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PUBLIC
HEARING

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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE PETER M. HALL QC
CHIEF COMMISSIONER

PUBLIC HEARING

OPERATION SKYLINE

Reference: Operation E17/0549

TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON TUESDAY 14 MAY, 2019

AT 11.00AM

Any person who publishes any part of this transcript in any way and to any person contrary to a Commission direction against publication commits an offence against section 112(2) of the Independent Commission Against Corruption Act 1988.

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

THE COMMISSIONER: Yes, Ms Curtin.

MS CURTIN: Yes, Commissioner, there are three housekeeping matters to attend to this morning. The first is the matter of Jaye Quinlan, who was one of the directors of the Land Council during the relevant time, Commissioner. She has been unwell for the currency of the public inquiry. She is still unwell and for those reasons will not be called as a witness in this inquiry.

10 THE COMMISSIONER: Yes.

MS CURTIN: Second is the matter of the transcript. Commissioner, we propose to put up a schedule of proposed corrections to the transcript, for last week and this, up on the restricted portal tomorrow, and then suggest that if there are any other people who wish to suggest corrections to the transcript, they should do so by Friday. Let us know and we'll attend to that. Sorry, Commissioner, we'll make that Monday for people to let us know.

20 THE COMMISSIONER: Monday. Very well.

MS CURTIN: Thank you. And the third matter, Commissioner, is that there are a number of documents that we wish to tender today, if I may do so now.

THE COMMISSIONER: Yes. Yes, you proceed.

30 MS CURTIN: The first three volumes, entitled Corruption Prevention, volumes 1 to 3, they've been up on the restricted portal for some time now, Commissioner, and I tender those electronically.

THE COMMISSIONER: What are the volumes entitled?

MS CURTIN: Corruption Prevention, volumes 1 to 3.

THE COMMISSIONER: Thank you. Well, I'll mark those separately as Exhibits 130, 131, 132 according to chronological order.

40 **#EXH-130 – CORRUPTION PREVENTION BRIEF – VOLUME 1**

#EXH-131 – CORRUPTION PREVENTION BRIEF – VOLUME 2

#EXH-132 – CORRUPTION PREVENTION BRIEF – VOLUME 3

THE COMMISSIONER: Yes.

MS CURTIN: The second is volumes 41 to 44 of the public brief, and they will be tendered electronically also. I should say, I understand that they've also been on the restricted portal for some time, Commissioner.

THE COMMISSIONER: I'm sorry, what's that?

MS CURTIN: They're entitled volumes 41 to 44.

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THE COMMISSIONER: Yes, thank you. Very well. Those volumes, being the volumes 41 to 44 of the public brief, will be admitted respectively numbered 133 through to 136 according to chronological order.

#EXH-133 – FINANCIAL BRIEF – VOLUME 41

#EXH-134 – FINANCIAL BRIEF – VOLUME 42

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#EXH-135 – FINANCIAL BRIEF – VOLUME 43

#EXH-136 – FINANCIAL BRIEF – VOLUME 44

MS CURTIN: Third is volume 20 of the public brief, which I tender electronically.

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THE COMMISSIONER: Public brief will be admitted and marked as Exhibit 137.

MS CURTIN: That's volume 20 of the public.

THE COMMISSIONER: Volume 20.

**#EXH-137 – ASIC AND NZ COMPANIES REGISTER DOCUMENTS
– VOLUME 20**

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MS CURTIN: The next is volume 23 of the public brief.

THE COMMISSIONER: Admitted, become Exhibit 138. Volume 22 [sic], public brief.

#EXH-138 – TITLE DOCUMENTS – VOLUME 23

MS CURTIN: The next is a volume of material entitled All Versions of the Sunshine Variation Agreements from the public inquiry brief, the Bakis and Gows material, K&L Gates material, and Exhibits 125 and 126. And I tender a hard copy of these.

