkowski for a short period of time?---That's correct. Yeah.

And the only evidence you have of the fact that he doesn't like to pay is just a feeling isn't it?---Yes. And result he didn't pay.

10

And the result that he didn't pay?---Yeah.

But over only a short period of time. Correct?---Yes.

Thank you. Now in relation to this phone call you say that Mr Karkowski made wanting to go out for dinner. Do you remember that?---Yes, I remember.

And you spoke to Paul about it?---Yeah.

20

And you say that neither of you wanted to go. You ended up going anyway didn't you?---Sorry, I couldn't understand.

Despite the fact that both you and Paul did not want to go you ended up going to dinner anyway didn't you?---Yes, that's correct.

In fact Paul gave you his credit card didn't he?---That's correct.

30

And he gave you the credit card because he was expecting that he would be paying for it. Correct?---That's correct.

In fact there was no anticipation on your part that Mr Karkowski would be paying for it was there?---That's correct.

Thank you. I have no further questions, Commissioner.

THE COMMISSIONER: I take it there's no one else who wishes to question Mr Yun. Ms Williams?

40

MS WILLIAMS: Nothing further, Commissioner.

THE COMMISSIONER: Yes, thank you for your evidence. You may be excused.

THE WITNESS EXCUSED

[11.41am]

MS WILLIAMS: Commissioner, I call Zhong Juan Chen. Mr Chen has made a statement which appears at page 22 of Exhibit 15, volume 7.

THE COMMISSIONER: Please be seated Mr Chen.

MR MACEDONE: Commissioner, I seek leave to represent Mr Chen. My name is Macedone, M-A-C-E-D-O-N-E.

10 THE COMMISSIONER: I beg your pardon, do you mind spelling it again, please?

MR MACEDONE: Yes, M-A-C-E-D-O-N-E.

THE COMMISSIONER: Macedone.

MR MACEDONE: Yes.

THE COMMISSIONER: Yes, you have leave Mr Macedone.

20 MR MACEDONE: Thank you.

THE COMMISSIONER: Do you wish me to make the section 38 order?

MR MACEDONE: I do, Commissioner.

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

Mr Chen, do you wish to give your evidence under oath or do you wish to affirm the truth of your evidence?

MR CHEN: Oath, please.

MS WILLIAMS: Mr Chen, could you state your full name for the record, please?---Zhong Yuan Chen.

And you're commonly known as John. Is that correct?---That's right.

10 And could you state your address for the record also?---.....
.....

And Brevet is spelt B-R-E-V-E-T. Is that correct?---That's right.

And you're a director - - -

20 THE COMMISSIONER: Excuse me Ms Williams, there's just one thing I want to make clear. The addresses of all the witnesses who have given evidence in this inquiry will be subject to a suppression order. No one is to publish them and no one is to use them. There have been reports of persons being contacted, witnesses being contacted by anonymous callers and the Commission takes that very seriously. So to attempt to protect the witness, a suppression order is made against all addresses and means of identifying where they live and their telephone numbers.

30 **THE ADDRESSES OF ALL THE WITNESSES WHO HAVE GIVEN EVIDENCE IN THIS INQUIRY WILL BE SUBJECT TO A SUPPRESSION ORDER. NO ONE IS TO PUBLISH THEM AND NO ONE IS TO USE THEM. THERE HAVE BEEN REPORTS OF PERSONS BEING CONTACTED, WITNESSES BEING CONTACTED BY ANONYMOUS CALLERS AND THE COMMISSION TAKES THAT VERY SERIOUSLY. SO TO ATTEMPT TO PROTECT THE WITNESS, A SUPPRESSION ORDER IS MADE AGAINST ALL ADDRESSES AND MEANS OF IDENTIFYING WHERE THEY LIVE AND THEIR TELEPHONE NUMBERS.**

40 MS WILLIAMS: Yes, thank you, Commissioner. Mr Chen, you're the proprietor of a restaurant known as the New Shanghai Palace in Chatswood Chase. Is that correct?---It's not called New Shanghai Palace.

