

**"Appointor"** is the person or Legal Entity (including any combination of one or more thereof acting as a Panel) named at Schedule One as such, and as appointed from time to time in accordance with Rule 4.

**"Ancestor"** means a person from whom a nominated person is descended, and does not include a person from whom a nominated person's spouse is descended.

**"Asset"** include, but are not limited to cash, real, personal or Intellectual property, shares, futures, collectables, businesses or business interests, any assets or property transferred or sold to the Trust plus income and profits arising from those assets or property as well as any other asset that a Trustee may invest in or hold upon trust.

**"Beneficiary"** is those persons and legal entities named at Schedule One, and nominated as such in accordance with Rule 3 (including the Primary, Secondary, Tertiary and Quaternary Beneficiaries).

**"Beneficiary Distribution"** includes such Capital Distributions and Income Distributions resolved from time to time by the Trustee in favour of a Beneficiary of the Trust.

**"Beneficiary Loan Accounts"** are accounts created by the Trustee where unpaid Distributions or other monies have been lent, by written agreement or a decision to create such a loan by the Trustee from the Beneficiary and under such terms and conditions as the Trustee decides at the Trustee's discretion.

**"Capital Beneficiaries"** are those Beneficiaries that are in receipt of Capital Distributions from the Trustee of the Trust whether those distributions are paid or accrued by the Trustee.

**"Capital Distributions"** are Distributions declared as such by the Trustee of the Trust and payable to a Beneficiary or accrued on their behalf.

**"Cash"** includes any currency, cheque, promissory note and any amount held by the Trustee in a bank account, cash management trust, deposit account or similar account where cash may be held on deposit for the Trustee.

**"Child Maintenance Trust"** is a trust created pursuant to the ITAA36 and ITAA97 for the purposes of the benefit of Children under a child support or child maintenance agreement.

**"Child Maintenance Trust Beneficiary"** and **"Child Maintenance Beneficiaries"** are beneficiaries of a Child Maintenance Trust.

**"Children"** in relation to a person, includes an adopted child of the person or any other person, considered by the Trustee as such.

**"Cloned Trust"** includes, subject to the Trust Law, ITAA36 and ITAA97, a trust that bears an identical set of Rules of the Trust, Beneficiaries and Trustee as the Trust and is created by the Trustee out of this Trust.

**"Company"** includes any entity incorporated pursuant to the *Corporations Act 2001*.

**"Corporate Trustee"** is any Trustee of the Trust, which is a constitutional corporation.

**"Custodian"** includes a person or Legal Entity, which holds Trust Assets on behalf of the Trustee as bare trustee.

**"Custodian Trust"** is a trust in which the Custodian holds Trust Assets on behalf of the Trustee.

**"Death Distribution"** is a Distribution of Income or Capital of the Trust, which the Trustee determines to pay in the event of the death of a Beneficiary.

**"Derivative"** includes any interest rate swap, currency swap, currency option, interest rate option, swap option, smart forward, money market transaction, foreign exchange transaction, margin foreign exchange transaction, futures transaction, forward rate agreement, forward rate bill transaction, synthetic forward exchange transaction, deposit transaction, currency transaction, interest rate transaction, bond option, commodity (including precious metals, electricity or energy) option or other transaction, credit derivative, equity derivative, Capital market transaction, securities buy – back transaction or sell-back transaction, other product traded, or transaction undertaken, on financial markets (whether on an exchange or not) from time to time and at any future time; and/or a synthesis or derivative of any of them.

**"Descendant"** means a person descended from a nominated person, and does not include a person descended from a spouse of a nominated person (excepting to the extent the descendant disqualifies as such, being a person descended from the nominated person (for example, a child of a husband and wife, is also a descendant of the wife where the nominated person is the husband)).

**"Disqualifying Event"** means, in respect to a Person, the happening of the first of the following:

- (a) The person retiring or resigning;
- (b) The person committing an act of bankruptcy, is a bankrupt, is an undischarged bankrupt or is subject to an arrangement or composition of his/her creditors as the terms are applied in accordance with the *Bankruptcy Act 1966* (Cth), including, but not limited to section 40 thereof;
- (c) The person is found to be of unsound mind or a person whose personal estate is liable to be dealt with in a way under the laws of the Commonwealth and/or state of the person's residency relating to mental health; and/or
- (d) A corporation which is deregistered or insolvent, as the term is applied in accordance with the *Corporations Act 2001*, including, but not limited to section 95A thereof, includes circumstances in which the corporation is subject to an application for winding up or has entered into an arrangement with its creditors.

**"Disqualified Person"** means the Settlor, the estate of the Settlor and/or any corporation, partnership or trust of which the Settlor has an actual or contingent beneficial interest.

**"Disqualified Trustee"** means a Person subject to a Disqualifying Event, as more fully described at Rule 2.

**"Distribution"** is an amount or amounts of Income of the Trust or Capital of the Trust declared by the Trustee to be vested indefeasibly on behalf of a Beneficiary, including but not limited to any category or class of Income of the Trust streamed to any one or more Beneficiaries.

**"Excepted Trust"** is a Trust created on the death of a person for the benefit of minors and is commonly known as a Testamentary Trust where the deceased person through a will settles property for the benefit of excepted persons. Any such trust must meet the conditions of an Excepted Trust under the ITAA36 and ITAA97.

**"Excepted Trust Beneficiary"** and **"Excepted Trust Beneficiaries"** are the beneficiaries of an Excepted Trust.

**"Excess Accounting Income"** is an amount the Trustee considers Income of the Trust which may include any accounting Income as determined under ordinary accounting principles that the Trustee of the Trust determines as Income of the Trust that is not included in the Trust's Income.



**"Foreign Person"** means a non-resident Person for tax purposes.

**"General Expense"** includes expenses incurred by the Trustee of the Trust in relation to the day-to-day operations of the Trust as well as those expenses the Trustee declares are General Expenses.

**"Government"** includes the Australian Federal Government, the various State and Territory Governments of the States and Territories of Australia, Local Councils and any other legally convened Government around the world.

**"Ineligible Beneficiary"** means a Beneficiary of the Trust subject to one of the following:

- (a) If a person, then such person is a bankrupt, is an undischarged bankrupt or is subject to an arrangement or composition of his/her creditors as the terms are applied in accordance with the *Bankruptcy Act 1966* (Cth), including, but not limited to section 40 thereof;
- (b) If a person, then a person has ceased to live with their spouse on a bona fide domestic basis, and such person has not concluded a property settlement with their spouse, as such terms are interpreted for purposes of the *Family Law Act 1995*, including but not limited to Part VIII and Part VIIIAA thereof; or
- (c) If a corporation, the corporation is insolvent, as the term is interpreted in accordance with the *Corporations Act 2001*, including, but not limited to section 95A thereof, and includes circumstances in which the corporation is subject to an application for winding up or has entered into an arrangement with its creditors.

**"Income"** is the Income of the Trust.

**"Income of the Trust"** is determined in accordance with the Trustee discretion, including, but not limited to one of the following options:

- (a) Income of the Trust as determined under Australian accounting standards;
- (b) Income of the Trust as determined under generally accepted accounting principles;
- (c) Income of the Trust as determined by section 95(1) of the ITAA36; or
- (d) Income of the Trust as determined by any other method determined by the Trustee by June 30 of each Income Year;

and in the event the Trustee fails to determine the manner in which Income of the Trust is calculated in the first Income Year from settlement (or in any other Income Year(s), which determination can be varied from Income Year to Income Year), then the default method of calculation shall be determined in accordance with section 95(1) of the ITAA36.

**"Income Reserve Account"** is an Account to which Excess Accounting Income may be allocated by the Trustee.

**"Income Distribution"** is a Distribution by the Trustee that consists of Income of the Trust.

**"Income Year"** is the period determined as an Income Year for the purposes of the ITAA36 and ITAA97, and shall for purposes of the Trust in the absence of a resolution to the contrary by the Trustee commence on 1 July and end on 30 June of each financial year.

**"Initial Trustee"** is the Trustee appointed as Trustee under this Deed.

**"Legal Entity"** means any company, trust, partnership, joint venture or arrangement of any kind recognised under the Laws of the Commonwealth and its States as a Legal Entity.

**"Legal Personal Representative"** means upon the death of a Beneficiary the executor of a will or person who will be formally appointed as executor upon probate or administration of the estate of a deceased person. It also includes the Trustee of the estate of a person under a legal incapacity, a person holding enduring power of attorney granted by a Beneficiary and any other person or entity allowed by Law of the Commonwealth or its States to act as a person's Legal Personal Representative in the circumstances.

**"Master Agreement"** means any agreement (however described) that sets out the terms of, or otherwise relates to, any Derivative transaction, and which is published or prepared by any bank, financial institution, supplement, addendum (however described) to, or of, that agreement.

**"Pay"** includes credit, distribute, set-off or where a person receives Assets or benefit in kind.

**"Person"** means an individual, body corporate, government body or other Legal Entity.

**"Related Party"** means a person related directly to a Beneficiary or Trustee of the Trust including Relatives or entities in which the Beneficiary, group of Beneficiaries or the Trustee hold a controlling interest in the Capital and Income of the Legal Entity.

**"Relative"** includes, in relation to an individual, the following: a parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or lineal ancestor, or adopted child of a nominated person.

**"Regulator" and "Commissioner of Taxation"** means the governmental body that has jurisdiction for regulating taxation and/or the Trust Law as it applies to circumstances of the Trust.

**"Reserve Account"** includes an account created by the Trustee of the Trust from accumulated but undistributed Income of the Trust.

**"Rules of the Trust"** include the Rules herein and include any addition, variation, change or amendment provided it meets the relevant Rule requirements. Rules of the Trust also include any written or unwritten rules applied by the Trustee of the Trust in relation to the operation and management of the Trust.

**"Settlement Sum"** means one hundred dollars given by the Settlor to the Trustee on settlement of the Trust, declared and accepted for such purpose.

**"Settlor"** is the Person who gave the Settlement Sum to the Trustee, in declaration of the settlement of the Trust on the acceptance by the Trustee.

**"Self-Managed Superannuation Fund" and "SMSF"** is a superannuation fund that meets all of the terms and conditions of a Self-Managed Superannuation Fund as that term is defined under the Superannuation Laws.

**"SMSF Will"** is a binding or non-binding death benefit nomination made by a superannuation fund member in respect to his/her interest in a superannuation fund, made in accordance with the governing rules of the superannuation fund.

**"Special Disability Trust"** is a Trust established for the benefit of a person who is severely disabled and may benefit from concessional treatment under any means test for disability or other pensions or benefits available from an Australian Federal or State Government.



**"Specific Expense"** means expenses incurred by the Trustee of the Trust that the Trustee is of the view relate directly to a specific class of Income or Capital of the Trust.

**"Spouse"** in relation to a person includes another person who, although not legally married to the person, lives with the person on a genuine domestic basis as a couple and includes persons of the same sex, as the terms are interpreted under the *Family Law Act 1995*.

**"Streamed Distributions"** are any Distributions made by the Trustee which include a class of Income of the Trust or Capital, determined at the sole discretion of the Trustee pursuant to Rule 13.

**"Superannuation Benefits Trust"** is a Trust or Sub-Trust created by a superannuation fund member for the exclusive benefit of the Beneficiaries of a superannuation death benefit payment.

**"Superannuation Benefits Trust Beneficiary"** and **"Superannuation Benefits Trust Beneficiaries"** are beneficiaries of a Superannuation Benefits Trust.

**"Superannuation Laws"** includes the SISA, SISR, ITAA36, ITAA97 and such other decisions and interpretations resolved from time to time in respect to the administration of superannuation funds applying the Laws of the Commonwealth, including but not limited to determinations of the Government agencies vested with the interpretation and enforcement thereof.

**"Successor Appointor"** nominated to act in accordance with Rule 4, and as nominated in the Schedule (if nominated).

**"State"** means the State of which the Law applies, as shown at the Schedule and as otherwise resolved by the Trustee during the term of the Trust.

**"Tax"** include any impost assessed by a Government to the Trustee of the Trust.

**"Trustee"** is the trustee of the Trust at the relevant time.

**"Trust Law"** means whichever of the *Trustee Act 1925 (NSW)*, the *Trustee Act 1958 (VIC)*, the *Trustee Act 1936 (SA)*, the *Trustees Act 1962 (WA)*, the *Trusts Act 1973 (QLD)*, the *Trustee Act 1898 (TAS)*, the *Trustee Act 1957 (ACT)* and the *Trustee Act 1907 (NT)* applies and any other Commonwealth, State or Territory legislation that relates to the duties, role and investment powers of a Trustee of a trust of any kind allowed by law.

**"Meeting"** is a meeting of the any of the Trustee and/or Appointor (as appropriate) as required by the Rules of the Trust or where matters regarding the Trust are discussed.

**"Trust Period"** is the Trust's Income Year.

**"Value of Assets of the Trust"** is the value of any asset of the Trust as determined by the Trustee of the Trust, which may include the Assets' historical cost, the replacement cost of the Assets, the market value of the Assets as at last accounting balance date or the current market value of the Assets.

**"Vesting Date"** means, except where the Governing State is South Australia or such other State or place where the rule against perpetuities does not apply, the date being the day before the eightieth anniversary of the date of this Deed, or such date as the Trustee shall before that date determine in writing, subject to the consent of the Appointor (if any) on one or more occasions and in any event shall not be a date later than that permitted by the rule against perpetuities prevailing in the Governing State at the relevant time. If the Governing State is South Australia, the "Vesting Date" means such date as the Trustee shall determine in writing on one or more occasions, subject to the consent of the Appointor (if any) and the *Law of Property Act 1936 (SA)*. Vesting

Date also includes the date chosen by the Trustee of the Trust as the date that the Trust is to be determined and wound up prior to any Vesting Date.

**17.2 The following shall apply to the Interpretation, unless otherwise provided in the Deed:**

- (a) Where singular is used in the Rules of the Trust it is to also mean plural and if a gender is used it is also to mean the opposite gender.
- (b) A reference to any entity, body, company or person also includes a reference to those persons or entities that have authority to act on behalf of the party including their successors, assigns, representatives, Responsible Officers, a person holding someone's Power of Attorney, Enduring Power of Attorney and a Legal Personal Representative, except where otherwise provided in the Rules of the Trust.
- (c) Where a word is capitalised it may be found in the "Definitions" Rule in Part Five of the Rules of the Trust.
- (d) If a law of the Commonwealth or a State thereof is cited, and such law is amended, varied or replaced, then the reference to such law shall be to the amended, varied and/or replacement law.
- (e) The Rules of the Trust are to be governed by the law of the State shown in the Schedule as Applicable Law, which may be amended by the Trustee with the consent of the Appointor. If a State is not listed, then the Rules of the Trust are governed by the state of South Australia.
- (f) Where there is conflict between the Rules of the Trust and the relevant Trust Law, the Trust Law is paramount unless, at the discretion of the Trustee, such priority is not deemed to be so.

**SCHEDULE ONE**

**THE SETTLEMENT SUM:** One hundred dollars

**TRUSTEE:** JTBPC Para Pty Ltd - ACN 617755530

**APPOINTOR:** Amanda Paragalli

**PRIMARY BENEFICIARIES:** Amanda Paragalli of [REDACTED]  
[REDACTED]

**APPLICABLE LAW:** The Law of Victoria

The parties have executed and delivered this Deed unconditionally.



**MINUTES OF MEETING OF THE DIRECTORS OF  
JT8PC PARA PTY LTD - ACN 617755530  
TO ESTABLISH THE THE AMANDA PARAGALLI FAMILY TRUST**

**On:** 3 March 2017

**Held at:** [REDACTED]

**Present:** Amanda Paragalli

**Chairperson:** It was resolved that the following person be elected to act as Chairman of the meeting: Amanda Paragalli.

**Quorum:** The Chairperson noted that a quorum was present at the meeting of Directors to pass the proposed resolutions.

**Notice of Meeting:** It was noted that all Directors have received notice of this meeting, that all Directors consent to the meeting being held and waive the requirement for any specified period of the notice of the meeting.

It was resolved unanimously that the meeting is validly constituted regardless of any failure to give notice as required under the company's Constitution and/or the *Corporations Act 2001*.

**Discussion:** The Chairperson tabled a Trust Deed establishing The Amanda Paragalli Family Trust ("the Trust"). The Trust Deed had been previously executed by the Settlor.

**Resolution 1:** **IT WAS RESOLVED THAT** the company:

- (a) accepts the trusteeship of the Trust;
- (b) accepts from the Settlor, pursuant to the terms of the Trust Deed, the Settlement Sum of One hundred dollars to establish the Trust, such sum to be held under the terms of the Trust Deed; and
- (c) execute the Trust Deed.

**Resolution 2:** **IT WAS FURTHER RESOLVED THAT** the company establish a bank account for the Trust and deposit the Settlement Sum into that account.

**Closure:** There being no further business the meeting was declared closed.

**The Chairperson**

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Amanda Paragalli:



**Amanda Paragalli**  
Chairperson

Dated: 3/3/2017.

**CONSTITUTION**

**JTBPC PARA PTY LTD**

**ACN: 617 755 530**



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## **CHAPTER 1- PRELIMINARY**

### **Definitions**

1. In this Constitution JTBPC Para Pty Ltd is referred to as the "Company".
2. Unless the context otherwise requires any words or expressions appearing and defined in the *Corporations Act 2001* shall have the same meaning wheresoever appearing in this Constitution.
3. In this Constitution unless the contrary intention appears:
  - a) Words in the singular include the plural;
  - b) Words in the plural include the singular; and
  - c) Words importing a gender include every other gender.

### **Replaceable Rules**

4. The "replaceable rules" referred to in Sections 135 and 141 of the *Corporations Act 2001*, shall not apply to the Company.

## **CHAPTER 2 - SHARE CAPITAL AND VARIATION OF RIGHTS**

### **Share Capital**

5. The Company has pursuant to Section 124 and Section 254A of the *Corporations Act 2001* the power to issue and cancel shares in the Company including the power to issue:
  - a) Any shares as described in Schedule A;
  - b) bonus shares (shares for whose issue no consideration is payable to the issuing company); and
  - c) preference shares (including redeemable preference shares); and
  - d) partly-paid shares (whether or not on the same terms for the amount of calls to be paid or the time for paying calls).
6. The Company can issue preference shares only if the rights attached to those preference shares with respect to:
  - a) repayment of capital;
  - b) participation in surplus assets and profits;
  - c) cumulative and non-cumulative dividends;
  - d) voting; and
  - e) priority of payment of capital and dividends in relation to other shares or classes of preference shares,are approved by special resolution of the Company.
7. The Company may in accordance with the provisions of Section 254B of the *Corporations Act 2001* determine:
  - a) the terms on which its shares are issued; and
  - b) the rights and restrictions attaching to the shares.
8. Before issuing shares of a particular class, the directors of the Company must offer them to the existing holders of shares of that class. As far as practicable, the number of shares offered to each shareholder must be in proportion to the number of shares of that class that they already hold.



9. To make the offer, referred to in Rule 8, the directors must give the shareholders a statement setting out the terms of the offer, including:
  - a) the number of shares offered; and
  - b) the period for which it will remain open.
10. The directors may issue any shares not taken up under the offer, referred to in Rule 8, as they see fit.
11. The company may by resolution passed at a general meeting authorise the directors to make a particular issue of shares without complying with Rule 8.
12. The Company may in accordance with the provisions of Section 254G of the *Corporations Act 2001*:
  - a) convert an ordinary share into a preference share; and
  - b) convert a preference share into an ordinary share.
13. The Company can convert ordinary shares into preference shares only if the holder's rights with respect to:
  - a) repayment of capital;
  - b) participation in surplus assets and profits;
  - c) cumulative and non-cumulative dividends;
  - d) voting; and
  - e) priority of payment of capital and dividends in relation to other shares or classes of preference shares,
 are approved by special resolution of the Company.
14. The Company may in accordance with the provisions of Section 254H of the *Corporations Act 2001* convert all or any of its shares into a larger or smaller number of shares by resolution passed at a general meeting.

#### **Capitalisation of Profits**

15. The Company may capitalise profits. The capitalisation need not be accompanied by the issue of shares.

#### **Reduction of Share Capital**

16. The Company may in accordance with the provisions of Sections 256A to 256E, 258E and 258F of the *Corporations Act 2001* reduce its share capital.

#### **Shares Held Upon Trust**

17. Except as required by law, the Company shall not recognise a person as holding a share upon any trust.
18. The Company is not bound by or compelled in any way to recognise (whether or not it has notice of the interest or rights concerned) any equitable, contingent, future or partial interest in any share or unit of a share or (except as otherwise provided by this Constitution or by law) any other right in respect of a share except an absolute right of ownership in the registered holder.
19. A person who holds shares in the Company as trustee for, or on behalf of, or on account of, a corporation shall within one month after his or her acquisition of the shares give the Company a notice in writing setting out full particulars of the beneficial ownership, including particulars of the name and Australian Company Number of the corporation.