10 THE COMMISSIONER: The volume of the materials as you have so described will be admitted and become Exhibit 139.

#EXH-139 – ALL VERSIONS OF THE SUNSHINE VARIATION AGREEMENTS FROM THE PI BRIEF, THE BAKIS AND GOWS MATERIAL, K&L GATES MATERIAL & EXHIBITS EXH-125 AND EXH-126

20 MS CURTIN: Commissioner, I should say that it's paginated and it's numbered 1-55.

THE COMMISSIONER: It's pages 1-55, is that right?

MS CURTIN: Yes.

THE COMMISSIONER: Thank you. That's noted.

30 MS CURTIN: The next is a volume titled Able Consulting Vehicle Registration Material, and I tender a hard copy of that.

THE COMMISSIONER: Yes, the Able Consulting Vehicle Registration Materials volume will become Exhibit 140.

#EXH-140 – ABLE CONSULTING VEHICLE REGISTRATION MATERIAL

40 MS CURTIN: Should that be 139, Commissioner or am I - - -

THE COMMISSIONER: It's 139, is it? Thank you.

MS CURTIN: The next is a volume entitled Bank Statements Peterson, Bank Vouchers Gows, Best Pay and Macquarie Financial Ombudsman Service material.

THE COMMISSIONER: The volume is as you have described. It will become Exhibit 140. No. So just going back, the Able Consulting material

should be Exhibit 140, is that right? That's right. Yes, right. So the bank statements, the volume you've just described, will become Exhibit 141.

#EXH-141 – BANK VOUCHERS FOR MACQUARIE BANK 9134, BANKWEST 9230, BANKWEST 9256 AND PETERSON BANK STATEMENTS FOR MQ8528 AND ANZ0099

10 MS CURTIN: Right. And I tender MFI 10.

THE COMMISSIONER: That will become Exhibit 142, MFI 10.

#EXH-142 – MFI-010 - SUNSHINE PROPERTY INVESTMENT GROUP CORPORATE PRESENTATION

20 MS CURTIN: The next is a collection of documents which include Sunshine statement of claim dated 5 June, 2017, a letter from Andrew & Holm Lawyers dated 6 July, 2017, containing further and better particulars, and an amended statement of claim in the Sunshine proceedings dated 28 June, 2017. And I should say, Commissioner, that Mr Petroulias cross-examined on the statement of claim and further and better particulars, and in the further and better particulars reference is made to the amended statement of claim. So I tender those documents.

30 THE COMMISSIONER: Yes, thank you. The Sunshine statement of claim 5 June, 2017 will become Exhibit 143.

#EXH-143 – SUNSHINE V ALALC & ORS (2017/168418) STATEMENT OF CLAIM

THE COMMISSIONER: The letter of particulars in the proceedings dated 6 July, '17 will become Exhibit 144.

40 **#EXH-144 – SUNSHINE V ALALC & ORS (2017/168414) FURTHER AND BETTER PARTICULARS**

THE COMMISSIONER: The amended statement of claim in the Sunshine proceedings of 28 June, '17 will become Exhibit 145.

#EXH-145 – SUNSHINE V ALALC & ORS (2017/168414) AMENDED STATEMENT OF CLAIM

MS CURTIN: Thank you, Commissioner. I tender MFI 16.

THE COMMISSIONER: MFI 15 will become Exhibit 146.

MS CURTIN: MFI 16, Commissioner, sorry.

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THE COMMISSIONER: What number?

MS CURTIN: MFI 16.

THE COMMISSIONER: 16. Thank you. MFI 16 becomes Exhibit 146.

#EXH-146 – MFI-016 - BRIEFING PAPER ON POTENTIAL PROPERTY AGREEMENTS FOR BOARD MEETING ON 8 APRIL 2016

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MS CURTIN: I tender MFI 17.

THE COMMISSIONER: That will become Exhibit 147.

#EXH-147 – MFI-017 BRIEFING PAPER ON ADVANTAGE PROPERTY AGREEMENTS FOR BOARD MEETING ON 2 JUNE 2016

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MS CURTIN: I tender MFI 18.

