INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE DAVID IPP AO QC

COMPULSORY EXAMINATION

OPERATION JASPER

Reference: Operation E11/0363

TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON MONDAY 12 MARCH 2012

AT 10.25AM

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

THE COMMISSIONER: Mr Watson.

MR WATSON: I appear with Mr Chen, thank you, Commissioner.

THE COMMISSIONER: Yes, Mr Watson.

MR HOYLE: Commissioner, my name is Hoyle, H-o-y-l-e, instructed by Elias Matouk of Matouk Joyner Solicitors and I seek your leave to appear on behalf of Mr Brook this morning.

THE COMMISSIONER: Yes, Mr Hoyle, you have that leave.

MR HOYLE: Thank you. Commissioner, I also seek a declaration under section 38.

THE COMMISSIONER: Yes.

MR HOYLE: Thank you.

THE COMMISSIONER: Very well. You've explained to Mr Brook the effect of section 38?

MR HOYLE: Yes, your Honour, yes, Mr Commissioner, that the evidence that he gives will not be used against him in civil or criminal proceedings but it's important that he be truthful.

THE COMMISSIONER: Yes. The evidence can be used against him if he doesn't tell the truth.

MR HOYLE: That's right, yes.

THE COMMISSIONER: Yes, very well.

MR HOYLE: But he's aware of that.

THE COMMISSIONER: Yes. I will proceed to make those orders. Mr Brook, would you mind just coming to the witness box please. You may be seated, thank you. Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by Mr Brook and all documents and things produced by him during the course of his evidence at this compulsory examination are to be regarded as having been given or produced on objection and accordingly there is no need for him to make objection in respect of any particular answer given or document produced.

PURSUANT TO SECTION 38 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT

ALL ANSWERS GIVEN BY MR BROOK AND ALL DOCUMENTS AND THINGS PRODUCED BY HIM DURING THE COURSE OF HIS EVIDENCE AT THIS COMPULSORY EXAMINATION ARE TO BE REGARDED AS HAVING BEEN GIVEN OR PRODUCED ON OBJECTION AND ACCORDINGLY THERE IS NO NEED FOR HIM TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR DOCUMENT PRODUCED.

THE COMMISSIONER: Now, I shall make a section 112 order. I am satisfied that it is necessary and desirable in the public interest to make the following suppression order. Pursuant to section 112 of the Independent Commission Against Corruption Act, I direct that the evidence given by Mr Brook, the contents of any exhibits tendered, any information that might enable Mr Brooke to be identified and the fact that Mr Brook has given evidence today shall not be published or otherwise communicated to anyone except by Commission officers for statutory purposes or pursuant to further order of the Commission. It is a criminal offence for any person to contravene this direction. This suppression order may be varied or lifted by the Commission without previous notification if the Commission is satisfied that it's necessary or desirable to do so in the public interest.

PURSUANT TO SECTION 112 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT, I DIRECT THAT THE EVIDENCE GIVEN BY MR BROOK, THE CONTENTS OF ANY EXHIBITS TENDERED, ANY INFORMATION THAT MIGHT ENABLE MR BROOKE TO BE IDENTIFIED AND THE FACT THAT MR BROOK HAS GIVEN EVIDENCE TODAY SHALL NOT BE PUBLISHED OR OTHERWISE COMMUNICATED TO ANYONE EXCEPT BY COMMISSION OFFICERS FOR STATUTORY PURPOSES OR PURSUANT TO FURTHER ORDER OF THE COMMISSION. IT IS A CRIMINAL OFFENCE FOR ANY PERSON TO CONTRAVENE THIS DIRECTION. THIS SUPPRESSION ORDER MAY BE VARIED OR LIFTED BY THE COMMISSION WITHOUT PREVIOUS NOTIFICATION IF THE COMMISSION IS SATISFIED THAT IT'S NECESSARY OR DESIRABLE TO DO SO IN THE PUBLIC INTEREST

THE COMMISSIONER: Mr Brook, do you understand that?

MR BROOK: Yes, Commissioner, I do.

THE COMMISSIONER: It means that the, in effect that the fact that you've given evidence here today, the questions that you are asked and the answers you have given are to remain secret. You can discuss them certainly with your legal advisers who are present in the hearing room today but with no one else and should you do so you stand the serious risk of having committed a criminal offence and the Commission is very jealous of its section 112 powers and it has prosecuted other people before on a number of occasions for contravening that section. Now, I'm not suggesting that you would do that, I'm just explaining to you that it is an important order. Now, I need to direct that the following persons may be present at this compulsory examination, Commission officers including transcription staff, Mr Brook, Mr Brook's legal representatives and the Counsel Assisting the Commission and the Commission staff. So no other person is, is present, you understand that?

MR BROOK: Yes, sir.

THE COMMISSIONER: Now, something else I need to say to you and I say it as a matter of routine to all witnesses who give evidence at this compulsory, at compulsory examinations so there is implication concerning you, it's just as I say a matter of routine. Now what I need to tell you is that you are obliged to answer all questions asked of you and it is a serious criminal offence either to refuse to answer or to give false answers and I emphasise that because the penalty for giving false evidence under a compulsory examination is a gaol term of up to five years. So I'm sure you realise that this is a serious occasion. Now, Mr Brook, do you wish to give your evidence under oath or do you wish to affirm the truth of your evidence?

MR BROOK: Under oath, please.

THE COMMISSIONER: Would you swear Mr Brook in please.

<PAUL GARDNER BROOK, sworn **[10.30am]**

THE COMMISSIONER: Mr Watson.

MR WATSON: Is your name Paul Gardner Brook?---Yes, sir.

But you're generally known as Gardner Brook?---Yes, sir.

When were you born?---2 June, 1972.

Where were you born?---Bendigo, Victoria.

Where did you go to school?---I went to many schools.

Where did you finish you schooling?---Bendigo Secondary College.

Did you go to university?---Yes.

Where did you go to university?---La Trobe University.

What degree or degrees did you take if any from La Trobe University? ---Bachelor of Business Economics.

A Bachelor of Business Economics?---Yes.

Anything else?---No.

Have you undertaken any post graduate study?---I've undertaken it but I haven't completed it.

What post graduate study have you undertaken?---I've started an MBA and I started law, but I haven't completed it.

Sorry, you started an MBA and you started law?---Yes.

Where did you start the MBA?---Chicago.

At the Chicago campus?---No, it was, it was an online campus.

What was the name of the organisation with who you undertook the MBA? ---I don't recall, I'm sorry, it was some time ago.

Was it a university?---I believe so, it was online.

Was it the kind of degree that one can purchase?---I don't, no it wasn't that, but I'd started it but I didn't, I had ambitions of doing it but I didn't have the opportunity to complete. It was some time ago.

Have you ever undertaken a degree called an Executive Master of Business at the Booth school attached to the University of Chicago?---I applied for that and if I might say, I understand where that came from and I took it off the internet. That was an incorrect qualification which was on the internet for some - - -

Don't worry about where I get things from, if you just direct your mind to the question and answer the question?---Yes, sir.

Are you saying that you've never taken an EMBA?---That's right.

And you've never studied at the Booth School?---That's right.

And you've never studied at the University of Chicago?---Correct.

You said that you started studying law. Is that right?---I took one subject at the University of Melbourne.

At the University of Melbourne. Is that right?---Yes.

When was that?---2000 and, sorry, 1994 or 5, I'm not sure.

When did you study at La Trobe?---Between '93 and '94.

I believe that a Bachelor of Economics is different to the degree that you described, which I think was Bachelor of Business Economics?---I believe I said that, I'm sorry, Bachelor of Business in Economics.

In Economics?---Yeah.

Did you acquire a Bachelor of Economics?---No.

What is the degree which you acquired?---Bachelor of Business majoring in Economics.

How long was that course?---Three years.

Full time or part time?---I initially started part time and I finished full time.

And then is your evidence that you went to the University of Melbourne?---I studied one subject there, Industrial Relations Law.

Well just thinking about it for a moment, in a law degree in any year you would know, a student might be requested to undertake between five and seven subjects. Is that right?---Correct.

MR HOYLE: Commissioner, I'm loathe to object and I appreciate the limited scope that I have to appear but - - -

MR WATSON: No, I'll withdraw that.

MR HOYLE: - - - but I submit that this - - -

MR WATSON: I'll withdraw that, that's all right.

MR HOYLE: - - - this kind of examination has gone - - -

MR WATSON: Sorry, I've withdrawn it.

MR HOYLE: But it's not just that - - -

THE COMMISSIONER: Your objection is noted, Mr Hoyle.

MR HOYLE: Thank you, Mr Commissioner. It's not just that question, it's this line, you know.

THE COMMISSIONER: Well your objection is not upheld.

MR HOYLE: Thank you. I don't want to stand up and sit down all the time.

THE COMMISSIONER: No, I understand, I understand that. But I'm afraid this is an investigation.

MR HOYLE: I appreciate that.

THE COMMISSIONER: It's not a trial, it's not a hearing, it's an investigation and the reason that I mention that is that the scope of the questions can be far ranging. And I'm sure you understand that Mr Hoyle. I'm not for one moment curtailing your right to object, it's simply by way of explanation.

MR HOYLE: Look I do with respect appreciate the fact that it is wide ranging and it is an examination, investigation. Thank you.

THE COMMISSIONER: Yes. I just need to, Mr Watson, just need to make sure that the scope of the investigation has been put to Mr Hoyle in the, it's in the summons is it?

MR WATSON: Yes.

THE COMMISSIONER: You've seen that.

MR HOYLE: Yes, thank you, Commissioner. We've seen the summons and the scope of the investigation.

THE COMMISSIONER: These matters will go to issues of credibility, Mr Hoyle.

MR HOYLE: Thank you.

THE COMMISSIONER: Yes, Mr Watson.

MR WATSON: It would be false for you to hold yourself out as having a law degree?---Yes, it would be.

Have you ever held yourself out as holding a law degree?---Yes, I have.

It would be false to hold yourself out as having attended the Booth School of the University of Chicago?---It would be, yes.

Have you ever held yourself out as having qualified with an EMBA from the Booth School of the University of Chicago?---Yes, I have.

Just to make it plain the Booth School of the University of Chicago is one of the top tier business courses in the world. Is that right?---Correct, yeah.

Can I go through your employment history. It seems that you finished university at La Trobe in about in about 1993 and that you may have been engaged in the course of one subject in law in either 1994 or 1995. When did you start full-time employment?---1994.

With whom?---National Australia Bank.

Where?---In Melbourne at 271 Collins Street.

For how long were?---To the best of my recollection around about early 1996, I, I, to the best of my recollection.

You left early 1996?---To the best of my recollection, yeah.

Where did you go to for employment?---I worked at ANA Capital in, in Brisbane.

In broad terms how long were you there?---I officially left ANA to the best of my recollection around about June '97.

What's the difference between leaving somewhere and officially leaving somewhere?---Whilst I was in the employment of ANA Capital I had a disagreement with the principal of ANA Capital and we resiled that, on a, on a particular transaction. So we resiled to, that I would incorporate my own business, carry out that transaction and for a period of time remunerate ANA Capital with a level of compensation, I think that went for six or 12 months, I can't recall exactly.

Where did you go after ANA Capital?---I started my own company Oregon Australia.

Where did you go after Oregon Australia?---I worked, I worked at, I'm trying to remember the name of the firm, Ash Morgan Winthrop for a short time.

In Brisbane?---Correct, yes. I still - - -

After that?---Then I worked for a company called Accelerate.

Where was that?---They were based in Sydney but I was operating out of Melbourne.

So you're back in Melbourne?---Correct, yes.

Where after that?---Then I worked for Pan-Asia Presidio in Singapore. Can I just make a clarity on that, I worked for Accelerate on two different, two different occasions. I worked for them initially then I left them, worked for Ash Morgan Winthrop and then I went back to Accelerate.

Then after Pan-Asia Presidio?---Then I worked for Lehman Brothers.

Then after Lehman Brothers?---For myself.

Under what name?---Well, a couple of names, the Australian identity was Oregon Standard which was originally Oregon Australia and also I formed a business name Brook Capital Partners. I might also add that I consulted to Monaro Mining just after Lehman Brothers collapse and although I was a consultant I held a business card which was for Monaro Mining.

Are they all the places that you've worked?---(NO AUDIBLE REPLY)

THE COMMISSIONER: Did you hear the question Mr Brook?---Yes, Commissioner. I'm just trying to, to recollect. On a full time capacity to the best of my recollection, yes.

MR WATSON: Have you ever heard of a firm or company titled Brook, B-r-o-o-k & Ekes E-k-e-S?---Yes, I do.

What or who is Brook & Ekes?---That was a company formed with a fellow called Hector Ekes which never traded. The intention at the time was to build a advisory business. Mr Ekes was a solicitor. But that company never traded and we didn't go forward because of personal differences which I felt weren't appropriate to continuing business.

Have you ever heard of a company or business called Grange Securities? ---Yes, I have. Thank you for mentioning that. Grange Securities, I was, when Lehman Brothers, Lehman Brothers bought Grange Securities down here in Australia and initially Grange Securities employed the, the formation staff of Lehman Brothers. Grange Securities then merged into Lehman, so even if you were from Lehman in Hong Kong or Singapore or anywhere around the world you initially employed by Grange Securities. Then when the, when the transformation came about then we were on the Lehman payroll. So I beg your pardon about that, I - - -

THE COMMISSIONER: What was your position at Lehman?---Senior Vice President of Asia Special Situations.

MR WATSON: To me a Senior Vice President sounds like the second person from the top of the business. Is that how Lehman's worked?---No, it varies, sir. In fact our Head of Investment Banking was the same level as me, Senior Vice President. The second level, the level above that is Managing Director. It, it varies. Sometimes you can't really predict why certain titles are provided.

At some time or other you appear to have left Australia and gone back to Singapore. When was that?---Well I took up residence in Singapore in December 2010.

And do you live and work in Singapore?---Yes, I do.

Where do you live?---In Robertson Key.

Does that have an address?---97 Robertson Key, 07-07-238258, ah, 238257.

And do you work in Singapore?---Yes, I do.

For whom do you work in Singapore?---Myself, Brook Capital Partners, Singapore.

And how many people work in that firm?---Three.

Apart from yourself are the other people involved with money or are they secretarial staff?---No, they're directors.

Directors. Is there any secretarial staff?---No, we just pretty much do it ourselves.

Who are the other directors of Brook Capital?---There's only one other director and that's Walter Wong. And there's, the senior officer is Andrew Mortlock, he's the Chief Executive Officer.

At one time or another it was suggested that you had a business in Singapore, Brook Minerals Pty Limited. Is that right?---That's correct, I still do.

You still do. Are you employed by that company?---I'm a director of that company. I'm not officially employed by that company.

Do you receive remuneration as a result of being a director of that company?---No.

Why not?---Because the company hasn't made any money yet.

Although you reside in Singapore since December 2010, from time to time you come to Australia?---Yes, I do.

Why is that?---To visit my children.

And you've got two children who reside somewhere near Brisbane?
---Correct.

Mr Brook, I want to ask you about your knowledge of certain people, of certain businesses and of certain business transactions. Do you understand that?---I understand.

We'll start by asking you about a man named Andrew Kaidbay, K-h-a-i-d-b-a-w, do you know Andrew Kaidbay?---Yes, I do.

When was it you first met Andrew Kaidbay?---To my - the best of my knowledge it was early 2008.

And how was it that you met Kaidbay?---(NO AUDIBLE REPLY)

Did you initiate it or did he initiate it or was it initiated by a third party?
---I believe it was, it was a from a third party, I didn't meet him in the street or anything like that. It might have been from, and I say might, have been via a fellow called Rogan, Rogan, I can't remember his surname.

Rogan, R-o-g-a-n?---Yeah, but I am really guessing with that.

All right?---It was some time ago.

Now, this man Rogan whose surname you no longer recall, why would he introduce you to Andrew Kaidbay?---Can I give you some background, sir as to, to it or not?

If you need to to answer that question?---I feel I probably should. When I arrived in Sydney with Grange Securities/Lehman Brothers I didn't know anyone and my role was to originate deals for Lehman Brothers. So in social circles I was asking people to, to open up doors in order for me to meet people and originate deals so Rogan would be an example of somebody that I asked to introduce me to people and I had the mandate at Lehman Brothers to pay commissions for introductions so there was an incentive for people to, to make introductions to me.

What does paying a commission for an introduction entail?---It could - many things. It depends on the deal. It could be - again, this was bank policy, Lehman Brothers' policy, it might be anything as to you might shout them lunch right through to you might provide them with some sort of trailing commission or participation in, in the transaction on an equity site. I mean, every deal was different, it was really open to - one thing that invariable happened was that people who introduced you or made introductions, they wanted you to as a bank to lock into their remuneration or their compensation for that deal up front which was very, very difficult to do because you never knew how the deal would end up.

THE COMMISSIONER: Are you saying they wanted a share in whatever deal you did with the person they introduced you to?---Well, it's a bit like a - Commissioner, it's a little bit like a finance broker or a mortgage broker who gets a trailing commission. We approach it in a very similar way.

But is what I said to you correct?---Would you repeat that again please, sir?

They wanted some kind of share in a deal that eventuated as a result of the introduction?---Yes, Commissioner, that's right, that is the general, it's the, it's pretty much the industry standard.

MR WATSON: After your introduction to Kaidbay did you eventually come to do some deals with him?---We - yes, we did, yes.

And did you form a business relationship with him?---Yes.

Did it go further, did you form a friendship with Kaidbay?---Yes.

Is Kaidbay still a friend of yours?---Yes, he is.

Have you spoken to Kaidbay since you came back to Australia last Thursday?---Yes.

When did you first speak to Kaidbay?---I rang Andrew upon receiving the summons to appear and then I saw him yesterday, I had lunch with him yesterday.

Right. So you rang him about the summons. Why?---Well, I was rather - - -

MR HOYLE: Well, I object to that, that wasn't quite his answer.

MR WATSON: I'm so sorry, I'll reframe it.

You said that you rang Kaidbay after you got the summons?---Correct.

Why?---I had been drinking on the plane and when I was given the summons I was disorientated and startled. I hadn't read the documentation and I rang Andrew and I said this is what's happened, what should I do and he said to me you should hang around and stay with your kids for the weekend. That's what, to the best of my recollection that's what he replied to me.

Well why ring Kaidbay, you hadn't read the papers so, you say you were disoriented, why ring Kaidbay?---Well he's my friend and he's probably my only friend here in Australia that – and I didn't know what else – I was startled.

Is your wife a lawyer?---Yes.

Or former wife?---My ex-wife, yes.

You couldn't ring her?--- I did ring her as well.

All right. So you rang Kaidbay, what did you understand that Kaidbay could have anything to do with the subject matter of this hearing?---Well yeah. I wasn't thinking correctly at the time so I appreciate that that wasn't the smartest thing to do, but I, well I was, I was very much startled at the time, sir.

And this was on Thursday evening?---Correct, yes.

And you rang him because you were disoriented?---Well, yeah.

And perhaps under the weather of alcohol?---Definitely, sir.

THE COMMISSIONER: You said you hadn't read the papers?---No.

What papers are you referring to?---I'm referring to the summons to appear, the documents that ICAC gave me, the officers gave me.

MR WATSON: You've got a copy of them there with you do you?---Yes, I do.

So you rang Kaidbay before even looking at them?---Correct, yes.

Is it possible that you looked at the subject matter as was set out in the summons and thought that Kaidbay would be interested in the fact of you receiving the summons?---That really wasn't my intention. I just - - -

THE COMMISSIONER: No, I'm sure – that wasn't the question though? ---Well one would presume – yeah, I guess so, I mean there's been things in the press that I've read. But I didn't discuss – I didn't explain to him what the summons was or anything to the effect, I, I just rang because I, I was ringing a friend as to – I didn't know what else to do at the time.

MR WATSON: Well as I understand it you're saying that from what you've gleaned from the summons that Kaidbay may be interested in the fact that you had received such a summons?---I would believe so, yes.

Just looking at the face of the summons if you have it there with you, it says that the Commission is conducting an investigation into an allegation that between July 2006 and June 2010 Macdonald, then Minister for Mineral Resources and Primary Industries engaged in corrupt conduct in connection with the allocation of coal exploration licenses for the financial benefit of Edward Obeid and others?---Ah hmm.

Is that a fair summary?---That's what I'm reading here, sir.

Why would Kaidbay be interested in that subject?---Well I think from the press reports both Andrew and I have been mentioned with the awarding of coal exploration licenses and the inferences of that have been towards Mr Obeid as well and, and the former Minister, so - - -

Well before we go any further do you acknowledge that you have some personal connection with the events described in the summons?---Yes.