### **Share Certificates**

- 20.** Every person whose name is entered as a member in the register of members shall be entitled without payment to receive a certificate ("Share Certificate"), in accordance with the provisions of Section 1070C of the *Corporations Act 2001*, specifying the shares held by that member. In the case of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one Share Certificate, and delivery of a Share Certificate to one of several joint shareholders shall be sufficient delivery to all such shareholders. If a Share Certificate is defaced, lost or destroyed then that Share Certificate shall be replaced in accordance with the provisions of Section 1070D of the *Corporations Act 2001*.

### **Lien on Shares**

- 21.** The Company shall have a first and paramount lien on every share (not being a fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a first and paramount lien on all shares (other than fully paid shares) registered in the name of a sole holder for all money presently payable by him or her or his or her estate to the Company.
- 22.** The Directors may at any time declare any share to be wholly or in part exempt from the provisions of Rule 21.
- 23.** The Company's lien, if any, on a share shall extend to all dividends payable thereon.
- 24.** The Company may sell, in such manner as the directors think fit, any shares on which the Company has a lien, but no sale shall be made unless:
- a) a sum in respect of which the lien exists is presently payable; and
  - b) the Company has, not less than fourteen days before the date of the sale, given to the registered holder for the time being of the share or the person entitled to the share by reason of the death or bankruptcy of the registered holder a notice in writing setting out, and demanding payment of, such part of the amount in respect of which the lien exists as is presently payable.
- 25.** To give effect to a sale, referred to in Rule 24, the directors of the Company may authorise a person to transfer the shares sold to the purchaser of the shares ("the Purchaser").
- 26.** Company shall register the Purchaser as the holder of the shares ("the Shareholder") comprised in any such transfer.
- 27.** The Shareholder is not bound to see to the application of the purchase money, nor shall the Shareholder's title to the shares be affected by any irregularity or invalidity in connection with the sale.
- 28.** The proceeds of a sale referred to in Rule 24, shall be applied by the Company in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to any like lien for sums not presently payable that existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

### **Calls on Shares**

- 29.** The Directors may if shares in the Company are partly paid, make calls upon the members in respect of any money unpaid on those shares, either in accordance with the terms on which the shares are on issue or in accordance with the Rules set out hereunder.
- 30.** Each member shall, upon receiving 14 days' notice specifying the time or times and place of payment, pay to the Company the amount called on that member's shares.

31. The directors may revoke or postpone a call.
32. A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed and may be required to be paid by instalments.
33. The joint holders of a share are jointly and severally liable to pay all calls in respect of the share.
34. If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment of the sum to the time of actual payment at such rate not exceeding 8% per annum as the directors may determine, but the directors may waive payment of that interest wholly or in part.
35. Any sum that, by the terms of issue of a share, becomes payable on allotment or at a fixed date, shall for the purpose of these Rules be deemed to be a call duly made and payable on the date on which by the terms of issue the sum becomes payable, and, in case of non-payment, all the relevant provisions of these Rules or where applicable, the *Corporations Act 2001*, as to payment of interest and expenses, forfeiture, or otherwise apply as if the sum has become payable by virtue of a call duly made and notified.
36. The directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.
37. The directors may accept from a member the whole or part of the amount unpaid on a share although no part of that amount has been called up.
38. The directors may authorise payment by the Company of interest upon the whole or any part of an amount accepted pursuant to Rule 37, until the amount becomes payable, at such rate, not exceeding the prescribed rate as is agreed upon between the directors and the member paying the sum in advance.
39. For the purposes of Rule 38, the prescribed rate of interest is:
  - a) If the Company has, by resolution, fixed a rate – the rate so fixed; and
  - b) In any other case – 8% per annum.

#### **Transfer of Shares**

40. Subject to these Rules any member may transfer all or any of his, her or its shares by instrument in writing ("instrument of transfer") in any usual or common form or in any other form that the directors approve. The instrument of transfer shall be executed by or on behalf of both the transferor and the transferee.
41. A transferor of shares remains the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the register of members in respect of the shares.
42. The instrument of transfer must be left for registration at the registered office of the Company together with such fee (if any) not exceeding \$1.00 as the directors require, accompanied by the certificate of shares to which it relates and such other information as the directors properly require to show the right of the transferor to make the transfer, and thereupon the Company shall subject to the powers vested in the directors by these Rules, register the transferee as a shareholder.
43. The directors may refuse to register a transfer of shares in the Company if the shares are not fully-paid; or the Company has a lien on the shares.



44. The directors may suspend registration of transfers of shares in the Company at the times and for the periods they determine. The periods of suspension must not exceed 30 days in any one calendar year.
45. The directors of the Company may refuse to register a transfer of shares in the Company for any reason.
46. Before any member or any person entitled to an interest in shares of the Company, such as a trustee in bankruptcy or personal representative, sells or transfers any shares in the Company, that member or trustee or personal representative, must give notice in writing to the directors that he, she or it desires to make such a sale or transfer. Such notice shall appoint the directors of the Company as the agents of the member or trustee or personal representative for the purposes of the sale or transfer. The price at which the shares are to be sold or transferred, shall be agreed upon by the directors and the member or trustee or personal representative or where no agreement as to price can be reached, at a price determined by the Auditor of the Company or if there is no Auditor by an independent expert valuer whose appointment is mutually agreed upon by the directors and the member or trustee or personal representative.
47. The purchaser or transferee of the shares must be approved of by all the directors. Where approval of the purchaser or transferee is not unanimous the Managing Director shall offer on behalf of the member or trustee or personal representative the shares for sale at the agreed or determined price, to the other members of the Company. In the event of all or any of the shares not being sold pursuant to this Rule the member or trustee or personal representative may sell or transfer those shares to any person as he, she or it sees fit.
48. Any shareholder, being a natural person, may transfer any share, which he or she holds, to his or her wife, husband, son or daughter. The provisions of Rules 46 and 47 do not apply to a transfer under this Rule.

#### **Transmission of Shares**

##### **On Death**

49. If a shareholder who does not own shares jointly dies, the Company will recognise only the personal representative of the deceased shareholder as being entitled to the deceased shareholder's interest in the shares.
50. If the personal representative gives the directors the information they reasonably require to establish the representative's entitlement to be registered as holder of the shares:
  - a) the personal representative may by giving a written and signed notice to the Company, elect to be registered as the holder of the shares; and
  - b) the personal representative is entitled, whether or not registered as the holder of the shares, to the same rights as the deceased shareholder.
51. On receiving an election under Rule 50(a), the Company must register the personal representative as the holder of the shares.
52. If a shareholder who owns shares jointly dies, the Company will recognise only the survivor as being entitled to the deceased shareholder's interest in the shares. The estate of the deceased shareholder is not released from any liability in respect of the shares.

##### **On Bankruptcy**

53. If a person entitled to shares because of the bankruptcy of a shareholder gives the directors the information they reasonably require to establish the person's entitlement to be registered as holder of the shares, the person may by giving a written and signed notice to the Company, elect to be registered as the holder of the shares.

54. On receiving an election under Rule 53, the Company must register the person as the holder of the shares.
55. Rules 53 and 54 have effect subject to the *Bankruptcy Act 1966*.

#### **On Mental Incapacity**

56. If a person entitled to shares because of the mental incapacity of a shareholder gives the directors the information they reasonably require to establish the person's entitlement to be registered as the holder of the shares;
- a) the person may by giving a written and signed notice to the Company, elect to be registered as the holder of the shares; and
  - b) the person is entitled, whether or not registered as the holder of the shares, to the same rights as the shareholder.
57. On receiving an election under Rule 56(a), the Company must register the person as the holder of the shares.

#### **Forfeiture of Shares**

58. If a member fails to pay a call or instalment of a call on the day appointed for payment of the call or instalment, the directors of the Company may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest that has accrued.
59. The notice shall name a further day (not earlier than the expiration of 14 days from the date of service of the notice) on or before which the payment required by the notice is to be made and shall state that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.
60. If the requirements of a notice served pursuant to Rules 58 and 59 are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors of the Company to that effect. Such a forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
61. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors of the Company think fit, and, at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.
62. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but remains liable to pay to the Company all money that, at the date of forfeiture, was payable by him or her to the Company in respect of the shares (including interest at the rate of 8 % per annum from the date of forfeiture on the money for the time being unpaid if the directors think fit to enforce payment of the interest), but his or her liability ceases if and when the Company receives payment in full of all the money (including interest) so payable in respect of the shares.
63. A statement in writing declaring that the person making the statement is a director or a secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the statement, is *prima facie* evidence of the facts stated in the statement as against all persons claiming to be entitled to the share.
64. The Company may receive the consideration (if any) given for a forfeited share on any sale or disposition of the share and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.



- 65. Upon the execution of the transfer, the transferee shall be registered as the holder of the share, and is not bound to see the application of any money paid as consideration.
- 66. The title of the transferee to the share is not affected by an irregularity or invalidity in connection with the forfeiture, sale or disposal of the share.
- 67. The provisions of these Rules as to forfeiture apply in the case of non-payment of any sum that, by the terms of issue of a share, becomes payable at a fixed time, as if that sum had been payable by virtue of a call duly made and notified.

### **CHAPTER 3 - MEETINGS OF MEMBERS**

#### **Calling a Meeting of Members**

- 68. A director may call a meeting of the Company's members.
- 69. Meetings of the Company's members may also be called in accordance with the provisions of Sections 249D to 249F of the *Corporations Act 2001*.
- 70. At least 21 days' notice must be given of a meeting of the Company's members and such notice must be given in accordance with the provisions of Sections 249H to 249L of the *Corporations Act 2001*.
- 71. When a meeting of the Company's members is adjourned, new notice of the resumed meeting must be given if the meeting is adjourned for 1 month or more.

#### **Quorum at a Meeting of Members**

- 72. The quorum for a meeting of the Company's members where the Company has two or more members is two members and the quorum must be present at all times during the meeting. Where the Company has one member, one member in person shall be quorum. For the purposes of this regulation "Member" includes a person attending as a proxy or attorney or as representing a corporation which is a member or other duly authorised representative.
- 73. In determining whether a quorum is present, individuals attending as proxies or body corporate representatives are to be counted. However, if a member has appointed more than one proxy or representative, then only one of them is to be counted. If an individual is attending both as a member and as a proxy or body corporate representative, that individual is only to be counted once.
- 74. A meeting of the Company's members, that does not have a quorum present within 30 minutes after the time for the meeting set out in the notice of meeting, is adjourned to the date, time and place the directors specify. If the directors do not specify one or more of those things, the meeting is adjourned to:
  - a) if the date is not specified-the same day in the next week; and
  - b) if the time is not specified-the same time; and
  - c) if the place is not specified-the same place.
- 75. If no quorum is present at the resumed meeting of the Company's members within 30 minutes after the time for the meeting, the meeting is dissolved.

#### **Chairing a Meeting of Members**

- 76. The directors may elect an individual to chair meetings of the Company's members.
- 77. The directors at a meeting of the Company's members must elect an individual present to chair the meeting (or part of it) if an individual has not already been elected by the directors to chair it or, having been elected, is not available to chair it, or declines to act, for the meeting (or part of the meeting).

- 78.** The members at a meeting of the Company's members must elect a member present to chair the meeting (or part of it) if:
- a) a chairman has not previously been elected by the directors to chair the meeting; or
  - b) a previously elected chairman is not available, or declines to act, for the meeting (or part of the meeting).
- 79.** The chairman must adjourn a meeting of the Company's members if the members present with a majority of votes at the meeting agree or direct that the chairman must do so.

#### **Proxies**

- 80.** A member of the Company who is entitled to attend and cast a vote at a meeting of the Company's members may appoint a person as the member's proxy to attend and vote for the member at the meeting.
- 81.** The appointment of a proxy may specify the proportion or number of votes that the proxy may exercise.
- 82.** Each member may appoint a proxy. If the member is entitled to cast two or more votes at the meeting, they may appoint two proxies. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
- 83.** Any fractions of votes resulting from the application of Rules 81 and 82 are to be disregarded.
- 84.** A proxy appointed to attend and vote for a member has the same rights as that member, except where those rights are qualified by the appointment.

#### **Notice of a Meeting of Members**

- 85.** The Company must, when a meeting of the members is called, send to each member, along with the notice of the meeting, a proxy appointment form and a notice as to the appointment of proxies which:
- a) Advises that for the appointment of a proxy to be effective the proxy appointment form and if the appointment is signed by the appointer's attorney – the authority under which the appointment was signed or a certified copy of the authority, must be received at least 48 hours before the meeting; and
  - b) refers to the relevant Sections of the *Corporations Act 2001* that deal with the appointment of proxies, the rights of proxies, proxy documents and the validity of proxy votes, namely Sections 249X to 250C of the *Corporations Act 2001*.
- 86.** Unless the Company has received written notice of the matter before the start or resumption of the meeting at which a proxy votes, a vote cast by the proxy will be valid even if, before the proxy votes:
- a) the appointing member dies; or
  - b) the member is mentally incapacitated; or
  - c) the member revokes the proxy's appointment; or
  - d) the member revokes the authority under which the proxy was appointed by a third party; or
  - e) the member transfers the share in respect of which the proxy was given.



#### **Voting at a Meeting of Members**

- 87.** At a meeting of the members of the Company, but subject to any rights or restrictions attached to any class of shares:
- a) each member has, on a show of hands, one vote;
  - b) each member has, on a poll, one vote for each share held; and
  - c) each body corporate representative has, unless otherwise specified in his or her appointment, all the powers that a body corporate has as a member (including the power to vote on a show of hands).
- 88.** The chairman of a meeting of the Company's members has, subject to any conflict of interest, a casting vote, and also, if the chairman is a member, any vote the chairman has in his or her capacity as a member.
- 89.** If a share is held jointly and more than one member votes in respect of that share at a meeting of the Company's members, only the vote of the member whose name appears first in the register of members counts.
- 90.** A challenge to a right to vote at a meeting of the Company's members:
- a) may only be made at the meeting; and
  - b) must be determined by the chairman, whose decision is final.
- 91.** A resolution put to the vote at a meeting of the Company's members must be decided on a show of hands unless a poll is demanded.
- 92.** On a show of hands at a meeting of the Company's members, a declaration by the chairman is conclusive evidence of the result. Neither the chairman nor the minutes need to state the number or proportion of the votes recorded in favour or against.
- 93.** At any meeting of the Company's members, a poll may be demanded, in accordance with the provisions of Section 250L of the *Corporations Act 2001*, on any resolution, other than a resolution concerning the election of the chairman of the meeting or a resolution concerning the adjournment of the meeting.
- 94.** A poll demanded must be taken when and in the manner the chairman directs.

#### **Minutes of Meeting of Members**

- 95.** Minutes of all meetings of the Company must be taken and recorded in accordance with the provisions of Section 251A of the *Corporations Act 2001*.

### **CHAPTER 4 - DIRECTORS**

#### **Appointment, Termination and Resignation of Directors and Alternate Directors**

- 96.** Until otherwise determined by the Company in a General Meeting, the Company may have ONE Director or up to but no more than eight Directors.
- 97.** The Company may appoint a person as a director by resolution passed in general meeting.
- 98.** The directors of the Company may appoint a person as a director. A person can be appointed as a director in order to make up a quorum for a directors' meeting even if the total number of directors of the Company is not enough to make up that quorum.
- 99.** If a person is appointed under Rule 97 as a director of the Company, the Company must confirm the appointment by resolution within 2 months after the appointment is



made. If the appointment is not confirmed, the person ceases to be a director of the Company at the end of those 2 months.

- 100.** A director may, with the approval of the other directors of the Company, appoint an alternate director to exercise some or all of the director's powers for a specified period.
- 101.** If the appointing director requests the Company to give the alternate director notice of directors' meetings, the Company must do so.
- 102.** When an alternate director exercises the director's powers, the exercise of the power is just as effective as if the powers were exercised by the director.
- 103.** The appointing director may terminate the alternate director's appointment at any time.
- 104.** The Company:
  - a) may by resolution remove a director from office; and
  - b) may by resolution appoint another person as a director instead.
- 105.** An appointment of, or termination of the appointment of, or resignation of, a director or an alternate director must be in writing. A copy of the written appointment, or termination, or resignation, must be given to the Company at its registered office.
- 106.** The Company must give the Australian Securities and Investments Commission notice of the appointment, or termination of the appointment, or resignation of a director or an alternate director, in accordance with the provisions of Section 205B of the *Corporations Act 2001*.
- 107.** Section 201F of the *Corporations Act 2001* applies in the event of the death or bankruptcy of a director who is the only director and is also the only member of the Company.

#### **Powers and Duties of Directors**

- 108.** The business of the Company is to be managed by or under the direction of the directors.
- 109.** The directors may exercise all the powers of the Company except any powers that the *Corporations Act 2001* or this Constitution require the Company to exercise in general meeting.
- 110.** Any two directors of the Company may sign, draw, accept, endorse or otherwise execute a negotiable instrument.
- 111.** Notwithstanding Rule 110, the directors of the Company may determine that a negotiable instrument may be signed, drawn, accepted, endorsed or otherwise executed in a different way.

#### **Appointment of Attorney**

- 112.** The directors may, by power of attorney, appoint any person or persons to be the attorney or attorneys of the Company for such purposes, with such powers, authorities and discretions (being powers, authorities and discretions vested in or exercisable by the directors), for such period and subject to such conditions as they think fit.

#### **Provision of Power of Attorney**

- 113.** Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with the attorneys as the directors think fit and may also authorise the attorney to delegate all or any of the powers, authorities and discretions vested in him.

### **Managing Director**

- 114.** The directors of the Company may appoint one or more of themselves to the office of managing director of the Company for the period, and on the terms (including as to remuneration), as the directors see fit.
- 115.** A person ceases to be the managing director of the Company, if they cease to be a director of the Company.
- 116.** The directors of the Company may confer on the managing director any of the powers that the directors can exercise.
- 117.** The directors of the Company may revoke or vary:
- a) the appointment of the managing director; or
  - b) any of the powers conferred on the managing director.

### **Committee of Directors**

- 118.** The directors of the Company may delegate any of their powers to a committee of directors.
- 119.** A committee of directors must exercise the powers delegated to it in accordance with any directions of the directors of the Company. The effect of the committee exercising a power in this way is the same as if the directors exercised it.
- 120.** The delegation, by the directors of the Company, of powers to a committee of directors must, in accordance with the provisions of Section 251A of the *Corporations Act 2001*, be recorded in the Company's minute book.

### **Director's Interest in Contract with the Company**

- 121.** If a director of the Company has an interest in a contract or proposed contract with the Company (other than as a member) and the director discloses the nature and extent of the interest at a meeting of the directors:
- a) the director may vote on whether the Company enters into the contract; and
  - b) the contract may be entered into; and
  - c) the director may vote on matters involving the contract; and
  - d) if the disclosure is made before the contract is entered into:
    - i. the director may retain benefits under the contract even though the director has an interest in the contract; and
    - ii. the Company cannot avoid the contract merely because of the existence of the interest.

### **Directors' Remuneration and Expenses**

- 122.** The directors of the Company are to be paid the remuneration that the Company determines by resolution.
- 123.** The Company may also pay the directors' travelling and other expenses that they properly incur:
- a) in attending directors' meetings or any meetings of a committee of directors; and
  - b) in attending any general meetings of the Company; and
  - c) in connection with the Company's business.

## **CHAPTER 5 - DIRECTORS' MEETINGS**

### **Resolutions Without A Directors' Meeting**

- 124.** The directors of the Company may pass a resolution without a directors' meeting being held if all the directors entitled to vote on the resolution sign a document



containing a statement that they are in favour of the resolution set out in the document.

**125.** Separate copies of a document may be used for signing by the directors of the Company, if the wording of the resolution and statement is identical in each copy.

**126.** The resolution is passed when the last director signs.

#### **Use of Technology**

**127.** The directors of the Company may hold a meeting at two (2) or more venues using technology that gives the directors as a whole a reasonable opportunity to participate in the meeting and allows the parties present to hear and be heard by each other person present and adjourn and otherwise regulate the meeting as they determine.

#### **Calling Directors' Meetings**

**128.** A directors' meeting may be called by a director giving reasonable notice individually to every other director.

#### **Chairing Directors' Meetings**

**129.** The directors may elect a director to chair their meetings.

**130.** The directors may determine the period for which the director is to be the chairman.

**131.** The directors must elect a director present to chair a meeting, or part of it, if:

- a) a director has not already been elected to chair the meeting; or
- b) a previously elected chairman is not available or declines to act, for the meeting or the part of the meeting.