I'm sorry, it's called - - -?---New Shanghai Restaurant.

- - -New Shanghai Restaurant. I'm sorry. And you've made a statement to the Commission in this matter on 21 December last year. Is that correct? ---That's right.

Do you have a copy of your statement with you Mr Chen?---No.

I'll have one provided to you in a moment?---Okay.

Mr Chen, you first met Mr Karkowski about two years ago. Is that correct?
---That's right.

And over the time that you have known him you have taken him out to a number of meals at your expense haven't you?---That's right.

10 And you mention each of the individual occasions in your statement.
Correct?---Ah hmm.

The first meal you mention is on 28 April, 2009. Do you recall that, taking Mr Karkowski out to Rock Pool in the city?---Yes.

And you paid for the cost of that meal as you say in your statement?---Yes, that's right.

20 And Mr Chen, at that stage you were looking for a site to lease for your proposed restaurant. Is that right?---That's right.

And in fact I think you had a lease proposal that you were then considering?---That's right.

That's right. And a short time later on about 4 May you took Mr Karkowski out again to Rock Pool, this time for dinner together with Mr Bill Geroulis. Is that correct?---And my wife.

30 And your wife, I'm sorry?---Yep.

And on this occasion you again paid for dinner?---That's right.

And you discussed with Mr Geroulis and Mr Karkowski the lease proposal that you were then considering. Is that correct?---That's right.

And the discussion of the lease proposal was that the main purpose of taking Mr Karkowski out to lunch on 28 April and then to dinner on 4 May?---Yes.

40 And what assistance or information did you understand Mr Karkowski might be able to give you about that lease proposal?---From my understanding, because he's a local and council he will give me some advice as in whether I should, you know, is it worthwhile contract to take on. Because this is first time I do business, I just want to be very careful about what I step into. So I guess Bill is a real estate agent, from what, from his point of view as in what the contracts has been described will help me to determine whether I should go ahead with the contract. Just basically to see whether it's fair or not.

Ah hmm. And did you know Mr Geroulis before you met Mr Karkowski?
---I think I maybe know Bill through someone which I couldn't remember.
But I wouldn't say I know him that well. Yeah.

Did you have the idea of speaking to Mr Karkowski, sorry, to Mr Geroulis
about the lease proposal or was that Mr Karkowski's suggestion?---I
couldn't remember. Maybe, yes, I couldn't remember.

10 And your thinking that Mr Karkowski as a council officer might be able to
help your or advise you in relation to the lease proposal, was that an idea
that you had or an assumption that you made or was it something Mr
Karkowski suggested or indicated that he could help with?---It's an
assumption I made.

All right. And when you suggested to Mr Karkowski that you have lunch
on 28 April, 2009 did you indicate to him that that was the reason why he
wanted to have lunch?---I couldn't remember whether I did clearly indicate,
but I may have indicated. But it's a long time, I couldn't remember.

20 That's all right?---Yeah.

Do you remember whether 28 April, 2009 at the Rock Pool, whether that
was the first occasion on which you'd been out to a nice meal with Mr
Karkowski?---That's right.

It was?---Yeah.

30 So prior to that you didn't have a friendship that involved you going out to
these kinds of meals together?---No.

And - - -?---But I know Ed prior to that.

Yes, but you didn't know him in a way that involved you dining out
together in this way?---That's right.

40 And I think you described the purpose of these meals in paragraph 38 of
your statement on page 30 of the bundle you've been given as being to
develop a friendship with Mr Karkowski that would benefit you by assisting
you making things run smoother with council?---That's right.

That was the general idea?---Yes.

And what was it that gave you the impression that a friendship with
Mr Karkowski would help you make things run smoother with the council?
---I guess if I know Ed then there wouldn't be any, you know, bureaucratic
process going on in the council so if things can be approved as they should.