Before we go any further are you able to tell us whether you have knowledge or information that between July 2006 and June 2010 Macdonald, then Minister, engaged in corrupt conduct?---I, no, I don't really have any knowledge of that at all.

Have you heard something?---I have heard in just, yeah, I've heard that he's maybe not necessarily the, the straightest person.

From whom did you hear that?---I can't really recall, it was just – it was – I mean when I first came to Sydney I didn't know the Obeid's or anybody or anything about New South Wales politics. So I think it was at Lehman Brothers perhaps that some people suggested that the Obeid faction or something was not necessarily the most favourable.

Have you heard that Macdonald did use his public office in respect of the allocation of coal exploration licences for the benefit of Eddie Obeid?---I really, to the best of my knowledge I don't know.

Is that so, Mr Brook?---Pardon?

You don't know?---But I don't, I don't, I don't know.

THE COMMISSIONER: Did you understand Mr Macdonald to be part of the Obeid faction?---I know they're friends.

You were asked a question about Macdonald and you replied that by some reference to the Obeid faction. So it wasn't clear to me whether you were grouping him under that faction or not?---Commissioner, to my understanding probably, from what I - - -

He was probably part of the faction?---Well, that's, to my understanding probably, yes, I think it's well documented in the press.

In what sense was he part of that faction?---I really don't know that.

But what did you understand?---Well, because, I mean I knew the Obeids and I knew they were in government and they were very well connected and there was a lot of, a lot of things in the press and that's, so I presumed that he was part of their faction.

Why?---Because it was well documented in the press and it sounded as, I mean there was also a time when I met with, we had a lunch at Lehman Brothers when Eddie Obeid, Ian Macdonald, I forget who the other minister was and our head of fixed income Martin Tao, our head of investment banking, our head of Australia and myself had lunch at Lehman Brothers' offices and that lunch although I had very little conversation at lunch it was very much dominated by everybody else, I presumed that they were working together - - -

You must have presumed this from something that they said?---No, Commissioner, not, not, no, not off them, no, I just - - -

Well, I don't understand that. I mean you say that they were at lunch, you didn't say much, you sat there and listened and the end of the meeting you presumed that they were part of the same faction?---Well, yes, because they were the senior ministers in the government at the time, we were having lunch with them because we were a new investment bank in town, we wanted to understand if there was advisory or any projects that we could potentially bid for, but it occurred to me that, I mean the rate for which the lunch was organised, it was organised really quick that indicated to me that these guys must be pretty close.

So nothing from what they said?---During that lunch, no.

You're serious about that?---During that lunch I - - -

You're serious about that?---I don't recall the conversation in the lunch, we were talking in very general terms, but during the lunch, Commissioner, nothing really indicated to me that they were, I mean they all seemed like friends.

Yes, Mr Watson.

MR WATSON: Well, have you ever met apart from that lunch Ian Macdonald on any other occasion?---No.

Are you sure of that? Are you sure of that?---I am reasonably sure.

Have you ever met a man called Moses Obeid?---Yes.

Do you know he's the son of the former member of parliament Eddie Obeid?---Yes.

Have you ever had lunch with Moses Obeid?---Yes.

Have you ever had lunch with Moses Obeid and Ian Macdonald?---I don't believe so, no.

Don't want to narrow things down too much?---To the best of my knowledge, no - - -

Have you ever had lunch with Moses Obeid and Ian Macdonald on the 22 July, 2008?---I don't recall so but - - -

Is it a possibility?---It's a possibility but I really don't recall, sir.

Well, just think about it now. You're saying that you say you met Macdonald on one and one only occasion?---Sir, I do not recall meeting him more than one occasion but it is possible.

THE COMMISSIONER: Why would you meet him again?---I really don't remember why if I did.

But that's not a satisfactory answer?---Okay. I really do not recall having lunch with Mr Macdonald.

I'm asking you once you accepted there's a possibility that you met him again, which I think you do from what you say, what would the reason be for that possibility existing?---If there, well, presumably it would have been about the resources sector but I do not recall that lunch if there was one.

MR WATSON: Well, let's just return to a lunch which I'm sure you recall more clearly. As I understand your evidence you say, disoriented and under the influence of alcohol, you rang Kaidbay on Thursday evening?---Yes.

As I understand your evidence you said that Kaidbay said to you stay at home with your family on the weekend?---Well, stay in Brisbane, yeah.

And then you said that you saw him again, you had lunch with him I think you said yesterday?---Yes.

You recall that much?---Yes.

Where was that?---In Circular Quay.

Now did you - sorry, I'll withdraw that. I understood you to answer my questions generally along these lines, that you may have been disoriented, you may have been under the influence of alcohol, in any event you hadn't read the summons closely but still you'd read enough of it to discern that Kaidbay may be interested?---Sir, I've read enough in the press that - - -

No, I'm asking you about your earlier answers to my questions?---Yeah.

You see I'm trying to put back to you a summary, and I don't want it to be unfair, is this a fair summary: you said that you were served with the summons, you were disoriented, you were under the influence of alcohol but you didn't read the papers closely but you read enough of them to discern that Kaidbay may be interested?---I think that's a fair assumption, yes.

Did you ring Kaidbay again on any other day, Friday or Saturday once you'd shaken off the effects of the alcohol and the disorientation?---Yes, I did.

Did you ring him on the Friday?---Yes.

Once or more than once?---More than once.

How many times?---Several oh, quite a few.

By that stage the alcohol would have worn off, is that right?---Yes.

By that stage you would have had an ample opportunity to read every word on the summons several times over. Is that right?---Yes.

But that stage you would have been able to know that the summons said that it was an offence to reveal information regarding the summons, is that right?---Yes, but I didn't tell him what the summons was about. I didn't tell him the, the detail of the summons, I wanted him to help me find some legal representation.

Well, hold on, one thing at a time. Do you accept that at least by the Friday you understood that disclosing information about the summons was an offence?---Yes, but I didn't believe that I was disclosing information about the summons, only that I had a summons and I needed assistance to find a legal representative.

So you did not tell Kaidbay what the subject of the summons was?---(NO AUDIBLE REPLY)

You didn't say anything like that on the Friday or the Saturday?---I think I may have actually, yes.

All right.

THE COMMISSIONER: You told him about the nature of the allegations? ---Commissioner, more than likely I probably did.

MR WATSON: Well, I suppose what you're saying is that I read the information on the summons about not disclosing information about the summons but I disobeyed that and I spoke to Kaidbay about it, do you agree with that?---I was trying to give him scope as to why I needed to find a lawyer.

THE COMMISSIONER: Well, did - is the answer yes?---Yes.

MR WATSON: You disobeyed the direction on the summons to inform Kaidbay about its content?---Can I consult with my barrister for a moment, please?

THE COMMISSIONER: No?---All right.

Just answer - tell the truth, it's an easy question.

MR WATSON: You disobeyed, you disobeyed the summons by disclosing information about it to Kaidbay, didn't you?---Sir, can I just read the summons again just briefly please?

THE COMMISSIONER: That won't – will not help you answer the question?---Yes.

MR WATSON: Now that was in what I think you said was not only one but several conversations you had on the Friday with Kaidbay?---I was wanting to get legal representation that's correct.

And could I ask you did you have any telephone conversations with Kaidbay on Saturday?---Yes.

One or more than one?---I – more than one I think. Maybe two or three, I can't really recall.

All right. And again did you discuss with him in any substance the nature of the allegation or complaint described on the face of the summons?---I must have described it to him. I'm not sure on which occasion for the benefit of him trying to find a lawyer or lawyers to represent me.

You knew at the time you were disclosing this information to Kaidbay that it was a matter of some considerable interest to him?---Well I'm sure it was.

You knew that he could be adversely affected by the nature of the allegations or complaint described on the face of the summons?---Potentially.

You said that you met Kaidbay for lunch and you said that that occurred in Circular Quay. What time did you have lunch?---It was late, I think it was around 4.00 or something like that.

That's very late for lunch. Had you met him earlier yesterday?---Yes.

So we've got the telephone conversation start on Thursday, continued Friday, Saturday, when did you meet Mr Kaidbay yesterday, Sunday?---I met him – I was at – he arranged for my legal counsel and he was, he introduced me to my legal counsel yesterday when I arrived in Sydney.

What time did you meet Mr Kaidbay yesterday in Sydney?---I think I got to my counsel's office at about 1.00pm. And was Mr Kaidbay there with you while you were there with your lawyers?---Yes.

Was Mr Kaidbay there with you in the room when you told the lawyers about this summons?---I'd already faxed the summons to my lawyers.

Answer my question?---Yes.

He was in the room with you. Is that so?---Yes.

Was Mr Kaidbay present in the room at all times that you were discussing these matters with your lawyers?---Not at all times, no.

Well if he absented himself, like maybe he had to go to the bathroom or something was it?---That's right.

All right. So we know that you got to your lawyers at 1 o'clock and you were in Circular Quay for lunch you say at 4.00. That would suggest three hours with the lawyers. Of those three hours was Mr Kaidbay present at all times expect perhaps the chance that he got up to go to the bathroom?---Yes.

THE COMMISSIONER: Who are the lawyers?---My present one.

MR WATSON: Mr Hoyle and Mr Matouk. Is that right?---Correct, yes.

Has Mr Kaidbay done anything in respect of paying the lawyers?---I – well I couldn't raise the money so I asked - - -

Just answer my question?---Yes.

He has. Has he paid the lawyers?---I, I believe so.

THE COMMISSIONER: Did he choose the lawyers?---Yes.

Mr Watson – Mr Hoyle - - -

MR HOYLE: Yes, Mr Commissioner.

THE COMMISSIONER: - - - there's issues of conflict here. I'm just drawing this to your attention. Something for you to think about very seriously. And also I'm afraid there's more than a conflict.

MR HOYLE: Yes, well I appreciate - - -

THE COMMISSIONER: And there is, there is a problem potentially in consultation with Mr Kaidbay and Mr Granger together in light of what's on the summons.

MR HOYLE: Yes, Commissioner. Well we - - -

THE COMMISSIONER: There is a serious professional problem for both you and your instructing solicitor and I'm not making any comment about it except drawing it to your attention and asking you to think about your position carefully.

MR HOYLE: Well perhaps you might give us an adjournment to do that at some convenient time to you obviously?

THE COMMISSIONER: Yes. Yes.

MR WATSON: I would not oppose that.

THE COMMISSIONER: You can have that now.

MR HOYLE: Thank you.

THE COMMISSIONER: We'll adjourn for ten minutes. That should be enough Mr Hoyle?

MR HOYLE: Yes, thank you.

SHORT ADJOURNMENT **[11.10am]**

THE COMMISSIONER: Mr Hoyle.

MR HOYLE: Thank you, Commissioner, for that time. I have reflected on what you have said and it does seem to me that there is a potential conflict. I don't see that that situation has arisen yet but I, I don't know what else is going - - -

THE COMMISSIONER: I understand. I think that the, the way forward - I've been reflecting on that myself, the way forward from a practical point of view is to allow you to continue to represent Mr Brook but I'm afraid I won't allow you to represent Mr Kaidbay.

MR HOYLE: (not transcribable)

THE COMMISSIONER: Nor your solicitor, I mean, your solicitor. He'll have to get a new firm of solicitors to represent him.

MR HOYLE: Certainly. Well, that's - as I, as I understand it there's no retainer by that gentleman with the current solicitors for anything to do with him so if that situation arose, yes, I quite agree.

THE COMMISSIONER: So can I get this clear, Mr Hoyle - and I have to - I will tell you because in fairness I don't want to trap you, it's not my intention.

MR HOYLE: No, obviously.

THE COMMISSIONER: But if I understand your - what you've just said and I may have misunderstood it but I've understood what you've said to mean that there is no professional relationship between you and Mr Kaidbay now?

MR HOYLE: Me and him, your Honour - - -

THE COMMISSIONER: Yes.

MR HOYLE: Mr Commissioner, I'm sorry.

THE COMMISSIONER: Yes. That's correct, is it?

MR HOYLE: I'll be quite candid about this, my instructions are that the only relationship is that he is the person who arranged the representation and has undertaken to pay the fees.

THE COMMISSIONER: And that applies to your solicitor, instructing solicitor was well?

MR HOYLE: Yes, Mr Commissioner.

THE COMMISSIONER: I'm sorry to do this to you, Mr Hoyle, but it means that you can be called as a witness.

MR HOYLE: Yes, that's why upon reflection regrettably I saw there is the potential for that conflict. I don't - - -

THE COMMISSIONER: Well, we can't call in - whatever you were told by Mr Brook is privileged, that privilege stands under the ICAC Act.

MR HOYLE: Yes.

THE COMMISSIONER: So we can't ask you what Mr Brook told you but we can ask you what Mr Kaidbay told you, you understand that?

MR HOYLE: Yes.

THE COMMISSIONER: All right. Well - and I mean, that's a fait accompli and we're all fixed with that.

MR HOYLE: Yes, Commissioner.

THE COMMISSIONER: But I have - because of the - I'm sure that Mr Brook would like to get this over with and not keep coming back day after day while this compulsory examination finishes and it may not finish today but certainly if you need to get another lawyer it won't - we will have to adjourn for him to get another lawyer and that can go on for another couple of days. So I assume that it's in everybody's interests for you to continue to represent Mr Brook. Is that right?

MR HOYLE: Yes, yes, Mr Commissioner, he would like us to stay.

THE COMMISSIONER: Yes.

MR HOYLE: The conflict has been explained.

THE COMMISSIONER: I will - subject to anything Mr Watson may say, I think that is the most appropriate circumstance and - but you understand exactly the position that has arisen as a result of what I have said?

MR HOYLE: Yes, I do.

THE COMMISSIONER: Very well. Mr Watson, we'll simply proceed then.

MR HOYLE: Thank you, Commissioner.

MR WATSON: Last Thursday evening when you were in Brisbane two men approached you and served you with a summons, do you recall that? ---Yes.

After they approached you and served you with the summons they left but you then went straightaway to the Singapore Airlines counter, is that right? ---(NO AUDIBLE REPLY)

Is that answer yes?---I'm sorry?

THE COMMISSIONER: I'm sorry, Mr Brook, you - - -?---Oh, yes, yes it is.

Do you mind just to say - - -?---I beg your pardon.

- - - saying out loud what your answer is?---Sorry, Commissioner.

Thank you.

MR WATSON: And the point is that you used frequent flyer points to purchase a ticket, the next ticket available on Singapore Airlines back out of Australia to Singapore?---I don't believe I used frequent flyer points, I think I paid for that.

All right. Why?---Well, I knew I had until this morning to appear at this inquiry and I wanted to go home and collect my thoughts and, yeah, and prepare to give testimony today and I felt that I had enough time to do so and I certainly didn't feel inclined to hang around in Brisbane and see my children because this is a pretty, this is a very serious matter and I wanted to get my head, head in order and I bought a return ticket which would have had me here on time on Monday so - - -

Is that right, you bought a return ticket?---Correct.

Do you have a copy of that ticket?---Yes, sir, I do. Would you like that?

Yes. Just while you're finding that could I ask you something - you have an Australian passport?---Correct, sir.

Do you have a passport in any other - - -?---No, sir.

From any other nation?---No, sir.

You don't have a Singaporean passport for example?---No, sir. Sir - oh.

Thank you. What I'll do is I'll keep that for a while and we'll keep a copy of it and I'll make sure you get the original back?---I have a copy, sir, but thank you.

Thank you.

THE COMMISSIONER: What, you don't mind if we keep that then?---Not at all, Commissioner.

Thank you.

MR WATSON: In the circumstances it would be better if I tender it.

THE COMMISSIONER: Yes. And, Mr Brooks, the air ticket - - -?---I have the boarding pass for that flight or is that enough?

What is it? It's a printout, is it a printout of an electronic air ticket is it, Mr Brook?---Yes, yes, Commissioner.

It's a printout of an electronic air ticket dated 8/9/2012 will be Exhibit 1.

#EXHIBIT 1 - PRINTOUT OF TICKET FOR RETURN FLIGHTS TO SINGAPORE DATED 8 MARCH 2012

MR WATSON: You had telephone conversations with Mr Kaidbay on Thursday, Friday, Saturday and you had meetings with him and lunch with him on Sunday. Is that correct?---Yes, it is.

During that time did Mr Kaidbay suggest to you that if you're asked particular questions by the Commission that you should answer them in a particular fashion?---Yes.

Could you give us some examples?---He just said to tell the truth at all times.

That's very good of him, very good. You know what I'm saying don't you, Mr Brook? Did Mr Kaidbay ever suggest to you that in the event the Commission, somebody like me asked you some difficult questions about where you acquired information that you should answer the Commission's questions in a particular fashion?---Not to my recollection, no.

Never said anything to you about perhaps tailoring your evidence in a particular way?---The only advice I've been given is by my counsel which is - - -

I'm asking you about Kaidbay. Concentrate.---I, I do not recall him saying anything of sorts.

Nothing about if you are asked questions about where you acquired information you should answer it by saying certain things. Nothing like that?---I don't recall.

THE COMMISSIONER: No. I don't accept. This just happened yesterday or the day before. That's something you would remember?---Commissioner, the conversations were along the lines of just tell the truth at all times.

You're saying - - -?---He didn't coach me.

Your answer is no?---Not to my, no, I don't recall him actually suggesting that I should tailor it in a certain way.

Let's face it, so as I understand it you've been told my your lawyers to tell the truth and told by Mr Kaidbay to tell the truth. I'll ask you a specific question, Mr Brook, were you informed that the New South Wales Government intended issuing coal exploration licences before that intention was publicly announced?---Yes.

Who told you?---It was, it was Moses Obeid.

I was going to ask you a second question, the early information that you were given about the government's intention on issuing the licences was that given to you by a member of the Obeid Family and you've said Moses?---Yes.

Anyone else?---Not to my, no.

Did Kaidbay give you that information?---No.

Mr Brook, in addition to that early information about the exploration licences did someone give you information as to the identity of mining companies which were likely to be invited to express an interest for the licences?---Yes.

Who gave you that information?---Moses Obeid.

Mr Brook, were you at any time aware that the Obeid Family owned or controlled large land holdings in the precise area where one of the exploration licences was to be issued?---I became aware of that.

When?---Not long after I was informed that there were going to be some licences put up for tender.

THE COMMISSIONER: So when you say not long are you talking about days, weeks?---Probably a couple of weeks, Commissioner, to the best of my recollection.

MR WATSON: Who told you that?---Mr Obeid.

THE COMMISSIONER: Moses?---Yes, Commissioner.

MR WATSON: The first question I asked you was about early information you've received of the government's intention about the issue of licences, you agreed you had that information and received it from Moses Obeid. When did Moses Obeid give you that information?---I cannot recollect exactly, I think it was, it was middle of 2008 I think or thereabouts.

THE COMMISSIONER: Can you try and pin it to particular events without – I understand that the date might be difficult but if you could say it was before this or after that?---I think it was middle to, excuse me, middle May to middle June he, he mentioned it to me.

MR WATSON: Well perhaps I'm going to help you by asking some, some questions which are more general. You know Moses Obeid?---Yes, I do.

Who introduced you to Moses Obeid?---A fellow called Arlo Selby.

THE COMMISSIONER: Mr, Mr Brook - - -

MR WATSON: Arlo, A-r-l-o.

THE WITNESS: Sorry, Commissioner.

MR WATSON: Selby S-e-l-b-y.

THE COMMISSIONER: Mr Brook I want to say something to you and I'd like you to think about it carefully and I'm sure your legal representatives will also think about it carefully and there will come a time when you'll be able to discuss with them what I'm going to say. It's a matter of public record that in the last number of – at least in the last number of inquiries that the Commission has undertaken that where witnesses who have been involved in corrupt conduct have told us the truth immediately, fully we have decided not to recommend any prosecution of them. That's not a promise. I'm simply saying something that is a matter of public record that this has been our practice in many instances. And you just simply have to examine the reports we have published where that has occurred. Now I'm not saying that you have involved in corrupt conduct, but this is your chance if you have. Do you understand that?---Thank you Commissioner, yes.

Yes, Mr Watson.

MR WATSON: I'll come back to Arlo Selby separately, but do you now have any recollection of the circumstances in which Selby introduced you to Moses Obeid?---I recall, I recall vaguely the first meeting.

Do you recall where it was held?---At the Wentworth Hotel in Sydney.

And do you recall who teed it up?---Arlo Selby.

And do you recall that he told you beforehand you would be meeting Moses Obeid?---He – I don't recall if he actually said his name. The name meant nothing to me at the time in any, in any case. I didn't know who the Obeid's were.

What did you understand the meeting was for?---Arlo was trying to, Mr Selby was trying to introduce me to potential transactions and I – it was of a general nature. I don't recall exactly what was, what Arlo, how Arlo presented it though.