#### **Quorum At Directors' Meetings**

**132.** Unless the directors determine otherwise, the quorum for a directors' meeting is 2 directors and the quorum must be present at all times during the meeting. In the event that the Company has only one DIRECTOR and that Director records his decision or declaration to particular effect, the recording of the decision or declaration in writing shall be deemed to be a resolution passed at a meeting of the Company's Directors.

#### **Passing Of Directors' Resolutions**

**133.** A resolution of the directors must be passed by a majority of the votes cast by directors entitled to vote on the resolution.

**134.** The chairman has a casting vote if necessary in addition to any vote he or she has in his or her capacity as a director.

**135.** Minutes of all meetings of directors must be taken and recorded in accordance with the provisions of Section 251A of the *Corporations Act 2001*.

### **CHAPTER 6- MISCELLANEOUS**

#### **Secretary**

**136.** The directors of the Company may or may not in accordance with the provisions of the *Corporations Act 2001*, appoint a secretary and may appoint one or more assistant or deputy secretaries.

**137.** A secretary or an assistant or deputy secretary holds office on the terms and conditions (including as to remuneration) that the directors determine.

#### **Company Seal**

**138.** The Company may, in accordance with the provisions of Section 123 of the *Corporations Act 2001*, have a common seal and a duplicate seal.



- 139.** If the Company has a common seal it may use the common seal to execute documents in accordance with the provisions of Section 127 of the *Corporations Act 2001*.

#### **Inspection of Books**

- 140.** The directors of the Company, or the Company by a resolution passed at a general meeting, may authorise a member to inspect books of the Company.

#### **Payment of Dividends**

- 141.** In accordance with the provisions of Section 254T of the *Corporations Act 2001* a dividend may only be paid out of profits of the Company.

- 142.** The directors of the Company may determine that a dividend is payable and fix:

- a) the amount; and
- b) the time for payment; and
- c) the method of payment.

The methods of payment may include the payment of cash, the issue of shares, the grant of options and the transfer of assets.

- 143.** Interest is not payable on a dividend.

- 144.** The directors of the Company may pay dividends as they see fit, subject to Rules 141 to 143 and subject to the terms on which shares in the Company are on issue.

- 145.** The directors of the Company may deduct from any dividend payable to a member all sums of money, if any, presently payable by that member to the Company on account of calls or otherwise in relation to shares in the Company.

- 146.** Any dividend may be paid by cheque sent through the post directed to:

- a) the address of the holder as shown in the register of members, or in the case of joint holders to the address shown in the register of members as the address of the joint holder just first named in that register; or
- b) to such other address as the holder or joint holders in writing directs or direct.

#### **Loans – COMPANY/MEMBER**

##### **Approval of Loan to a Member by the Company**

- 147.** The directors may at any time and from time to time lend any sum or sums out of the capital of the Company and any other monies held by the Company to any member/s on the terms as the directors see fit as long as no such loan shall be made without a resolution of the directors.

##### **Approval of Loan to the Company by a Member**

- 148.** A member may at any time and from time to time lend any sum or sums to the Company on the terms agreed to between the Company and the member provided that no such loan shall be made without the resolution of the members in a general meeting.

##### **Terms of Loan**

- 149.** Any loan approved by the directors or the members as the case may be pursuant to this clause shall be on the following terms:

- a) this instrument together with the resolutions of the loan agreement plus any formal loan agreement shall form the written loan agreement;
- b) the rate of interest payable on the loan shall be equal to or exceed the Interest Rate;
- c) the maximum term shall be:

- (i) 25 years for a loan if:
    - A. 100% of the value of the loan is secured by a mortgage over real property that has been registered in accordance with the law of the State or Territory;
    - B. when the loan is first made, the market value of that real property (less the amount of any other liability secured over that property in priority to the loan) is at least 110% of the amount of the loan; and
  - (ii) 7 years for any other loan; and
  - (iii) the borrower may repay the loan in full at any time before the end of the term ;
- d) loan repayments shall be made which are equal to or greater than the minimum yearly repayment requirements in accordance with Division 7A of Part III of the ***Income Tax Assessment Act 1936*** or any applicable substituted or re-enacted provisions in any act.

#### **Indemnity**

- 150.** Every officer, auditor or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him or her in his or her capacity as officer, auditor or agent in defending any proceedings, whether civil or criminal, in which judgement is given in his or her favour or in which he or she is acquitted or in connection with any application in relation to any such proceedings in which relief is, under the *Corporations Act 2001*, granted to him or her by a court.

## **SCHEDULE A**

### **Class of shares**

- 1.1** Notwithstanding any rights or restrictions conferred on holders as described in this Schedule, all rights and restrictions attaching to any shares in respect of dividends are subject to the provisions of the constitution.
- 1.2** Subject to Clause 2 and the power therein to issue shares of classes determined by the directors, the Company may also issue Subscriber shares and the shares of the classes referred to below in this clause. The Subscriber shares (if any) will be redeemable preference shares and the rights, privileges and conditions attaching to Subscriber shares are as follows:
- a) They will only be issued upon registration of the Company and will only be issued to persons specified in the application for the Company's registration under the Law as persons who consent to become Members of the Company;
  - b) Subject to the provisions of Section 254J of the Law, the next issue of shares of any class or classes after the issue of the Subscriber shares and payment up in full thereof will be deemed to have been issued for the purposes of redeeming the Subscriber shares provided that the proceeds of shares so issued is at least equal to the consideration paid for the Subscriber shares on issue. Upon the issue of such shares, each of the Subscriber shares will ipso facto be redeemed for the consideration paid for it, and the issued capital of the Company will then stand at an amount equal to the shares which comprised the next issue of shares;
  - c) They will carry no right to participate in any distribution of surplus assets or profits;
  - d) They will rank as to repayment of capital on winding-up of the Company before any other class of shares then on issue;
  - e) They will carry no right to dividends;
  - f) They will carry the right at meetings of the Company's Members to exercise one vote for each Subscriber share held; and
  - g) Upon the redemption of the Subscriber shares in the manner provided in this Constitution, the Company will cease to be authorised to issue shares of this class.

**1.3 Ordinary, "A" & "B" class shares**

The rights, privileges and conditions attaching to Ordinary, "A" and "B" shares are as follows:

- a) They will confer to the holders thereof the right to receive notice of and to attend any meeting of the Company's Members and to exercise one vote for every share held.
- b) They will confer to the holders thereof the right to participate in any dividends declared and payable by the Company on the class of share held.
- c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares and to participate in any distribution of surplus assets or profits of the Company.

**1.4 "C" class shares**

The rights, privileges and conditions attaching to "C" shares are as follows:

- a) They will not confer on the holders thereof any right to dividends or any right to vote at any meeting of the Company's Members but the holders thereof will be entitled to notice of and to attend any meeting of the Company's Members.



- b) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares and to participate in any distribution of surplus assets or profits of the Company ranking equally with Ordinary shares.

#### **1.5 "D" class shares**

The rights, privileges and conditions attaching to "D" shares are as follows:

- a) They will confer to the holders thereof the right to receive notice of and to attend any meeting of the Company's Members and to exercise one vote for every share held.
- b) They will not confer on the holders thereof any right to dividends.
- c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares ranking equally with Ordinary shares but not to participate in any distribution of surplus assets or profits of the Company.

#### **1.6 "E" & "F" class shares**

The rights, privileges and conditions attaching to "E" and "F" shares are as follows:

- a) They will not confer on the holders thereof any right to vote at any meeting of the Company's Members but the holders thereof will be entitled to notice of and to attend any meeting of the Company's Members.
- b) They will confer to the holders thereof the right to participate in any dividends declared and payable by the Company on the class of share held.
- c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares ranking equally with Ordinary shares but not to participate in any distribution of surplus assets or profits of the Company.

#### **1.7 "G" class shares**

The rights, privileges and conditions attaching to "G" shares are as follows:

- a) They will not confer on the holders thereof any right to vote at any meeting of the Company's Members but the holders thereof will be entitled to notice of and to attend any meeting of the Company's Members.
- b) They will confer to the holders thereof the right to participate in any dividends declared and payable by the Company on the class of share held.
- c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares and to participate in any distribution of surplus assets or profits of the Company ranking equally with Ordinary shares.

#### **1.8 "H" redeemable preference class shares**

The rights, privileges and conditions attaching to the "H" redeemable preference shares are as follows:

- a) They will entitle the holders thereof to receive notice of and to attend any meeting of the Company's Members but will not confer any right to vote at such meetings except in one or more of the following circumstances:
  - 1) on a proposal to reduce the share capital of the Company;
  - 2) on a proposal that affects rights attached to the "H" redeemable preference shares;
  - 3) on a proposal for the disposal of the whole property, business and undertaking of the Company; and or

- 4) during the winding up of the Company.
- b) They will confer to the holders thereof the right to receive from the profits of the Company a non-cumulative preferential dividend at the rate of 5% per annum on the capital for the time being paid up thereon in priority to the payment of any dividend on any other share in the Company.
- c) Upon a reduction of capital or winding up of the Company they will as regards return of paid up capital rank in priority to all other shares in the Company, but they will not confer any right to participate in any distribution of surplus assets or profits of the Company.
- d) Subject to Sections 254J and 254K of the Law they will, at the option of the Company, be liable to be redeemed at the consideration paid for the "H" redeemable preference share on or before 30 June 2050, by giving written notice to the holders at their respective registered addresses and each such notice will be accompanied by the Company's cheque for the amount payable to the holder to whom such notice is sent. The redemption will take place on the seventh day after the date of posting such notice, and any "H" redeemable preference shares not so redeemed on 30 June 2050 will not thereafter be capable of being redeemed.

#### **1.9 "I" redeemable preference class shares**

The rights, privileges and conditions attaching to the "I" redeemable preference shares are as follows:

- a) They will entitle the holders thereof to receive notice of and to attend any meeting of the Company's Members but will not confer any right to vote at such meetings except in one or more of the following circumstances:
  - 1) on a proposal to reduce the share capital of the Company;
  - 2) on a proposal that affects rights attached to the "I" redeemable preference shares;
  - 3) on a proposal for the disposal of the whole property, business and undertaking of the Company; and or
  - 4) during the winding up of the Company.
- b) They will confer to the holders thereof the right to participate in any dividend declared and payable by the Company on the class of share held.
- c) Upon a reduction of capital or a winding up of the Company they will as rank regards return of paid up capital after any issued "I" redeemable preference shares but in priority to all other shares in the Company, but they will not confer any right to participate in any distribution of surplus assets or profits of the Company.
- d) Subject to Sections 254J and 254K of the Law they will, at the option of the Company, be liable to be redeemed at the consideration paid for the "I" redeemable preference share on or before 1 May 2060, by giving written notice to the holders at their respective registered addresses and each such notice must be accompanied by the Company's cheque for the amount payable to the holder to whom such notice is sent. The redemption will take place on the seventh day after the date of posting such notice, and any "I" redeemable preference shares not so redeemed on 1 May 2060 will not thereafter be capable of being redeemed.

#### **1.10 "J" class shares**

The rights, privileges and conditions attaching to "J" shares are as follows:



- a) They will not confer on the holders thereof any right to vote at any meeting of the Company's Members but will be entitled to notice of and to attend any meeting of the Company's Members.
- b) They will confer to the holders thereof the right to participate in any dividends declared and payable by the Company on the class of share held.
- c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares ranking equally with Ordinary shares but not to participate in any distribution of surplus assets or profits of the Company.
- d) In the event of the death, bankruptcy, mental incapacity or serious or prolonged ill health of a sole Director who is also the only Member entitled to vote at a meeting of the Company's Members which results in that person being unable to carry out the duties of a Director, the holders of "J" shares will have the right to appoint a new Director by the passing of an ordinary resolution of the holders of "J" shares.

#### **1.11 "K" class dividend access share**

The rights, privileges and conditions attached to the "K" Class dividend access shares are as follows:

- a) They will not confer to the holders any right to vote at any meeting of the Company's Members but the holders thereof will be entitled to notice of and to attend any meeting of the Company's Members.
- b) They will confer to the holders thereof the right to participate in any dividend declared and payable by the Company on the class of share held.
- c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares ranking equally with Ordinary shares but not to participate in any distribution of surplus assets or profits of the Company.
- d) Subject to Sections 254J and 254K of the Law they will, at the option of the Company, be liable to be redeemed at the consideration paid for the "K" dividend access share on or before 1 May 2060, by giving written notice to the holders at their respective registered addresses and each such notice must be accompanied by the Company's cheque for the amount payable to the holder to whom such notice is sent. The redemption will take place on the seventh day after the date of posting such notice, and any "K" dividend access share not so redeemed on 1 May 2060 will not thereafter be capable of being redeemed.

#### **1.12 "L" class dividend access share**

The rights, privileges and conditions attaching to the "L" Class dividend access shares are as follows:

- a) They will not confer to the holders any right to vote at any meeting of the Company's Members but the holders thereof will be entitled to notice of and to attend any meeting of the Company's Members.
- b) They will confer to the holders thereof the right to participate in any dividend declared and payable by the Company on the class of share held.
- c) Upon a winding up of the Company they will confer to the holders thereof the right to repayment of capital paid upon such shares ranking equally with Ordinary shares but not to participate in any distribution of surplus assets or profits of the Company.
- d) Subject to Sections 254J and 254K of the Law they will, at the option of the Company, be liable to be redeemed at the consideration paid for the "L" dividend access share on or before 1 May 2060, by giving written notice to the holders at their respective registered addresses and each such notice must be accompanied by the



**Members' Agreement**

The Members at registration of the Company agree to this Constitution.

**The Member**

Amanda Paragalli of [REDACTED] (100 ORD Shares):

Amanda Paragalli  
Member

Dated: 08-3-17

x JOHN MIRENDA x  
Name of Witness

[REDACTED]  
Witness Signature

**Document 9: Copy "Age" article dated 11 February 2026 "Rotting From The Top"**

Document 9  
Age Article 11 February 2026  
"Rotting from the top"



CFMEU report findings from Geoffrey Watson expose bribery, drugs, organised crime and more

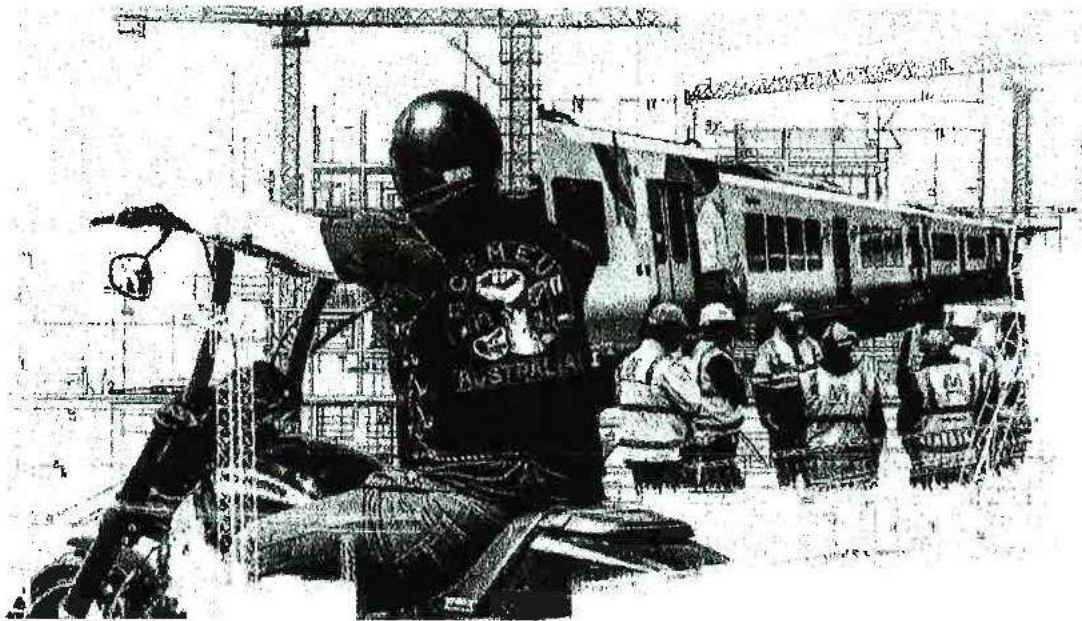
### Building Bad

'Rotting from the top': Bribery, drugs, bikies and billions of taxpayer dollars

Corruption buster Geoffrey Watson's full report, released today, contains an extraordinarily damning expose of corrupt and criminal behaviour.

**Nick McKenzie**

**February 11, 2026**



Corruption busting lawyer Geoffrey Watson's report into the CFMEU is damning reading.

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Major infrastructure projects funded by the Albanese and Allan governments hosted drug trafficking, systemic corruption and bribery, bkie gangs and the shocking sexual exploitation of women at an estimated cost to the taxpayers of \$15 billion, according to a landmark report into CFMEU corruption.

The public airing of the explosive *Rotting from the Top* inquiry report, written by corruption-busting lawyer Geoffrey Watson, SC, comes amid revelations that explosive conclusions reached by Watson that were highly critical of Labor were secretly stripped from the report's pages shortly before its release.

On Wednesday morning, this masthead revealed how Albanese government-appointed CFMEU administrator Mark Irving, KC, directed Watson to remove explosive findings from Watson's 18-month investigation. The deleted chapters concluded that Victoria's Labor government enabled CFMEU graft and organised crime on state and federally funded major road and rail projects.

The deleted material estimated the cost of this inaction to Australian taxpayers who unwittingly funded union corruption, bikie infiltration and organised crime rackets, at \$15 billion.

Irving released the sections on Tuesday evening after this masthead asked if he had whitewashed the report. Irving said he sought the removal of the material because he "was not satisfied that they were well-founded or properly tested".

In his sworn testimony before the Queensland Commission of Inquiry into the CFMEU on Wednesday morning, Watson revealed he was "quite angry" at Irving's order to remove the politically sensitive material and believed Irving's criticism of the deleted chapters was baseless. Watson said he "absolutely" believed the deleted chapters needed to remain in the report.

The removed "government inaction" section includes Watson's conclusion that Victoria's Labor government both "knew and had a duty to know" that corrupt union and underworld forces had infiltrated its signature Big Build Infrastructure scheme, but chose to do "nothing about it".

That finding directly contradicts the denials of Premier Jacinta Allan, the minister previously responsible for the Big Build, that she had any knowledge of the CFMEU scandalous conduct until it was revealed by this masthead and *60 Minutes* in 2024.

It also raises major questions for the Albanese government given it appointed Irving to clean up the union and spent billions funding the projects Watson has concluded were corrupted.

Even with the stripping of the politically embarrassing material, Watson's report – which was uploaded to the Queensland's Commission of Inquiry's website today – contains an extraordinarily damning exposé of the Big Build.

The report finds the \$100 billion program hosted and enabled not only systemic corruption but bikie activity, the sexual exploitation of women and drug trafficking.

See examples in linked article.

While two of the examples uncovered or cited by Watson have led to minor criminal charges and other case studies have prompted regulatory action to cancel the licences of three labour hire firms, his report repeatedly calls for a more sweeping and powerful inquiry than the existing police effort, under Taskforce Hawk.

No such inquiry exists nationally or in Victoria but multiple times, Watson's report concludes that "an investigation supported with coercive powers" is needed to probe the corrupting of the Big Build and the vast amount of improper conduct that has gone unchecked.

The Queensland commission of inquiry is equipped with coercive powers, but state and federal police do not have equivalent tools that Watson found were necessary to fully expose Big Build corruption.

For instance, Watson concludes that intelligence suggesting drug-trafficking bikie gangs hijacked government sites is "an especially serious matter which cannot be addressed in a



report like this – it requires the immediate attention of an investigative body with a full suite of coercive powers”.

The CFMEU's descent from militant blue-collar union to a lawless enabler of corruption and organised crime, according to Watson, was underpinned by two factors: “The leadership of John Setka and his team and the role of the Big Build.”

“Things went badly downhill when the Big Build really got going in 2015,” the report states.

“The big money generated by the Big Build was at the root of the problem in Victoria. The temptation created by the big money proved too great.

“The flood of government money ... made the Big Build ripe for corruption – ad hoc corruption on the part of former organisers and delegates, as well as a more organised or systemic corruption involving collaboration by some elements in the CFMEU with outlaw motorcycle gangs (OMCGs) and other crime outfits.”

Watson reveals that insiders told him that some of the large Big Build sites “were converted by OMCGs into drug distribution centres”.

“Picture 200 or more men aged between 18 and 30, each earning well over \$100,000, confined within the area of a single building site – that is a drug dealer's dream. Rival bikie gangs were fighting to get control over the individual sites.”

Watson uncovered information that rival bikie gangs connected with warring union factions ended up fighting for control of parts of the Hurstbridge Rail Line Upgrade because of its value as a drug-dealing hub as well as an employer for bikies wanting lucrative taxpayer-funded jobs.