THE COMMISSIONER: MFI 18 becomes Exhibit 148.

#EXH-148 – MFI-018 BRIEFING PAPER ON GOVERNANCE RATIFICATION RESOLUTION(S) FOR BOARD MEETING ON 8 MARCH 2016

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MS CURTIN: I tender MFI 19.

THE COMMISSIONER: MFI 19 becomes Exhibit 149.

#EXH-149 – MFI-019 - EMAIL CHAIN FROM KNL ADMIN TO VARIOUS PARTIES DATED 7 NOVEMBER 2016 ATTACHING JOINT LEGAL AND FINANCIAL BRIEF FOR LC BOARD AND MEMBERS

MS CURTIN: I tender MFI 20.

10 THE COMMISSIONER: MFI 20 becomes Exhibit 150.

#EXH-150 – MFI-020 JOINT LEGAL & FINANCIAL BRIEF TO BOARD OF ALALC PRIORITIES FOR THE ALALC TO COMPLY WITH THE ALRA DATED 18 AUGUST 2016

MS CURTIN: I tender MFI 25.

20 THE COMMISSIONER: MFI 25 becomes Exhibit 151.

#EXH-151 – MFI-025 - AFFIDAVIT OF RONALD WAYNE JORDAN DATED 25 JULY 2016

MS CURTIN: I tender MFI 28.

30 THE COMMISSIONER: MFI 28 becomes Exhibit 152.

#EXH-152 – MFI-028 - AFFIDAVIT OF RICHARD JOHN GREEN DATED 16 JUNE 2017

MS CURTIN: I tender MFI 29.

THE COMMISSIONER: 39, is it?

40 MS CURTIN: 29, Commissioner, sorry.

THE COMMISSIONER: 29 will become Exhibit 153.

#EXH-153 – MFI-029 LETTER TO DESPINA BAKIS FROM RICHARD GREEN DATED 23 SEPTEMBER 2015 RE ACQUISITION OF GOWS HEAT HEADS OF AGREEMENT BY SUNSHINE PROPERTY INVESTMENTS PTY LTD

MS CURTIN: I tender MFI 30.

THE COMMISSIONER: MFI 30 becomes Exhibit 154.

#EXH-154 – MFI-030 - BUNDLE OF DOCUMENTS PRODUCED BY RICHARD GREEN ON 18 JULY 2018

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MS CURTIN: I tender MFI 33.

THE COMMISSIONER: MFI 33 becomes Exhibit 155.

#EXH-155 – MFI-033 - KNL MATERIAL – VOLUME 53

MS CURTIN: I tender MFI 34.

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THE COMMISSIONER: MFI 34 becomes Exhibit 156.

#EXH-156 – MFI-034 - PHOTOGRAPH OF MR NICK PETROULIAS

MS CURTIN: I tender MFI 35.

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THE COMMISSIONER: MFI 35 becomes Exhibit 157.

#EXH-157 – MFI-035 - PHOTOGRAPH OF MS DESPINA BAKIS

MS CURTIN: I tender MFI 37.

THE COMMISSIONER: MFI 37 becomes Exhibit 158.

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#EXH-158 – MFI-037 - SUNSHINE PROPERTY INVESTMENT GROUP ACQUISITION PROPOSAL AALC DATED 30 JUNE 2015

MS CURTIN: I tender MFI 40.

THE COMMISSIONER: MFI 40 is now Exhibit 159.

#EXH-159 – MFI-040 - EMAIL FROM DESPINA BAKIS TO SOPHIE ANNE AT LC CEO ADDRESS DATED 22 AUGUST 2016 WITH ATTACHMENTS

MS CURTIN: I tender MFI 43, and this is an original document, Commissioner, so I can hand that up.