When you went to the meeting with Arlo Selby were you and Moses Obeid the only three there or was there someone else there?---To the best of my recollection it was just the three of us at the first meeting.

I'm going to show you a document. We have folders of documents and from time to time I may show them to you. I'm going to ask that, I can't show it to you at the moment, but I will be able to do it later today. I'm going to suggest to you that the meeting to which you refer occurred at 2.30pm or thereabouts on 3 July, 2008. Does that sound right?---It's entirely possible, sir. I really do not recall the date.

Do you remember Moses Obeid saying anything at that meeting regarding coal mining exploration leases – licenses?---Yes, I do.

What did he say?---It was along the lines of that he believes he may have a property that is subject to an exploration license and that the tender of those licenses may be coming up in the future.

THE COMMISSIONER: I'm not sure that I understand that. He said that he had a property that was already the subject of an exploration license or that it was - - -?---I don't believe he said it was already, I think it was - - -

But was going to get one?---Well the way, the way the, the Mines Department works, as I understand it is that any block of land, any section of land can at times be placed under an exploration license and my recollection of the conversation which is very vague because it was so long ago was that he indicated that he had a property which may be potentially or is under an exploration license which will be put up to tender soon.

So the property would be put out to tender or the license would be put out to tender?---No, the license, the right to mine or the ability, it's exploration so the ability to explore on that property.

Mr Brook, I'm sure you understand the difference between the prospect of getting a license in the future and tendering for a license that already exists?---Commissioner, it wasn't already a license to my knowledge, it was to be tendered and it was to be an open public tender.

I understand, to get – in other words the government was creating this opportunity for people to get exploration licenses and that opportunity was going to be provided by way of public tender?---Correct.

And Moses Obeid told you that he had a property which was going to be the subject of such a tender?---Yes.

In other words - - -?---Well he suspected as much.

Yes, that there is an exploration license going to be made available over his property?---Yes.

MR WATSON: Now did he tell you anything which indicated whether this information he had about the government's proposals was public or not? ---He didn't say.

Did he tell you the source of his information that made him think that an exploration license might be granted or a tender might be called?---He indicated to me that he had been researching the Bylong area and he'd been speaking to the locals and mining professionals and that he was of the belief that exploration licenses which included his property would be brought up for tender in the near future.

Just excuse me.

THE COMMISSIONER: Did he say that he had a connection with the government from which he could get – from which he had information? ---He indicated to me that his father was a member of parliament, that was about it.

And in what context did he mention that?---Well I think it was Mr Selby that told me that actually. But again at the time that – I mean that didn't mean anything to me. I didn't understand the relationship - - -

That information did you regard that information as potentially valuable?

---Not really, Commissioner, because I didn't see the connection. Just because somebody knows someone, I didn't see the connection.

Well why did he tell you that?---I don't know.

What was the context?---That he was the son of a Minister and that - - -

Moses said that?---Well no, Mr Selby initially told me that and I think Moses would have probably confirmed that.

Yes. Mr Brook, what I'm getting at is I'm trying to understand the context in which you were told by Moses that he has a property which is probably going to be the subject of a, an exploration license tender. Why did he tell you that? What was the point of it?---Well he was, I believe that where he was coming from is that he was, he was wanting to ascertain what – how he could profit from that exploration license being issued. Whether - - -

He wanted advice as to how he could exploit such a license if he got it?---If he were the landowner, yeah.

But he was the landowner?---Yeah, so what does that mean, how will that translate into him profiting from an exploration license being issued to a mining company.

And this was at this lunch?---No, this was – well this was over coffee.

It's coffee is it, you and Selby and he, Moses?---Yeah.

All right. Yes.

MR WATSON: Commissioner, things have taken a turn which I hadn't anticipated. It's necessary for me to assist by showing the witness some documents. We can have those documents into this room I believe within five minutes. May I have a five minute adjournment?

THE COMMISSIONER: Yes, certainly. And perhaps you could take this opportunity to discuss what I said, Mr Brook?---Oh, thank you. Thank you, Commissioner.

SHORT ADJOURNMENT **[11:55am]**

MR WATSON: Commissioner, we've produced some documents which I might show to this particular witness. We have put them in two folders and at the present when I propose to take the witness to a document I'll ask that he be shown a document opened at a particular tab number.

THE COMMISSIONER: Yes.

MR WATSON: At the same time I'll make the particular document available to Mr Hoyle, unfortunately it's not paginated but it's the best we could - - -

THE COMMISSIONER: Yes, I understand.

MR WATSON: - - - do in a short period of time.

THE COMMISSIONER: I assume that we will ask Mr Hoyle to hand back the documents once - - -

MR WATSON: Yes, and I will take it back after the questions on the documents.

THE COMMISSIONER: Yes. I'm afraid that's how we do things here, Mr Hoyle.

MR HOYLE: Yes, sir.

MR WATSON: Now - - -

THE COMMISSIONER: But you'll have full opportunity to see - to check the fairness of the question from the document.

MR HOYLE: Yes, thank you, Commissioner.

MR WATSON: What I wanted to focus on was this original meeting at the hotel called the Wentworth. Now, could the witness be shown volume 1, tab 6. Before we go further I'm just going to ask you to bear with this, Mr Brook. These volumes are going to be passed to you open at a particular page and I'm going to ask you not to thumb through the volume. Do you see the document which is there behind tab 6 and which seems to be a copy of an email addressed by Adico, A-d-i-c-o, Mail to Gardner Brook?---Yes, sir, I see it.

And do you see that it seems to be a message from Arlo Selby to whom you referred before?---Yes, sir.

And do you see that Arlo Selby is emailing you asking about time's running out, do you see that?---Yes, sir.

Now, I want you to now be shown the documents behind tab 7. This is a two-page or three-page document. I want to take you to the second of the three pages and in the way that these things go it's a chain of emails which on the second page shows the first in a chain to be an email from you to Jeremy Dunlop on 4 July, 2008 at 9.11am, you see that?---Yes.

Now what I want to do is just use these emails, the two that you've been shown, and just ask you a question. You met with Arlo Selby, he brought along Moses Obeid, is that right?---Ah hmm.

Is that so?---Yes, sir.

The discussions with Moses Obeid have been in respect of coalmining licences, is that right?---Yes.

I'm trying to put a date on the meeting with Selby and Obeid, you see. Now, if I show you behind tab 7 on the second page you've got in touch with a man called Jeremy Dunlop?---Ah hmm.

Who is he?---He was an employee at BBY Stockbrokers.

And if you have a look, you sent him an email as I've said at 9.11am and at 9.12am he replies - - -?---Ah - - -

- - - and tells you that he's in London?---Oh, yes, I see that.

At 9.15am you email him back and you say to him - I'll quote the words precisely, "I want to bid on a government tender but I need a company that has a coalmining licence, preferably a private company", do you see that?---Yes.

Then Dunlop emails you back, almost immediately, and then at 9.17am you email Dunlop and tell him, "Thanks. By the way, timing is tight"?---Ah hmm.

Do you see that?---Yes.

Now, looking at these emails has that helped trigger your recollection?---Yes, it has.

Can we now say that it is a matter of near certainty that that appointment referred to by Arlo Selby on 3 July, 2008 was the meeting that you had with Selby and Moses Obeid?---I think that's a fair assumption.

And these emails, the chain of emails between you and Dunlop, were your response to the meeting with Selby and Moses Obeid?---Yes, yes, sir.

Now if we look at your email to Dunlop timed at 9.15am on 4 July, 2008 the content of it is that you, but here I suppose you're speaking on behalf a potential client, want to bid on a government tender, do you see that?---Ah hmm.

Is your answer yes, you can't just nod your head?---Yes, yes, it is, yes.

You want to bid on a government tender and there's the reference to the coalmining licence, is that yes?---Yes.

The point is this: did you know from your discussions with Moses Obeid that the government had not as at 4 July, 2008 put these matters out for tender?---He indicated to me, that's correct, he indicated to me that there were potentially some bids coming out, some tenders coming out and that - and my response to that was well, I'd like to be able to finance a company or back a company, you know, able to potentially bid on those licences.

Now, the information which Moses Obeid was able to give to you at the meeting at the Wentworth on 3 July, 2008, when he came to that meeting did he have some maps?---Not to my recollection.

Did you meet with him on an occasion where he had mining maps?---Yes.

That might have presumably on a later occasion given this was - - -?---Yes, sir.

- - - the first time you met?---That's right.

Now the information which Moses Obeid gave you, did he ever commit it to writing?---Not to my recollection, sir.

But at some stage or another he must have given you some detail about what we're looking at in terms of the size of the mine and the quality of the coal?---He - I do recall him giving me a printout of a tenement, of the tenement but it was non-descript, it was just, it just showed the boundaries.

The tenement in this sense is the physical area which would be covered by the exploration licence?---Well, there were many exploration licences but I believe it was one of them, yes.

Well, they would be tenements but a tenement is associated with only one licence or with several licences?---I'm not really sure about that, sir.

A tenement is one licence.

MR WATSON: That's what I thought?---I'm not sure of the, I'm not sure of the specifics of that, sorry.

THE COMMISSIONER: Well, licences is a form of mining tenement?---That's my understanding.   Whether it covers one tenement or several, I don't know how they actually do it (not transcribable)

I think I presume you can have a licence over a number of properties but the tenement is the licence?---I believe that's probably right, Commissioner, yes.

MR WATSON: Well, he had a document with a tenement on it. Is that so?---Yes.

Do you think he had that with him at that first meeting on 3 July, 2008?---I don't believe so, I don't recall exactly, I could not be sure.

Could the witness be shown the document which lies behind tab nine. This you'll see is a printout of an email and it's an email sent by Edwin Wong, we've heard his name in evidence before, haven't we? Is that right?---Sorry, I'm sorry, I was just reading the document.

All right. It was sent by Edwin Wong to you?---Yes.

At 10.36am on 8 July, 2008 but it's actually a response to your original message set at 7.33pm on the 7 July, 2008?---Yes.

You'll see that when you wrote to Wong you wrote with the subject of "High Grade Thermal Coal." Do you see that?---Yes.

Now just that it's clear and it's on the record there are different kinds and qualities of coal. Is that so?---Yes, it is.

Famously Victoria has low grade brown coal?---That's right.

Where as in New South Wales there is black coal?---Well, there's black and brown.

Where you were talking about, you were talking about high grade thermal coal which is one particular type of coal within a variety of different black coals?---You, you could say that in a very general sense, yes.

Yes. Where did you get the information when you wrote to Edwin Wong that the subject would be high grade thermal coal? Did that come from Moses Obeid?---Yes, it did. He indicated that the tenement that he was talking about would potentially, I mean until you do drilling you don't know but it would potentially have high grade thermal coal.

Was Moses Obeid somebody who appeared to know much about the coal mining industry?---No.

See an outsider, I'm not sure if we took a vote around the room, may not have known that were varieties of coal whether clinker or coking coal et cetera. Did Moses Obeid tell you where he got the information from that this was probably high grade thermal coal?---I don't recall whether he told me the source.

Well, you'll see that when you wrote to Edwin Wong.---Yes.

At 7.33pm on 7 July, 2008. You were talking of a partnership with an established Aussie coal miner. Do you see that?---Yes.

That the resource is thought to be about 100 million tonnes. Do you see that?---Ah hmm.

You would have had to have got that information on 100 million tonnes from somewhere. Where did you get it?---I was, Mr Obeid indicated that they believed given their, their inquiries about the tenement there may well be 100 million tonnes of coal.

Did he tell you where he got that information?---I do not recall but in hindsight I can, I mean I - - -

He didn't say but in hindsight we both know, between you and me we know that he must have got that from the Department of Primary Industries?---I don't know exactly but one would presume that possibly is the case.

THE COMMISSIONER: Did you assume that?---Not at that time but - - -

Did you wonder where he got it from?---He represented to me that they had been, they were aware, the surrounding tenements that, it's a known coal area and he represented to me that they had been their own inquiries about the potential quality of the coal which his available from, on public record, you can actually access the different departments. Yeah, there is, there are indications available on public, to, to the public arena.

MR WATSON: You used the word they at least once in that statement. In the context of saying that Moses Obeid had communicated to you that they had acquired information?---Yes.

Did he tell you who the they were?---His family.

Did he ever mention his father, Eddie Obeid, the parliamentarian?---Well he did to the extent that – if I could just provide some background to this. When I, when I met the guy he did indicate to me that he was very well connected in government. And I explained to him that my role in the Special Situations group was one of deal origination and so, you know, around about this time he indicated to me that he, his father was someone of influence and that – and then whether it was at the first meeting or subsequent meetings, I'm not sure, but he certainly indicated that he, you know, he arranged for, for the luncheon that I mentioned at Lehman Brothers.

I'll come back to that. He mentioned about his father being a person of some influence and you said that – something about a luncheon. Which luncheon?---That was the one at Lehman Brothers in our executive boardroom.

Could I ask you while we're on the subject of the Obeid's – have you ever met Eddie Obeid Senior, the former parliamentarian?---Yes.

How many times?---To the best of my recollection three.

Could I ask you have you ever been to the Obeid home in Hunters Hill?
---No.

The three times that you met Eddie Obeid you've explained that on one occasion it was a luncheon at Lehman Brothers?---Correct.

What were the other two occasions? Do you recall?---I was visiting Moses at their office in Drummoyne and there's a coffee shop downstairs and they would, they would normally have coffee downstairs and I saw Mr Obeid Senior, it was just a hello and that was it. But there was no conversation with him.

I know it's long and drawn out, but Mr Brook as you'd appreciate there's a complex web of financial transactions we're going to come to. During the period of transactions did it come to your attention that Eddie Obeid Senior was the moving hand behind some of the interests?---Not initially, but as time went on I certainly got the impression that he was taking an interest.

THE COMMISSIONER: From Moses?---Yes.

MR WATSON: Did you have any personal dealings in the way that the complex web of transactions was created with Eddie Obeid Senior?---Not with Eddie Obeid Senior, no.
Now I've used the title Eddie Obeid Senior because there's an Eddie Obeid Junior. Do you know him?---I may have met him. I don't recall meeting him.

Have you ever met Paul Obeid?---Yes.

And in what circumstances did you meet Paul Obeid?---Discussing, discussing the Mount Penny property.

And what about Gerard Obeid?---Yes, the same, same reason.

Now were you ever told that there was a personal or other relationship between Andrew Kaidbay and any member of the Obeid family?---Yes, I was, yes.

Who told you about that?---Well Andrew actually.

And what did he tell you?---He told me he was very good friends with them.

Do you know for example where the Obeid boys, the sons went to school?
---No idea.

Did they go to the same school as Kaidbay under your understanding?---I have no idea.

Did Kaidbay tell you how he came to be friendly with the Obeid clan?---I don't, I don't know.

But he told you that he was very friendly with them?---Yes.

And did he tell you that he did any work for them in the sense of financial style work?---I believe so, I believe he organised some property finance for them and – but I was never involved in that. I don't know the details.

Did you know Kaidbay's background?---Only that he worked at Yellow Brick Road.

Yellow Brick Road itself was a subsidiary of the Wizard Group. Is that so?
---I believe so, yes.

And all under the control of a family name Bouris, B-o-u-r-i-s?---Mark and Adrian Bouris, that's right.

And so Kaidbay told you that he had some connection with the Obeid family in that way and he was personally close to them?---I'm sorry, could you just repeat that again?

Sorry. Did Kaidbay suggest that he was personally close to the Obeid family?---The circumstance – I had met Andrew Kaidbay separately through I believe it was Rogan or Rogan – and I was meeting with Arlo Selby and Moses Obeid and I think it might have been the first meeting and Mr Kaidbay was walking past the glass at the Wentworth and Andrew, and I saw Andrew and then Andrew called me afterwards. I think he called me and said, oh – because he was going to introduce me to Moses. But it turned out that Mr Selby introduced me to him first.

Now while we're on the subject of who you might know, do you know a solicitor named Chris Rumore?---I know the name. I may or may not have met him.

Can I help you, Chris Rumore is a senior partner at a firm Colin Biggers & Paisley?---Yeah, that sounds, that sounds correct, yes.

You did meet with Mr Rumore did you not?---It's entirely possible. I don't recall the meeting, but it's entirely possible.

And - - -?---I think I did actually.

- - - another solicitor at the same firm Colin Biggers & Paisley named Greg Skehan S-k-e-h-a-n?---Yeah.

Do you remember meeting him?---I believe so.

Do you know how you were introduced to that firm of solicitors, Colin Biggers & Paisley? Was it through the Obeid's?---Yes.

And did you understand that Colin Biggers & Paisley were acting as solicitors for the Obeid's?---I presumed so.

And was it in the context of meeting the Obeid's about putting together a particular transaction that you were introduced to Rumore or Skehan?---Yes.

All right. Now you had the first meeting with Moses Obeid and Arlo Selby as a result of which we have seen that you sent at least two emails, one to Dunlop and one to Wong?---Ah hmm.

What I want to understand is when you left the meeting with Moses Obeid you must have understood that you had been asked to put together some sort of package or deal for Moses Obeid?---That's correct.

Well I'll show you, I think you still have tab number 9 open, in the case of Edwin Wong - - -?---Yes.

- - -you were asking whether there were clients in Asia in securing off-take of high grade thermal coal?---Correct.

And that it might involve taking a small stake in the new mine?---Mmm.

Does that jog your memory as to the project that you had been given by Moses Obeid?---Yes, it does.

What was the project given to you by Moses Obeid?---Well Moses mentioned this property that they, they own in the Hunter Valley. He mentioned that there were potentially, didn't guarantee it, he said potentially tenders for many exploration licenses coming up. And he said that he believed that it was a high likelihood that his property was involved in one of those tenders and that, and so I took the view that if, if there were tenders coming up – sorry he also mentioned to me that the government was seeking to ask junior miners to bid for exploration licenses because, because they're more likely to develop those licenses more quickly and therefore generate revenues for the state.

So just pausing there. That's something that Moses Obeid told you?
---Yeah, he told me that junior miners were going to be invited.

Now so that we understand each other junior miners means small or medium capital - - -?---Exploration.

And when we're talking about that we know that the senior players include BHP, Xstrata and the like?---Ah hmm.

Major Australian and foreign companies. Is that so?---Correct, yes.

Now Moses Obeid told you that there had been a government policy formulated in respect of encouraging what you've called junior miners?
---He mentioned that but I had that confirmed by my analyst as we well that that was actually something in the – like people were talking about junior miners being or explorers being invited to, to bid for these assets.

THE COMMISSIONER: Can I just ask you on that topic, the document – the email which was behind tab 7 when you first emailed Jeremy Dunlop - - -?---Yes.

- - - saying I want to bid on a government tender but I need a company that has a coal mining license, preferably a private company, did you have a junior miner in mind then? Did you have that concept in mind?---Well I did to the extent that, Commissioner and sir, I – my role at Lehman was I had access to a very large balance sheet and in order for a junior explorer to win a tender not only takes the technical expertise but you need to show the financial capacity to follow through otherwise you won't be awarded the tender.

Quite?---So I thought the opportunity was to get behind a junior miner that would potentially participate in this, in this bidding process or be invited into the bidding process.

Can I just ask you one other thing and this concept of a junior miner developing a mine more quickly, is that generally, a generally accepted notion, it seems quite weird to me?---Commissioner, I, I can tell you firsthand that it is very much the case. Effectively the, the medium to large miners, they rely on junior companies to take the risk up front to explore, drill, establish the actual resource and then generally speaking the bigger miner will come in and take - buy out the, the junior, the junior explorer.

I can, I can understand that but if you've got an area that's - where the extent of coal is known as it was in New South Wales, would you need a junior miner for that or, I mean, wasn't it, wasn't it a case where the only thing stopping mining in New South Wales as the absence of exploration licences?---I really couldn't say if that is the case. I can tell you - I can say globally it is pretty much the norm that junior companies are the ones that take up the risk early explore the tenements, explore the licences, be it a exploration licence.

I understand that?---Yeah.

And I accept that but I, can I put it this way: that if you have an area where the extent of coal is known, the quality of coal is known then there'd be no - a large miner wouldn't need a junior miner to take the risk. It's all a question of risk then isn't it?---Commissioner, let me just clarify something. Before you have drilling results completed it's pure speculation as to what might be there.

I see, yes?---So if it's a, if it's a proven resource the price of the - the cost of that to buy it is going to be enormous usually. Okay. But if it's early days, there's been no drilling, there's just been some surveying or surface sampling or that sort of thing, then it's much - yeah, the entry point, that's why you see such escalation in share prices in the mining industry.

And what do you require for a proven resource?---Well, you need drilling results, they're called coring results, that's where you put drills into the ground at depth and then that is then analysed by, by geologists and in - well, globally the certification, the standard is called JORC, Joint Oil Reserve Committee so that's sort of the, the stamp that yes, it's - yeah, it's a very accurate assessment of what they think the resource is and looks like.