I see. So did you think Mr Karkowski would be able to give you information about the procedures to follow?---Could be, yeah.

And were you hoping that once you had submitted a Development Application that he might be able to help you get that processed?---That's right.

10 Did you understand that Mr Karkowski would have some role in processing your Development Application - - -?---Yes.
- - - before you submitted it?---Yes, yeah.

And when did you come to understand that?---From the first time we have lunch.

I see. All right?---Probably even I know him as, as a council inspector, I know he may have involvement in approving a DA application.

20 And you submitted your development application in September, sorry, at the end of August, 2009, is that correct?---I think, I believe so, some, some time around then.

Mr Chen, I'll just show you a document, Commissioner, this is Exhibit 4 that I'm showing Mr Chen. Mr Chen, is that a copy of the Development Application that you submitted for The New Shanghai Restaurant?---It looks like it's been submitted by my designer.

I see, by your designer?---Yes, yeah.

30 But you recognise it as the application relating to your restaurant?---Yes, that's right (not transcribable) Chatswood Chase shops.

And at the time you put that Development Application in or your designer did - - -?---Yeah.

- - - one of the things you and your designer had to consider was the estimated cost of the building works, wasn't it?---That's right.

40 And you needed to consider that because you actually had to specify that on the form that I've just shown you, correct?---That's right.

And did you understand that the cost would bear some relation to the fee you would have to pay to council?---Yes.

So the higher the cost the greater the fee you would need to pay to council? ---Yes.

And you say in paragraph 9 of your statement that you estimated the costs as around 250 or \$300,000?---That's right.

That's correct, isn't it?---Yeah.

And presumably you'd put some considerable thought into that number because you need to make sure you could pay for all those costs, is that right?---That's right, yeah.

10 Had you obtained quotes and done budgets and the like?---I think at that stage we haven't got any quotes but that's roughly, you know, that figure, yeah.

It was an estimate that you had prepared?---Yeah.

THE COMMISSIONER: But based on discussions you'd had with contractors?---With the designer.

MS WILLIAMS: And do you remember whether the 250 or \$300,000
20 figure included furniture or was it more just for building works and fit out?
---At that stage I think it was the whole thing, everything.

So it would have included some tables and chairs and the like?---Yes, yes.

But also all of the building works and, and the fit out?---Yeah.

And you say in paragraph 10 of your statement that you had a conversation with Mr Karkowski who suggested that you should lower the cost estimate to save money on fees?---That's right.
30

That conversation occurred before the form that you have there, Exhibit 3, was submitted?---I think it may have been, yeah.

All right. Did you tell Mr Karkowski during that conversation what your estimated figure was?---I couldn't remember, I couldn't remember whether I told him but, yeah, it's a long time, yeah, I couldn't remember.

Do you recall having a discussion with him about the sorts of things that were included in your estimated?---I may have but I don't remember exactly
40 what I told him and there's so many things in the restaurant, I can't - - -

All right?---But we, I guess we did, you know, at some stage discuss about, about it, yeah.

If you have a look at the form in front of you there, Exhibit 3?---Yeah.

What's the estimated cost stated on the form?---It's 100,000.

And how did you come to that amount, was that an amount that you decided or that Mr Karkowski suggested or your designer, how did \$100,000 - - -?
---Through the conversation I had, you know, with Ed and it's a common, you know, he suggested that people would put down just to reduce the fee.

So he, he suggested that figure as being a common figure that people put on applications of that sort?---Yeah.

10 THE COMMISSIONER: To reduce the fee you said?---Yes.

What, what is that, what did he mean?---The fee of the application.

To reduce the amount you pay for, pay the council?---That's right.

And this was just a, a made up figure, \$100,000?---That's right.

It bore no relationship to reality?---Yes, that's right.

20 MS WILLIAMS: Did you understand that Mr Karkowski was doing you a favour in effect by making you that suggestion?---You can say that.

Did he tell you by how much your fee would be reduced if you put 100,000 instead of the much higher figure?---I couldn't recall.