10 THE COMMISSIONER: Right. MFI 43, original document, becomes Exhibit 160. You can mark that now.

#EXH-160 – MFI-043 – ONE PAGE VERSION OF THE SUNSHINE ACQUISITION PROPOSAL WITH ORIGINAL SIGNATURE OF DATES

THE COMMISSIONER: Just pardon me a moment. Yes.

20 MS CURTIN: I tender MFI 44, and similarly this features an original signature, so I can hand up.

THE COMMISSIONER: MFI 44 will become Exhibit 161, so if that could be marked now.

#EXH-161 – MFI-044 – VERSION OF THE ACQUISITION PROPOSAL DATED 8 JULY 2015 WITH ORIGINAL SIGNATURE OF DATES

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THE COMMISSIONER: Yes.

MS CURTIN: I tender MFI 49, which also features an original signature of Ms Dates, and so I can hand that up now.

THE COMMISSIONER: Exhibit 49 will become Exhibit 162. I'll have that marked now.

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#EXH-162 – MFI-049 – SURRENDER AGREEMENT AND RELEASE WITH ORIGINAL SIGNATURE OF DATES

THE COMMISSIONER: Yes.

MS CURTIN: And I also tender MFI 50, which also features an original signature, Commissioner, and I'll hand that up now.

THE COMMISSIONER: MFI 50 becomes Exhibit 163.

#EXH-163 – MFI-050 – FURTHER COPY OF SURRENDER AGREEMENT AND RELEASE WITH ORIGINAL SIGNATURE OF DATES

10 MS CURTIN: I tender MFI 57.

THE COMMISSIONER: Very well. MFI 57 is now Exhibit 164.

#EXH-164 – MFI-057 - AFFIDAVIT OF DEBBIE DATES DATED 16 JUNE 2017

20 MS CURTIN: And I tender MFI 66.

THE COMMISSIONER: MFI 66 will become Exhibit 165.

#EXH-165 – MFI-066 - TRUST ACCOUNT DISBURSEMENT INSTRUCTIONS TO KNIGHTSBRIDGE NORTH LAWYERS DATED 22 DECEMBER 2015 SIGNED BY TONY ZONG

30 MS CURTIN: Commissioner, that completes the list of documents that we wish to tender at present.

THE COMMISSIONER: Thank you, Ms Curtin. Are there any evidentiary matters anyone wants to raise, documents to be tendered or anything of that kind?

40 MS GOODWIN: Commissioner, yesterday Ms Bakis was asked to produce some documents by Counsel Assisting at the inquiry, the first of those being documents that may assist in the return of funds from Macquarie, from various Macquarie accounts. She indicated at the time that she didn't, that all she thought she may be able to produce might be bank statements which may assist, and pursuant to that she has produced a printout of the online statement of her KNL everyday account ending in 9-1-3-2, dated 1 March, 2019 to 28 March, 2019, denoting in her handwriting certain amounts that appear to come from Macquarie or may have been transferred from Macquarie accounts.

THE COMMISSIONER: Yes, thank you, Ms Goodwin.

MS GOODWIN: The second document which is produced was pursuant to a request for documents evidencing written instructions from Mr Green about the various transfers pursuant to which she has produced three pages, a three-page document, the cover sheet headed Notice of Assignment, the second two pages headed Paramount Deed of Assignment. The date of the – well, there is, the first page bears a date. The Notice of Assignment bears a date of 1 November, 2018. The Paramount Deed of Assignment bears a date down the bottom of a schedule, which is the second of the two pages of that document, 31 March, 2018. And I produce those documents to the
10 Commission. The second document containing the three pages appears to contain original signatures.

THE COMMISSIONER: Thank you. Yes, well, the Commonwealth Bank statement you have produced on behalf of Ms Bakis with the words KNL Everyday on it, commencing 28 March, 2019, the last entry 1 March – sorry, running for the period 1 March, 2019 to 28 March, 2019, will be marked as MFI 67.