“Approximately 1000 workers were on the Hurstbridge site – 540 on day shift, approximately the same on the night shift. That many workers, placed into a confined area, made Hurstbridge a desirable place from which to distribute drugs,” Watson said in his report, describing the \$530 million project to duplicate the line and build new stations.

“Because the rates of earnings at Hurstbridge were unusually high, it was also a desirable place to work. Those two factors meant that there were two struggles for control: one was between individual organisers and delegates at the CFMEU; the other was between rival bikie gangs.”

#### **Related Article**





- **Exclusive**
- Building Bad

\$15b 'poured into criminals' hands': Bombshell findings CFMEU tried to hide

Witnesses told Watson of a stand-off at a Hurstbridge rail line site between Comancheros and Rebels or Bandidos bikies.

"There were about eight Comancheros who arrived in full colours, riding large and noisy motorcycles. The Comancheros continued their 'ride' for the rest of the day, rolling in a continuous loop around the site and making it plain they were making a territorial demand.

"One witness spoke about his knowledge that members of the rival Rebels were also involved and that the gangs were staring each other down," Watson said.

"Several witnesses spoke of their knowledge that the real fight between the bikies was over which gang should be permitted to control drug distribution on and from the Hurstbridge site.

"Several sources, including high-placed officials, have recounted that the working theory of the intelligence agencies is that the OMCGs used the building sites for drug-distribution purposes."

Watson noted the theory was consistent with bikies being the state's largest manufacturers and distributors of methamphetamines.

Watson's report describes how workers routinely paid bribes to get lucrative jobs on Big Build sites with the help of union officials.

"A market was created where corrupt organisers and delegates bought and sold the jobs. There are plenty of stories of people who were willing to pay to get an unskilled job paying well over \$100,000 a year," he said.

"Several witnesses gave accounts of those who previously held the power (ie organisers, delegates and contractors) selling Big Build jobs for an upfront cash payment. A few witnesses

described how a powerful delegate, Joel Leavitt, required potential workers to pay him a sum to get a job in the first place and an occasional payment to keep it."

Leavitt is a violent senior member of the Rebels bikie gang who worked across multiple Big Build sites as a union delegate, wielding huge control over who was hired and which subcontractors were used by government contractors.

On one occasion, Leavitt directed the Labor government's Southern Project Alliance to hire 18 workers, including several members of the Rebels bikie gang and his relatives or those of other CFMEU officials.

Watson also describes how he was told by an Informant that in return for securing well-paying shifts on the Melbourne Metro Tunnel project, up to 100 workers had to donate \$100 to a "concocted" CFMEU charity for the right to work a weekend night shift.

On the Hurstbridge upgrade, Watson notes "several accounts [were] given that former CFMEU organisers and delegates were actually charging a fee to people who wished to work" on the most lucrative shifts.

"Because there was so much money to be earned, the fees charged by the delegates or the others were sums like \$500 or even \$1000."

Bigger bribes were probably paid too, Watson concludes. When a large labour hire business won a traffic management contract on the Eastern Freeway job, its owner told "his workforce that 'I've paid [redacted] 800 grand to get this job, so don't stuff it up'."

Union delegates and health and safety officials on Big Build projects also rorted the public purse by devising a "ghost" shift scheme involving getting paid by two Big Build firms simultaneously. This rort, too, was "eventually paid by the Victorian taxpayers".

Watson said that when the ghost shift scandal first emerged in 2023, then-premier Dan Andrews stated that he had "zero tolerance" for ghosting.

Despite Andrews' public objections, Watson concludes the rorting "happened again. And again and again". Among the recent examples Watson cites is a ghost shift scandal involving major Metro Tunnel contractor MC Labour – a company Watson's report also notes has deep ties to organised criminals.

"The truth is that MC Labour was not the only labour hire company charging for ghost workers on government projects – others were at it as well."

While ordinary workers had to pay kickbacks to win jobs on the Big Build, Watson concluded that bikie gangs and the friends and relatives of certain union bosses – who were sometimes also in bikie gangs or the underworld – got their pick of lucrative Big Build work.

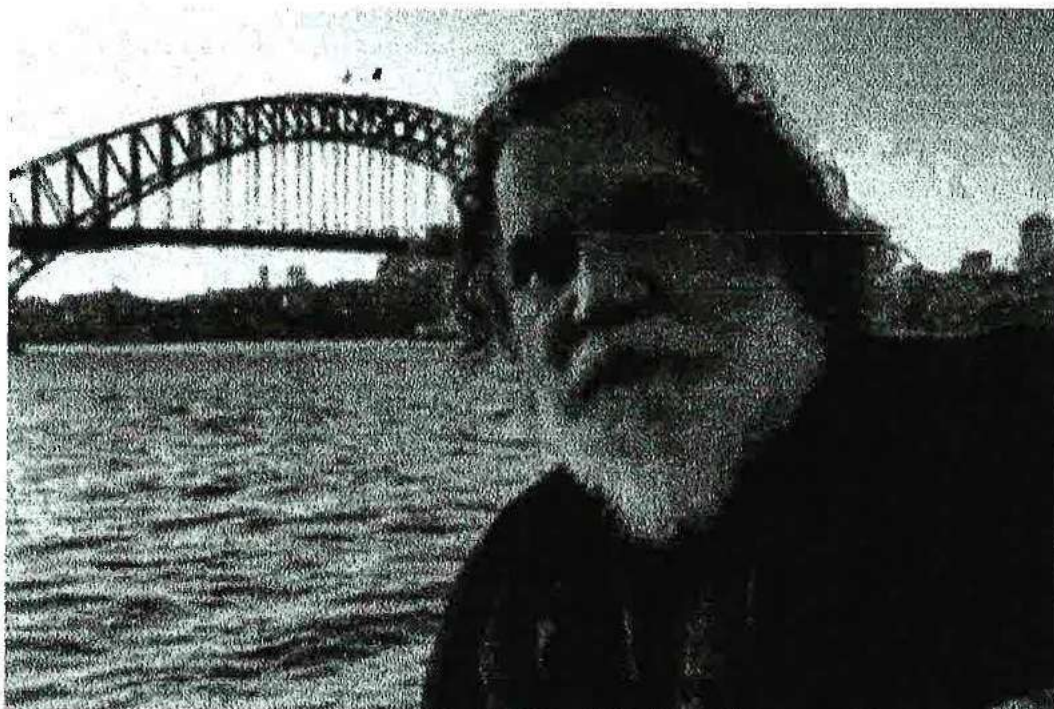
Watson's report also describes how the CFMEU, rather than Labor government contractors, controlled which subcontractors won work on the Big Build.

One mechanism of this system of "extortion" involved the union and underworld figures operating a black market where bribes were paid by select labour hire firms to secure the union's formal Enterprise Bargaining Agreement endorsement, which was needed to win Big Build contracts.



"There were many accounts to suggest that a labour hire EBA will cost \$500,000, there was one account ... where the asking price was \$1 million. There was hard evidence that eager contractors paid \$250,000 to obtain a civil construction EBA and that \$250,000 had been agreed for a demolition EBA."

One case study recounted in the Watson report involves underworld figure Billy Mitris demanding payments from a company employing veterans on the North East Link in return for the required union support.



Underworld figure Billy Mitris.

Another case study described by Watson involves an infrastructure company caving to CFMEU demands to replace traffic management companies aligned to the rival Australian Workers Union with the CFMEU's pick, despite them being 30 per cent more expensive.

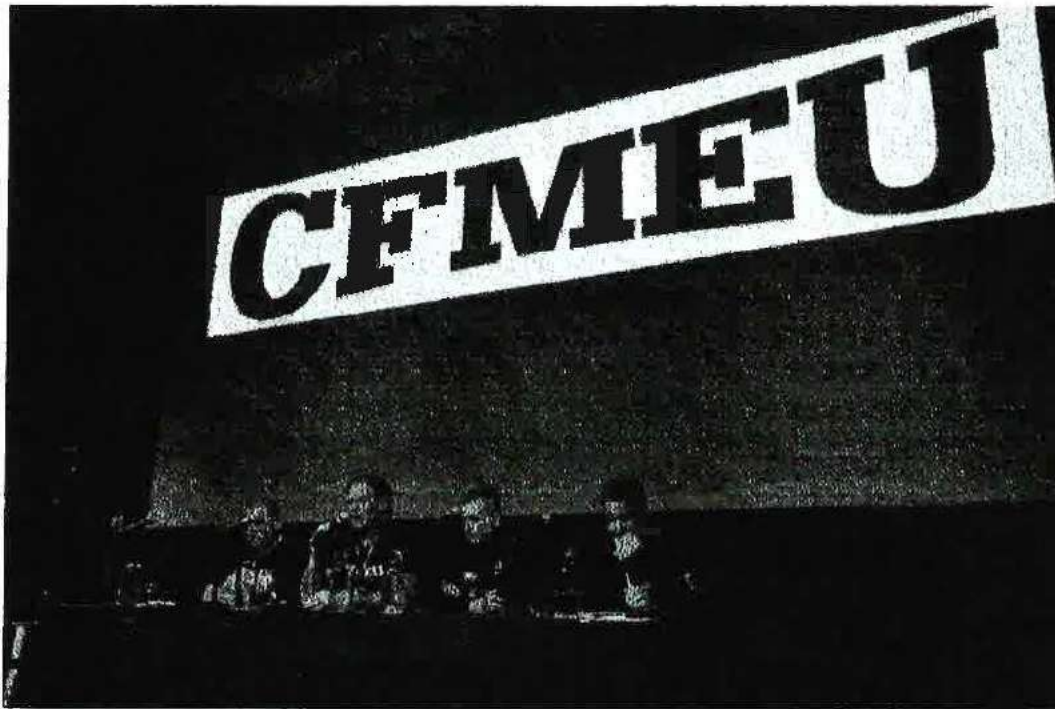
One contractor told Watson they had to let the CFMEU keep "controlling these contracts" or face site shutdowns, and that the union's unlawful demand "cost the Victorian taxpayer \$50 million to \$60 million on the North East Link alone".

An executive from another Labor government major contractor told Watson that pressure from the CFMEU to hire its favoured contractors on a major rail and level crossing removal project cost "the taxpayer another \$50 million plus".

Watson's report singles out now-ex union boss Joe Myles as a key facilitator of Big Build rotting, from placing bidders into jobs, to demanding major contractors use more expensive subcontractors.

One example involved Myles telling a principal contractor to hire a North East Link subcontractor despite being \$4 million more expensive than a rival.

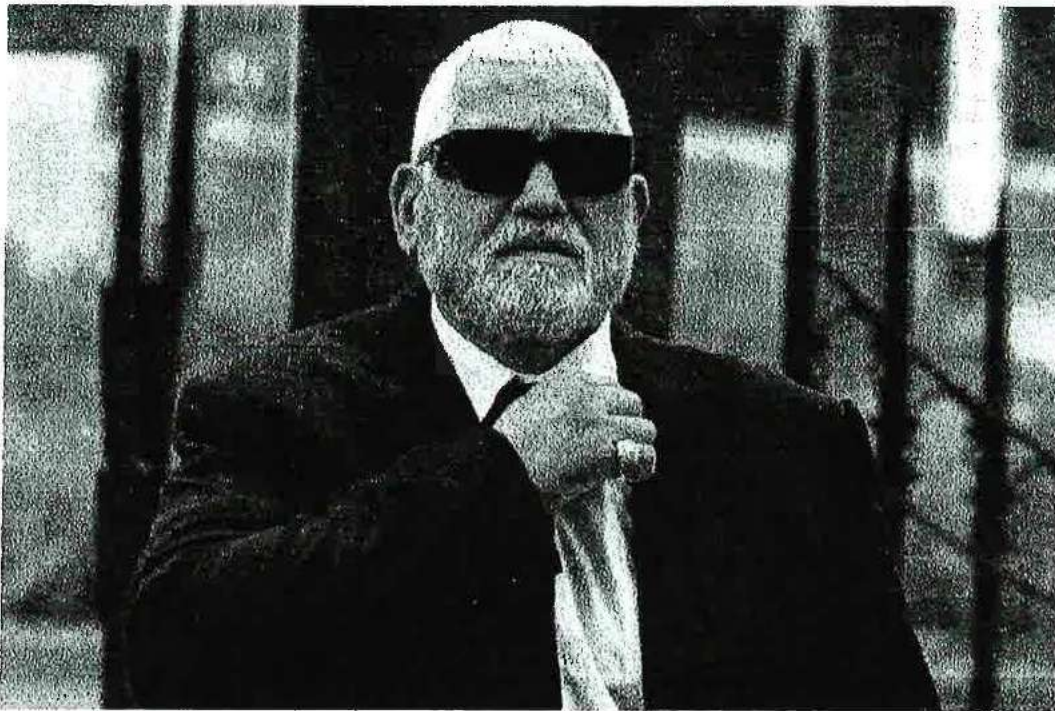




Former CFMEU official Joe Myles (right) with other then-senior union leaders including John Setka (second from left).

"Joe Myles inserted himself into negotiations to tell the principal that it must select the highest quote or the rest of the job would be shut down. There was no choice – \$4 million would be the money lost in a week-long delay. The grateful subcontractor gave the principal's superintendents (an unwanted, unsolicited) bottle of Grange Hermitage. It is inconceivable that rewards were not given to the CFMEU officials involved."

Watson also details "criminal" figure Mick Gatto's infiltration of the Big Build, both as a highly paid "fixer" for subcontractors such as Rangedale and LTE and as a hidden owner of labour hire firm and traffic management company, the M-Group.



Underworld figure Mick Gatto is accused of running a "racket". Justin McManus

Watson criticised Gatto for running a "racket" as an industry fixer, making "well over" \$5 million a year. The figure doesn't include any funds Gatto earned as a silent shareholder in building companies.

"Given that most of it is taking place on Big Build jobs, eventually it is the taxpayer who is paying for this kind of extortion," Watson's report states, while also criticising how M Group subsidiaries have managed to keep winning government work despite other M Group entities having collapsed, owing huge debts to the Tax Office.

"There has been no dent in Gatto's work," Watson concludes, observing that another firm partly owned by Gatto has exploited the state's social procurement policy on the Big Build.

"Perhaps the most remarkable feature of this is that it is occurring on Victorian government sites funded by Victorian taxpayers."

Female workers have also been grossly exploited on the government scheme, Watson found. One informant told Watson that on one Big Build site, "the men would pay cash" to have female workers strip "in the site shed".

A health and safety manager from a Labor government contractor described the treatment of women as "incredibly awful", "toxic" and "dangerous for women".

Other informants told Watson that a now-former manager at a labour hire subcontractor, which specialised in finding employment for women, required prospective female employees "to offer sexual services" to secure a Big Build job.

"That man is no longer involved in the business and, to its credit, the CFMEU assisted in getting rid of him. The allegations are so serious it is not appropriate to provide further details without further investigation".



Watson's conclusions about the corrupting of the CFMEU's most powerful and influential branch in Victoria under the reign of now-former leader John Setka are scathing.

Under Setka's leadership, Watson describes the union's transformation from "champion of the working class" to an organisation "that turned to looking after gangsters, standover men, bikies, heroin traffickers, and even killers".

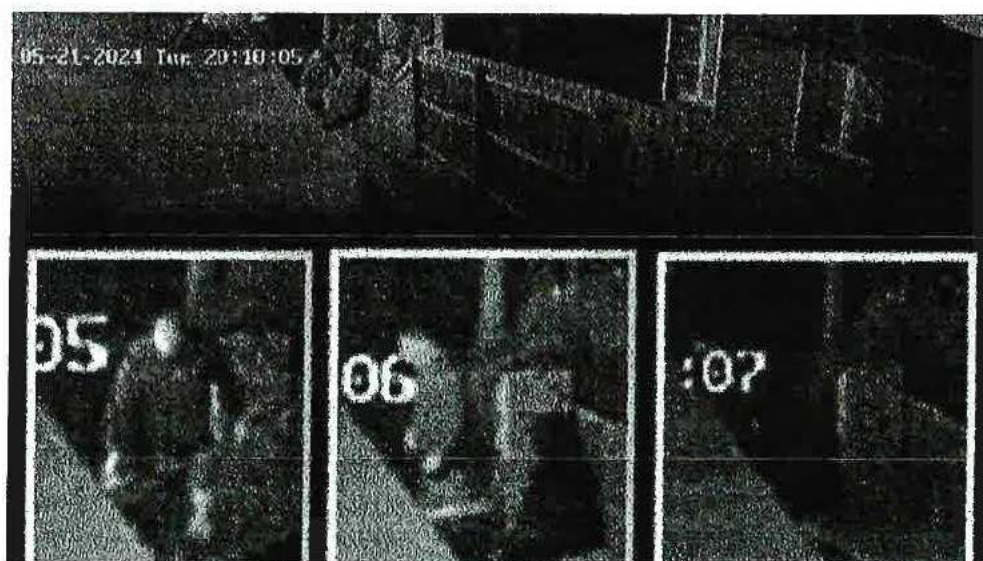
"It is clear that Setka's 'leadership' dragged the CFMEU down from a position of esteem and into a pit of crime and corruption," Watson's report states.

"There were so many criminals involved, and so many instances of the conferral of inexplicable benefits, that it can confidently be said that the leadership of the CFMEU was a participant in a larger criminal design.

"During the Setka era the CFMEU was forcing contractors to employ patched bikies, meth abusers, violent standover men, killers, boxers and cage fighters."

Violence became omnipresent, Watson's report said. "The threat of violence in the building industry was pervasive: it sat behind every demand, every request. The only certain way to avoid violence was by capitulating to demands, or by making payments to underworld figures and standover men. There are instances of hired assassins, death threats, bashings, firebombings – it goes on.

#### **Editor's pick**



- **Exclusive**
- **Building Bad**

'Leo the dog': Setka caught on tape delivering threatening message to rival's home

"By the end of this investigation I have been left with the empty feeling that the Setka-led Victorian branch of the CFMEU was no longer a trade union, it was a crime syndicate."



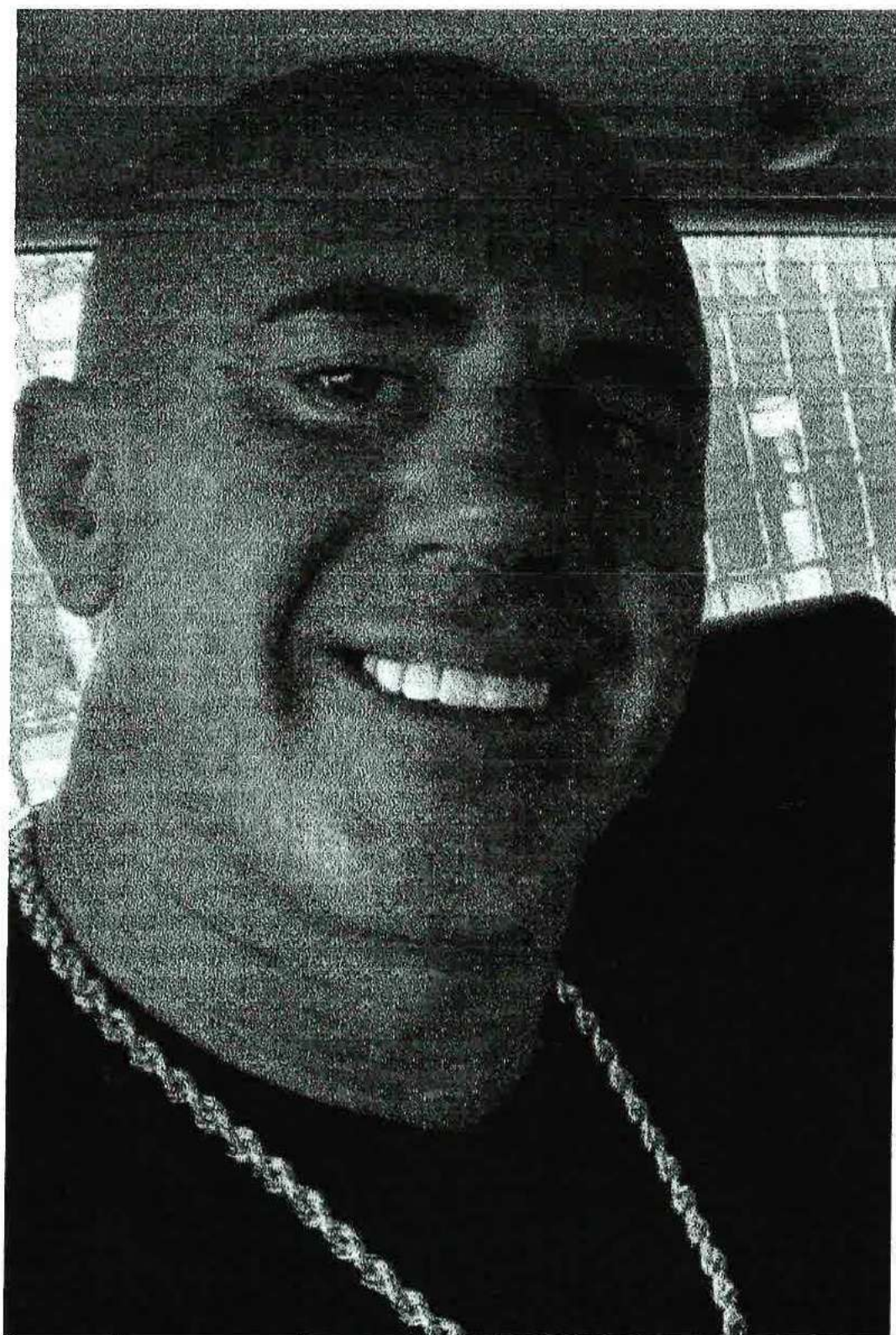
Until Setka's resignation in mid-2024, Watson found that the union boss had led a small leadership team that "had little regard or respect for the general membership" and which "ran the CFMEU for their own profit and their own benefit. Several of them were deeply corrupt".