And would that be drilling sufficient drilling to estimate the size of the resource?---It's very much, it's very much an estimation, Commissioner.

And that depends on the number of holes drilled?---Yeah. The more holes the better you understand it.

Thank, thank you for that lesson?---No problem.

MR WATSON: Just continuing along that theme?---Ah hmm.

You spoke of analysts at Lehman Brothers and making an inquiry of them and understanding that the government had stated a policy to favour junior explorers?---Just conversations with them, yeah.

The same analysts, were they able separately to get access to, for example, Department of Primary Industry documents on the quality of coal or the likely estimated reserves of coal at a particular point?---They didn't provide me with - it was just verbal conversations with them.

Well, what I'm really trying to get at is this: you've spoken of the difficulties in trying to get a reasonably accurate assessment of the reserve of coal in a particular tenement or for that matter the quality of coal? ---Mmm.

Moses Obeid seems to have given you two pieces of information, one was that it was likely to be high-grade thermal coal which is highly sought after, is that right?---Well, yeah, that's, that's right, it is highly sought after, yes.

And the second thing is that the likely reserve was 100 million tonnes? ---That was my - well, the email says so, that's right.

Is that valuable information?---Not really, no, not really because it - - -

Let me just explain what I'm saying?---Sure.

There's two paddocks - - -?---Yeah.

- - - and I don't know the difference between either of them but if somebody else, Moses Obeid for example knows beneath one there 100 million tonnes of high-grade thermal coal and the other is just a paddock. It seems like valuable information to me?---That would, a lay person and Moses is or was a lay person in this regard, would say so. The reality is that you can access historical data and make assumptions but at the end of the day until you drill you're, you're guessing. One paddock next to another paddock - you mean - well, coal run seams as well so known coal areas, sometimes when you speak to geologists they just have this uncanny ability to, to have a feel for and Mr Obeid definitely said to me that they had been making investigations, you know, consulting whatever was available to them. The exact sources I cannot recall but I understood them to be on public, in the public domain about the area for which they owned.

All right. This idea of involving a junior miner, is it the case that you were given some inside information about the list of likely junior miners who may be invited to participate by the government?---I was, I was told that, yes.

And I'm going to ask you to be shown the document which lies behind tab 10 now. I'm going to ask you first of all, the first page seems to be an email which you sent to yourself very early in the morning - - -?---Sorry, which email - oh, right.

I'll start again. It's sent to yourself very early in the morning of 10 July, you'll recall this is very soon after your first meeting with Moses Obeid on 3 July, do you see that?---Ah hmm.

Do you understand why you would be sending yourself a document, it may be necessary to turn over and have a look at the form of the document - - -?

---Yeah.

- - - to understand it better?---That was the list of companies that Mr Obeid suggested to me may be invited to tender on the tenements.

THE COMMISSIONER: Whose handwriting is that?---I can't be sure, Commissioner, but - - -

Is it yours?---No.

So - - -?---I think it might be Mr Obeid's, Commissioner, yes.

MR WATSON: Well, if I ask you this way: we know that this is a list of names given to you by Obeid. Did he communicate to you by reciting a list of names or did he give you a document?---I believe he wrote them down like that.

Now, we can see there that there are a number of different mining companies and some of them are established miners in the Hunter area or nearby, Wallerawang or Clarence Colliery and the like. Did Mr Obeid tell you where he got this information from?---No, he didn't tell me where.

When did he give you this information? Was it face to face?---Sir, I'm, I'm guessing but if I sent it to myself so I had it on record sometime around 10 July.

It just seems to me as though something which is likely to be about it is that the second page which is a copy of a handwritten document is probably something you were given, something which you converted to a PDF and sent it to yourself so that you had a file copy?---Yes.

That'd be your practice?---Yes, definitely.

So if we get at it and think about what we've got here, we've got a list of the junior miners who might be approached by the government. Well, what did Mr Obeid say to you?---My recollection of what Mr Obeid said to me was that it's his, that these companies may, not guaranteed, may be invited to tender in a open tender for exploration licences.

This is another thing about which I have a little trouble understanding. If a government such as the New South Wales government has a resource such as coal why would it limit the number of companies to which an invitation would be extended?---I'm no expert on this, sir, but I can make - I would make a deduction that if you have - I would assume it would be resources in being able to assess many different applications. I mean, they're very complex applications that have to be submitted and I would presume that they would limit the amount to be - you know, the amount of companies to be tendered to purely because it would be impractical for anybody to, to, to apply, it would be probably very, very messy.

Well, you might get an application from me who knows not anything? ---Yeah, so- - -

So the government's trying to limit it for that reason?---Presumably.

Now, in, in that event, we know from the emails which you have been shown earlier and that you sent to Dunlop and that you had sent to Wong, that there had been discussion about some interest in acquiring a small private company with a coalmining licence?---It was an idea, that was an idea.

Yes. Now, this is the information about the likely targets or people who would be good targets for such a company. Is that so?---That's what, well, Moses provided that to me and- - -

What did he say when he gave it to you?---My recollection, I cannot be certain of the exact- - -

Don't worry about the precise words, but as close as you can?---My recollection is that based on his inquiries, now, again I don't know the extent or where his inquiries were, he believed that these companies may be invited to bid and my thinking was that for Lehman Brothers to get behind a junior company, that would be a better outcome for the bank because a lot of these bigger companies already have investment banks behind them. So I was looking to get behind a junior mining company or an exploration company.

Well, then this was- - -

THE COMMISSIONER: Sorry, when you say get behind, do you mean invest in?---Yes, Commissioner. We, at Lehman we would either provide debt or equity or a hybrid of that.

On behalf of a client?---Well, we would sometimes take equity positions in companies.

Yes, understood. But so if you, is my understanding correct, that what you had in mind was that you would, or Moses Obeid had in mind was to give you a list of these companies saying these are the ones who are going to get the right to tender, what we need is to get one who would be interested in letting us take up some shares and you might want to take up some shares yourself in that company?---It wasn't them, sorry, sorry, Commissioner, sorry. It wasn't them taking up shares- - -

No---?- - -it was us as the bank, that was, the conversation was more along the lines of- - -

Right. So but if you took up shares as a bank, you would also, those shares would, some of those shares might be on behalf of the Obeid family?---No, that was never that was never- - -

Never?---No.

So what, what was in it for Obeid?---Their, their property, because they felt that if their property came up under an exploration licence they could either do a deal with the miner to get access to the mine site and so it was from a landholder's perspective that they were discussing it with me. My view was, well, if they do, if they do have a property that's subject to an exploration licence it would be good to do a deal with them because then if you know you've gone some control over the access to the property- - -

Early?---Early's good because a lot of the times, you know, you can bid for an exploration licence and not get access to the property because, well, all sort of reasons.

Right. So at this stage the Obeids are thinking of making money from their property?---Yes.

MR WATSON: But that changed, didn't it?---Ah, yeah.

Well, we're going to come to that. Now, on that document behind tab 10, the handwritten version, the fifth company listed is Monaro Mining?
---Sorry? Oh, yes, sorry, yes.

Monaro Mining, no liability. Do you see that?---Yep.

Now, as we know, that was a company which you approached. Is that so?
---Correct.

Did you approach them on the basis that you'd been given this information by Moses Obeid?---Yes, I did.

Now, I need to tie this down. We know the date of the email that you sent to yourself. It was very early in the morning on 10 July, so we can assume that you got it sometime before then. Do you have a recollection now of when and how Moses Obeid gave it to you, for example- - -?----I, I do not- - -

- - -at the coffee shop at the Wentworth?---I have, I really have no recollection of that.

All right. So we know that Monaro Mining is one of the companies which have been identified. Had you ever heard of Monaro before?---I had seen them on, on the stock list, but they were a very small cap company.

THE COMMISSIONER: Did you know anybody there before?---No.

MR WATSON: Now, we have a little information which suggests that people at Monaro Mining were located down in St Martins Tower here in the city. Is, do you remember going there?---Yeah, that's right.

And that's in Market Street, but closer to Darling Harbour than the- - -?
---Yeah, I know where it is, yeah.

Yes. And we've got some evidence which suggests that the people at Monaro Mining didn't even know that you were going to come there, that effectively it was a cold call, you arrived at their suite of offices at St Martins Tower. Is that accurate?---That's right, yes.

Now, why did you pick out Monaro Mining as opposed to for example Clarence Colliery or Wallerawang Mining?---Monaro Mining had made it, when I looked at Monaro Mining they had made, they had made it aware in the market that they were seeking to diversify their energy activities from not only uranium exploration but also into coal exploration and I, so I, and I knew they were a very small market cap and it seemed to me that they, you know, if they were to be invited to tender for certain assets then, you know, we would be able to support them as a bank.

Well, let's not be too noble about it. They would be in a financial position which was sufficiently weak that they would need the help of somebody like Lehman Brothers?---That's what I'm indicating, yes.

It's not helping them, it's really you knew that they were a soft target in terms of a need for either debt or equity insertion from Lehmans?---And that was the attraction as a bank.

Now, the list that we've seen before of the small or junior miners, did you carry out the same exercise on all of them, for example, and I'll read some of their names, Tianda Resources or Felix Resources, did you carry out an exercise on all of them or did you focus only on Monaro?---Well, the, the private companies, I only focussed on the, on the public companies where I could actually access information, you know, the private companies, I didn't know who they were.

No, but- - -

THE COMMISSIONER: Did it suit your purposes to deal with a public company?---Initially I was thinking a private company because it's easier to get through an investment committee through the bank/

Yes?---But- - -

But gathering information was difficult?---Yeah, very much so.

So- - -?---So that's why I approached Monaro and said, look, my understanding is that, you know, you may be invited to tender so- - -

Monaro's not the only public company there, is it?---No, but the others are quite large, Commissioner.

Oh, are they. Right.

MR WATSON: At the time you made what I'm calling a cold call on Monaro, you were introduced to the senior Sydney men, Warwick Grigor, G-R-I-G-O-R, and Mart Rampe, R-A-M-P-E?---I only met Mr Grigor on the first occasion.

All right. When you sat down with Grigor on the first occasion that you went there, Grigor did not even know that Monaro was likely to receive this invitation from the government?---It, well, I indicated to him that I was, had been informed that they were potentially going to be invited and he said to me that that was consistent with their lobbying to the DPI to be invited.

Right?---So that corroborated what I understood.

And you'd been given information they're likely to be and you were able to pass that on to Grigor at that first occasion?---I said, I didn't say for sure but I said I, I'd, it had been indicated to me that they were potentially going to be invited as part of an open tender.

Now, at this stage there was an opportunity for a more formal appointment to be made to meet the people from Monaro. Is that so?---I believe so, yes.

Now, I would like you to be shown tab 12 or the document behind tab 12. You'll see here what is no doubt an electronic diary entry which relates to a meeting with Mr Rampe on 15 July, 5.00pm, and you've organised it. Do you see that?---Yes.

And it's going to take place down at Monaro's offices in Market Street. Do you see that?---Yes, I do.

Now when you went to that meeting or following that meeting, there was a period of time during which you went to some lengths to have Monaro execute a confidentiality agreement. Is that so?---I don't recall exactly but that's common practice, yes.

Well, if I ask you to be shown the document which lies behind Tab 15 you'll see this document is a confidentiality agreement if you turn to the sixth or last page of the document you'll see that the purpose of the confidentiality agreement is to protect conversations in respect of a potential joint venture between Monaro and party to be introduced by Lehman. ---That's right.

Now could I ask you something, who was that party who was to be introduced by Lehman?---It wasn't determined at that time, when we make investments in companies or we participate in companies we, may introduce a client or we may establish a special purpose vehicle to represent the bank's interest. It was deliberately broad.

I'm really going to ask you to be careful about your answers here, am I testing your memory, is there some - - -?---Yes, you are.

Right, okay. I'm going to try and assist your memory by showing you some documents. Earlier I asked you about meeting with a firm of solicitors, Colin Biggers and Paisley and meeting with a solicitor Chris Rumore. Do you remember I asked you about that?---Yes.

And I'm going to ask you to be shown the document which lies behind Tab 24. I'm going to show you that we've been able to acquire file notes of Mr Rumore, we got this from him. I only want to pause on this one for a short while to show you something about it, you'll see it's dated 23 July 2008 and you'll see in respect of a conference between Moses, Gerard and Paul Obeid and Gardner Brook, Lehman's. Now I only show you that because you'll see that the handwriting's there, it's particular, it's readable. What I want to then to show you is another file note that I have, and I'll ask that you be shown the documents behind Tab 18. Now behind Tab 18, you'll see first of all a document which is a letter from a firm of solicitors Dear, D-e-a-r Loneragan L-o-n-e-r-a-g-a-n and Hogan addressed to Colin Biggers and Paisley. Do you see that?---Ah hmm.

And it's in respect to the sale of a property at Bylong and it's dated 18 July 2008. Do you see all of that?---I see that.

All right. Now if you turn over you'll see in the handwriting that is very similar to the other document I showed you a note. I want you to assume that this is a note taken by a solicitor named Chris Rumore on 18 July 2008 in respect of a conference between Moses and Gerard Obeid and yourself. ---Ah hmm.

Will you assume that.---Assume that, yes.

Now I want to go through this with you because you're mentioned in it and there is some other Lehman details which I want to suggest must have come from you. You'll see that the first item is that Mr Rumore records that the deal with the Tianda T-i-a-n-d-a is off, do you see that?---Yes, I do.

Do you know anything about that?---No.

Had the Obeid's told you about a deal that they were contemplating with Tianda?---I don't recollect them telling me anything about it.

I'm not suggesting you're concealing anything here what I'm just drawing to your attention is that it seems as though somebody had told Rumore on 18 July 2008 that a deal with Tianda is off.---I certainly wasn't the one who told him that, I wouldn't know that.

And what we had, I won't take you back to it, but on the same handwritten document which identified Monaro Mining no liability, the second last entry was in respect of a company called Tianda T-i-a-n-d-a Resources. Do you know anything about Tianda?---No.

Anyway - - -?---I don't recall anything about Tianda.

Anyway we move on. The second item is that Gardner Brook at Lehman Brothers and he gives a phone number and an email address and it seems to suggest that he has, that's you, contact at Monaro Mining no liability. Do you see that?---Ah hmm.

Do you see that?---Ah hmm.

You have to say yes.---Yes.

Then the next entry is uranium miner that's in fact true, Monaro was an uranium miner?---Exploration, uranium exploration that's right.

But it records and quite correctly Monaro was a uranium miner but looking for coal, a coal mine, and it's quite accurate isn't it?   So that must have got that information and all of it - - -

THE COMMISSIONER: So you're saying yes?---Yes, sir.

MR WATSON: They must have got all that information from you?---Ah - - -

Well, I presume so?---I, I would presume so, yes.

It's got your phone number, your email address and the like?---I don't, whether I was at that meeting, I don't recall being at that meeting.

I'm not suggesting you were at the meeting I'm suggesting that Moses and Gerard Obeid, we've got a record of them telling this solicitor Chris (not transcribable) these matters. If you look at the next item it's got in the left-hand column a somewhat cryptic comment first bid?---Sorry?

First bid in the left-hand side. This is - - - Oh right, right.

Yes. Then it says Lehman Brothers option regarding 60 per cent, Monaro Coal is to be only exercisable, it's cut off but I don't think that matters. It's got an item A and then if you go over B, by three Obeid properties. You see that at multiples 3 or 4 times evaluation. Do you see that? Is any of this helping you, Mr Brook, ring a bell?---Yeah. It's, it's starting to come back to me.

No. That's why I say I thought your memory might have been fading there before because it does seem as though there have been something fairly specific that Lehman Brothers option regarding 60 per cent and then we've got a reference there that the Obeids had three properties. Is that what they told you that they had three properties in the area? I only thought they had one but if they had three they've got three.

Well, I was interested because the Commissioner asked you a question earlier on about this. Were you aware that the Obeids had bought up other properties in the Bylong Valley? Did they tell you that?---I don't recall them telling me that. I thought it was just one.
In item C it says, "At the time of the exercise Lehman Brothers directs Monaro Coal to issue 15 per cent of shares to Lehman Brothers and 45 per cent of the shares to Obeid." Do you see that?---Yeah, I do see that, yeah.

Now I'm going to show you some further documents which seem to support that kind of thing but this was a case where the Obeids were not only interested in maximising their profit from the land holding but they were also re-investing through the junior miner they had identified for profiteering through the coal mining venture. Is that so?---Yes, it is.

When I say profiteering I suppose I should qualify by saying potential profiteering?---May I something, sir, this has jogged my memory well.

THE COMMISSIONER: I beg your pardon?---This has jogged my memory. The basis of this was that they, they maintained that they, they wanted to participate in the upside of the mine or if there ever was one and they would provide access to the property to, to whoever won the bid for the mine.

MR WATSON: Was it Moses telling you this or was it some other Obeid?---It was, well, it was Moses, it could have been either three or either, either or three of them, Paul and Gerard.

Go on?---So that was, the basis of this was that they would, they would bend in their property in the event that a subsidiary or thereabouts of

Monaro Mining were to win a mining tenement. 'Cause they were both apparent to me that you know if, if we won they would make it difficult for access (not transcribable) participate.

Right. In other words they could withhold access to the farm land to foil the potential mining exploration?---That happens, it happens generally in the industry, yeah.

So on one hand they wanted protection if one looks at the top of that page by this is what they're telling their solicitor?---Right.

Their three properties being purchased at multiples of three or four times evaluation specifically market valuation. See that?---Ah hmm, yes.

Now we can probably the rest ourselves. So I want to take you through forward to the fifth page behind that tab which is a kind of flowchart, somebody's written on it but it's still understandable? Just so we've got the same page, the top-left hand corner there's a box which says Monaro Mining no liability?---Sorry, which page?

The fifth page behind the tab?---Oh right, yep.

And you'll see that it's a flowchart showing complex ownership and in respect of it do you recognise it? Did you draw this up or did you have somebody do it?---Whether I did it or whether one of, you know, one of my staff did it with me, it looks, it looks familiar now.

THE COMMISSIONER: Is it a Lehman Brothers document?---Yeah.

MR WATSON: So here we can trace what seems to have been the skeleton of an agreement between Lehman's Monaro and the Obeid's. First of all we see that there's Monaro Mining and it will ultimately own 40 per cent of a company which is Monaro Coal. Do you see that? That's down the left hand side?---Yes, yes.

Now Monaro Coal we know was a $2 company which was set up as a wholly owned subsidiary on the face of it of Monaro Mining?---Yes, that's right.

But it was actually set up as a vehicle under which other ownership of the exploration license could be divided between Lehman's and the Obeid's. Is that right?---If, if, if we could – well on the basis that the Obied's vendored in their property.

THE COMMISSIONER: Mr Watson, I'm quite happy to go on, but I just draw your attention to the time.

MR WATSON: I was wondering whether I might just try and finish this document.

THE COMMISSIONER: Yes.

MR WATSON: It will take, sorry, a little while, but I just thought while we have this tab open.

THE COMMISSIONER: Yes.

MR WATSON: You see there's something I can't understand and you may be able to help us that it's got Monaro Mining and then given Lehman Brothers, so Lehman Brothers takes a 60 per cent option over Monaro Coal and then in turn Lehman gives and this looks like Union Resources, Lehman gives Union an option to acquire et cetera. And then there's a reference to in the middle of the page, Lehman agreement to buy at four times valuation - - -?---Sorry, I'm not sure if I'm looking at the right document. Is this - - -

THE COMMISSIONER: Yes, it's hard to read.

MR WATSON: It looks like that?---Oh that one, sorry. I was looking at the other document.

THE COMMISSIONER: You better start again Mr Watson.

MR WATSON: Yes. What you'll see is it's a flowchart which talks about the ownership or the way that parcels of ownership of various interests would be divided up. Monaro Mining to take 40 per cent of Monaro Coal to give Lehman Brothers a 60 per cent option of Monaro Coal. In turn Lehman Brothers would give Union Resources the option to acquire - - -?---So this is the first I believe I've seen of this flowchart.

Is this a Lehman Brothers document?---No, that's not a Lehman Brothers document.

MR WATSON: All right. Can you explain to us on the right hand side where it says banker lends five million - - -?---Yeah.

- - - to GSK, do you know who GSK might be?---I don't have any idea.

And then you see that there's a reference there further down – the ultimate beneficiary of 100 per cent is Cheerydale. Do you know what that's a reference to?---I have learnt since that that's the name of the Obeid's property, but I reiterate I have not seen this document, this diagram before.

All right. I'm sorry we were at cross purposes there for a while. Maybe that's a suitable moment, Commissioner.