Do you remember having an idea yourself how much money you would save on the council fees?---No.

30 Did you form the view that you owed Mr Karkowski a favour as a result of this suggestion that he'd made to you?---I wouldn't say I would owe him a favour because this is a common thing that people would normally do and it's very common that people would put down.

THE COMMISSIONER: Very common? This really, is this true? Was the \$100,00 a true figure?---No.

So it's very, it was a lie, wasn't it?---Yes.

40 So you're saying it's very common that people lie?---That's what I've been told.

By who?---By Ed.

MS WILLIAMS: Apart from what Mr Karkowski told you did you have a, a view yourself that this was a usual thing to do?---Yes.

Have you had a similar experience on other occasions?---No.

No.

THE COMMISSIONER: So where did you get the idea from that it was usual?---The discussion with Ed.

Only from that?---I may have asked people around.

Well, Mr Chen, you are giving very vague evidence. Did you or didn't you, you know what you did?---Yes.

10 Did you, did you get it from Mr Karkowski alone or did you get it from others as well?---For this particular, yes.

What, what do you mean yes, yes what?---From, from, from Ed.

Alone?---Yeah.

And have you got it, have you done this sort of thing more than once?
---That was the first time I actually start a business, start a restaurant.

20 Have you done it again?---No, I wouldn't do it again.

And the only time you have put in a false figure for building costs is this time?---From, from then, yes, at the time.

MS WILLIAMS: Mr Chen, I asked you earlier about some meals that you took that Mr Karkowski out to in 2009?---Yeah.

I won't go through each of the occasions mentioned in your statement but in paragraph 32 you refer to another meal, this time on 8 July, 2010 at Prime?
30 ---Yeah.

What was the reason for taking Mr Karkowski out to Prime to lunch on that occasion?---I think it was just a general catch up and catch up with Bill.

What was the purpose of, of catching up? Was it purely social or was there some connection with your business?---Just purely social, it may, because Bill is a local real estate agent, sometimes I may ask him about, you know, what's happening with the area, if there's any good opportunities so, things like that.
40

And was there any need for you to catch up or maintain contact with Mr Karkowski for the purpose of your business?---I think so, yes.

And what, what was that reason?---Because he's a local person and works in the council. If I in future need some assistance, advice I can get it from him.

And was the lunch at Prime your idea or Mr Karkowski's idea, how did it come to be arranged?---I think it was my idea and I'd just call him sometimes just say if you want to catch up. Just like that.

THE COMMISSIONER: You take other buildings, other council officers to restaurants of the same class as Prime?---I haven't had any dealing with other council but - - -

10 So your answer is only Mr Karkowski?---For circumstances as I'm in right now, yes. As in Willoughby so he's only council person I know.

Why did you choose such an expensive restaurant?---Because I like food and wine and sometimes I get Ed to suggest a good restaurant that he as been to. So, you know, on different occasions it's maybe I suggest, maybe Ed suggested. Just purely I like good food, good wine, as you know I'm a, I run a restaurant, I prefer to go out and try other people's stuff.

20 MS WILLIAMS: Mr Chen, I want to suggest to you that it was Mr Karkowski who nominated Prime as a venue for this particular lunch? ---Yeah.

That's right is it?---I think so, yeah.

And at the time that he nominated Prime you expected, did you, that you would pay for the lunch?---Yes.

And that's in fact what happened, you paid?---Yes.

30 Mr Karkowski made no attempt to pay?---No.

And you were content with that because there was some benefit to you as you saw it in maintaining contact with him, is that correct?---Yes, but normally, you know, it's a Chinese gesture to, to offer to pay a meal and generally, you know, it will see as socially status, as higher when you pay the meal, that's just a Chinese custom, yeah.

Is it a Chinese custom to do that even when the other person dining with you has nominated a very expensive restaurant?---Yeah.