The ex-union bosses Watson identifies as corrupt are Derek Christopher, who received secret benefits from large building companies; Elias Spervovasilis, who was party to the blackmarket trading of union EBAs; and John Perkovic, who received up to three million dollars in secret benefits from building firm owners, including property and luxury cars.

"The problem with this was that these men were corrupt, known to be corrupt, and were promoted and protected by Setka."

Watson also claims that Setka was involved in highly suspect property developments with criminals and building companies bosses.

Watson's report is also scathing of Myles, finding he managed a "crew" of underworld "cronies" who in turn "Introduced their own cronies into the union – more bikies, more drug dealers, more violence".



Hells Angels figure Luke Moloney. Instagram



One case study cited by Watson involves Myles and another now-former union official, Gerry McCrudden, recruiting violent ex-Hells Angels boss Luke Moloney into the union. McCrudden claimed that he recruited Moloney as a CFMEU delegate after bumping into him at a noodle shop.

Watson finds that McCrudden and Myles' description of Moloney's recruitment is unbelievable and "the only available inference is that Moloney corrupted the process or that McCrudden and Myles were paid or were performing a favour for a third party".



1:51

CFMEU officials in abusive confrontation on major project

Two officials threatening a labour hire operator at a construction site

Watson's report also takes aim at figures linked to organised crime, including Nick Maric, the owner of federal and state government project subcontractor LTE.

But his most pointed criticism of any underworld figure is reserved for Gatto.

Watson finds that "Gatto has damaged the building industry and damaged the Victorian economy – maybe permanently. Everybody knows what he has been doing. Repeated inquiries, including royal commissions, have singled out Gatto as a criminal. Yet he seems to survive."

The Gatto extortion model involved demanding money from contractors under the threat that, unless a payment is made, the CFMEU would raise an industrial issue and close a building site.

"It seems all of the old CFMEU executive were willing to bend the knee to Gatto," Watson said.

"Now is the time for change. Now is the time finally to break Gatto's malignant influence over the CFMEU and the Victorian building industry. Now is the time to get rid of Gatto once and for all."

Setka, Gatto, Myles and Maric have previously denied all wrongdoing.



**Document #10: Copy The Watson Report**

# **ROTTING FROM THE TOP**

**The CFMEU in Victoria During the Setka Era**

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## INTRODUCTION

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1. Something went wrong with the CFMEU during the John Setka era. Before Setka the CFMEU was a great trade union – yes it was militant, but always lawful, and its only objective was the best interests of its members. The pre-Setka CFMEU brought about great change – not just in the industrial sphere, but in society in general. The old CFMEU was the founder of superannuation for working class Australians. The old CFMEU was the principal proponent for the creation of the living wage. At the time these ideas were thought radical; now they are accepted as fundamental features of a fairer Australian society.
2. But from those great heights the CFMEU in Victoria collapsed into a squalid mess. It slid from being a union which fought hard for workers to one which started a fight just for the sake of it. It devolved from being a union which honoured the dignity of working Australians to a union which cultivated the company of underworld figures. It deteriorated from being progressive, tolerant and respectful, into a violent, hateful, greedy rabble. It degenerated from being a union where people were respected for their honesty and decency to one where a good person, a decent person who spoke out against corruption, was shouted down and told they were a "dog," or a "rat", or even a "cunt".
3. The cause of the collapse of the CFMEU was not from within, it came from the top.
4. If you wish to know what went wrong with the CFMEU then you need to look no further than its leadership over the last 20 years. The CFMEU was pushed in the wrong direction.
5. The previous style of CFMEU leadership is typified by this email recently sent by Setka in response to a request by the Administration to produce some information about how members' money had been spent:

*Go fuck yourself Irving and fuck Keogh, you fuckin dogs have endangered my life with all your leaks to the media, and I will come into the office whenever I want, you have leaked my personal information to the media and put my life in grave danger and caused me all sorts of grief, I'm not a ALP stooge like you two cunts so along with all the other fuckers like Flinn, so go fuck your mothers with McKenzie and while you're fucking them get your noses out of albos ass, and tell [REDACTED] on the unions money, and stop leaking my confidential information to the media and endangering my life and that of my family, one more leak you dogs and I'll fix it myself, so do everyone a favour and go and knock yourselves.*

6. This is a report into what went wrong in the CFMEU during the Setka era. That era started around the time of Setka's election as Secretary in 2012. It ended

## INTRODUCTION

on 23 August 2024 on the appointment of the Administrator. As a result of the Administration, those who are identified in this report the leaders of the CFMEU were removed from office. Over the life of the Administration their influence over the Branch has slowly waned and, in the case of many of the former leaders, been completely extinguished.

7. Change trickled down. The next level of leadership within the union, the organisers, have in many cases been removed over the course of the Administration. None of the organisers identified negatively in this report are currently employed by the Administration. Since August 2024 over 50% of the employees of the Victorian Branch have ended their employment with the Union or had it ended for them.
8. The John Setka era is over. It is incapable of resurrection. The Administrator is considering steps to discipline Setka under the CFMEU rules. That might include expulsion, which would make Setka ineligible to stand for any union office. Further, as a removed person under the *Fair Work (Registered Organisation) Act 2009*, Setka can only stand for office if the Fair Work Commission was satisfied that he was a fit and proper person. In light of what will be revealed in this report it is unlikely that the Commission would arrive at that view.
9. Conducting this investigation has been a challenging experience for me. As a lifelong believer in trade unions, it was shocking to see so much crime, so much corruption, such a perversion of values. The CFMEU was no longer on the right side of civil society, it was *proudly* on the wrong side. The Union was no longer the champion of the working class – the Setka era CFMEU turned to looking after gangsters, standover men, bikies, heroin traffickers, and even killers.
10. By the end of this investigation I have been left with the empty feeling that the Setka-led Victorian branch of the CFMEU was no longer a trade union, it was a crime syndicate.
11. This was a uniquely Victorian problem. Preparing various reports has provided an opportunity to get a feel for the different operations in the different States and to compare the problems faced in each. It is quite clear that the problems in Victoria were exponentially worse and far more dangerous than elsewhere.
12. Something had to change. For effective change to occur the power and influence of these malignant characters who have dragged down the CFMEU had to be broken. The problem is that their power and influence was strong, deeply-rooted, and widespread. The only way to break that influence was to smash it. The action had to be swift and sharp and severe – in effect, it had to be a regime change.



## INTRODUCTION

### ATTEMPTED INTERFERENCE

13. The criminal forces either behind or within Setka's CFMEU took extreme measures to try to disrupt the Administration, to stop the reform of the Victorian branch, and to prevent further exposure of what was going on in the CFMEU.
14. They failed.
15. The administration commenced in August 2024. By October 2024 federal intelligence agencies had already received information that the life of the Administrator, Mark Irving KC, was under threat. It is not appropriate for operational reasons to go into the detail of the intelligence gathered, but it is enough to say that the information was reliable, the threat was real, and the plot was obviously professional.
16. Since then Irving has required continuous personal protection. He continues his work undeterred.
17. The threats ramped up. The secretary of the Australian Council of Trade Unions, Sally McManus, and the then Minister for Workplace Relations, Murray Watt, both required their own personal security.
18. There was also strong opposition to the investigative reporting that exposed the problems in the Setka era CFMEU.
19. Nick McKenzie is the investigative journalist who brought the abuses of the Setka-led CFMEU to public attention. His reporting led to the creation of the Administration. McKenzie deserves the credit for any good which comes from all of this – this report, for example, is merely following in his wake. He has made a remarkable contribution to society.
20. Apparently others do not agree.
21. McKenzie has twice been forced out of his home due to credible threats to his safety. The original threat came directly from a very violent and very dangerous man. More recently McKenzie has been forced out after attacks on his home, including the disablement of his home security system.
22. The threats backfired – the only result was that McKenzie ramped up his work.
23. There have also been threats regarding this investigation.
24. Soon after this investigation commenced threats of violence were made against senior CFMEU officials because they were "lagging" – ie speaking to me. The officials who reported this ( [REDACTED] ) claimed to be scared for their personal safety.
25. The persistent threat of violence hampered the conduct of this investigation.

## INTRODUCTION

Several potential witnesses said they would not speak to me because they had been warned not to co-operate. Some did speak, but it would be dangerous to recount their stories. It will suffice to say that I was shown and told of evidence of explicit threats made by dangerous men, some with convictions for violence.

### WHAT DOES THE FUTURE HOLD?

26. The matters addressed in this report are now matters of history. Making a record of that kind is both necessary and helpful. It is important to record what went wrong as part of identifying the path for the process of correction. It will also help prevent it from happening again.
27. There are some dark events recorded in this report. But the future is not all gloom. Even though the problems in Victoria have been especially severe, there are already clear signs that the CFMEU has changed.
28. The Administration has been in place for eighteen months and it is clear that the process of reform is having a positive effect. First there is the experience in the other States. The signs are positive. The problems seen in NSW, in Queensland, and which were emerging in South Australia, have already been brought largely under control.
29. In Victoria there are positive signs too. The rate at which the CFMEU has been prosecuted for industrial breaches has dried up. There are continuing industrial disputes, but far fewer than were occurring before the Administration. The fear of violence is still there, but not as intense as it was before.
30. One experienced contractor with over 20 years in the building sector, *Mauritius*\* told how, in early 2024, he had made up his mind that he could no longer be part of the corruption. [REDACTED] Then the Administration commenced. He has already seen positive change and is hopeful for more.
31. When the Administration arrived a number of the most problematical characters were removed. That had an immediate positive impact, but those men continued to exercise a kind of shadow control through organisers and delegates who remained loyal to them.
32. Slowly at first, but more rapidly recently, a number of those organisers have also gone – in the last few weeks over a dozen organisers have been sacked or have taken voluntary redundancy. Change has begun.
33. It is a matter of some concern to me that what follows in this report is so overwhelmingly negative. That needs to be placed into perspective.
34. There are over 30,000 members of the Victorian CFMEU and 99% of them are honest

## INTRODUCTION

men and women working hard in a difficult and sometimes dangerous workplace. This report is not about them: this report is about the officials who abused the trust of the general membership. Hopefully this report and its effect will be of benefit to the vast majority of honest members of the CFMEU.

### THIS REPORT

35. This report is divided into two parts. The first is a narrative of the crime and corruption of the Setka era CFMEU. The second comprises eighteen case studies, all of which pre-date the commencement of the Administration. In both parts there were many other stories which could have been told; there was a need to be selective.
36. Hundreds of potential witnesses were approached. Many volunteered assistance; a substantial number refused; a smaller number were interviewed under compulsion.
37. To reduce the risk of reprisals, where it is unnecessary to identify an individual or a business a *pseudonym*\* is used.
38. This report contains some strong findings. Adverse findings have been made *only* where I have been satisfied that the conclusion is correct and that the criticism is justified. Wherever there was a doubt, the benefit of that doubt has been given to the person who could be adversely affected.



## POWER AND CORRUPTION

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39. Some of those interviewed suggested the cause of the deterioration of the CFMEU's conduct was the abolition of the Australian Building and Corruption Commission in 2022. That cannot be right: the problems in the CFMEU were occurring well before then. In fact, the conduct of the CFMEU was worsening during the period the ABCC was in operation. You need to go back before 2022, at least back to 2015, probably earlier.
40. Two things are constant – the leadership of John Setka and his team and the role of the Big Build. Things went badly downhill when the Big Build really got going in 2015.
41. An experienced person with an important role in the construction sector, *Headingly*<sup>1</sup>, was asked for his opinion as to how and why the problems with the Setka-led CFMEU came about:

*"It was a perfect storm. All of a sudden there was too much government money, and too many really big jobs. There was a shortage of labour and the CFMEU had all the negotiation power and, from that, too much power generally."*

42. That is an insightful observation: the big money generated by the Big Build was at the root of the problem in Victoria. The temptation created by the big money proved too great.
43. But *Headingly's* observation is incomplete – it glosses over the poisonous role played by some critical individuals, both inside and outside the CFMEU. These individuals will be named and their conduct identified in this report. Some of the names will be well known, but some of the names and some of the stories of what they did, and how they did it, will be new.
44. It is obvious that there were multiple factors which contributed to the decline and fall of the CFMEU. Eight of these factors have been selected to be discussed just below in this section of the report – there were other factors, but these eight factors seem especially important.
45. But before going to that there is a need to understand how power was distributed within the Victorian CFMEU.
46. The power structure of the CFMEU was partly formal, partly informal. For the purpose of this report, the formal part is split in three – an executive of six senior elected officials, about 60 organisers, and about 600 delegates.<sup>1</sup> Together the elected

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<sup>1</sup> Organisers are employed directly by the Union and they are vested with considerable industrial power. Delegates are not employed by the Union, they are employed by building contractors but they are the direct union representatives on a particular site.

## POWER AND CORRUPTION

executive, the organisers and the delegates are the "officials" of the CFMEU.<sup>2</sup>

47. But outside the formalities there was a group, a small group, of real powerbrokers. These powerbrokers really controlled the affairs of the CFMEU. The CFMEU was an autocracy, not a democracy. These former powerbrokers held the power between themselves and were not willing to share it. There were never any contested elections for the executive positions – they were resolved privately and long before anyone got to vote.<sup>3</sup> There were even instances where the election of delegates has been undone or ignored, and the members' choice replaced by the executive's preferred candidate.
48. These former CFMEU powerbrokers included the six members of the executive, some organisers, and a few of the most powerful delegates. They were about 20 people in a Union with 30,000 members. This small group was not concerned with laws or union rules; they had little regard or respect for the general membership; they ran the CFMEU for their own profit and their own benefit. Several of them were deeply corrupt.
49. The powerbrokers were in three groups.
50. The first comprised the executive or the senior elected officials – John Setka, Derek Christopher, Elias Spemovasilis, Joe Myles and, to a lesser extent, Mick Myles and Rob Graauwmans.
51. The second comprised powerful organisers – John Perkovic, Steve Long, Paul Tzimas, Gerry McCrudden, Joel Shackleton, Andrew De Bono, Gerry McQuaide, Rob Janjic, and Frank Akbari.
52. The third group comprised powerful or well-connected delegates. For example, Rudy Raspudic and Lee Bozic were very close to Setka; Joel Leavitt and Jonny "Two Guns" Walker were closely connected to Joe Myles.
53. Another feature of how power was distributed in the CFMEU is that it was controlled by two main factions.
54. One was led by John Setka – it is usually called the "Setka faction" (or sometimes the "Croatian faction"). This faction was based on the construction side of the Union's industrial coverage. It comprised half of the executive, most of the organisers, and about 160 of the delegates.

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2 There is also a supreme ruling body known as the Branch Management Committee, but it was quickly apparent that the Committee was little more than a rubber stamp for the decisions of the executive.

## POWER AND CORRUPTION

55. The other faction was controlled by Joe Myles. Its core was a powerful group of officials who came to Victoria in about 2014. It was based on the civil side of the Union's coverage. It is not clear just how many were within this faction, but it was smaller in number than the Setka faction. That said, it was just as powerful as the Setka faction. This faction was usually known as the "*Civil faction*" or the "*Myles faction*" (or sometimes the "*Irish faction*").
56. Competition between those factions explains some of the problems which will be discussed in this report.

## EIGHT FACTORS WHICH WRECKED THE CFMEU

57. Returning to the issue of the reasons for the deterioration in the CFMEU, these are the eight factors mentioned above:
- The CFMEU's growing contempt and disrespect for the law;
  - The rapid increase in money which became available through the Big Build;
  - The CFMEU's taking over civil sites and workers ordinarily covered by the AWU;
  - A growing fear amongst contractors that the CFMEU would use its power to damage them;
  - The governmental inaction on the CFMEU; and
  - The influence of each of Mick Gatto, John Setka, and Joe Myles.

## SHEER LAWLESSNESS

58. The CFMEU held the law in contempt.
59. In 2015, Justice Mortimer said the CFMEU had "*a conscious and deliberate strategy*" to "*engage in disruptive, threatening and abusive behaviour,*" and that this was "*without regard to the lawfulness*" of its actions, and that it was "*impervious to the prospect of prosecution and penalties*".<sup>4</sup>
60. In the decade from 2015 to August 2024, it got worse, not better.
61. The statistics surrounding the CFMEU's consistent and serious breaches of industrial law are shocking. Since 2003 the CFMEU, its officials and members, have been convicted of more than 2,600 offences and fined over \$28 million. These breaches, especially in Victoria, often involved violence.
62. The rate and seriousness of the offending was disproportionate to the way in which

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<sup>4</sup> *Director of Fair Work Building Industry Inspectorate v Construction, Forestry, Mining and Energy Union* (No 2) [2016] FCA 436 at [140].



## POWER AND CORRUPTION

the other major unions conducted themselves. It is *not* an answer to say that the CFMEU's convictions occurred because the building industry is hard, tough or edgy - the fact is that the other building unions have few or no convictions.

63. Many judges have observed while imposing fines on the CFMEU that punishment was having little or no deterrent effect because the CFMEU regarded the fines as a cost of doing business. I do not agree: the multiple breaches and heavy fines were all part of the Setka-led CFMEU's business model - the CFMEU was flaunting its lawlessness as a warning to others that it did not obey the rules.
64. The CFMEU's utter disregard for the law had a poisonous effect. The CFMEU was in constant battle with Victoria Police. The CFMEU's attitude to the law and to the police made the Union amenable to crime and corruption.<sup>5</sup>
65. Under the Administration the Union has developed a co-operative relationship with the Victorian Police and the AFP. No regulator has alleged that the Union has contravened any industrial law since the Administration commenced.

## THE BIG BUILD AND BIG MONEY

66. The "*Big Build*" comprises those massive infrastructure projects currently underway in Victoria. By the time it is complete more than \$100 billion will have been spent on the Big Build. There are five types of projects: new roadworks; new rail lines and stations (and upgrades to existing facilities); the creation of underground rail links; the removal of 110 level crossings; and the creation of the West Gate Tunnel.
67. It is estimated that 20,000 jobs have been created directly by the Big Build and another 40,000 indirectly.
68. The advent of the Big Build gave the CFMEU a strong position to negotiate better terms and conditions for its members. Labour became scarce. The unions held the power during negotiations over work conditions. The result was higher pay and better entitlements: unskilled labourers working on the Big Build were entitled to a base salary of over \$1900 per week, but together with loadings and payments to Incolink, for superannuation, for long service leave, for overtime and shift work, this salary was substantially increased.
69. The flood of government money also made the Big Build ripe for corruption - *ad hoc* corruption on the part of former organisers and delegates, as well as a more

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5 It is for this same reason that the CFMEU emphatically declined to deal with the police. Members of the CFMEU were instructed not to cooperate with the police, even when their own safety was compromised. This was dealt with in the Interim Report paragraphs 16-19; see also Case study two: The Hawthorn East Bashing.

## POWER AND CORRUPTION

organised or systemic corruption involving collaboration by some elements in the CFMEU with outlaw motorcycle gangs (OMCGs) and other crime outfits.

70. As one example of the latter kind: some of the large building sites were converted by OMCGs into drug distribution centres. Picture 200 or more men aged between 18 and 30, each earning over well over \$100,000, confined within the area of a single building site - that is a drug dealer's dream. Rival bkie gangs were fighting to get control over the individual sites.
71. In fact, a labourer's job on the Big Build is so lucrative that a market was created where corrupt organisers and delegates bought and sold the jobs. There are plenty of stories of people who were willing to pay to get an unskilled job paying well over \$100,000 a year.
72. Several witnesses gave accounts of those who previously held the power (ie organisers, delegates and contractors) selling Big Build jobs for an upfront cash payment. A few witnesses described how a powerful delegate, Joel Leavitt, required potential workers to pay him a sum to get a job in the first place and an occasional payment to keep it. It was well known that a manager at Top Up Labour was being paid by employees of that business so they might be appointed to the more lucrative shifts. There was another scam worked on the Melbourne Underground Rail Loop. A man who worked on that site, *Brideshead*<sup>6</sup>, told how potential workers had to "donate" \$100 in cash to former CFMEU officials for a concocted charitable purpose in order to be allocated a lucrative shift. On occasions there would be 100 men working on a weekend night shift - \$100 by 100 workers = \$10,000.