THE COMMISSIONER: Yes. Mr Brook, I'm a little concerned about time and I presume you've got a number of questions still to ask Mr Watson.

MR WATSON: I'm sorry, I do. I'm sorry Mr Brook.

THE COMMISSIONER: Mr Brook, I know this is of considerable inconvenience to you but we'll try and help you as much as we can. I'm certainly prepared to sit late if you want to sit late to try and finish you. If we sit till say 6 o'clock would we be able to finish?

MR WATSON: I think so?---Commissioner, I'm here to provide whatever I can to support - - -

THE COMMISSIONER: Right. I am grateful. I'm getting that impression Mr Brook. And the, I suppose the options are to go on until you finish tonight, timing and demanding thought that might be or to stop at say 4 o'clock and to start again tomorrow. What would you prefer?---I'd prefer to keep going, Commissioner, if that's okay with you.

All right. Yes, well we'll just find out from the transcription people and so on whether we can manage to keep going and Mr Hoyle are you available?

MR HOYLE: Yes, we'll fill in with whatever, Commissioner.

THE COMMISSIONER: Yes. Very well. Well we can try and do that. So we will adjourn now, we'll adjourn now let's say till quarter to 2.00.

MR WATSON: Thank you.

THE COMMISSIONER: Yes, thank you.

LUNCHEON ADJOURNMENT **[1.05pm]**

INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE DAVID IPP AO QC

COMPULSORY EXAMINATION

OPERATION JASPER

Reference: Operation E11/0363

TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON MONDAY 12 MARCH 2012

AT 1.50PM

THE COMMISSIONER: Mr Watson.

<PAUL GARDNER BROOK, on former oath [1.50pm]

MR WATSON: Mr Brook, again in, I hope the spirit of cooperation I intend to tell you where I am going with my questioning. Mr Brook, at the end of a series of questions and at the end of showing you a series of documents I want to set out to establish that what happened over a period of time was the Obeid Family dragging you into it created a complex web of companies, trusts and the like to disguise their interest in respect of the land and the ownership of the portion of the mining enterprise. Do you agree that that's what happened?---I believe that was the intention.

I want to be fair to you because of part of it is I'm afraid something which you're going to need to explain but as part of that arrangement you too received a benefit in so far as you agreed to take a proportion of a payout on the money interests when they bore fruit and that you weren't paid a substantial sum, the sum in the order of one and three-quarter million dollars for that. I just want you to know where I'm headed before I now start heading there. Could the witness be shown volume 1 tab 18. We were looking at this immediately before the luncheon adjournment and we got through it so that I hope we'd got to the point where we'd gone behind that funny flow chart and I wanted to come to the last two pages of the document which is headed 'Monaro Mining No Liability' and under the heading 'Company overview'. Do you see that?---Yes.

Now this document is a strange document itself because you'll see if you look over the next page the top of the second page, assuming it is the second page of the same document, is in a different type script. Then there's a final paragraph which is a reversion to the original type script. Do you see that?---Yes, I do.

It looks like there may have been more than one author involved but in any event you'll see that it describes an overview of Monaro Mining including the fact that it had historically been interested in uranium?---Yes, I do, I see that now.

Then there's the heading 'Opportunity' and the introduction as uncontroversial it's that Monaro wanted to diversify from uranium into coal?---That's right.

Now it's the final paragraph I wanted to go to in little detail. It says that Monaro has become aware of certain tenements which are expected to come up for closed government tender in the next few days. Now what I want to suggest or what I want to ask you is do you recognise this document or did

you have some hand in it or do you know anything about it?---I would have had to have had a hand in it.
The point is and without leaping ahead in the story.

THE COMMISSIONER: Sorry. Is that a Lehman Brothers document?---It was a Lehman Brothers document, yeah.

MR WATSON: Without leaping too far ahead in the story I believe I'll be able to establish the government actually only issued the invitation for Monaro Mining to express an interest on about 17 September, 2008 and this document given where it came from appears to be one which was created in July. You said you're consistent with your recollection that Monaro knew of the likelihood it would be asked to express an interest so far ahead July through to September?---No, as I, let me please clarify. Mr Moses Obeid told me that there were potential tenements coming up, he gave me a list of names of potential people to be invited and I approached Monaro Mining and I indicated to them that I understood that they may be invited.

Well, if we look a little bit further we can in the second sentence, "Monaro has also unofficially identified a party being the current holder of the land parcels." That must be a reference to the Obeids, is that so?---Yes, it is.

Do you know anything about the insertion of the words 'unofficially' or what that was intended to convey?---Just give me a moment to read it please, sir.

Of course.---That would be because I indicated to Monaro that I was aware of a potential land owner and so in my internal, this internal document I referred to it as unofficially because Monaro weren't aware of the identity.

There was an effort by you, not to put too finer point on it, to keep the Obeid involvement secret?---Because, because I didn't know where, I didn't know where the, where the process was going.

THE COMMISSIONER: It does occur to me that there's another possible reason and that is that you must have known that at least Moses had information that wasn't in the public domain, he was getting it from the government and his father was well known as being a politician and it was highly desirable to keep their involvement secret?---Commissioner, I think that's a fair assessment but also with respect to Monaro Mining the Obeids, the conversation with the Obeids was only specific to one asset, one particular mining concession. There was, there was potential, sir, to potentially assist Monaro Mining as Lehman Brothers or otherwise with other tenements which weren't the subject to this.

MR WATSON: You wanted to keep Lehman's options open?---Absolutely, yeah.

We want to focus for the moment upon the so-called Mount Penny licence. ---Sure.

Had Moses Obeid said anything to you explicitly, look you're not to reveal the name Obeid or my family's involvement in it?---Yes, he did.

Did he say that from the outset or when did he began to say that?---It may or may not, I'm not sure if it was from the outset but certainly fairly early on he indicated that and I, when I ascertained that the Obeid Family had a very mixed reputation that you know their, their potential involvement as land holders may not be very savoury.

But apart from what you were thinking Moses Obeid was saying don't bring the Obeid name into it?---That is correct, yes.

Did he give you a reason for that?---Only because of the reputation of the Obeid Family.

You see what I want to do is just follow up on the document by showing you the table on the next page. Consistent with that kind of approach there's a flow chart showing the potential for Monaro Mining to incorporate Monaro Coal to give the option to Lehman's and then for a further option to be provided to an unnamed land related entity. Is the idea of calling, well, we know to be the Obeids, a quote "land related entity" an attempt to keep their name out it?---Yes.

I was going to ask you just to help me with a couple of documents. You'll see behind tab 19 there's what I think looks like the start of a draft. It's an email you sent to yourself and I'm going to show you why I think it's a start of a draft by asking you then to have a look over the page behind tab 20 and you'll see an email by you to Warwick Grigor, Grigor back to you, you back to Grigor and a draft letter dated 22 July, 2008 attached. Now could I ask you is this draft letter, sorry. If you go back a page you'll see the draft letter 22 July, 2008.---Yes.

If you look at the very last page in the bundle you'll find an identical letter although in slightly different font signed by Grigor and sent to you, Mr Brook, and dated 22 July, 2008?---Yes.

If you have a look at the draft of 22 July, 2008 and when you look at the email immediately before it it says that you, Mr Brook, are sending this to Grigor and you say, "Warwick, please find the amended letter" it seems as though you drafted that letter for Monaro to sign, is that right?---Yeah. Well, we were working on it together, yes.

All right. There was reference earlier today to an occasion of a luncheon where some imminent Australians came to Lehman Brothers, if you go behind tab 21 what you'll see is an email by you, Mr Brook, to some people

regarding a New South Wales government lunch and there's a reference to a lunch which is going to be held on 23 July, 2008. That date becomes important, the lunch is on 23 July, 2008. You'll see in the email that you thought Costa and Macdonald would be there and also perhaps Tripodi?
---Ah hmm.

And if you turn over the page there's an update?---That's right.

So that it was Costa, Macdonald, Tripodi and Edward Obeid Senior, do you see that?---I don't think Minister Tripodi was there.

All right. I'll show you a document which might suggest otherwise?
---Okay.

If you go over the page now you'll find an internal Lehman Brothers' document which is a catering record for that occasion. I'm not - oh, I see, you're quite right. If you have a look at it you'll see that on 23 July there's Lehman staff identified and then the guests and Tripodi's a non-starter, NS?---Yes.

So it was Costa, Macdonald and Obeid?---That's right.

And we can see what you had to eat. Do you remember at that time was there any discussion for example by Obeid in front of the other people or by Macdonald in front of the Treasurer, Costa, about the mining exploration licences or was the subject of that luncheon a different subject?---Not mining exploration licences, it was more, it was more about very macroeconomic issues, it was, it was a very general conversation.

Right. Was anything said separately to you or privately to you by anyone at that meeting about the mining exploration licences?---No.

Now I said to you the date becomes important, that's because I want you to have a look at the document which lies behind tab 24. Now you might by now have recognised this handwriting. It's the handwriting of Chris Rumore, a senior solicitor of the firm Colin Biggers & Paisley and it's dated 23 July, 2008 and it refers to a conference between Moses, Gerard and Paul Obeid and you?---Yeah.

Do you see that?---Yeah, I see that.

Now, we don't have - at least at present - a time at which this conference occurred. Do you now have a recollection whether it occurred before or after the luncheon at Lehman Brothers?---I really don't, I don't remember. I - at a guess probably before I would say.

If we look at - - -?---I'm not really sure.

Well, eventually we'll be able to find that out I'm pretty sure and I'm not suggesting or holding you to any answer?---I just don't remember, I'm sorry.

What I want to show you is that at this meeting it seems to have been a fairly explicit discussion about what was to happen. You'll see that the first time there's a reference to SPV, special purpose vehicle, between Lehmans and landowners?---Yeah.

And then there's an entry which I, I'm unable to decipher, NAD, do you, do you know what that is?---(NO AUDIBLE REPLY)

I've got no idea?---I can't say I do, sir, I don't know.

Anyway it says NAD and then it refers down to a 45 per cent share and holds on trust for Obeid to be a trustee. Do you know what that means? ---I really don't know what that means.

It goes on, "A letter to Lehman Brothers from Monaro of 22 July, 2008 regarding 60 per cent share", pausing there, I showed you that letter before, that was the one you drafted for Monaro?---Ah hmm.

Is that right?---Yes.

And then it says, "Clayton Utz", that's a firm of solicitors who were acting for Monaro and it says "Clayton Utz to act for Monaro" do you see that? ---Yes, I do.

Now, do you remember this meeting now that - - -?---I don't.

If you go over the page there may be something which helps you. It says "We", I presume that's Rumore and Colin, Biggers & Paisley, "to vet option agreement between Monaro and Lehman Brothers to ensure Obeid's interests protected." Do you remember something like that?---Yeah, I do remember something along those lines now, yes.

And then it says "Clayton Utz to act on this option," and then it says "Lehman Brothers to use Freehills or Mallesons regarding deal with Obeids." Do you remember that coming about, for example, did you retain solicitors to try and fix a deal between you and Lehman, between Lehman Brothers and the Obeids?---It never came about because Lehman Brothers collapsed.

I was about to say it's - we're coming close, aren't we?---Yeah.

Then the next item, "Finalise Monaro option by 29 July," and this is - seems to be fairly explicit as the day before opening of government's EOI campaign. Now, do you remember anything about that discussion?---Well, as I've, like as I've already said, Mr Moses Obeid indicated that there may be some expressions of interest so that's EOI, expressions of interest so by reading this I could deduce that, that this option agreement was meant to be in place - - -

THE COMMISSIONER: Before EOI's were called for?---Yes.

MR WATSON: And I remind you, the date of this note is 23 November and somebody at that meeting knew or thought they knew that the government would open the EOI campaign on 29 July, a few days later. Somebody had, by the sound of it, inside information. Do you know who volunteered that date?---At this meeting - - -

Yeah?--- - - - with the lawyers?

Yes?---(not transcribable) Chris (not transcribable). Well, the Obeid people did.

It wouldn't be you anyway?---I didn't know.

And then it says - sorry, Commissioner, you may have a question, I think I spoke over the top of you.

THE COMMISSIONER: Yes, I was just going to get confirmation of something that you said earlier, Mr Brook, and that is that it would, it was important to finalise this before EOI's were called for because once EOI's were called for to a limited number of companies I take it the price would go up?---No, no that's not correct - - -

No?--- - - - Commissioner, no.

Not correct?---Not at that stage, no.

So what, what was the significance in finalising it by the opening?---That was being very much driven by the Obeid family.

Well, why did they want that?---I don't recall exactly why they wanted that, they just, I think they wanted certainty that if, if Monaro were invited and if Monaro were successful, that their potential participating - - -

Was settled?---Yeah. So that's - - -

Well, that, that I can see. That's the commercial reason for it because if Monaro get the option - - -?---Yes.

Sorry, get the licence they may without the Obeids having agreed their interest then Monaro might just let them go and not deal with them?---Well, my view at the time was that as the landholders or landholders of a potential tenement I could see why it was in Monaro's interests as well - - -

Yes?--- - - - to have an agreement with - - -

Quite so?--- - - - with their entity.

But it would certainly be in the Obeids' interests to get certainty?---I believe so, absolutely.

Yes?---They were, they were quite emphatic about that, they wanted to participate.

Who's they?---Moses, Gerard and – well Moses and Gerard and Paul Obeid.

MR WATSON: Well it then goes on and the last item recorded on this note is that Lehman Brothers are likely accept Monaro's offer tomorrow. Well that's the offer made and dated 22 July of which you were the author, so I think the acceptance of it was probably a foregone conclusion. If I move then and show you something behind tab 30, which again appears to be a note, well we know it's a note taken by Chris Rumore, a senior partner at Colin Biggers & Paisley and this time you'll see that unfortunately he has not dated it?---This is behind tab 30?

Yes?---Right.

You'll see it's not dated at the top but it says that it was meeting and there was Moses and Gerard Obeid and you Mr Brook. And there was a discussion about an email dated 28 July, 2008. So we do know at least that it's some time on or after 28 July. Do you see that?---I see that, yes.

Now again I want to show you something, it's got point 1, option for 80 per cent of shares in Monaro Coal to GAS.

THE COMMISSIONER: A company.

MR WATSON: GAS and do you remember there was a solicitor called Greg Skehan involved?---I recall that, yes.

Was – is it your recollection that GAS is a reference to Greg Skehan?---I couldn't be certain. I don't recall that but - - -

THE COMMISSIONER: But there is the letters Co after it.

MR WATSON: Yes.

THE COMMISSIONER: So it's perhaps GAS Company.

MR WATSON: Well I was going to come to that. I'll show in a moment. You'll see that it's GAS Co, as though it was a – something company and then it says GAS Co then introduced joint venture partner and gives part of its shares to the joint venture partner. Now you'll see all of that – are you able to untangle that for us?---Sir, I would like to be able to do that for you.

I think I can help you?---All right, if you - - -

Do you remember a company called Voope, V-o-o-p-e Pty Limited?---Yes I do.

Well what I want to do is show you the last page behind that tab where we were just a moment ago, tab 30 and you'll see that there's a crude flowchart, Monaro to bid co to the special purpose vehicle et cetera. And then I wonder if the witness could be shown volume 2, tab 92. Now unfortunately what's happened here is we've collected a lot of documents under tab 92, which are company searches. And I'll be coming back to some of them. The top document you'll see is for example, Buffalo Resources Pty Limited, a company which I know you're aware of. But if you count ten pages in, the tenth page should be a search for a company which is called Mincorp, M-i-n-c-o-r-p Investments Pty Limited?---Yes, I see that.

Now I just want to show you some features of it. You'll see that a little further down it says that the organisation was registered on 28 July, 2008? ---Ah hmm. Yes, I see that.

And if I just remind you that is very close to or was the exact date of the conference with Chris Rumore, Moses and Gerard Obeid and yourself where there was a discussion of the GAS Co. You'll see further down that from 28 June, 2008 until 4 January, 2011 the company was called Voope, V-o-o-p-e Pty Limited?---Ah hmm.

You'll see further down that the registered office of the company, at least at the time of this search was SJ Sassine, S-a-s-s-i-n-e & Co. Do you know Mr Sassine?---Yes, I've met him.

How did you meet him?---I was introduced to him by Mr Moses Obeid.

Did Mr Moses Obeid make it clear to you that Mr Sassine was the family accountant?---Yes, he did.

So it seems that the registered office was – at the time of this search – was Mr Sassine, but it previously, if you can look down the bottom of the page, was at Level 42, 2 Park Street, Sydney. Now I want you to assume that's the offices of Colin Biggers & Paisley?---That's fine.

Now if you turn over the page you'll see that the principal place of business is unit 41, 400 Chapel Road, Bankstown. Do you know that address?---No, I do not.

I think I can explain it to you. If you look at the foot of the page you'll see that there is a list of the members of the company and the first is said to be Andrew Kaidbay, of whom we've heard quite a bit. And if you turn over the top of the page Andrew Kaidbay 's address is unit 41, 400 Chapel Road, Bankstown. Now we know, you've seen that?---Sorry, that's his address is it?

Yes?---Oh yes, I see that, unit 41 - - -

In any event we can see it if we go back to the second page of this very search. As at the time of this search there was only one director of the company and that was Andrew Kaidbay and you can see his address. Do you see that there?---Yes, I do.

Now the previous directors of this particular company, Voope Pty Limited were you, is that so?---Yes.

And also Gregory Allan Skehan. I can't help but notice his initials are GAS. Now that's the Mr Skehan to whom we've been referring in the company. Do you see that?---Yes, I do.

Now just trying to track all of this together. When the company was set up its original directors were you and Skehan. Can you explain now why that was so?---Sir, I do not have an accurate recollection of why - - -

THE COMMISSIONER: Do you have a relationship with him Mr Brook?
---Mr Skehan?

Yes?---No, no.

When did you first meet him?---I met him via the, Mr Moses Obeid. But I have no relationship with, with him.

How was he introduced to you? As what?---As their lawyer.

MR WATSON: I've got to say this, it seems odd because we do know, as you know, that Voope Pty Limited became the special purpose vehicle. It was the company which invested in Monaro Coal and took that potentially large share of the whole of the business transaction. We know that don't we?---Yep. Yes.

Look and I don't want to ruin the story for those who don't know but the – in the end there was an agreement struck under which Cascade Coal agreed to pay Voope $60 million. Did you know that?---If you could refresh my memory - - -

Sorry, I'm wrong with that. No, it's all right, I'll come back to that later. Voope was the special purpose vehicle created for representing the Obeid interests?---Ah hmm.

You were a director and you can't explain to us why or how that came about?---I am trying to remember, sir. I – the rationale behind it I'm not sure at the moment.

Well it's got to be to disguise the Obeid's involvement doesn't it?---Well that, yeah, that would be consistent with that I've said, yes.

And if we look at the history you and Skehan are the original directors but a later time, in your case 26 November, 2010 and in Skehan's case 10 December, 2009 you were removed as directors. Do you see that?---Yes, I do. And you'll see that when Skehan was removed Andrew Kaidbay was made the sole director on 10 December, 2009?---Yes.

Can you explain that?---I – although I was a director during that period, I had no particular involvement in the running of that company.

I'm sorry I've been misleading you by accident. It seems as though when the directors were first appointed Greg Skehan was the only director and that you were subsequently appointed on 10 December, 2009. I had not noticed that but it's been drawn to my attention?---Sure.

Does that help you at all in trying to work out why there is this elaborate charade?---Well, yeah, I'll attempt to answer you, sir. By this stage Lehman Brothers had collapsed and we were negotiating a deal with Monaro and so I – and that vehicle was Voope. And so I went on to the, on to the board.

THE COMMISSIONER: Where did Voope come from? It was a shelf company?---I'm not sure, Commissioner. You'd have to ask Mr Skehan, I guess.

MR WATSON: Commissioner, if I could, I haven't been sworn in, but I could attempt to answer your question. It seems as though it must have been a company created I believe by Colin Biggers & Paisley, the original office was at their office in Park Street.

THE COMMISSIONER: Right.

MR WATSON: Well could I then ask you a little more about this company, Voope. If you look down the bottom of that page you'll see that the members of the company are described and you'll see - - -?---Sorry, which page?

The – it's the second page of the search of Voope and it has the members just listed right down towards the bottom.

THE COMMISSIONER: The very bottom of the second page.

MR WATSON: No, I think you've gone - - -?---Oh sorry.

- - - feral there on me?---Is it this page?

Yes, it's got a number on it actually, 2 of 4 in the bottom right hand corner? ---Oh, 2 of 4, I'm looking at 2 of 3.

It's behind tab 92, it's actually literally 11 pages in?---2 of 4, members, Andrew Kaidbay.

Yes. And you'll see Kaidbay - - -?---Yep.