40 Is it a Chinese custom to do that on every occasion that you take a particular person out to a meal or in Chinese custom would you ordinarily expect the other person to offer to pay sometimes?---If the other party didn't want, wanted to pay, normally I will offer but if they didn't want to pay I will pay for it. That's the custom. You normally ask I'll pay the bill if they didn't say anything, I'll pay for the bill.

I see. But if it were another Chinese person you were dining with would you expect, would it be customary for them to offer?---Depends whether

they, some people may ask to pay the bill first, if they persist to pay then they pay the meal.

Was this Chinese custom something you told Mr Karkowski about?---No.

No. Was there ever any discussion between you and him as to who should pay?---No.

10 Was there ever any discussion between him and you as to why you were always paying?---No, I don't think so, I don't recall.

As far as you're aware did Mr Karkowski simply assume that you would pay?---I guess so.

Did you have any understanding about why he made that assumption?
---Sorry, can you say it again?

Did you understand why he made that assumption?---I don't know.

20 At the time that you went for this lunch at Prime in July 2010 was there any particular issue that you needed Mr Karkowski's assistance with at that time?---I don't think I can remember anything from Ed, no.

Was there any particular issue that you needed Mr Geroulis' assistance with at that time?---Probably.

30 Do you remember what that was?---Maybe (not transcribable), he mention some people coming in Chatswood to do the business and if, you know, whether it's one of my competitor and would I like them to come in (not transcribable). I think it was that occasion.

So Mr Geroulis mentioned this to you, is that correct?---Yeah.

And did you have discussions about this at lunch on 8 July, 2010?---I think briefly we did mention about that, the whole lunch we only just discuss about this one thing.

40 Was Mr Geroulis indicating to you, as you understood it, that it was within his power to prevent this competitor of yours obtaining space in the Chatswood area?---I don't think it's, I don't think he indicate that but what he told me that he, that's one of his client and it's up to the landlord to decide at the end. But he does have power to influence.

So was he, in effect, forewarning you that this competitor of yours may be coming into the area?---Yeah.

And indicating that he may be able to influence that to some extent, is that fair?---That's right.

Did Mr - - -?---That's Bill, right.

Yes, Mr Geroulis?---Yeah.

Did Mr Karkowski indicate whether he would be able to do anything about this competitor coming into the area?---No.

10 Did Mr Karkowski offer you any information in connection with the possibility of this competitor coming into the area?---No.

Were there any other matters discussed at the lunch on 8 July, 2010 relating to your business or council matters?---No.

Commissioner, I have no further questions for Mr Chen.

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

15 MR BALTINOS: I just have one or two questions. Sir, I'm the counsel for Mr Ed Karkowski?---Yep.

I just have a few questions. In relation to the evidence you gave earlier concerning the costs calculated for the restaurant I understand your evidence to be that the original estimate was between 250,000 and \$300,000?---Ah
hmm.

And your evidence was that was for the whole thing, correct?---Yes.

20 Now, that would include fit-out, decorations, chairs, refrigeration, those sorts of things?---Yep.

In addition to the actual construction costs, that's correct?

THE COMMISSIONER: Well, it's not clear what construction costs mean.

MR BALTINOS: I'm about to get to that, Commissioner.

30 THE COMMISSIONER: Well, the question assumes that it has a meaning and Mr Chen's not qualified to express an opinion on that. So the question is meaningless.

MR BALTINOS: I'll ask him. You know the difference, do you, between construction costs and fit-out?

THE COMMISSIONER: Well, it depends on the statute.

MR BALTINOS: You know that there is a difference between cost of building something and the cost of decorating something after it's been built?

THE COMMISSIONER: Well, this is a matter of legal argument, Mr Baltinos.

MR BALTINOS: Well, it's the best I can do, Commissioner.

10 THE COMMISSIONER: I know it's the best you can do but you're not going to get any help from this witness in my opinion. It will not, I will not attribute value to his answer so it's pointless.

MR BALTINOS: Did you receive any quotes from any qualified person concerning the cost of the restaurant?---Not at that time.