## SIDELINING THE AWU

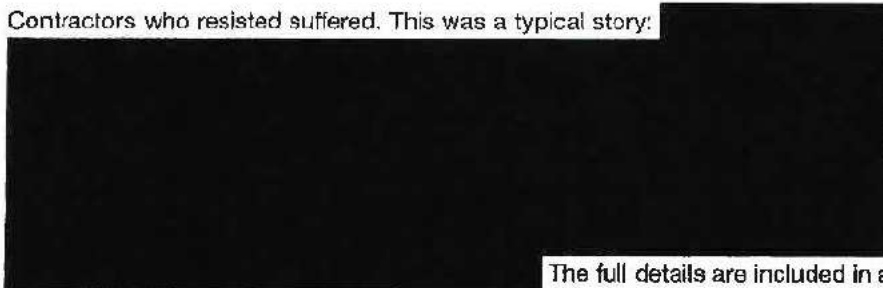
73. In broad terms the CFMEU covers *construction* work: the Australian Workers' Union covers *civil* work.<sup>6</sup> Plainly, much of the recent major work in Victoria on the Big Build is civil work, not construction work. The Big Build sites should be dominated by members of the AWU.
74. But that is not the case: in fact it is the opposite. As *Headingly*<sup>7</sup> described it - "*there are still a few AWU members to be seen in the tunnels, but there are none on the surface*". A former AWU organiser, *Cardiff*<sup>8</sup>, lamented "*we only have the [Westgate] tunnel now.*"
75. How did this come about?

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6 In simplest terms, *construction* work focuses on the erection of buildings, while *civil* work is on roads, bridges, tunnels, and railways. One way of describing the difference is by considering *construction* work as being vertical and *civil* work as being horizontal.

## POWER AND CORRUPTION

76. One explanation is that, through a combination of violence and intimidation, the CFMEU drove the AWU off civil sites all over Melbourne.<sup>7</sup>
77. This started in about 2014 when a group of officials moved to Melbourne - Joe Myles, Mick Myles, Marty Albert, Joel Leavitt, Kane Pearson, Adam Olsen and others. Setka accommodated the newcomers by handing them control over the civil jurisdiction. Before that the civil section of the CFMEU was small and comparatively weak.
78. Joe Myles was ambitious. He grabbed the chance. He immediately became very aggressive in the civil space, interfering when the AWU was organising its members, initiating industrial action where it was unnecessary, threatening contractors with industrial action unless they engaged CFMEU-aligned subcontractors, and insisting that, to win an EBA, a contractor would be required to force its employees to switch membership to the CFMEU. One example was dealt with (and condemned) by the High Court of Australia: Joe Myles had insisted that a large builder appoint a CFMEU delegate onto an AWU civil site and when the builder refused he blockaded the site and stopped a concrete pour.<sup>8</sup>
79. That was only one of many instances of this kind.
80. There was physical aggression as well. An AWU organiser, *Edgbaston*\*, described CFMEU organisers and delegates pushing and shoving AWU officials and site superintendents. *Edgbaston* described how several civil engineers, who were mere bystanders to the thuggery, became unwilling to go on site due to the potential for violence.
81. Eventually most contractors capitulated to the CFMEU, giving in to the persistent pressure just to buy short-term industrial peace.
82. Contractors who resisted suffered. This was a typical story:



The full details are included in a

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7 The leaders of the AWU should shoulder some of the blame. Several former AWU workers and AWU-aligned contractors were amazed at the weakness of the leadership - it was said that, even though demarcation proceedings were available, the secretary of the AWU, Ronnie Hayden, seemed "unwilling to stop it".

8 See *Australian Building and Construction Commissioner v Construction, Forestry, Mining and Energy Union* [2018] HCA 3. The CFMEU and Joe Myles were heavily fined, but that changed nothing.



## POWER AND CORRUPTION

case study.<sup>9</sup>

83. There are several stories of that kind in this report. The practical effect of the CFMEU asserting control over civil sites was to enlarge the scope of its coverage, to increase its power, and to reduce competition.
84. An idea of how much the changeover from the AWU to the CFMEU has cost the taxpayer on the Big Buld can be taken from the experience of traffic management.
85. A builder, *Commander*\*, had years of experience of letting traffic management contracts to AWU companies for \$70 to \$80 an hour. Joe Myles then came on the scene, explained that the CFMEU would now be controlling these contracts. Myles said that if the builders did not acquiesce in his demands he would close the sites. The builders had no choice. The hourly rates for traffic control were jacked up to \$110 to \$120 per hour. *Commander* estimates that this cost the Victorian taxpayer \$50 million to \$60 million on the North East Link alone.
86. Another example: a Tier One executive, *Marque*\*, explained that on the level crossings removal project that the contractors with AWU EBAs simply gave up trying to get and keep the work; prices were only received from CFMEU-aligned contractors, immediately forcing up labour costs by 20% - and this was on a labour-intensive \$380 million project, costing the taxpayer another \$50 million plus.
87. There is another issue: the AWU and CFMEU have vastly different models of operating. Under the AWU model there is comparatively little union involvement between negotiating EBAs. Under this "servicing" model the AWU plays a reactive role, providing services when necessary when responding to a particular issue. Under the CFMEU run by Setka the model was proactive: members were organised to act collectively and to act loudly. There was often a full-time CFMEU delegate placed on larger sites, and there was a deeper involvement in OHS and site issues on a daily basis. Each model has its merits. Each reflects a different view on what a union is and does. But the CFMEU model had a greater potential for trouble.

### THE FEAR FACTOR

88. This is where its lawlessness and its reputation for lawlessness really paid off for the CFMEU.
89. Contractors were aware that, even if there was no legal nor rational basis for industrial action, the CFMEU would take industrial action and close building sites indefinitely. This presented an existential threat to some builders - site stoppages

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9 See Case study one: [REDACTED]

## POWER AND CORRUPTION

are very costly. Another favoured tactic was for a CFMEU organiser to threaten to prevent or delay a concrete pour.

90. There are many examples of this kind of conduct in this report. The evidence of it is indisputable: the CFMEU was prosecuted and heavily fined for repeated, obvious legal breaches. But, as mentioned above, the convictions and the fines were ineffective in stopping the conduct. If they were fined one day, the CFMEU was likely to return and do the very same thing the very next day.
91. Once the CFMEU showed it was unwilling to obey the law and that it was immune to the deterrent of a fine, there was no realistic practical response open to contractors apart from capitulation.
92. There was another real reason why contractors and regulators started avoiding conflict with the CFMEU. The CFMEU was actively employing criminals. During the Setka era the CFMEU was forcing contractors to employ patched bikies, meth-abusers, violent standover men, killers, boxers and cage fighters. The CFMEU was sending a message: it was to be feared and it was not to be opposed.
93. The CFMEU succeeded in casting a shadow of fear over the whole building sector.

### MICK GATTO

94. Mick Gatto has been a malignant influence on the CFMEU for decades.
95. Gatto claims he is a "mediator and arbitrator" but others – including a Federal judge – say he is "a standover man and a gangster ... closely associated with a number of violent and dangerous criminals in Melbourne ... and violent criminals in Sydney and members of bkie gangs".<sup>10</sup> This has been recognised for a long time. In 2003 the National Crime Authority named Gatto as the head of a criminal network.<sup>11</sup>
96. Gatto has boasted of strong relations with the CFMEU – he says they go back "over 40 years".<sup>12</sup> It is little wonder Gatto speaks fondly of the CFMEU: it has made him tens of millions of dollars.

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10 These words were used to describe Gatto by a Federal Court judge, Justice Murphy, in the decision in *Rambalsi v Mullins* (No 2) [2016] FCA 977. As far back as 2002 Gatto was described as a standover man in evidence in the Royal Commission into the Building and Construction Industry.

11 Cerberus Task Force, "An updated view of Cerberus", March 2003.

12 So said Gatto in an interview with Sam Newman on the podcast "You Cannot Be Serious", Episode 299, 17 March 2025.



## POWER AND CORRUPTION



Figure 1: Mick Gatto – a gangster, a standover man, and a close friend of the Victorian CFMEU.

97. Gatto's connexions with the former leadership of the CFMEU started at the top. He is best mates with John Setka. His connexions with the CFMEU were so powerful that Gatto could order the CFMEU to stop work on any building site. Gatto told a developer attempting to finish a project – *"I can stop anyone doing anything, mate,"*<sup>13</sup> In the same context he boasted publicly that people will do as he says *"because they're worried about my union connections."*<sup>14</sup>
98. As an example of the preferential treatment he received, one year the CFMEU invited both Gatto and Premier Dan Andrews to its annual Grand Final breakfast. A message came back from Andrew's office suggesting that, if Gatto was attending, the Premier would not. When he heard this Setka laughed and said *"Fuck the Premier"*. Gatto was given a seat at the head table.
99. The Administration had taken steps to eliminate or reduce the influence Gatto has over the CFMEU. Yet, in October 2025, when a dispute arose at the airport with a contractor, MAZ Group, an organiser, Costa Josephides, was either sent or given permission by the national secretary, Zach Smith, to attend a meeting with Gatto.<sup>15</sup> There is a suggestion that Smith wanted Josephides to organise the meeting in a place where he would not be seen in the company of Gatto.

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13 See Case study sixteen: *"We can cause you grief"*.

14 In another interview with Sam Newman on *"You Cannot Be Serious"*, Episode 233, 22 December 2023.

15 MAZ Group operates without an EBA and has had previous issues with the CFMEU where it has used other negotiators – Peter "Skizzo" Hewatt, a Hells Angels enforcer, and Derias Sherif, a Mongols enforcer.



## POWER AND CORRUPTION

100. This incident could be interpreted in different ways. There is no doubt that it was a massive judgement failure by Smith, but an additional way of viewing it is to underline the apparent bond between Gatto and the CFMEU.<sup>16</sup>
101. There will be many examples of Gatto's criminal conduct in this report. Gatto has damaged the building industry and damaged the Victorian economy – maybe permanently. Everybody knows what he has been doing. Repeated inquiries, including Royal Commissions, have singled out Gatto as a criminal. Yet he seems to survive.
102. Now is the time for change. Now is the time finally to break Gatto's malignant influence over the CFMEU and the Victorian building industry. Now is the time to get rid of Gatto once and for all.

### JOHN SETKA

103. Given there was information available which was adverse to John Setka he deserved an opportunity to address it. I asked Setka to meet me. He responded:

*"I warn you watson you should hope you never cross my path, so go and fuck your mum and Irving's, and leave me alone, you fuckin fat ugly cunt."*

104. It will, thus, be necessary to proceed with only limited assistance from Mr Setka.
105. It probably does not matter because it is unlikely that Setka could have said anything which would have assisted: it is clear that Setka's "leadership" dragged the CFMEU down from a position of esteem and into a pit of crime and corruption. The decline in the CFMEU coincided with Setka's rise.
106. It is hard to understand how Setka's dominance came about. The personal characteristics which might make Setka a leader are not immediately apparent to an outsider. He is very aggressive. He is abusive. He has – as this report will demonstrate – close personal and financial links to organised crime and other criminal connexions. He is corrupt. He has his own criminal record, including a conviction for domestic abuse.
107. But still he held sway.
108. Setka did not act alone. He surrounded himself with corrupt cronies. Some were from within the Union; others were from outside.

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<sup>16</sup> In response the Administrator has published an explicit Industrial Mediators and Fixers Policy including a direction that organisers are not permitted to meet with Gatto.

## POWER AND CORRUPTION

109. From the inside, the former senior elected officials Derek Christopher and Elias Spornovasilis were close allies. He was supported by powerful organisers, especially John Perkovic and Steve Long. The problem with this was that these men were corrupt, known to be corrupt, and were promoted and protected by Setka.
110. From outside the Union there were connexions with serious underworld figures and corrupt coppers - Mick Gatto and Jadran Delic and Ante Juric and even members of the Mokbel gang.
111. The impact of Setka as secretary was to create and entrench a corrupt leadership of the Union.



*Figure 2: John Setka - "GOD FORGIVES THE CFMEU DOESN'T"*

### **JOE MYLES**

112. The circumstances of Joe Myles arriving at the Victorian branch were described earlier.
113. Once Myles was handed control of the civil work of the Victorian branch, he set out to expand the civil coverage and build a power base. His plan was, eventually, to become the secretary of the CFMEU. He cultivated the "Young Activists Network" - a group of ambitious young members hoping one day to be promoted as a delegate

or organiser.<sup>17</sup>

114. There will be several places in this report where criticism is made of Joe Myles and his tactics. The general nature of these matters were raised with Myles in correspondence. Myles responded by denying any wrongdoing and stating he had only ever acted in the best interest of CFMEU members. He claimed information to the contrary was provided by third parties with an "*ulterior motive*".
115. There were two problems for the CFMEU arising from this. The first was that Myles was ruthless in driving the AWU off civil sites and was quite happy to use threats, especially threats of unwarranted industrial stoppages, to force contractors to capitulate to his demands. He did not mind getting his hands dirty. In 2017 Justice Tracey of the Federal Court described Myles as having "*a deplorable history of offending*".<sup>18</sup> His convictions related to threats backed up with stoppages and blockades.
116. The second was that, no doubt as part of his plan to drive the AWU off civil sites, Myles surrounded himself with a group of unusually violent and aggressive officials. Amongst the organisers were Marty Albert, Joel Shackleton, Gerry McCrudden<sup>19</sup>, Andrew De Bono<sup>20</sup> and Luke Collier (all of whom are no longer employed by the CFMEU). At one stage Myles was close to another powerful organizer, Paul Tzimas<sup>21</sup>, but they fell out.
117. Several of Myles' circle were bikies or former bikies. Several had convictions for violent crimes – one had killed a man. Others were convicted drug-traffickers and known drug-users. Shackleton was a professional boxer with close personal ties to Gatto. Some were drawn from the Young Activists who were trying to establish their reputation as enforcers.
118. Below is a photograph taken of Myles and three members of his crew at a concert

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17 There will be several places in this report where criticism is made of Joe Myles and his tactics. The general nature of these matters were raised with Myles in correspondence. Myles responded by denying any wrongdoing and stating he had only ever acted in the best interest of CFMEU members. He claimed information to the contrary were by third parties with an "*ulterior motive*".

18 See *Australian Building and Construction Commission v CFMEU* [2017] FCA 1555 at [54].

19 Gerry McCrudden has a 2024 conviction for making intimidatory threats to a health and safety manager in the event they "*co-operated*" with the Australian Building and Construction Commission.

20 Andrew De Bono has a serious reputation for violence. [REDACTED] He also has a close association with Mick Gatto and intervened on several occasions to secure EBAs for Faruk Orman and for Orman's wife. He is particularly known for setting up industrial disputes so they can be "*mediated*" by Gatto.

21 Tzimas has an appalling record of industrial prosecutions with at least nine convictions since 2021. These attracted personal fines in the order of \$60,000. Tzimas was described as Joe Myles' attack dog.



## POWER AND CORRUPTION

in 2023. The concert featured Nas and Wu-Tang Clan. The passes they are wearing are VIP passes which had cost in the order of \$800 each. Except they did not need to pay for them – the passes were a gift from a grateful contractor.



Figure 3: Joe Myles and the Wu-Tang Clan.

119. From left to right, the men in the photograph are:

- Luke Collier – when he was a CFMEU official he was convicted for calling a female inspector from the Fair Work Commission a “*fucking slut*” and then asking if she had “*brought her knee pads*” as “*you are going to be sucking off these dogs all day*”. Collier has convictions for assault occasioning actual bodily harm and for aggravated assault on his girlfriend.
- Joe Myles – his “*deplorable history*” has been dealt with above.
- Joel Leavitt – a senior figure in the Rebels OMC, Leavitt will figure often in this report. He is responsible for repeated episodes of threats, violence and corruption. He was Joe Myles’ agent on the troublesome Hurstbridge site where the Rebels finally took control.
- Jahmahl Pearson – another patched Rebel who was recently convicted for arson related to Melbourne’s “*Tobacco Wars*”.

120. Joe Myles propelled these men and others like them into positions of power. This was a step toward making violent, threatening conduct a staple of CFMEU negotiation tool. When unleashed the members of this crew dragged the CFMEU ever deeper into a criminal cycle: the criminal members of Myles’ crew introduced their own cronies into the Union – more bikies, more drug dealers, more violence.

## VIOLENCE

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121. Violence was an accepted part of the way in which the Victorian building sector did business. To be fair, the violence came from both sides – some from the CFMEU and some from virulently anti-union employers. It is not easy to discern cause from effect.
122. What is clear is that the threat of violence in the building industry was pervasive: it sat behind every demand, every request. The only certain way to avoid violence was by capitulating to demands, or by making payments to underworld figures and standover men.
123. There was no desire from within the CFMEU to stop the violence. When the former assistant secretary Derek Christopher was asked about violence on the part of CFMEU members he brushed it off by blaming the bosses – *"I could give you a thousand cases where workers have been stood over and bashed."* When asked if he had ever gone to the police with that information with a view to protecting his members he said *"All the police do is turn around and go after the unions."*
124. In other words, the police were kept out of it. And so the cycle of violence continued.
125. There are so many examples of instances of violence that it is hard to know where to start and once started it is almost impossible to stop. This is merely a single, stock standard example of how it works, taken from a decision of a Federal Court judge<sup>22</sup> and involving a former top level organiser, John Perkovic.
126. The judge recorded that Perkovic approached a building industry inspector and, *"at least five times"* shouted at the inspector that he was *"a piece of shit"* or *"a fucking piece of shit"* or *"a cunt"*. The judge found that there was a confrontation between the two men which went this way:

*Inspector: "You're hindering and obstructing me in the execution of my duty."*

*Perkovic: "Do you want a fuckin photo, you fuckin piece of shit?"*

*Inspector: "Don't touch me, get away from me."*

*Perkovic: "You're just about having a heart attack. You're shitting yellow, you piece of shit. Go fuck ... brush your teeth next time, you piece of shit, alright You fuckin coward I'd fuckin take you to school you fuckin piece of shit."*

127. It is also difficult to report on the subject of violence because it would be dangerous to repeat some of the underlying stories. There are instances of hired assassins,

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22 *Director of Fair Work Building Industry Inspectorate v Stephenson* (2014) 146 ALD 75.

## VIOLENCE

death threats, bashings, firebombings – it goes on. Fear lingers. In some instances witnesses would speak out, say they felt relieved to tell their story, and yet ring the next day asking for their story to be left out of this report.

128. Below are just a few examples of a day in the life of the Setka-era CFMEU.

### THE HAWTHORN EAST BASHING

129. This was a disturbing incident – not just because of the level of violence involved, but because of Setka's CFMEU's lack of response to two of its organisers being bashed and seriously injured. Essentially, Setka and the leadership covered up the incident and left the injured workers on their own.

130. On 30 June 2020 two senior CFMEU organisers, Ronnie Buckley and Paul Tzimas, were badly bashed on a development site in Hawthorn East. Everybody knows who organised and inflicted the bashing. Yet there has been no police action taken. Why? Because Setka and the former CFMEU leadership stopped the investigation.

131. This matter is described in detail in a case study.<sup>23</sup> For present purposes it is sufficient to recount that Buckley lost the use of an eye and Tzimas suffered a severely fractured ankle. Naturally, the police were concerned and came to see Buckley and Tzimas. But Buckley had been told by Setka not to cooperate – “No, you’re not going to the police – that’s a dog act”.

132. Instead, the matter was resolved privately. The site was controlled by Raman Shaqiri – who seems to be known as “Ray the Albanian”. Shaqiri brought in Mick Gatto to represent him. Setka and other senior officials were involved in the negotiations. There are repeated rumours that a substantial amount of money changed hands – something in the order of \$200,000 – but none of that money made its way to Buckley or Tzimas. It remains unclear as to who pocketed the money.

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<sup>23</sup> See Case study two: *The Hawthorn East Bashing*.



## VIOLENCE



*Figure 4: Welcome back Mick - Gatto arrives at the CFMEU offices with "Ray the Albanian" to negotiate over the Hawthorn East bashing. Ray is in the orange jacket; John Perkovic is behind him. Gatto is to the right of both.*

### ANDREW DE BONO'S COWARD'S PUNCH

133. On 16 November 2023 the former organiser, Andrew De Bono, attended a meeting where two contractors were sorting out a contract dispute. It is hard to understand why De Bono was even there, but he appeared to be representing a firm known as Base Piling. Base Piling wanted money from a large contractor.
134. Base Piling was owned by the convicted heroin dealer, Jay Malkoun.
135. Why the CFMEU was involved in a private money dispute remains a mystery. Why the CFMEU was involved on the side of a heroin dealer is disconcerting.
136. Regardless, negotiations quickly became heated – [REDACTED]
137. De Bono then swung a punch into the back of the contractor's head – the classical "coward's punch".