- - - and you'll see that he's got 92 shares?---Yes.

Now if we turn over there's a company Desert Sand Holdings Limited - - -? ---Yes.

- - - with eight shares?---That's right.

Is that your company?---Yes, it is.

Now it seems as though even to the date of this search which was 15 July, 2011 Desert Sand Holdings Limited held an eight per cent interest in the company formerly known as Voope. Can you explain that?---Well after Lehman Brothers collapsed there was an opportunity to participate with Monaro or thereabouts and - - -

An opportunity to you?---Pardon?

An opportunity to you?---Yeah.

All right. And so this was you participating with Monaro?---Well participating with the Obeid company which was attempting to do a deal with Monaro.

THE COMMISSIONER: So which, which is, which is the Obeid company?---The Voope. So Andrew, Andrew was representing - - -

So you, you were given a share in the Obeid company?---Yes.

And can I ask why?---I was trying to raise money to, to finance the bid for, for Monaro.

Right. And this was an incentive to you?---Yes.

MR WATSON: This is important, you appreciate the importance now that we come out and tell the whole story. If you look down for example at the former members, it seems at one stage one share have been issued to Greg Skehan and at some other stage 12 shares have been issued to a company called Warbie, W-a-r-b-i-e Pty Limited?---Ah hmm.

THE COMMISSIONER: Where are you looking at now Mr Watson, please?

MR WATSON: This is on page 3 of 4.

THE COMMISSIONER: Ah yes, there you are.

MR WATSON: Former members.

THE COMMISSIONER: Yes, thank you, I've got it. Thanks.

Now to make it plain Warbie Pty Limited is your company. Is that so? ---Yes, sir.

Well it seems to have sold its shares and at some stage or another 92 shares were issued to Kaidbay and eight shares issued to Desert Sand Holdings Limited. Can you explain it?---Yeah. Sir, I was financially very, I was broke and I sold four of my 12 shares back to, back to Andrew or his entity.

THE COMMISSIONER: You sold four shares to Andrew Kaidbay so was it to Andrew Kaidbay personally or was he acting for the Obeid's?---The Obeid's weren't involved in that one. There was a private investor that Andrew Kaidbay had, had sourced who was willing to buy those shares from (not transcribable).

Who was that?---I think his name, I'm not entirely, I don't recall exactly, Joseph I think somebody.

How much did you get for the four shares?---I think it was $120,000 from memory. I'm not, I can't recall exactly.

And who paid the money to you?---I cannot recall exactly, sir. You might be able to refresh my memory.

THE COMMISSIONER: And how was it paid?---I think it was, it was transferred to me.

Into what?---A bank account.

Where?---Here in Australia.

Sydney?---Yeah, I think so or Brisbane.

With what bank?---I don't recall, sir ah, Commissioner. I don't recall which bank.

MR WATSON: I've got to be blunt about this. Now Mr Brook you said before that this wasn't a company associated with the Obeid's?---Pardon?

Are you saying Voope Pty Limited was not a company associated with the Obeid's?---I wish to correct that, it was, it is or was.

This was, this was a company which was set up to disguise their holding in the mining venture wasn't it?---I didn't recall when you asked me the question, but yes, you're right.

You see, I mean let's put two and two together, let's put two and two together, we've got a meeting between Moses and Gerard Obeid, you and Rumore at Colin Biggers & Paisley, it seems close to 28 July, 2009, 8, when Rumore refers to a GAS Co and the company is set up on 28 July, 2008 where the sole director was Gregory Allan Skehan, his initials GAS and he being a partner, I want you to assume of Colin Biggers & Paisley. The head office of the company was at Colin Biggers & Paisley. At some stage or another they details are transferred so the head office becomes Mr Sassine's office, ie the Obeid family accountant and Mr Kaidbay who you told us earlier today is one of the closest friends of the Obeid boys becomes the sole director. It's a, it's an Obeid vehicle?---Yes, it is.

What we're trying to get at is why was there this elaborate attempt to set up a vehicle of this kind?---My belief was that because of the ownership, the property ownership they didn't want – if they were participating at a commercial level not just at a property, landowners level that they didn't want that to be out in the open I guess. I mean they – I never questioned their reasons for that, they wanted, they were consulting with their lawyer. So why they wanted to do it, you know, I just thought it was because of the Obeid name.

Mr Brook, were you paid off for your silence?---No.

With the four shares which were sold and for which you think you got $120,000 was that a payoff for silence?---No.

Just thinking about it now you sold the four shares to someone you can't tell us their name?---I'm trying to remember his name.

Is there any record that this Joseph somebody or other has invested in Voope or Monaro Coal or the like?---I really do not know.

Where did Joseph come from?---Mr Kaidbay.

Do you think you may have been duped by Kaidbay and that the shares were really being bought by Joseph as a front man for the Obeid's?---No, Joseph was the investor, but Andrew was arranging for him to buy the shares.

I want you to think about this carefully, was there any time when the Obeid's or for that matter Kaidbay, offered to pay you money to go quiet on any Obeid involvement?---Not, not so much offer me money, no.

Did something happen?---Well I participated in the deal and that was that – there was never I won't tell on you type conversation.

Well - - -

THE COMMISSIONER: Were you ever threatened?---I was never threatened, no.

MR WATSON: Was this whole permission to participate as it were in hindsight a payoff to you do you think by the Obeid's because you assisted in drawing together this deal and keeping their involvement quiet?---I didn't view it that way, sir. I saw it as a commercial transaction and I certainly never, and I would never take a bribe or something to that nature.

THE COMMISSIONER: I don't think it's been put to you as a bribe?---Well, or as quiet money or anything like that because, you know, it was - I didn't see it as being - I just saw it as a commercial transaction.

Why did you take up the shares in Desert Sand?---That was some advice from my, my solicitor in Singapore. He was - basically I was restructuring my business in Singapore and he suggested that I use this BBI company.

I see?---There wasn't anything more to it than that. I didn't have any interests in Australia. The, the Australian company had never traded so it was the advice given to me like why don't we just set up an offshore company to hold the shares.

But you see, Mr Brook, we are really trying to find out why it was - why this elaborate scheme of trying to disguise the participation of the Obeids was made because - and that's what it looks like. It looks like a scheme, I mean, it was just an ordinary transaction, you were just putting in the purchasers and that's all?---They didn't want - sorry, Commissioner, they didn't want their name, you know, on the surface of the transaction but that - I didn't think too much of that because a lot of people, you know, sometimes don't want their name in the transaction.

But this was a transaction, they were something odd about this transaction, wasn't there?---Well, because they, they had an interest in the property, underlying property - - -

Well, a little bit more than that wasn't there?---Oh - - -

They had information that no one else had didn't they?---As far as any - I'm not so sure, Commissioner, I mean - - -

What about the list of, of companies who were, who were - - -?---Well, I don't know where he got that information from and I was never told.

How did he know the date of the EOI campaign?---I don't know.

But that, that wasn't publicly known, was it?---Well, I don't believe so.

And nor was the list of target companies was it?---I wouldn't - I don't know if it was readily available or not.

Have you ever heard of such a list being readily available?---Well, the DPI - well, yeah, yeah, on occasion.

What, before it's publicly announced?---Well, the industry, industries have rumours and, you know - - -

Rumours are one thing, a formal list?---Well, again, sir, Commissioner, I would, I would, I would agree with you it's unusual. I don't know where he got the list from.

Yes.

MR WATSON: Well, I'm afraid I'm going to have to come back to that issue of the sale of your shares in Voope and your involvement in the transaction but for the time being could you tell us into which account was the $120,000 paid? Was it into your account?---Yes.

In whose name was that account?---Well, my name I, I recollect.

And where did you keep the account?---I - at a bank, I think it might have been Bank of Queensland, I'm not entirely - I don't entirely recall.

I want to show you just whilst we - - -

THE COMMISSIONER: Do you have - sorry, Mr Watson. Do you reveal this transaction in the course of preparing your tax returns for that year? ---They're still - I haven't, I haven't done that yet, no. I haven't lodged the return for that year.

Do you have documents relating to the sale of the shares in your possession?---Not in my possession but there was a - there is documents with a solicitor here in Sydney.

And who is the solicitor?---Sevag Chambers or something to that effect.

MR WATSON: Sevag, S-e-v-a-g, Chalabian, C-h-a-l-a-b-i-a-n?---That's right. He has the documents, the documents, yeah.

And he has a firm called Lands Legal?---That's right.

And he's a solicitors who's closely associated with the Obeid family?---I don't know whether he's associated with the Obeid family or with Andrew.

Andrew Kaidbay?---My, my liaison with Sevag has been direct or via Andrew Kaidbay.

THE COMMISSIONER: Mr Brook, we'd really like to verify the $120,000 so that really does involve identifying the bank?---I think it was Bank of Queensland, I'll have to check my records.

What branch?---George Street in Brisbane. But I can't be - I'm not certain about that.

What records do you have?---Well, I don't, I don't - I have them in Singapore with - I think I have them in Singapore.

All right. Could you let us have that, please?---I'm trying to, I'm trying to - I will, I will ask for, I will ask the bank to give me a statement and hopefully that will show it for you.

All right. Thank you?---Can I make a - can you make a note of that, please?

MR WATSON: Don't worry, I'm sure somebody here will remind you actually - - -?---Oh, sure.

- - - Mr Brook. I want to just show you two other things. They are behind originally tab 37 in the volume?---Which volume?

This is volume 1 I'm afraid. Now if you've got that there, behind tab 37 you'll see it's from Grigor to you at 8.10am on 9 September, 2008 and it's just talking of a Monaro board meeting but what I wanted to show you was the follow up on the next page and you'll see that there are further emails between yourself and Grigor?---Ah hmm.

They, they start at the bottom in the way that these chains go, Grigor to you at 8.10, then you to Grigor at 8.12. Now, when you look at it you'll see at

8.14 there's a reference do the changes in the Labor Party impact on the deal and your answer is no. That's an email about - - -

THE COMMISSIONER: Sorry, what, what tab is this, I'm sorry?

MR WATSON: Sorry, date?

THE COMMISSIONER: What tab?

MR WATSON: Tab 37, the second page behind that tab.

THE COMMISSIONER: Thank you.

MR WATSON: I'll just start again, Commissioner. It's a chain of emails, they run up the page from the bottom to the top, Grigor to you at 8.10 and he's asking is there any better idea of a delivery time. Now, if you read through it I want to suggest to you that these are emails which are discussion the actual announcement by the New South Wales government inviting amongst others Monaro to tender for coal areas. Is that your recollection?---Yes, it is.

And then if you could go to tab 39 you'll see something explicit about that. At the top of the page there's the subject, private and confidential and then there's a date, 17 September, 2008 at 8.04am and this is from Mr Rampe who's one of the directors of Monaro?---Ah hmm.

To Warwick Grigor who's another director and to Harry Bowman who is their coalmining consultant, do you see that?---Yes, I see that.

And it says, "Attached is the invitation from the DPI to tender"?---That's right.

Do you see that?---Yes.

So it looks as though either the invitation was made early on 17 September or perhaps the day before?---Right.

And you'll see that Mr Rampe is writing to Mr Grigor and Mr Bowman in terms of 11 areas and five (not transcribable) areas Monaro has been pursuing, do you see that?---Ah hmm.

And then right up the top under the subject matter Grigor is writing back to Rampe and to Bowman and he's joined you in the email and he says this, "It looks like the Hunter Valley ones are those that Lehman Brothers have been talking about?---Ah hmm.

That's a reference back to the early information you received that this was likely to occur?---That's right.

So I showed you documents this morning which indicated that there was a meeting with Morris - oh, Morris - Moses Obeid on 3 July, 2008 and this would suggest that the actual invitations have only been issued on about this time, mid-September 2008?---Ah hmm, ah hmm.

To the best of your recollection is that the kind of lead up time for which you were aware that these invitations were going to be extended?---That's my recollection, yes. As I said, Mr Moses Obeid indicated that he believed that there would be tenders put out into the public.

THE COMMISSIONER: If you look at the email at the top which says, "looks like the Hunter Valley ones are those that Lehman Brothers have been talking about" - - -?---Yes.

Am I correct in understanding that to mean that the Hunter Valley tenements that are the subject of the invitation to tender where the areas which you had been speaking to Grigor and Rampe about?---They're, I, I wasn't aware of, the only, the only area for which I was, I was told that may come up was the Mount Penny area, I wasn't aware of any other areas and I had mentioned that this area in Bylong may, I mentioned this to Monaro this area in Bylong Bay may come up.

THE COMMISSIONER: So are you able to comment on what Grigor was talking about when he says it looks like the Hunter Valley ones are those that Lehman Brothers have been talking about?---Because in my conversations with, with Monaro I indicated that the, you know there may be a tenement in Hunter Valley at which you know I have a relationship with the land holders which will make, you know - - -

Deem them easy.---Well, let me clarify that. Being able to get the land holders on side early is always very key. We saw that as a strategic advantage. So that's, that's what they're referring to.

MR WATSON: Well, actually I'm going to show you another document, I think it might help you a little more. If you go to tab 40. Here you're going to see a memorandum on the letterhead of Monaro Mining No Liability and you'll see it's address to a number of people by Mart Rampe and it's dated 19 September, 2008. You see that?---Yes, I do.

Now this seems to be a summary of those things which had gone before for the purpose of the board of directors of Monaro Mining and it tells quite a story. I don't think it would be fair for me to ask you questions about this without giving you the chance to read it in the whole and I'd like to do that and, Commissioner, there's another reason why I wish to just take a short adjournment to take some instructions upon that matter that I muffed before when I put a question.

THE COMMISSIONER: All right. Yes, we will adjourn. But I just want to ask before I forget to ask Mr Brook something about the shares to Joseph. How did the share transaction occur, what were the mechanics of it?---Commissioner, I'm not sure of that, Andrew Kaidbay handled that with Sevag.

I mean you must have signed something?---Yes. But I don't recall the exact, exact mechanics. I think it was a, I think it was a share sale.

A document?---Yeah, or a, or a, yeah, something to that affect, I don't recall exactly.

Did you have share certificates, have they been issued?---No, they hadn't, I don't believe I was issued share certificates.

But you must have signed some document in which you transferred your shares to this man?---I believe so, yes.

Do these solicitors Sevag, do they have the document?---I would think so.

MR WATSON: Mr Brook, we had the investigators look at the matter and they've already been able to report to us that it looks as though the shares were sold to a Mr George Joseph a real estate agent based in Strathfield. Does that help you?---That, that sounds right, yes.

Could I just ask you, do you know that George Joseph is actually a friend of Eddie Obeid Senior?---Didn't know that.

Did you meet Mr George Joseph?---I've never met him.

THE COMMISSIONER: We'll adjourn for 10 minutes.

SHORT ADJOURNMENT [2.44pm]

MR WATSON: Thank you for the time, Commissioner. Mr Brook, would you look at the document behind tab 40. You'll see that's a memorandum issued by Mr Rampe on 19 September, 2008 and directed to the board of directors of Monaro Mining. Do you see that?---Yes, I do.

And have you read that?---Most of it, yes, sir.

Well, you'll appreciate that what Mr Rampe has done is he's reported to the board of directors about the evolution of the project which Monaro was considering entering, that is responding to the government's call for expressions of interest.---Yes, sir.

So he's given an account of your involvement which one can see commences at the foot of page 1 of the 3 page memorandum. See that. So do you agree with his account that in mid July, 2008 Monaro Mining was approached by Gardner Brook unsolicited and it was a surprise to them. See that?---Yes, sir, I believe I already confirmed that previously as well.

Yes, thank you. Now over on page 2 you'll see that near the first new paragraph he recounts that you said that you represented certain interests. Now at that stage that must be the Obeid Family?---Well, yes and no, sir. May I please explain?

Well, what I'd like to know is do you agree that those interests included the Obeid Family?---On the basis of the land, yes, sir.

Well, who else could you have been representing?---Well, sir, you'll note the date of 19, 19 September. Lehman Brothers collapsed four days earlier.

No, no, no, no. Don't look at the date of the memorandum.---Right.

This is Mr Rampe's account of what happened.---Mmm.

He said that this was mid July 2008 that you arrived unsolicited, out of the blue and said you represent certain interests. At that stage it could have only been the Obeids couldn't it?---Sir, no, because I was talking to Chinese companies, Indian companies that were seeking assets, that was part of my job to be, trying to originate transactions.

Sorry, you're not confusing the dates are you? This approach to Monaro as we had it comes within only a few days of the meeting at the Wentworth on 3 July, 2008. Isn't that right?---Yes, sir.

I've shown you. You were in contact with Dunlop?---Yes, sorry. I beg your pardon, sorry. I was confusing the dates.

The only person you were representing at that time was the Obeid Family? ---Well, I was actually, at that time I was representing Lehman Brothers.

Thank you. Okay so and the word interests - - -

THE COMMISSIONER: Well, you were representing Lehman Brothers as an employee but your only outside client who you were representing was the Obeid Family?---Well, they were the ones that mentioned the, the tenements and their land, sir, yes.

MR WATSON: Come on, that was a very plain questions from the Commissioner.---Yes.

We need you to answer it directly.---I beg your pardon.

The only outside interest that you were representing at the time was the Obeid Family. Isn’t right?---That's right.

It describes the deal that which is in terms of the kind of deal that you were putting. Do you see that?---Yes, yes, sir.

The second paragraph on the second page starting with the words ‘following the collapse’ you’ll see that Mr Rampe recounts that you extracted the project from the demise of Lehman Brothers. Do you see that?---Yes, I do.

Now the words that he’s used here assuming that he’s trying to convey this honestly and accurately to his board of directors is that GB approached Monaro, that’s you, Gardner Brook approached Monaro following unofficial recommendations from the DPI. How could he have got that impression?---Because I approached them based on Moses Obeid’s, my conversation with Mr Obeid that they would potentially be invited to tender for exploration licences and that - - -

It might be a little bit more than that. Look at it. You approached Monaro following unofficial recommendations from the DPI. Did Moses Obeid tell you he had information from inside the DPI?---I don’t recall him being that specific.

Now if you go to the next paragraph - - -

THE COMMISSIONER: Sorry, Mr Watson. I just want to find, ask another question about this paragraph. According to Mr Rampe you offered your services with a view to ensuring that Monaro is successful. Is that right?---That was on the basis of raising the money, Commissioner.

It says, “securing an interest”, it doesn’t talk about money.---My role - - -

Did you not tell Mr Rampe and Mr Grigor that you could ensure that Monaro got the exploration list?---I didn’t say I could ensure it but I said to them, I mean I was selling myself at this stage.

I’m asking you whether it’s true that you said words to the effect to Mr Grigor and Mr Rampe or only Mr Rampe that you could ensure through your contacts that Monaro would get an exploration license in these – in at least one of these areas?---Not to my recollection, but I certainly emphasised to them that if we had the funding and the right bid then they stood a very good chance. So I was - - -

Did you give them the impression that you had a connection in government which would ensure that they had at least very favourable treatment for any application they would make for an exploration license?---I think that it’s entirely possible they’d want may have had that opinion.

And did that come from what Mr Obeid had told you?---That's right.

MR WATSON: The key to that is this, did Obeid say to you there was an expression of interest process and I can almost guarantee Monaro will be favoured?---He didn't say guarantee but he, but he told me about the, told me about the tenders coming up. He didn't say, you know, it was guaranteed or anything to that effect.

THE COMMISSIONER: But he told you he had influence there?---That was the impression he gave, but - - -

How did he give the impression?---Well he - - -

It must have been from what he said?---He knew of the, he knew of the tenders coming up and he knew of the list of names that would be invited, so that was, that was the impression he definitely gave me.

MR WATSON: And if we go back to tab 10 again, if you just look there at that list of names?---Yes.

We've got your evidence that you only actually approached one Monaro?---Sorry, sir?

You only approached one, that is Monaro Mining?---Yes.

You didn't approach any of the others?---I looked at them, sir. The public company ones.

Thank you. You didn't approach any of the others only Monaro?---That's right.

Now we do now that Monaro was spectacularly successful in its expressions of interest don't we?---Yes.

Did you – were you told my Moses Obeid that Monaro would be favoured?---He indicated to me that Monaro would favoured for Mount Penny.

From this list of names?

THE COMMISSIONER: Sorry, I didn't hear the last part?---He indicated to me that Monaro would be favoured for Mount Penny, that is correct.

MR WATSON: Was he looking at this list of – long list of names?---Who's that sorry, sir?---Was Moses Obeid – when did he tell you that Monaro would be favoured for Mount Penny?

THE COMMISSIONER: When he gave you the list or afterwards?

---Afterwards.

How long afterwards?---I, I couldn't be sure of the timing.