At any time?---Never to that stage.

20 And what did those quotes come in at?---Various quotes.

Can you say what they were?---They ranged, we get quotes from different people, they're ranging from 250 to 400.

And what did that include? What was that for?---The only thing I specified the, by the designer so I couldn't tell you exactly what it's include.

30 Well, you would know wouldn't you?---Yeah, I would know but I would not know exactly what it is, like for example, I know there's going to be, you know, kitchen built but not exactly to specific, you know, bench or a shelf. These are done by designer.

In relation to the savings of the council fees that you alluded to in your evidence I think the Commissioner asked you whether you knew what those fees were or how they were to be calculated. Do you know what sort of saving you were benefiting from Mr Karkowski's advice to reduce the cost to \$100,000?---Not exactly.

40 Well, do you know at all?---I know there will be some savings but not exactly how much.

Do you know in what order the saving would be?---No.

Could've been \$10,000? Could've been \$1,000?---Probably in thousands.

In the thousands?---one, between 500 to a thousand.

THE COMMISSIONER: How do you know that?---I'm just guessing.

MR BALTINOS: You don't know for certain?---No.

You just assume that?---Yeah.

You gave evidence earlier about the Chinese custom in respect of paying for the meals and I think you said that it's thought of, you are thought of as being higher when you pay the bills. Remember that?---Yep.

10 You also referred to that specific custom in your statement on paragraph 35 page 19 of your statement. You also say in that paragraph, "I paid for the meals as a gesture because it is expected that as a Chinese person who owns a business and who has more money than the guest that I should pay."?
---Yep.

That's correct isn't it?---(not transcribable).

And that's how you'd perceive the relationship between you and Mr Karkowski?---That's right.

20 Thank you. No further questions.

THE COMMISSIONER: Mr Griffin.

MR GRIFFIN: No question.

THE COMMISSIONER: Mr Cotman, do you have any questions?

MR COTMAN: No.

30 THE COMMISSIONER: Mr Macedone?

MR MACEDONE: No questions, Commissioner.

THE COMMISSIONER: Ms Williams.

MS WILLIAMS: No questions, Commissioner.

THE COMMISSIONER: Yes, thank you, Mr Chen, you may be excused.

40

THE WITNESS EXCUSED

[12.12pm]

MS WILLIAMS: Commissioner, at this stage I request that the Commission adjourn until tomorrow morning. The purpose of that application is that the Commission has formulated some draft corruption prevention recommendations and in my submission it's appropriate that those recommendations be provided both to the council and to each of the

officers of the council who will be called as witnesses, so they have an opportunity to consider them before they give their evidence. Their response to those recommendations is something that I would wish to explore with them in evidence. I do not propose to call any of the other witnesses whose statements have been tendered and in a moment I, if it's convenient will list their names and ask that each of them be formally released from their summons.

THE COMMISSIONER: Yes, very well.

10

MS WILLIAMS: Those witness are, Hyuk H-Y-U-K Il I-L Kwon K-W-O-N, Mr Feng Xiao, Ms Theresa Dai, Shu Zhan Wang, Sanha Jee, Peter Melchiovsen, Il Soon Won, Anthony Debeck, Bill Geroulis, Maria Chan, Yeung Zhon Mai and Duk He Lee. Those are the witnesses who may be released from their summons, please, Commissioner.

THE COMMISSIONER: Yes. Does any party object to any of those witnesses being released? No one wishes to cross-examine any of those witnesses? Those witnesses will therefore be released from the summons.

20

MS WILLIAMS: Thank you, Commissioner.

THE COMMISSIONER: Does anyone object to the matter being adjourned until tomorrow at 10.00am?

MR BALTINOS: No, Commissioner.

THE COMMISSIONER: The matter is adjourned until 10.00am tomorrow.

30

**AT 12.14pm THE MATTER WAS ADJOURNED ACCORDINGLY
[12.14pm]**