20 **#MFI-067 – KNL COMMONWEALTH BANK STATEMENT
PRODUCED BY DESPINA BAKIS FROM 1 MARCH 2019 TO 28
MARCH 2019**

THE COMMISSIONER: The three-page document produced on behalf of Ms Bakis, the first page of which is entitled Notice of Assignment, 1 November, 2018, the second, Paramount Deed of Assignment, together with its schedule, dated 31 March, 2018, together marked MFI 68. That's the
30 three-page document.

**#MFI-068 – NOTICE OF ASSIGNMENT TO MACQUARIE BANK
DATED 1 NOVEMBER 2018 AND PARAMOUNT DEED OF
ASSIGNMENT DATED 31 MARCH 2018 PRODUCED BY DESPINA
BAKIS**

THE COMMISSIONER: Now, Mr Lonergan, have you seen the MFI 68 documents?
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MR LONERGAN: I have not, Commissioner.

THE COMMISSIONER: Is there any reason why Mr Lonergan should not be provided with a copy of the documents constituting MFI 68, Ms Goodwin?

MS GOODWIN: No, Commissioner.

THE COMMISSIONER: Very well. Well, that will be done, Mr Lonergan.

MR LONERGAN: Please the Commission.

THE COMMISSIONER: I'll have those marked. Now, any other matters any party wanted to raise by way of evidence or otherwise?

MS GOODWIN: Not on behalf of Ms Bakis, Commissioner.

10 THE COMMISSIONER: Thank you. Very well. I note that the hearings constituting the public inquiry are approaching their final stage. The public inquiry has been largely prolonged through adjournments made in order to accommodate Mr Petroulias's position from time to time. This week had been set aside to complete cross-examination of witnesses and to take the evidence of Mr Petroulias. The program has again been interrupted in order to accommodate Mr Petroulias on health grounds. On 29 April, 2019, I gave reasons for a decision to take Mr Petroulias's evidence in a private hearing of the public inquiry. That course is still proposed for Mr
20 Petroulias. However, in order to provide and continue to provide that opportunity to him to exercise his right to be heard, and in particular give evidence in a private hearing, arrangements will need to be made and put in place as soon as possible. In order for Mr Petroulias to avail himself of the private hearing which I have decided for him, it will be necessary for him to make contact with the Commission so that the necessary arrangements can be made for that private hearing, including advising other persons participating in the public inquiry and other arrangements as may be necessary.

30 The Commission, I note, is required in the public interest, including the interests of affected persons, to undertake and to complete its public inquiries efficiently and without undue delay. I intend to ensure that there is no undue delay in the present public inquiry at this stage. Accordingly, the proceedings, at a date to be fixed, will be relisted for mention and directions as may be necessary in order to provide those participating in the public inquiry with notice so that they can arrange their availability accordingly.

40 Before completing proceedings today, I make the following directions. Firstly, in relation to the statement which I understand was prepared by Mr Petroulias in respect of Mr Vaughan, for reasons which will follow on another day, the statement of Mr Vaughan is rejected. I propose to allow Mr Petroulias, however, to have Mr Vaughan called for cross-examination on at least certain of the matters that Mr Petroulias has identified.

In relation to Mr Faraj, again I understand the written statement by him was prepared or assisted by Mr Petroulias. That statement too should not be admitted into evidence, and accordingly my ruling is that the statement is inadmissible in this public inquiry. Mr Faraj, in my assessment of the matter to date, is not a material witness so far as the issues that have to be

determined in this public inquiry. Accordingly I reject the statement of Mr Faraj for reasons which will follow on another date. I grant leave to Mr Petroulias to make any application in respect of Mr Faraj and as to whether or not he should be required to attend for cross-examination. Accordingly, the public inquiry is adjourned to a date to be fixed. Dr Chen, any other matters?

MR CHEN: No, there's not, Commissioner.

- 10 THE COMMISSIONER: All right. Does any other party wish to raise any matter? Very well. Then I'll adjourn.

AT 11.38AM THE MATTER WAS ADJOURNED ACCORDINGLY
[11.38am]