Well I just want to nail this down to the best we can. At some stage Moses Obeid said to you that he knew Monaro would be favoured for Mount Penny. Did he say that?---He said that if Monaro put in a solid bid he felt it would stand a very good chance of being award the exploration license.

THE COMMISSIONER: No, that's a different thing to saying that it would be favoured. You were asked whether he said words to the effect that Monaro would be favoured?---Words to the effect, yes.

Because it seems to me looking at this with as an unbiased view as I can that's the only explanation for you not actually trying to invest interest in any other company apart from Monaro?---Commissioner, I appreciate where you're coming from with that. It was up to me to ascertain, like to look at the list and make an approach to one of the companies. And I just looked through what information I could find for Monaro.

Well it wasn't up – I'm sorry to interrupt, I apologise for that. But I don't think that it's correct to say it was up to you to find one company, it was up to you to find a company and you could never be sure about which company it would be and I would have thought that being a thorough person that you seem to be you would in ordinary circumstances have spoken to more than one, but you only spoke to one and the explanation to me suggests itself that it was because you were told they would be favoured. And I'm asking you whether that impression I get is right or is it not right?---Commissioner, I informed Moses Obeid that I'd approached Monaro Mining and it was then that he said if they put in a solid bid he believes they'll be, they'll stand a good chance.

Now it's not standing a good chance because any one of them would stand a good chance because they are only 11?---Ah hmm.

The question is whether they would be favoured and you have on a number of times - - -?---Okay, I think, I beg your pardon Commissioner, yes, favoured. I'm sorry to - - -

That's all right.

MR WATSON: Was it this, I think this was it. You picked Monaro, you went to Monaro, they were agreeable, you told Moses Obeid and the two of you fixed to make them favourite?---I didn't fix or make them favourite.

THE COMMISSIONER: Or he did. There was no reason for Monaro to be favoured unless they had a deal with Obeid. Isn't that right?---Well the Obeid's had the property so that's where - - -

Yes, but why would Monaro be favoured?---Well presumably because Mr Obeid had influence over the process.

Exactly. The reason why you were confident and the Obeid's were confident, sorry, let me start again. The reason why it wasn't necessary to investigate any other company was that the deal had been done with Monaro and that's what satisfied the Obeid's?---That would, that would, that's, that, yes. I mean that would (not transcribable)

And once the Obeid's were satisfied they were able to get – use their influence to make sure that the company with whom they had done a deal would be favoured?---Sir, I think that is the case.

And that's what you were told by Moses?---Yes.

MR WATSON: I want to confirm that to you by something that Mr Rampe wrote. Go back to tab 40, go back to the second page, go to the middle of the page where there's a new paragraph staring, "GB has now." Do you see that?---Yes, sir.

I'm going to read the second sentence of that paragraph out loud. "GB has also advised that because of his involvement and connections with the project he can guarantee a transaction for Monaro on one or more of the ex-Lithgow batch". Do you see that?---Yes, I do.

Now I'm going to tell you something which will come as no surprise to you, we have access to speak to Mr Rampe and we have spoken to him?---Sure.

You'd appreciate that wouldn't you?---Yes.

Do you accept that they were the kinds of words that you used to Mr Rampe?---Possibly, yes.

Well when you say possibly yes, let's make this plain is it because that Moses Obeid had told you that he could fix it within the selection panel so that you, Gardner Brook could guarantee to Monaro, one of the transactions?---The only one that Moses indicated to me that if it was a competitive bid it would be successful was the Mount Penny project. He didn't mention any other projects.

Well just read on you'll see that Mr Rampe refers specifically to Mount Penny. Do you see that?---Yes.

Now pausing there did Moses Obeid say words to you which conveyed to you that he could fix it within the selection process so that Monaro Mining would receive the Mount Penny project?---He didn't say fix it but he certainly said to me that they would be more than likely successful.

Did he tell you anything about access he had to the inner workings of the selection process?---No.

Did he tell you of any particular friendship he had with the Minister, Ian Macdonald?---No.

Have you thought carefully about whether you've had lunch with Moses Obeid and Ian Macdonald?---Sir, I am trying to recall that. I do not recall that, but it's possible.

Isn't the truth this, you were told by Moses Obeid that in effect he could arrange it so that Mount Penny was award to Monaro?---I think that's a fair statement, sir.

And this explains why down at Colin Biggers & Paisley - - -?---Yes.

- - - down at Clayton Utz, everyone is putting together transactions ahead of the expressions of interest being called for between Monaro Mining and companies associated with the Obeid family?---Yes, sir.

Otherwise it's a nonsense?---Yes.

You knew Monaro was going to succeed?---I didn't know they were going to succeed, sir. I mean I - - -

Sorry, I put that too highly. I'll put it this way. You knew that the Obeids were sufficiently confident that Monaro would succeed so that they were entering complex financial transactions with Monaro, is that right?---The Obeids were very confident.

And they also weren't saying to you listen, Gardner, we better talk to any of the other eleven parties on the list. They weren't saying that, were they? ---No, they weren't.

Now, I want to ask you about this and I want to show you a bundle of documents which we got in this fashion. I want you to assume I could prove that some people went in to the office of Paul Obeid with an appropriate warrant and scooped up a manila folder off his desk and they found four documents. Two of them are maps and I want you to have a look at the maps and I want to ask you do you recognise whether they are maps which at one stage or another were shown to you by some member of the Obeid family?---One of them was, sir.

Which one? One is dated 30 May, 2008 and the other is dated 9 May, 2008?---The 30 May, 2008.

That was definitely shown to you?---Yes.

Now, I want to tender those documents as a bundle, Commissioner.

THE COMMISSIONER: Yes. The bundle of documents including two maps of the Mount Penny area is Exhibit 2.

So when did you see these, Mr - - -?---That map, Commissioner, I saw not longer after first meeting Mr Obeid.

Yes, thanks.

MR WATSON: Could the witness be shown volume 2, the document which lies behind tab 93. Do you have that document in front of you?---Yes, I do.

It's probably one the like of which you've never seen before but I want you to assume it's a record which is able to be obtained by people in an official capacity tracking financial payments. This one shows a transaction on 23 September, 2010 and you'll see that a total of AUD$1,739,000 Australian dollars went out of one bank account which belonged to Amanda Poole, P-o-o-l-e, of Dover Heights and into another account, that of Brook Capital Partners in Singapore. Do you see that?---Yes, I do, sir.

Now, just to make it clear, you the Brook of Brook Capital Partners, Singapore?---That's correct.

That was your account?---Yes.

Who is Amanda Poole?---I believe she is the wife of Richard Poole who's a director of Arthur Phillip.

Arthur Phillip Trust, is that right?---I can't be certain about that, sir.

That's a nan and pop kind of organisation with lots of small investors making large investments - - -?---Right. I wasn't - - -

- - - because of their accumulated money, is that right?---I was never aware of their structure, sir.

Well, in any event, you got $1.7 million from Amanda Poole?---Ah hmm.

You're not saying it came as a surprise?---No, it was an agreement. We, we, we agreed on a deal.

Well, that's what I want to ask you, what was that deal?---Okay. The company called Loyal Coal did a deal with Monaro Mining to take over responsibility for the, the EL applications. I couldn't finance the - Monaro Mining had put a deal to the DPI, their proposal was frankly not commercial, it was a ridiculous amount of money up front, I think it was 20 or $25 million to that effect. Then so knowing that I had control of the, of the, of the tender that was with the DPI I went to a client of - well, the DPI told us who the other bidders were in, in the process.

This is on behalf of a company called Loyal Coal Pty Limited?---That's right.

Perhaps we should make it clear that Monaro Coal - Monaro Mining no liability incorporated a company as a wholly-owned subsidiary, that is Monaro Coal Pty Limited - - -?---Ah hmm.

- - - which subsequently changed it's name to Loyal Coal Pty Limited? ---Yes.

Now the vehicle for responding to the request for an expression of interest on behalf of Monaro became Loyal Coal Pty Limited?---And we applied to the DPI for that to be approved.

And the DPI approved that so that that became the corporate vehicle for the application, is that so?---That's right, sir.

Now, you're explaining the deal whereby you came to be paid $1.7 million. In doing so I understood that you said that the proposal which had been put in by Loyal Coal to the DPI was in your view inadequate?---I'm sorry, sir, could you repeat that question?

As I understand it you formed a view that the proposal which had been put forth by Loyal Coal - - -

THE COMMISSIONER: Monaro, I think, I thought you said.

THE WITNESS: Well, yeah, we, we inherited the bid.

MR WATSON: Yes?---Yeah.

When you say we, Loyal Coal?---Well, Loyal Coal, yes.

And Loyal Coal's bid was inadequate in some respect?---It was over the top expensive, it didn't make commercial sense.

Did you know - I'm sorry, you've explained that background. I'm really asking this question: why were you paid $1.7 million? Was it a fee?---I'd like, I'd like to explain it, sir.

Was it in respect of property which you sold? What was it?---Okay. The bid that was with the DPI as I've mentioned was not commercial, it was too much money being offered up front without establishing the resource. We -

the DPI had told Monaro Mining of the other bidders in the, the process who, who else had bid for, for Mount Penny.

THE COMMISSIONER: And had failed?---Pardon?

And had failed?---Well, that, that - Mount Penny hadn't been awarded yet, they were just the preferred bidder. So this is before anything had been awarded. So if you just give me a - just let me please explain this because I understand it's confusing. Okay. So when, when Monaro Mining provided me with a retainer to, to go and help them with the process as far as raising money, one of the companies that they told me about was Jane Group in Calcutta, so I went to Calcutta to see if I could do a deal with them whereby we could join because they presumably had money and so we could combine our bids and win the, the Mount Penny asset. The Jane Group weren't - they weren't really interested in doing a joint venture with, with Monaro so that failed. I went to Beijing on a couple of occasions as well trying to garnish the same support for the bid because the bid wasn't fundable. So I formed the view that instead of letting it go if I could do a deal or orchestrate a deal with Cascade Coal who was a bidder, I would do a deal with them whereby I would pull out - I would withdraw Loyal Coal's bid and then in the event that they were successful then we would be able to participate through whichever vehicle that Cascade nominated to be the holder of the EL.

And therefore?---Sorry, sorry, so how did I end up getting paid money?

Yes?---Okay.

MR WATSON: That was the question?---Yes, sorry, I beg your pardon, sir. I was just trying to give the background. Okay. So the, the joint venture with Cascade - - -

THE COMMISSIONER: The joint venture between Loyal Coal and Cascade?---It wasn't Loyal Coal. There was an intention for it to be Buffalo at some stage but that - I can't remember - the reasoning behind which entity was used to participate - I wasn't involved in those conversations but there was a 20 - - -

Can I just ask you to do me a favour?---Sorry.

I recently sold a car and somebody gave me a trade-in value for it, it's a common sort of occurrence. Why were you given $1.7 million, was it a fee, did you sell something?---I forfeited my shares in an entity in joint venture with Cascade Coal. So that Cascade Coal would increase their percentage in the joint venture and I, and that was 3 per cent of the joint venture.

Would you look at volume 2 tab 92. Do you see there that the very first page behind that tab is a search of Buffalo Resources Proprietary Limited?
---Yes.

Do you see that Buffalo Resources was created on 3 June, 2009?---Yes.

Do you see that from 3 June, 2009, the registered office was at Mr Sassine's office?---Yes, I do.

How did that come about? This is, this is, this Buffalo company, is this Buffalo company related to the Obeids?---Yes.

Yes, it is, isn't it. You see Buffalo Resources and all of the Buffalo companies were just yet another vehicle to disguise the Obeid interest. Isn't that right?---That's right.

So that we can see there Mr Sassine's office is the registered office, that's the Obeid Family accountant. If we turn over you'll see that the previous directors are you, Andrew Kaidbay and a new player Mario Peter Sindone, S-i-n-d-o-n-e. You see that?---I see that, yes.

Well, we know who Mr Kaidbay is, he's a dear friend of the Obeid boys. Is that so?---Yes, sir.

Who is Sindone?---I do not know, sir.

You don't know Mario Peter Sindone?---No.

Apparently one of your co-directors of this company.---Sir, I don't, I wasn't involved in the incorporation I just participated as a director and I do not know who Mr Sindone is.

Was this a genuine company or was it a sham?---Well, it was, it was going to be a vehicle to participate with Cascade Coal but that was abandoned.

Have a look down the bottom of the page. You'll see that the former members are Warbie, W-a-r-b-i-e, Propriety Limited, that's your company?
---Yes.

And Equitexx.---Yes.

E-q-u-i-t-e-x-x, proprietary Limited.---Yeah.

Who is Equitexx?---I don't know who Equitexx actually is but I, I expect is an entity related to the Obeid Family.

Well, why would you suspect that?---Well, I think it is because (not transcribable) they, it is responsible for Equitexx, so I've never seen any details on Equitexx but I believe it is an Obeid company.

Well, even at this stage it seems as though you're participating in some kind of sham with the Obeid Family. Isn't that right?---I didn't see it that way, sir.

Well, come on, just think about it now.---Mmm.

The Obeids can invest in their own name or they could go through the kind of complex arrangement putting up Kaidbay, putting up this Sindone and using a company Equitexx?---Sir, I didn't ask them their reasons for structuring it, structuring it the way they did, you'll see that I actually didn't, I didn't disguise my participation. So I don't know why they did it that way, sir, I could answer for you. That has to be - - -

THE COMMISSIONER: Who was the person, the mastermind of all of this?---It was the Obeids.

Who?---Well, it was predominately Moses and, and Paul Obeid.

MR WATSON: I've just got to get this straight. Somebody had to come to you and say look, Gardner we're setting up Buffalo Resources Propriety Limited sign here.---Ah hmm.

Somebody had to ask you to do that?---That was Andrew Kaidbay.

Andrew Kaidbay on behalf of the Obeids?---Yes.

Is that right? Did you ask him is there some reason why we're setting up this company with the Obeids and they're not using their own name?---I don't believe I asked him that specific question but I presumed it was just another SPV to use for isolating you know transactions within a, a single company.

THE COMMISSIONER: You all became directors of Buffalo on the same day, 3 June, 2009.---Yes, sir, yes, Commissioner.

Do you know how that happened?---Well, the entity was set up initially to participate with Cascade Coal in the event that they were awarded Mount Penny.

MR WATSON: Now is the time to come clean.---I'm trying, I am telling you.

Were you right up to your neck in this with the Obeids?---Sorry, what do you mean by that?

Were you participating or conspiring with the Obeids to keep their existence a secret from the stock exchange or other potential investors?---No, sir.

Would you have, I could take you to it, but would accept from me that we've also searched the other Buffalo companies in that group, Buffalo Energy Propriety Limited, Buffalo Coal Propriety Limited.---Ah hmm.

The structure seems to be the same.---Yes, sir.

Brook, Kaidbay and Sindone. You'd agree with that?---Yes, sir.

THE COMMISSIONER: So there was a set of companies at which you became a director.---Yes.

Why?---Well, the other two companies I can't recall why they were set up. Certainly one of the entities was going to be used in the joint venture with Cascade.

Why were you a director?---Well, because I was, I was brokering the deal with Cascade.

But should that make you a director?---In hindsight, Commissioner, I shouldn't have (not transcribable) it just seemed appropriate if I was negotiating with Cascade on a joint venture basis.

Just I'm trying to understand. You forfeited your share in Loyal Coal? ---No, I forfeited my, the exact structure that was finalised I'm not clear on but I held, of the, I'm sorry I'm not meaning to be vague, I really, I'm not meaning to be vague but there was an SPV a joint venture with Cascade Coal of which the Obeid interests had 25 per cent and for brokering the deal I, well, for taking out of Loyal and pulling out of the deal and that sort of thing I received 3 per cent of that 25, Cascade Coal approached me and said are you interested in selling your, your stake because they wanted a greater position.

So your 1.7 million represents 3 per cent of your interest in?---In the Mount Penny project.

MR WATSON: Where did you get an interest in Mount Penny? ---Well - - -

They just don't give way $1.7 million worth of shares do they?---Well, what happened, sir, is that I think it might, I'm not sure if the entity whether it was, I'm not clear as to the structure that was ultimately agreed between Cascade and the, the Obeid entity but I, I had a holding which wasn't by way of shares it was by, I think it was by way of units in a trust but I can't be sure, of 3 per cent of the total.

THE COMMISSIONER: The total of what?---The, the, the joint venture.

But you had interest in the joint venture between Cascade Coal and Loyal Coal.---And, no, well, Loyal Coal pulled out of the bidding process and then Cascade subsequently won the process.

So did you have an interest in Cascade?---No.

So what did you have an interest in?---The deal that was brokered was that the, the Obeid side of things would participate at 25 per cent of the project - - -

Twenty-five per cent in Cascade?---Well, in an entity which would ultimately hold the exploration licence. Cascade are a professional mining people and they had the, they were very specific with respect to the way they wanted to structure the deal.

MR WATSON: Well, why was Amanda Poole paying you?---I, I couldn't answer that, I don't know.

This is starting to sound ridiculous now, Mr Brook, think about it. Somebody sends you $1.7million and you can't give us an idea why she was doing so?---Sir, I am attempting to explain that.

Yeah. I've heard that - - - I've had a 3 per cent.

No, it's all right, Mr, it's all right - - -

THE COMMISSIONER: And why was it Amanda Poole?---I don't know why.

What connection did Arthur Phillip have to this deal?---They were advising, I believe they were advising Cascade Coal and Amanda Poole is the wife of Richard Poole who is a director of Arthur Phillip. I don't know why she sent me the money.

MR WATSON: Well, could you ask her to send me some. Have a look at tab 67 or the document at least which lies behind it. You'll see behind tab 67 you would have just glanced at the face of it, would you see that is a document that you remember?---Yes, sir.

Now, it's addressed to you, Garner Brook, Buffalo Resources Pty Limited? ---Yes.

So were you the dominant person, that is the controller of Buffalo Resources Pty Limited?---Well, me and Andrew Kaidbay.

Well, it's addressed to you, not to Kaidbay?---Yeah.

Can you explain that?---Well, in this, for this particular, yeah, it was me, yes.

How do you explain it?---Well, as I've, I've attempted to explain, we had control of Loyal Coal, Loyal Coal had a bid in with the DPI, we pulled out of the bid and the intention was that if Cascade subsequently then won the bid that Buffalo, if it didn't end up being Buffalo, would receive a 25 per cent interest in- - -

Where does this we come in with Loyal Coal? I rather understood that Loyal Coal was a wholly-owned subsidiary of Monaro Mining No Liability. What do you mean we when you talk of Loyal Coal?---Well, it was Andrew Kaidbay and I took over, Loyal Coal was transferred to (not transcribable) was transferred to, they transferred the shares so- - -

So when you say we, are you involving yourself with Loyal Coal?---Yes.

So you owned a share of it?---I don't think I owned, no, I didn't own a share of it but I was a director of it.

Right.

THE COMMISSIONER: But, but, you and Andrew Kaidbay?---We were both directors, Commissioner, yes.

The sole, the sole directors?---I, I believe so, unless the company records state otherwise.

And who were the shareholders of Loyal Coal?---I do not recall. I think it was ah, I'm not sure, if you could refresh my memory, that's fine. I just don't remember exactly. It may well have been Warbie, one of the entities which I owned.

MR WATSON: Well, what- - -

THE COMMISSIONER: Are you really saying that it's Moses Obeid who was masterminding this?---Yes.

With, and was he getting legal advice?---I don't know.

MR WATSON: Anyway, we were looking at tab 67, and this is a letter of agreement between Cascade and Buffalo Resources. Do you see that? ---Yes, sir.

I'm just going to pause there for a moment. So who is Cascade?---Cascade is a company that bid for Mount Penny.

Who lay behind that company, any personalities?---Travers Duncan.

Yes, who's he?---He's the previous chairman of Felix Resources. I've never met him. John McGuigan.

Yes, who's he?---John is an ex-partner of a major law firm, I don't recall the name. It might have been, might be (not transcribable) I'm not sure.

Who else?---I believe, I didn't meet him, but I believe a fellow called Brian Flannery is also part of their group.

Anyone else?---There may well be but to my recollection I can't recall. They're the main names that I was aware of.

Could I ask you, are these people associated with a company called White Energy Limited?---Yes.

A very large company?---Yes.

On no view of it would White Energy come within the description of a small miner. Do you agree?---My understand is it's correct, yes.

Now, is this your understanding, that because the government had said that they would issue licences only to small miners, that the people behind White Resources- - -

THE COMMISSIONER: White Energy.

MR WATSON: White Energy, created their own version of a small cap miner, Cascade Coal. Is that your understanding?---The reasons for doing so, sir, aren't know to me because they had already put their bid into the DPI. I don't know what their thinking was on the matter.