## VIOLENCE



Figure 5: Andrew De Bono – "If provoked will strike"

138. The incident was reported to the CFMEU head office, but naturally De Bono was not even disciplined. [REDACTED]

### THE MARDIA DANDHI INCIDENT

139. On 16 February 2022 a chance encounter between the former CFMEU organisers Joel Shackleton and Gerry McCrudden and the owners of a small Aboriginal labour hire business erupted into a frenzy. This is the subject of a case study.<sup>25</sup>

140. This kind of spontaneous violence was a common event, especially when dealing with Shackleton. The difference is that this meeting was recorded on a video.

141. The trigger was that the business owners had been seeking the renewal of a CFMEU EBA from Shackleton. Shackleton accepted that he was refusing to work with Mardia Dandhi and said it was because "they employed too many whitefellas".

142. When the two groups met Shackleton quickly called on one man to fight him and added "I'd kick your head in". He then turned to the second man and said "You think I won't fuck you up too? I will fucking end you, cunt".

143. The most remarkable claim by Shackleton to one of the men was "I'll fucking take your soul and I'll rip your fucking head off".

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25 See Case study four: [REDACTED]

## VIOLENCE

144. His parting words were *"Don't fuck with me, cunt"*.
145. These words on a page cannot convey Shackleton's anger and hostility.
146. The former CFMEU leadership's response was to close ranks. Shackleton reported the incident to Elias Spornovasilis. He responded by directing Union funds be used to install security cameras at Shackleton's home for Shackleton's personal protection. Shackleton had been a professional boxer.
147. Many informants told of similar incidents, not just involving Shackleton.

## THE FIREBOMBINGS

148. Since the second half of 2024 the building sector has suffered a series of firebombings. There have been more than ten attacks. All have occurred at night. Most have occurred at building sites or at industrial premises, but at least one has been at a private home.
149. No-one has been injured or killed – yet.
150. Information regarding these fires was provided to this investigation. The details are too sensitive and the potential consequences too serious to reveal them in this report. It will be sufficient to say that there are good reasons to believe those perpetrating the firebombings are underworld figures enjoying a close relationship with the former powerbrokers in the CFMEU. It seems likely there is OMCG involvement.
151. On 16 September 2025 three men were arrested in respect of two of the firebombings. It is too early to comment further – just watch this space.

## VIOLENCE TOWARD WOMEN

152. Given its leader is a convicted domestic abuser, it is hardly a surprise that misogyny was rife in the Victorian CFMEU.
153. A health and safety manager from one of the Tier One builders, *Surrey*<sup>\*</sup>, worked on several sites around the Big Build. He described the treatment of women as *"incredibly awful"*. He said the arrangements were *"toxic"* and *"dangerous for women"*.
154. *Surrey* explained that there were highly paid but lighter or menial jobs reserved for women. Some positions involved cleaning (they are known as *"peggies"*) and another position reserved for a woman was on traffic control. These jobs were unskilled, but combined with overtime and shift payments, they paid over \$100,000



## VIOLENCE

or more. The women were eager to get the work.<sup>26</sup>

155. While *Surrey* supported this scheme, he said the truth was that these jobs were often just given to friends of CFMEU officials. He did not find that a surprise, but then he discovered that some of the women were being recruited from strip clubs. During the night shift the men would pay cash to have the women perform in the site shed.

156. When *Surrey* heard about this he shut it down immediately on his sites, but it is not clear how far and wide this was occurring.

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26 There is a story, which seems reliable, that Joel Leavitt insisted that his mother, who was a hairdresser by day, be given a job as a peggy on the night shift. Mrs Leavitt, apparently, declined to do any work and preferred to watch TV.

## THREATS AND EXTORTION

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157. Threats of violence were a common part of business in the Victorian building sector and a common part of the business of the CFMEU.

158. Threats of violence were used by the CFMEU for all kinds of reasons, but, relevantly, threats were used to drive the AWU off building sites, or to collect debts, or for the purpose of extortion. The removal of the AWU was dealt with earlier; the ugly "business" of debt collection will be dealt with later in the section on organised crime. Here the focus will be on extortion.

159. Extortion was also common in the Victorian building sector.

160. The usual lever pulled by the underworld to extort a contractor is to threaten the contractor with industrial disruption – unless money is paid a site will be closed, or an EBA will be refused, or a contract will be cancelled.

161. The Setka-era CFMEU supplied the underworld with the extortion lever.

162. And it was not just the underworld which used the model - the CFMEU was quite eager to engage in its own extortion. There are many stories of CFMEU officials demanding an outcome under the threat of industrial dispute; several instances will be recounted in this report.

163. An example: toward the end of 2023 a smaller scale subcontract for waterproofing was being let on the North East Link. Tenders were received and, as would be expected, there was a range – from \$10 million to \$14 million. That is when Joe Myles inserted himself into negotiations to tell the principal that it must select the highest quote or the rest of the job would be shut down. There was no choice - \$4 million would be the money lost in a week long delay. The grateful subcontractor gave the principal's superintendents (an unwanted, unsolicited) bottle of Grange Hermitage. It is inconceivable that rewards were not given to the CFMEU officials involved.

164. The Victorian CFMEU was ambitious in its extortion demands: it did not limit its demands to Victoria. Here are two examples.

165. One large contractor, *Handful*\*, had substantial businesses in both Victoria and NSW. In NSW the company was working under AWU agreements. [REDACTED]

166. Another large contractor, *Broughton*\*, was executing a complex contract on the

## THREATS AND EXTORTION

Glen Huntly site. Large pre-cast beams had to be transported at night along Derrimut Road. Special cranes had been brought in for the erection. The job was to run for two to three weeks. Every day was very expensive – hundreds of thousands of dollars.

167. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
168. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
169. [REDACTED]  
[REDACTED]

### THE GATTO EXTORTION MODEL

170. It seems fair to call what follows the "*Gatto extortion model*" because he is the leading exponent of it – but it would be wrong to think Gatto is the only person to use it.<sup>27</sup>
171. The Gatto extortion model involved demanding money from contractors under the threat that, unless a payment is made, the CFMEU would raise an industrial issue and close a building site.
172. Extortion under the Gatto model was real and the downsides were serious. Closing a building site for a day would cost a builder between \$50,000 and \$500,000 depending on the size and complexity of the job. An executive at a Tier One firm,

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27 The Gatto model has been taken up with enthusiasm by CFMEU officials removed when the Union was placed into administration. Numerous former officials have registered businesses offering "*mediation services*" or "*industrial relations advice*." The success of these businesses will depend on connexions the businesses have with CFMEU officials and members who have held their positions.



## THREATS AND EXTORTION

*Burmese\**, said closing its sites for a day would cost the business \$1 million. Obviously, a lengthy site closure could quickly drive some builders into bankruptcy.

173. [REDACTED]

174. [REDACTED]

175. [REDACTED]

176. [REDACTED]

177. [REDACTED]

178. In March 2025, as part of "Operation Rye", the Australian Federal Police executed search warrants at the home and office of Charles Pellegrino. Information has emerged that many contractors have made (at least one, but probably several) payments to accounts owned or controlled by Pellegrino. The contractors include:

- Cobolt Constructions
- Glen Q Broadbeach
- [REDACTED]
- [REDACTED]
- Rangedale Drainage Services
- Cobild Construction

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

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[REDACTED]

## THREATS AND EXTORTION

179. There is no way that this is a complete list – they are just the names which have come to this investigation. There are several other companies which are known to have made payments – [REDACTED]

180. Some of these businesses are victims and pay unwillingly; others are not. There are several businesses which saw the advantage of Gatto's support and happily paid him to buy that advantage. For example, one of the companies on the list was adamantly opposed to taking out a CFMEU EBA, so it paid Gatto to smooth the way with the CFMEU. This worked nicely for the firm and also for Gatto. It is unlikely that the CFMEU officials went unrewarded.

181. Some people continue to make payments because of fear for their own safety.

[REDACTED] Gatto will not be embarrassed by this appearing in this report; he does not want this kept a secret – it is part of his business model that he would like it known that, if you stop paying Mick Gatto, there will be consequences.

182. Gatto's terror campaign worked.

183. [REDACTED]

184. [REDACTED]

185. [REDACTED]

## HOW BIG IS THIS EXTORTION RACKET?

186. It is difficult to assess exactly how much money passed through the system as a result of this kind of extortion, but we do have a little insight into the size of Gatto's share of this racket. It seems that [REDACTED] "retainer" payments to Gatto are in

[REDACTED]

## THREATS AND EXTORTION

the range of [REDACTED]. Gatto has recently said that there are five builders paying him this kind of retainer.<sup>30</sup> That seems a gross underestimate given the number of companies uncovered by the Australian Federal Police. The real figure seems to be more in the order of fifteen or more builders paying this retainer.

187. So Gatto would be making well over \$5,000,000 each year from this racket alone.<sup>31</sup> Given that most of it is taking place on Big Build jobs, eventually it is the *taxpayer* who is paying for this kind of extortion.

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30 He said this on *You Cannot Be Serious*, Episode 233, 22 December 2023.

31 Gatto has other rackets. Contractors are often asked to pay large sums to buy tables at boxing events organised by Gatto. The tables can cost \$25,000 for ten seats. The contractors pay the money but do not attend.



## SYSTEMIC CORRUPTION

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188. There were two distinct types of corruption which afflicted Setka's CFMEU. One was a kind of institutionalised or systemic corruption – common practices which were developed, approved and delivered by the power elite which controlled the Union. The other was *ad hoc* corruption, mainly driven by individuals working their own scams on their own terms.
189. As described earlier in this report, before the Administration there was a small group of powerbrokers who effectively controlled the Victorian CFMEU. This small group made all of the important decisions. They did so with little or no regard for the Union rules and in the absence of external scrutiny.
190. Some of the decisions made by those powerbrokers can now easily be seen as corrupt decisions. For example, they took control over enterprise bargaining in a way which made it corruptible, then enjoyed the fruits. The way in which they took control over the emerging labour hire industry is another prime example of how an existing system had been manipulated.
191. There were many organised or systemic abuses inflicted by this powerbroker group – some were large, none were small. Here just a few examples will be given.

### THE INTRODUCTION OF THE OUTLAW MOTORCYCLE GANGS

192. Somebody brought the bikies into the ordinary operations of the CFMEU. Some witnesses said it was Joe Myles, others blamed Elias Spervovasilis. There were other theories, too.
193. But it does not really matter: other members of the controlling group did nothing to stop, remove or control the bikies. All are complicit.
194. What is known (despite Setka and others saying the opposite) is that the bikies infested the CFMEU and took control over parts of its operations.
195. This is such an important part of the whole problem with the Setka-era CFMEU that this subject is given its own section (see "*Outlaw Motorcycle Gangs*" below).

### MANIPULATING THE ENTERPRISE BARGAINING SYSTEM

196. There are many flaws in the enterprise bargaining system. The system plainly requires an overhaul. One problem is that the system reposes too much trust in the participants: the assumption underpinning enterprise bargaining is that the negotiations are fair and honest. The assumption is wrong.

## SYSTEMIC CORRUPTION

197. The former powerbrokers in the CFMEU ruthlessly took advantage of the Union's privileged role in the enterprise bargaining system. The gaps in the current system allowed the CFMEU to enhance its power, control the market, and to effect corrupt schemes for their benefit, for their friends' benefit, and to punish perceived opponents.
198. This is factually complex and sufficiently serious to warrant its own section in the report (see "*Enterprise Bargaining Agreements*", below).

## MANIPULATING THE RISE OF LABOUR HIRE

199. The CFMEU should be militantly opposed to the overuse of labour hire; it destabilises the workforce, creates financial uncertainty, and can operate to deny workers their entitlements.
200. The rise of labour hire in the building sector has been like a slow rising tide – gradual and unstoppable.
201. There were some in the CFMEU who recognised that this presented an opportunity. Given the CFMEU had a near monopoly over who could get a labour hire EBA, it was recognised that this gave great leverage to those who allocated those EBAs.
202. Corruption was made easier because of the greed of the entrepreneurs seeking entry into the labour hire industry. The labour hire sector of the Victorian building industry has emerged as the single most corrupt part of that industry. Most major players in labour hire have paid bribes to obtain their position. Payments were then continued to protect their position. Because it is so very lucrative, it has attracted the interest of the worst kinds of criminals.
203. The labour hire problem is so bad it also needs its own section (see "*Labour Hire*", below).

## THE APPOINTMENT OF UNWANTED AND UNNECESSARY DELEGATES

204. This subject is central to understanding the flagrant misuse of power by the former CFMEU leadership. It is a prime example of how the Victorian leadership favoured outsiders over its own general members.
205. Some background regarding delegates is necessary. Union delegates are critical players in the building industry; they stand in protection of the workers; they identify and expose abuses by the employers; they protect members' rights; they are responsible for the workers' health and safety. Delegates are essential.
206. The point needs to be made that most delegates are good people, experienced and trusted – not just by members but also by bosses. This section of the report is *not*

## SYSTEMIC CORRUPTION

about those good delegates; this section of the report is about a smaller subset of delegates introduced by the powerbrokers of Setka's CFMEU – not just family and friends, but criminals, drug dealers and bikies. These misfits make up only a small proportion of the CFMEU's delegates, but they were unusually powerful and their numbers, at least before the Administration commenced, were growing.

207. The powerbrokers within the Victorian CFMEU repeatedly abused their power and influence by appointing outsiders to cushy, well-paid positions as delegates or as health and safety representatives. These were not real delegates, these were *fake* delegates. *Often* fake delegates were appointed over the objection of the contractor. *Often* the appointee was unsuited to the job. *Often* the appointment was made at the cost of a deserving member of the general membership getting the job. *Often* the appointment was made contrary to the CFMEU rules.

208. These fake delegates were not long-standing members interested in industrial issues – a battle weary contractor, *Homage\** - who had been forced to employ fake delegates - explained "*the HSRs they make us take are not trained, they are not interested, and they do not turn up*".

209.

[REDACTED]

This would have made the job unprofitable, so *Persuasion* had no choice but to capitulate.

210. A more dramatic example comes from the experience of *Commodore\**, an executive with substantial contractor, *Santiago\**.

211.

[REDACTED]

212.

[REDACTED]



## SYSTEMIC CORRUPTION

- [REDACTED]
213. The conditions under which these delegates and HSRs were employed were very favourable. The positions paid more than \$200,000 a year, sometimes more than \$300,000 a year. They were often given a car. They were paid at higher award rates – at CW3 or higher, even though they were unskilled. These delegates did no physical work. Because they were not doing physical work, the delegates did not even need to go to site. If they did go to site, the delegates were given a spot in an air-conditioned office, with access to Foxtel and betting channels.
214. The excuse repeatedly made by the Union, especially by John Setka, is that the CFMEU must take control over the selection of delegates and HSRs to ensure the "safety" of the workers on site. In relation to the majority of the good delegates that statement is true. In relation to the fake delegates it is laughably false. The types of people who were forced onto unwilling contractors were not only unskilled and untrained but had personal histories and abuse problems which made them highly unsuited and undesirable for appointment. Those appointed included dangerous criminals, killers, drug dealers, and violent bikies. Their presence made the sites less safe.
215. This abuse of power was continuing until recently – there is an especially appalling example of the appointment of a health and safety representative in early 2025.<sup>33</sup> Shortly after his appointment, the HSR, Muhammed Sayan, was arrested for murder.
216. Before going further it is appropriate to ask the obvious question: Why did the contractors acquiesce? The answer to that is obvious – a failure to employ the fake delegate would result in damage to the business or worse. One case study traces what happened to a contractor when he refused to employ a senior bikie at the direction of former organiser Joel Shackleton.<sup>34</sup>

### THE LEADERSHIP KNEW THIS WAS WRONG

217. Appointing fake delegates and fake HSRs was unlawful and the CFMEU leadership knew it.
218. In a statement issued back in 2016 the CFMEU leadership was boasting that

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32 [REDACTED]

33 See Case study seventeen: *Muhammed Sayan and the Tobacco Wars*.

34 See Case study one: [REDACTED]

## SYSTEMIC CORRUPTION

delegates were elected – “*Delegates are elected by rank and file members*”.<sup>35</sup>

219. That should be the case. It is contrary to the rules for an official to appoint a delegate; they must be elected or otherwise appointed by the Divisional Branch Management Committee. It is contrary to law for an official to require a contractor to employ an outsider to the Union as a delegate.

220. Yet this is precisely what the Setka-era CFMEU was doing. This was unlawful conduct and a straightforward breach of s 355 of the *Fair Work Act 2009*.

221. The CFMEU has been caught out for this kind of conduct previously.

222. In 2015 the CFMEU and its President, Ralph Edwards, were heavily fined under s 355 of the *Fair Work Act* for very similar conduct. Edwards had insisted a contractor employ a particular person as a delegate; when the employer refused Edwards threatened industrial action and to blackball the contractor to prevent it from winning other contracts.<sup>36</sup>

223. A case study in the Trade Union Royal Commission resulted in findings adverse to John Setka for insisting a contractor employ two unwanted delegates (one, incidentally, was Setka's brother-in-law). Setka was referred for prosecution under s 355 of the *Fair Work Act*.<sup>37</sup>

### THE ECONOMIC COST OF UNNECESSARY DELEGATES

224. The cost of forcing fake delegates onto contractors was enormous. Contractors were being required to employ unnecessary workers. Often the amount that unnecessary worker was being paid made the difference between profit and loss. Some businesses were literally forced into liquidation, others went out of business because the profits were insufficient to warrant the business continuing.

225. The reason this was occurring was because the sums being paid to the fake delegates were enormous – examples are given below of unqualified labourers receiving an average of \$6,000 a week or more.<sup>38</sup>

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<sup>35</sup> A statement which was quoted in “*Paid CFMEU union official linked to blkie protest*”, Herald Sun, 12 June 2016.

<sup>36</sup> *Director of Fair Work Building Industry Inspectorate v CFMEU (The Red & Blue Case)* [2016] FCA 1125 (liability decision) and [2015] FCA 1462 (penalty decision).

<sup>37</sup> Royal Commission into Trade Union Governance and Corruption, Interim Report, Volume Two, “8.10 The Pentridge Village Site”, 19 December 2014, pp 1554-1562.

<sup>38</sup> See Case Study five: *Two unwanted health and safety reps*.

## SYSTEMIC CORRUPTION

226. On top of this, the fake delegates did little or no work and yet they earned more than the real workers.

227. Even though the persons pushed forward by the CFMEU for these positions usually had no skills nor experience, they were paid at higher rates applicable to skilled workers.<sup>39</sup> Some of the CFMEU's delegates demanded to be paid for 56 hours per week, irrespective of how much they actually worked.

228. As an example (which is detailed in a case study),

[REDACTED]

229.

[REDACTED]

230. The benefits flowing to fake delegates do not stop with high rates of pay: contractors were often required to provide a car or a fuel card to these fake delegates – and this was on top of already generous travel allowances.

231. An even more disturbing feature is that many delegates put in place by the Setkera CFMEU were often paid twice – once by the contractor directed to employ them, and again by a labour hire company listing their name on its books. This is the notorious “ghost shift”. Those names were then part of an invoice submitted by the labour hire companies to contractors – and eventually paid by the Victorian taxpayers.

### THE APPOINTMENT OF FRIENDS AND FAMILY TO LUCRATIVE JOBS

232. This is a subset of the abuse of power impacting the general membership. The former powerbrokers running the union used their influence to have family and friends employed on highly lucrative work, or given soft jobs, or even given jobs where they did not need to turn up.

233. This was a common practice backed by threats. There was no delicacy or shame

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39 An unskilled labourer is paid at the rate of CW1; CFMEU delegates and health and safety reps were paid the same as a CW3 – one source said he had heard of unskilled delegates being paid on the rate of a CW7.

40 See Case study five: Two unwanted health and safety reps.



## SYSTEMIC CORRUPTION

about it: in one instance, the former assistant secretary Derek Christopher pressured a builder, Hooker Cockram, to employ a delegate, Frank Prevorsek – Prevorsek was Christopher's father-in-law.

234. A spectacular example of this kind of abuse can be seen from the especially troubled Hurstbridge rail upgrade. It needs to be emphasised that this is one example selected from many – the same was happening on many, maybe all of the sites around Melbourne.

235. Hurstbridge was a project conducted under the Southern Project Alliance. [REDACTED]

236. The project was large and the work intensive. One estimate is that there were 540 working on the day shift and roughly the same on the night shift.