Did they discover that Loyal Coal was the favoured party to receive the Mount Penny licence?---The DPI had indicated to Monaro that the, the bid that Monaro put in subsequently that Loyal Coal took over was highly favoured, but as I've mentioned, the terms of that offer to the government was not tenable and so we approached, and Cascade Coal, the DPI told all of the bidders who had bid, so we approached, I approached Cascade Coal with Moses Obeid to see if they would be interested in doing a deal whereby we would pull out of the, of the process, get out of the way. I mean I was bluffing them to the extent that, yeah, we've, we've got, we have a financial backer, but the relationship between Cascade Coal was predominantly between Cascade Coal and the Obeids.

All right. When you went to meetings with Cascade Coal there must have been a human being who fronted for them. Was that McGuigan?---Yes.

Was he the only person from Cascade Coal?---His son was also there.

What about on your side, there's you, was Moses Obeid there?---Yes, and Gerard.

Gerard Obeid. Now, if you have a look at the second page behind tab 67 you'll see there's a complex joint venture between, well, a proposal for a joint venture between Cascade and Buffalo, but at the top of the second page it says that in recognition of Buffalo's contribution and its associates or related parties including you, Gardner Brook, Loyal Coal are withdrawing the applications in respect of Mount Penny?---That's right.

Do you see that?---Yep, I see that.

Then Cascade agreed to pay a very substantial sum in the event the licence was awarded. Is that right?---There was, to my knowledge there was no money actually going to be paid up front, it was all based on drilling milestones.

All right. Well, there you can see it, Cascade agrees to do certain things?
---Yes.

Buffalo doesn't need to make any transactions. And then it goes on and it describes certain obligations. Do you see that?---Yes, sir.

What, what was Buffalo getting in return?---The 25, well, Buffalo didn't get it in the end, but- - -

THE COMMISSIONER: Well, Buffalo was getting the 25 per cent interest in the joint venture?---That's right.

But I'm not, it's not clear to me who the joint venture is between?---Well, Buffalo was a non-event, it was just an entity that we were going to use to represent- - -

There was going to be another company, not Buffalo?---It ended up being another entity and I'm not, it doesn't come to mind which entity that was.

And Buffalo was going to get a 25 per cent in it?---Yes.

Why?---For pulling out of the bidding process and there was also a landholder's agreement between- - -

Well, why should it, but it was Buffalo, sorry, Buffalo was going to pull out of the- - -?---Sorry, Loyal Coal- - -

Yes, but I'm asking why Buffalo was getting a 25 per cent interest in it.

---In consideration for Loyal Coal pulling out of the, pulling away from the bidding process, from the, from the bid.

MR WATSON: Could I suggest that a 25 per cent interest in the joint venture might be tens of millions of dollars?---Yeah, potentially, absolutely, yes.

Well, I'm just wondering why any sensible businessman would say, you're pulling out, we will give you a quarter of the whole of the project. Well, why would you do it? Is it because they knew it was Moses Obeid who was essential to delivering the deal?---I believe that was, that was the case.

That's the truth of it, isn't it?---Yeah.

You know that like you got $1.7 million, the Obeids have been paid $28 million for their part in this joint venture?---I don't know that.

Did you suspect that they got a lot?---I didn't know they'd been paid anything, sir. I'm not- - -

Well, I can tell you now- - -?---I'm not in contact with them.

I can tell you now that we can track, just like we tracked the payment to you- - -?---Right.

- - - a payment to interests associated to them for $28 million, oh, and some spare change. Does that come as a surprise to you?---Yes.

THE COMMISSIONER: But you see that kind of sum of money what did they, what did they provide for it?---Well my understanding was they provided the access to the land. But I wasn't involved in that particular element.

MR WATSON: I can tell you, don't let yourself worry about that. We can establish also that the Obeid's got their - - -

THE COMMISSIONER: The got money for that.

MR WATSON: - - - money for the land as well?---Did they?

THE COMMISSIONER: This is 28 million over on top of the - - -?---This is news to me, sir, Commissioner.

Well let's just try and imagine what they (not transcribable) 28 million for. I thought you agreed with Mr Watson five minutes ago that they got it because they were crucial to the deal. The deal wouldn't go through unless they were in it?---Well - - -

And what I mean by that they wouldn't get the license, Cascade wouldn't get the exploration license without the Obeid's influence?---I believe that is accurate, sir.

MR WATSON: And in other words at the time this joint venture that we see behind tab 67 is entered, Cascade Coal was really paying a lot of money not even knowing or potentially paying a lot of money not even knowing that the license would be granted to Loyal Coal or interests associated with it?---No monies had been paid prior to the issuance of the exploration license, to my knowledge sir.

What this was was effectively if Obeid through whichever entity was able to deliver the license over Mount Penny, they would get this very substantial share, 25 per cent of the joint venture?---Yes, sir.

THE COMMISSIONER: But Loyal Coal had no prospect of actually undertaking the joint venture did it?---No. It was a bluff to Cascade to get them to go into a deal.

Loyal Coal had no money?---That's right.

MR WATSON: A pretty good bluff, a $28 million bluff?---Again sir, that is new so to me. I have no - - -
THE COMMISSIONER: So Cascade, I mean for Cascade to pay Loyal Coal for withdrawing when Loyal Coal had no hope of actually fulfilling its obligations under the exploration license is a charade. They paid the 25, Buffalo got 25 per cent for something else?---Commissioner, it wasn't' Buffalo ultimately, but that was the intended entity.

Yes, whoever - - -?---Yeah, the entity that - - -

The entity that got the 25 per cent, which was the Obeid entity got the 25 per cent for Obeid's influence?---And just so, Commissioner, just to be clear, Loyal Coal agreed to get out of the way of the bidding process and in the event that Cascade got the license then there was a 25 per cent participation.

So you start of with nothing and you issue an exploration, an exploration license is issued, someone gets the license and pays someone else $28 million. That's a very good deal for someone isn't it?---And it's news to me, Commissioner. I did not know about that.

MR WATSON: Look behind tab 68 would you please at a thing called the bare trust deed and you'll see that there's only one party to it, a trustee, Buffalo Resources Pty Limited. Do you see - - -

THE COMMISSIONER: I'm sorry, what - - -

MR WATSON: Tab 68.

THE COMMISSIONER: Tab 60.

MR WATSON: 68.

THE COMMISSIONER: Thank you.

MR WATSON: And you'll see that this is a declaration that Buffalo Resources holds the shares or any interest in the joint venture as a trustee for Warbie, W-a-r-b-i-e Pty Limited, that's your company - - -?---Yes.

- - - and Equitex Pty Limited, and we've spoken of that company before. I'll show you a document now which is a search that we've had undertaken of Equitex Pty Limited and you'll see that Equitex Pty Limited was a company which was previously known as SS Nominees No. 1 Pty Limited. Do you see that?---Yes, sir.

That the registered office is SJ Sasssine, S-a-s-s-i-n-e & Co that's Syd Sassine, the accountant for the Obeid family and Mr Sassine is the sole director. And what's even better Mr Sassine is the sole shareholder. Does that now reassure you in what your thinking was before that, that is that Equitex was a vehicle for the Obeid interests?---I would think so, yes, sir, yes.

And I'll just show you something because you have said something and I didn't mean to be cruel but you're quite right about the change of entity. Would you go to tab 85. Behind tab 85 there is another document which speaks of Buffalo Retiring as trustee and South East Investments Pty Limited coming in. Do you know anything about South East Investments Pty Limited?---I don't, sir.

Well if we turn over the page we get some idea. We can see that it's been executed on 11 May, 2010 by Andrew Kaidbay as a director and by Mario Sindone as a director and the document is executed on behalf of South East Investments Pty Limited by Sevag Chalabian, as sole director. Do you see that?---Yes, I do.

Does that make you feel more comfortable that this has been used as a vehicle for the Obeid interests?---It would appear so, sir. I haven't seen this document before, but it looks that it's been transferred from Buffalo Resources to South East Investments.

It seems extraordinary that you haven't seen it because as I understand it you were a director of Buffalo Resources Pty Limited at the relevant time but nobody showed it to you?---That's right.

Now, could I just ask you a question about the arrangement under which these transfers were made in favour of what seems to be an Obeid vehicle in respect of Mount Penny. Did you understand that concurrently with the Obeid interests surrendering Mount Penny they pursued other licences at a place called Yarrawa, Y-a-r-r-a-w-a? Did you know that?---Yes, sir.

And that through a company called Voope Pty Limited of which you were apparently formerly a director they were able to obtain a share of the licence there?---(NO AUDIBLE REPLY)

Do you know what?---Yeah, I, I believe that's correct, sir.

Excuse me, Commissioner. You didn't know anything about that?---I believe the, the name of Voope may have been changed.

Yes, it was to Mincorp Investments - - -?---That's right.

- - - Pty Limited?---Yeah.

If I just show you again in volume 2 the joint venture document?---Which tab, sir?

Tab 67. You'll see that that's a document on its second-last page which was executed by John McGuigan on behalf of Cascade and by you on behalf of Buffalo, do you see?---That's right, yes.

If you look behind tab 68 you'll see that document which I showed you before, the bare trust deed, you'll see that this is a document which affects you because its declaring that a company of which you were a director and shareholder, Buffalo Resources, is a bare trustee for other interests but if you go to the fourth page of the document you'll see that it was executed by Kaidbay and Sindone as the directors of Buffalo?---Sir, is that the tab 68?

Yes?---I don't have a fourth page here.

THE COMMISSIONER: No, nor do I. It is the fourth page, it's marked 3? ---Oh, it's 3.

Yeah. It's page 3.

MR WATSON: Yes.

THE COMMISSIONER: The page numbered 3.

MR WATSON: It's literally the fourth page after the title page.

THE COMMISSIONER: Yes.

MR WATSON: But it's numbered 3. Do you see that?---Yes.

Did anybody tell you about the execution of that document?---If they did I don't recall it, sir, I don't remember this. I don't have any recollection of it.

Commissioner, I know this is unusual but I suspect that it may be awkward for Mr Brook to come back and answer questions so I'd just like five minutes to speak to those who instruct me - - -

THE COMMISSIONER: Yes.

MR WATSON: - - - to make sure I haven't forgotten something.

THE COMMISSIONER: Yes. You have no objection, Mr Hoyle? We'll adjourn for five.

SHORT ADJOURNMENT [4.01pm]

MR WATSON: We've conducted some searches and it seems to us as though you remain a shareholder in the Yarrawa project, is that right?---Yes.

I mean, how does that come about?---Well, there hasn't been a, there hasn't been a - nothing's happened yet with that deal.

Well, something's happened, that is shares have been issued to you or to a company in which you are interested, isn't that right?---Yes.

Is that a potentially valuable asset?---Yes, it is.

How, how did that come about?---When Loyal Coal took over the, the bids for Monaro one of the, one of the bids was for Yarrawa. I contacted but I have no ability to, to fund that, that was something separate again. I contacted CoalWorks who I knew was interested, CoalWorks Limited, CWK (not transcribable) which was interested in Yarrawa, ah, Yarrawa, so I brokered a deal with them that again we would - actually I'm not sure if it happened that way.

Who's we?---Well, this is Andrew Kaidbay again.

You and the, in truth, the Obeids?---Well, at the back end, yeah, he was representing the (not transcribable) side of things.

This is really quite anxious but should the Commissioner understand your evidence in those two minutes to mean this: that in respect of all that's happened you are still - you still possess potentially very valuable investment in the Yarrawa project which you acquired in conjunction with the Obeids?---I'd say that's right, accurate, yes.

Mr Brook, were you paid that by the Obeids, were you given that by the Obeids?---No.

Well, how did you get it? What financial contribution did you make?---The - again, Loyal Coal - I'm not sure of the workings of that particular transaction and I'm not trying - - -

I wish I had transactions where I had a valuable asset where I couldn't even explain the basics of how I came to own it?---Sure, I understand.

But if I said that to an outsider they'd say I don't believe you and I'm sorry, Mr Brook, I don't believe you?---Can I please try and answer it?

How did you get this valuable asset?---Okay. Loyal Coal did a deal with CoalWorks whereby CoalWorks bought 92.5 per cent of Loyal Coal or one of CoalWorks' trusts. CoalWorks paid the money to Loyal Coal to pay for the, pay for the payments to the DPI in order to get the exploration licence and the result was that, that Loyal Coal - I'm just trying to think of the structure now, Loyal Coal maintained an interest of 7.5 per cent in the Yarrawa project and there's been a series of transactions since then involving other joint venture partners coming in to exploring that particular asset.

But why - did you have a - you had a share in Loyal Coal, did you?---Yes, I think that's correct.

And does that now represent the share in Yarrawa?---It does indirectly, yes.

And how did you get the share in Loyal Coal?---Because I approached CoalWorks to come in and fund the bid for, for the exploration licence.

So that was your reward for, for - - -?---Yes.

- - - getting - - -?---That's correct.

- - - the finance?---Yes.

MR WATSON: From whom do you understand this reward was coming, the Obeids?---No, from CoalWorks.

From CoalWorks? That's a company associated with Mr Tinkler, is it? ---They have got a joint venture at the moment.

And everything I've just said about Yarrawa applies with equal force to Mount Penny, doesn't it, you've got a share in that?---I don't have a share in Mount Penny any longer.

THE COMMISSIONER: And I don't understand your reply that you got it from CoalWorks. Did CoalWorks give you part of their share or did Loyal, Loyal give you part of its share?---Loyal, Loyal Coal was the, was the winning bid for Yarrawa. CoalWorks bought 92.8, 92.5 per cent of - this is to the best of my knowledge.

Of Loyal Coal?---Of Loyal Coal.

Ah hmm. And?---And that, and interest is a free carried interest to, to bankable feasibility study which is (not transcribable)

Yes. So your interest comes from Loyal Coal, it doesn't come from Coalworks?---I, Commissioner, I guess that's right, but everything's driven out of Coalworks.

Now, what I don't understand, Mr Brook, now, let's just take Yarrawa. Coalworks come in how long after Loyal Coal gets the licence?---Well, it was immediate I believe. Well, it was immediate, immediate such that payments had to be made within a certain amount of time.

So Loyal, so Coalworks came in. How much do they pay?---I believe it was around about 200 to $250,000 initially.

And do they assume obligations under the exploration lease?---Coalworks, yes.

Now, why do, why does a big company like Coalworks agree to do this if there hasn't been drilling and hasn't been all this information that you started off explaining?---Well- - -

It was a necessary element of any large company coming in?---Unlike the Mount Penny bid, the, the bid that was put forward initially by Monaro for Yarrawa was a much more sensible structure, such that it wasn't a large amount to the government up-front, it was based on a time frame timings.

So what we have with Yarrawa at least is this idea of a junior miner being the only way in which this can be developed as proving to be incorrect, because as you say, Coalworks come in immediately that Loyal Coal gets its licence?---Commissioner, let me try to explain that a little further. I rang Coalworks and told them that I was the preferred bidder or Loyal Coal was the preferred bidder for Yarrawa but I couldn't finance it, would you, Coalworks, be interested in coming in as the financial partner and the actual mining company for that project, and they agreed.

I understand that. Did you get any part of the $250,000?---No, I got a fee of $200,000 from Coalworks to broker that deal.

Now, what about the Mount Penny deal, why did White, why was White Energy prepared to pay a large amount of money, had there been drilling done there?---Commissioner, I am not aware of the extent of their thinking and the extent of their analysis of that area.

As far as you know, had there been any drilling done?---Before the exploration licence had been issued, I don't believe so.

And after?---Well, once the exploration licence was issued they had access to the land and they started drilling, I understand- - -

Who started drilling?---Yeah.

Who?---Cascade.

MR WATSON: Thank you, Commissioner.

THE COMMISSIONER: Mr Brook, do you know a man called Tunks? ---Yes.

MR WATSON: I'm so sorry, I forgot after all of this, I have a couple of other people I want to ask you about. You know a fellow, Tunks, footballer, do you know him?---Yes, I do.

What was your arrangement with him?---He was going to help me manage my creditors and - - -

Creditors?---Creditors, my creditors.

Yes?---Because I was in financial difficulty.

Yes?---And we – and if I was able to do a deal I was going to pay him some type of fee. I know that he thinks otherwise, but some type of fee.

Right?---If he managed my creditors for me and helped me get over the financial trouble which he didn't.

THE COMMISSIONER: Did he have any interest in the coal mine?---No.

MR WATSON: Did he finance your trip to Singapore?---No.

Did he give you any funds at all?---No.

Are you sure of that?---Tunks?

Yes?---Absolutely.

And when you say manage your creditors is this – not through physical force I take it?---No. I was living in Europe at the time trying to develop business. I had creditors in Australia and the, the expectation was that he would just keep them at bay until I could actually do a deal in order to pay my creditors out.

And what sort of deal do you do in those circumstances?---I'm sorry, sir, I don't understand.

What was he going to do, make false promises to them or - - -?---Well I, I'm not sure exactly what he was doing other than keeping communication with them that I wasn't going to renege on my debts.

THE COMMISSIONER: Did he introduce you to influential people?---No, no, no I don't think so.

In the UK did he introduce you to influential people who for example owned rugby leagues clubs?---I don't know.

High net worth individuals?---He introduced me to a fellow called Brian - - -

Parker?--- - - - Parker, correct, yes.

Right. Was he a high net worth individual?---Yes.

And did you do business with Parker?---No. We attempted to do business but nothing, we never did any business.

I've got nothing further, Commissioner.

THE COMMISSIONER: Yes, thank you. Mr Hoyle, do you want to ask any questions?

MR HOYLE: No thank you, Commissioner.

THE COMMISSIONER: Yes. Thank you Mr Brook. You'll be happy to know that it's come to an end?---Thank you, Commissioner.

MR HOYLE: Commissioner, would you make an order releasing him from further attendance, so (not transcribable)

THE COMMISSIONER: Yes, you are released.

MR HOYLE: Thank you.

THE COMMISSIONER: You are released. You've promised to give us some documents?---Commissioner, I will cooperate in whatever way is required.

Yes, does that include coming to a public inquiry if there is one?---If I am required to, Commissioner, I will do so.

THE WITNESS EXCUSED [4:22pm]

All right. Yes, thank you. The Commission will now adjourn.

SHORT ADJOURNMENT [4.22pm]

MR WATSON: Commissioner, I understand that Mr Brook may wish to say something perhaps in further answer to your earlier question about whether he had ever been the subject of a threat.

<PAUL GARDNER BROOK, on former oath [4:47pm]

THE COMMISSIONER: Yes, Mr Brook?---Commissioner, I, I apologise for not recalling this when asked the question directly. I do recall an occasion where Moses Obeid said to me that if I was ever questioned about the, the dealings that they would drop me like a stone, a hot stone.

When, can you try and give me particulars as to the date and place?---I'm fairly certain it was the Wentworth Hotel and I'm fairly certain it was early 2009.

I can understand that you are concerned about your safety and what I can offer you is this, that should you return to give evidence, should that be necessary, you'll be met by ICAC officers at the airport, you will be accompanied to an appropriate hotel, the whereabouts of which will be known to this Commission. You will be taken from the hotel to the hearing room. You will not be – you enter the hearing room privately, by that I mean that although if it's a public hearing, the public will be present. You'll be brought in without passing through any member of the public. So the car will bring you in, into a basement area and you will be taken in a different lift to that which the public normally use to come to this floor and you will be brought through a side entrance into this room. Once you've given evidence every time you leave this room you will be taken out through a side room, taken downstairs to a basement again and shown how to get out other than through the ordinary public entrance. When you do finish your evidence you will be taken to your hotel and allowed to collect your things and then taken immediately to the airport. So that's what we can offer you?---Thank you, Commissioner. I just thought it was worthwhile mentioning because I was asked the question and I forgot.

Yes, no I understand your concern and that's what we will offer you. I've said this now so it's on record. That is the measure of protection that we can provide you with?---Thank you, Commissioner.

Yes. Mr Hoyle, I know it's not really necessary for me to say this to you and your solicitor but I say it with the greatest of respect, but I really do urge both of you not to speak of what has happened today - - -

MR HOYLE: Of course.

THE COMMISSIONER: - - - because it's – and forgive me for saying it but it is so important that I feel compelled to say it, that you know, and especially if I may say so, your solicitor, Mr Matouk is something that I'm afraid is not for your partners or for anyone else, I mean the information, it's something that really for – apart from the integrity of the investigation for the safety of Mr Brook. It's very important that nothing is said about what happened here today.

MR HOYLE: We certainly appreciate that.

THE COMMISSIONER: Yes, I'm sure you do.

MR HOYLE: Thank you, Commissioner.

THE COMMISSIONER: Yes. We are now adjourned.

AT 4:51pm THE MATTER WAS ADJOURNED ACCORDINGLY [4:51pm]