237. Work on the Hurstbridge sites were amongst the most lucrative for CFMEU members. Site work hours were extended: the day shift commenced at 5am to avoid clogging traffic and to permit ordinary commuter use of the station. There was a lot of night and weekend work. The unusual hours, night shifts, and weekend work attracted higher hourly rates of pay.

238. In addition there were special events where a section of the railway had to close to permit work. A closure like this is known as a "rail occupation" – indicating that the contractors had assumed occupation of that section of the railway. To those involved in it, a rail occupation was known as an "Occo". Because it would disrupt commuter transport an Occo would normally occur at night, on a weekend, or over a holiday period. Double time or even triple time was common. When working on an Occo, a worker could be paid \$5,000 to \$10,000 for a weekend – occasionally it was even more.

239. All of this gave another opportunity to a person with authority to wield power and act corruptly for their own benefit. There were several accounts given that former CFMEU organisers and delegates were actually charging a fee to people who wished to work an Occo. Because there was so much money to be earned the fees charged by the delegates or the others were sums like \$500 or even \$1,000.

240. Even the labour hire companies were charging their own employees to be employed by them: [REDACTED]

241. It gets worse. When they became aware that an Occo was scheduled, CFMEU organisers and delegates would speak to friends and relatives who encouraged them to apply to work on the Occo. A list of names would be compiled. That list would then be thrust onto the builder and the builder would be told that these people would need to be employed if the Occo was going to proceed smoothly.

## SYSTEMIC CORRUPTION

242.

[REDACTED]

[REDACTED]

243.

[REDACTED]

244. The builders were never in a position to say no to a request like this. If there was ever any delay at all to an Occo, builders were subject to massive liquidated damages. The CFMEU was holding a gun to the head of the builders.

245. The story here is not about money. It is about the mindset of the former CFMEU officials who seized on any opportunity to manipulate or corrupt. It is about the mindset of the CFMEU power elite who thought it was their prerogative to allocate benefits to their friends in preference to the general membership.

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[REDACTED]

**THE BUILDING INDUSTRY 2000 SLUSH FUND**

246. There is an organisation named "*Building Industry 2000*". It has about \$1 million in assets. The two directors and shareholders are John Setka and the former president, Ralph Edwards. Its accounts are rarely audited and only produced sporadically – one official said there are "*not many records at all*".
247. The origins and role of Building Industry 2000 remain murky. In 2014 the then secretary, Bill Oliver, said it had been set up "*to help pay for CFMEU officials to stand for government and unions elections*". At other times it has been said it was set up "*to help workers in need*" or to donate to charities.
248. The source of the funds controlled by Building Industry 2000 is also obscure. Oliver explained it was by conducting the famous CFMEU AFL Grand Final Breakfast, CFMEU golf days and race days. It also takes a slice of up to 20% from the vending machines on CFMEU sites.
249. As for the purpose to which the fund will be put, Oliver's version is more likely to be true. Using a union's money to fund candidates in a union election is illegal. Oliver noted this and explained that this was why Building Industry 2000 was set up. He said it is "*totally separate*" to the CFMEU and this meant those who controlled the fund could spend the money on union elections without disobeying the law.
250. So, as matters stand, there is a fund of \$1 million comprised of money mainly received from CFMEU members, which lies under the complete control of John Setka and Ralph Edwards – the signatories of the bank accounts. It seems they are free to use that money as they wish.
251. In April 2025, without notice to the membership or the Administrator, the address for Building Industry 2000 was moved to Ralph Edward's home address.
252. When the Administrator asked for details regarding the fund, Setka responded with the deranged rant set out in the Introduction to this report. Edwards did not respond at all.
253. The probability is that this fund will be used as an election war chest, used to benefit select members of the former power elite, used to defeat those who would oppose Setka and his group.
254. The point can be made that none of this is out of character. The power elite has felt they had a free hand to distribute money to pay for the election of favoured persons to all kinds of positions.
255. For example, the CFMEU used \$195,000 of members' money to support a political campaign for Elizabeth Doidge for election to Melbourne City Council – it is not immediately apparent how that could be in the interests of the general membership,



## SYSTEMIC CORRUPTION

but Doidge was, after all, the domestic partner of Joe Myles.

256. And there is a matter currently before the Federal Court where the general manager of the Fair Work Commission is seeking answers from the decision-makers as to why they spent in excess of \$300,000 supporting the re-election of Diana Asmar as the secretary of the Health Services Union. The allegations include an assertion that the former powerbrokers in the CFMEU went to efforts to "*conceal or withhold information*" relating to the gift.

257. Notably, the HSU has been placed into administration, and Asmar removed, following corruption allegations.

## AD HOC CORRUPTION

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258. The expression *ad hoc* corruption is being used here to describe the myriad of ways in which former CFMEU officials sought to use their power to solicit some kind of benefit in return for favourable treatment, or a contractor seeks an advantage by offering to provide an official with a benefit. Sometimes it will involve cash; often it involves some other kind of tangible benefit. The ways in which this kind of corruption occurred, and the ways in which this corruption was rewarded, are only limited by the imagination of the parties to the corruption.

259. The use of the expression *ad hoc* is not meant to suggest the sums at stake are small – a case study will be presented where it appears that one former CFMEU official received massive benefits over a prolonged period.<sup>42</sup> As will be seen, millions of dollars can be involved.

260. One type of *ad hoc* corruption was bribery. It seems bribery was an acceptable, unexceptional, everyday feature in the work of CFMEU officials. John Setka admitted to being offered "*hundreds of thousands*" of dollars in bribes during an interview. The conversation continued:

*Mitchell: "Did you tell the police?"*

*Setka: "No."*

*Mitchell: "It's illegal."*

*Setka: "A lot of things are illegal. Driving here, I've probably done 63ks in the 60k zone – that was illegal." <sup>43</sup>*

261. Equating hundreds of thousands of dollars of bribes with a minor driving transgression gives an insight into the mind of those who formerly ran the CFMEU – bribes, even large bribes, were just part of the way the CFMEU worked.

262. Another type of *ad hoc* corruption came through those little advantages which builders were willing to give and former officials were very willing to take. It happened all the time. But, according to the CFMEU they had to take the benefits as they were left without a choice. One witness described being present at a national executive meeting when the national secretary, Michael O'Connor, proposed the introduction of a transparency reform: the former assistant secretary Elias Spornovasilis strongly opposed it on the basis "*you don't know the sort of people we have to deal with –*

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42 See Case study seven: *John Perkovic's real estate*.

43 In an interview with Neil Mitchell, "*John Setka: My side of the story*", 4 March 2025.

## AD HOC CORRUPTION

*we can't knock back the people who give us stuff".<sup>44</sup>*

263. These are two pathetic but effective examples of this cupidity. First, for years the experienced former organiser Steve Long used his position to extract "donations" from contractors to keep his beloved Port Melbourne Football Club alive; Long's requests were underwritten by an implicit threat that if the "donation" was not made, the contractors work would become difficult.<sup>45</sup> Second, a guest at John Setka's home noticed that all of the high quality fittings, tiling and finishes in Setka's newly-renovated bathroom were *precisely* the same as those being used in a ritzy apartment development recently worked on by CFMEU members.<sup>46</sup>

264. This kind of *ad hoc* corruption has always been present in the building sector. It is not new. And it is not endemic to Victoria. In 2019 the president of the Queensland branch of the CFMEU, Dave Hanna, was sentenced to two years in gaol for corruption after receiving about \$150,000 in home renovations from Mirvac. More recently, the former Secretary of the NSW Branch, Darren Greenfield, was gaoled after pleading guilty to taking bribes from a contractor. The contractor had said that he paid the bribes because he understood that was how you got work through the CFMEU.

## EXAMPLES OF AD HOC CORRUPTION

265. There were all kinds of things that contractors will do, invited and uninvited, to buy favours from union officials. There were all kinds of benefits which union officials took from contractors, apparently treating it as some kind of adjunct which came with the office.

266. These are just a few examples of CFMEU officials engaging in *ad hoc* corruption – there are many, many more examples that could be given. Some are comparatively small; some are very substantial.

## JOHN SETKA'S CURIOUS REAL ESTATE INTERESTS

267. It is difficult to get a real feel for the full extent of John Setka's property portfolio, his real estate transactions, and his property developments.

268. The reason it is difficult is that Setka has taken measures deliberately to conceal

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45 When Long, who had just been promoted to a senior role in the Union, was confronted with this at a meeting with the Administration, he made denied any impropriety and then quickly took a redundancy package.



## AD HOC CORRUPTION

his interests.

269. [REDACTED]  
Setka seems to own at least four houses. Some say more. It is not clear how a man on his salary, fully devoted to Union duties, could have done so well.
270. In addition, from the little which has surfaced, his financing arrangements constitute an undisclosed conflict of interest; his property development involves questionable conduct; and the persons with whom Setka has been dealing include the worst kind of criminals.
271. It is beyond the powers of this investigation to examine this issue satisfactorily – that would require coercive powers. But a few details have been able to be obtained in respect of a couple of Setka's transactions. What follows are three instances which raise troubling implications. Each warrants deeper investigation.

### JOHN SETKA AND DREAMSTREET

272. John Setka has been an adamant and persistent promoter of Dreamstreet Lending to the general CFMEU membership.
273. It was almost like Setka was doing paid advertisements for Dreamstreet, constantly pushing members to look into using only a single financier in the wide commercial market.
274. This is puzzling: a trade union leader would not usually repeatedly speak to the membership about finance – it is not an anticipated role. Setka has no skills or training to give financial advice. But Setka was urging Dreamstreet onto his membership. One might wonder what was in it for him.
275. The fact is that, while he was heavily promoting Dreamstreet, Setka was also financing his own property transactions, including his property development business, through Dreamstreet. There was also a close connexion between Setka and John Hronis, the owner of Dreamstreet.<sup>47</sup>
276. It appears that Setka failed to disclose to the general membership (or, as far as we know, to the other members of the CFMEU executive) that he was getting his financing from Dreamstreet or that he was a close personal friend of the owner of the business he was promoting.
277. Ordinarily, to discharge a conflict of interest of this kind would require disclosure of

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47 One account, which could not be verified, was that Setka and Hronis had actually engaged in a property development project together.

## AD HOC CORRUPTION

Setka's full suite of financial relations with Dreamstreet. Setka has never revealed anything about it. That raises questions.

278. For example, there is no evidence of the terms of the arrangements in place between Setka and Dreamstreet. Perhaps, if Setka's relationship with Dreamstreet had been disclosed, Union members may have asked Setka if he was receiving favourable terms in return for his support for Dreamstreet. Maybe that could have answered another persistent (and well-sourced) rumour that Dreamstreet was either paying or forgiving Setka's mortgage repayments.

279. And this is not the only transaction where Setka and Hronis' interests appear to have intersected. Both Setka and Hronis purchased townhouses, at a similar point in time, in a property development in Dromana Parade in Safety Beach. Perhaps, by itself, there is nothing odd about that – except that there is a cloud over the developer of the property.

### JOHN SETKA, JADRAN DELIC AND HORTY MOKBEL

280. Jadran "Adrian" Delic is a close friend of Setka, probably a business partner of Setka, and a connected underworld figure.

281. Delic's son-in-law is Rocco Arico – a notorious crime figure. Delic and his family share financial arrangements with members of the Mokbel family. In particular, Delic seems to be a business partner of Horthy Mokbel. That is problematic as Mokbel, apart from his prominent role in the Mokbel crime gang, is a drug trafficker, a money launderer and a violent man.



*Figure 7: Jadran "Adrian" Delic*

282. Delic and Mokbel develop properties together. One development is in Safety Beach, the same suburb Setka and John Hronis of Dreamstreet bought their beachside properties. It is unclear who developed the properties purchased by Setka and Hronis.

## AD HOC CORRUPTION

283. Even that is not an end to the curiosities which are thrown up by these transactions.

284. On the same day in 2011 two companies were incorporated. One company was Dalmacia Pty Ltd, the other was Dalmacia Investments Pty Ltd. The companies shared the same registered office. It is clear that the two companies are related. The original director of Dalmacia Pty Ltd was Jadran Delic, but he was later joined by the convicted drug trafficker Shaun Goerlitz. Delic and Goerlitz have other businesses together.<sup>48</sup>

285. The sole director of Dalmacia Investments Pty Ltd was David Setka.

286. The only reasonable inference is that John Setka had intended to create some kind of business in conjunction with two infamous criminals, using his 21-year-old son as a frontman.

287. It would be interesting to ask Setka what he had in mind for the future of his Dalmacia project, but, of course, he refused to assist.

### JOHN SETKA THE PROPERTY DEVELOPER

288. John Setka has conducted his own property developments.

289. It is an obvious area of a potential conflict of interest if the head of a building union, who speaks in fiery terms about contractors, has his own commercial relationships with those same contractors.

290. Yet there is no evidence that Setka disclosed to the general membership or to the other members of the executive that he was conducting his own property developments.

291. At the very least Setka's arrangements needed to be disclosed. They were not disclosed – in fact they were concealed.

292. But the potential for a conflict of interest is not the only concern regarding Setka's property development business.

293. In 2008 Setka commenced a property development in relation to a property in Seddon. He did not use his own name, he used a corporate vehicle – Pursuit Developments Pty Ltd. There is, of course, nothing wrong with that – except that he concealed his own involvement in the company by putting it in the name of his

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48 Delic and Goerlitz have a plastering business, Prostruct Constructions Victoria Pty Ltd, which has had a series of plastering EBAs. There could be others given the names on the businesses do not always match the names on the EBAs.



## AD HOC CORRUPTION

son, David Setka. At the time the property in Seddon was purchased David Setka was aged 18.

294. David Setka's ownership of the company was acknowledged to be a sham in emails. John Hronis of Dreamstreet provided the finance and he was aware of the sham because the emails were sent to him.

295. Setka's development of the property at Seddon is under a cloud because numerous Informants suggested that Setka had received labour and materials either for free, or on the cheap, from building contractors. These were building contractors which were regularly doing deals with the CFMEU.

296. Setka's partner in the Seddon property development was Frank Prevorsek. Prevorsek is a long time close ally of Setka, the father-in-law of Derek Christopher, and a CFMEU delegate. Setka arranged for Prevorsek to get a cushy appointment as a delegate. It was notorious that Prevorsek was not attending to his duties as a delegate because he was, more or less, fully engaged in superintending the property development in Seddon.

## JOHN PERKOVIC'S REAL ESTATE TRANSACTIONS

297. In December 2017 a senior CFMEU organiser, John Perkovic, bought the front block of a larger block in a typical battleaxe format.



*Figure 8: John "Perky" Perkovic in full flight.*

298. That standard real estate deal led to two highly questionable transactions. One relates to the construction of a new house on the front block; the other relates to Perkovic's subsequent acquisition of the back block. The full story is set out in a case study.<sup>49</sup>

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49 See Case study seven: John Perkovic's real estate.

## AD HOC CORRUPTION

299. An old house on the front block was demolished in August 2019 and work to build a new house commenced soon after. The builder was Meikon Building – a business owned by Tony Juric. Juric is a contractor with other business interests upon which Perkovic could confer benefits. Several sources suggested that Perkovic regularly supported Juric's businesses by "recommending" it to contractors. For example, there is evidence that Perkovic had involvement in one of Juric's businesses being awarded an EBA.
300. Perkovic should never have entered arrangements with Juric at least without declaring them.
301. The details of the arrangements between Perkovic and Juric are quite unsatisfactory: Perkovic was unable to say how much the building works cost; was unable to say if the contract was in writing; was unable to say whether the job was for a fixed price or for costs-plus; and was uncertain as to how the building works were financed.
302. Juric failed to return calls.
303. The circumstances surrounding the acquisition of the back block defy innocent explanation.
304. In June 2020 the back block was purchased by GSN Projects Pty Ltd – a company owned by George Nestorovski. Nestorovski was another contractor with businesses that could be – and according to sources were – benefitted through Perkovic.
305. Aerial photography shows that soon after the purchase Perkovic and his builder Juric began to use the back block as though it was common property.
306. In March 2024 Nestorovski sold the back block to Perkovic. There was no agent involved and no sale campaign. The conveyancing documents suggest no money changed hands and Perkovic acquired the back block for free. The property has no mortgage on it.

## DEREK CHRISTOPHER'S HOME RENOVATIONS

307. This issue has been around for years – an allegation that the former assistant secretary Derek Christopher had valuable renovations carried out at his home for no charge by grateful or hopeful contractors.



Figure 9: Derek Christopher

308. Christopher would say, with some force, that although he was arrested, he was never charged.<sup>50</sup> But that has never been the real test as to whether something happened or not. There is ample evidence that Christopher did receive an illicit benefit; the decision (so far) not to prosecute could be for some reason which does not go to whether or not the benefit was conferred.
309. Christopher was an assistant secretary of the CFMEU and was very powerful. Setka had "anointed" Christopher as his successor. His father-in-law, Frank Prevorsek, was a CFMEU stalwart, a delegate, and a close friend and union ally of John Setka. Christopher's wife was employed by the CFMEU. Christopher was in a strong position to confer benefits and inflict trouble on major contractors.
310. In early 2017 Christopher purchased a modest house in Keilor Point and immediately set about renovating it. An anonymous tip off came to the police from one of the workers on Christopher's job: the whistleblower worked for a major builder; he had been moved off his usual work and told to assist in the renovations. That worker was told that it was a "favour" for Christopher.
311. The police became interested and installed surveillance cameras across the street. The video showed the workers on site and the materials being delivered. The job proceeded unusually quickly; neighbours described how 20 men could be working on the job on any day (Christopher, in a predictable response, said his neighbours were "dogs").

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50 I was told that there had been a CFMEU internal investigation into these allegations which "cleared" Christopher of any wrongdoing, but, despite repeated requests, the report of the investigation was never provided.



## AD HOC CORRUPTION

312. The building companies involved in the work were large operators – Built, Probuild, and even Multiplex – companies which *never* undertake domestic work.
313. The job was substantial, but the precise cost remains uncertain. Surprisingly, Christopher did not know and estimated \$350,000. It seems likely to have been substantially more than that.
314. Early one morning police arrived with warrants, entered the property and seized papers and electronic devices.
315. Christopher provided some excuses but they were *very* lame. He recounted how busy builders just happened to be travelling past the site and noticed materials were being delivered, so they stopped to help out – that sort of thing. His account was not at all believable.
316. But the police charges never arrived. There is a rumour that there was a defect in the collection of the evidence which probably made it inadmissible in a criminal court. Five years after the raid it looks as though charges will never be laid.
317. Except – there is a witness.

318.

319.

320. It was shortly after this Christopher was able to produce a number of receipts for the purchase of materials and the supply of labour.

## JOHN PERKOVIC'S INSURANCE

321. In July 2023 Perkovic was moving into a brand-new home. He arranged his insurance through a broker who, on 30 July 2023, sent an email to Perkovic attaching the policy details and an invoice. The cost of the policy was just over \$4,200. In the

## AD HOC CORRUPTION

covering email – which was copied to [steve@topuplabour.com.au](mailto:steve@topuplabour.com.au) – there is this reference:

*Hi John, Steve has been kind enough to cover your insurance policy this year with Chubb Insurance.*

322. It was obvious that Steve Mellech, the owner of Top Up Labour, was paying this insurance premium as some kind of benefit to Perkovic, but Perkovic was unwilling to admit this. He claimed not to know anything about the matter and even refused to admit that the "Steve" referred to in the email was Mellech. He appeared to be saying that it could be someone else named "Steve", but when asked to nominate another Steve he could not do so.

### JOHN PERKOVIC'S CARS

323. The three members of the Perkovic family have four cars between them – but, probably, did not pay for any of them.<sup>51</sup>

324. One car is John Perkovic's work vehicle – that can be put to one side. Another is a valuable vintage Falcon GT which, although he drives it, Perkovic says he is only "storing" for his friend Steve Mellech. The Falcon GT is worth over \$100,000.

325. Another car is driven by his wife – a 2025 Range Rover worth over \$100,000. But Perkovic says that this is just on "loan" from his friend George Nestorovski.

326. The fourth car is driven by Perkovic's daughter – a BMW that cost \$48,000. When asked how he financed the purchase Perkovic claimed it was a "loan" from his friend Nick Lee – but the details surrounding the "loan" are laughably inadequate.

327. The problem with this is that each of Mellech, Nestorovski and Lee control contracting companies which Perkovic was, until his sacking, in a position to benefit.

328. The full details relating to this are contained in a case study.<sup>52</sup>

### JOE MYLES' WEDDING

329. In April 2022 Joe Myles and his partner hosted a group of around 24 at a lavish pre-wedding party at a resort – "Casa Angellina" – in Mexico. The guests were each staying in suites. The couple are said to have then flown to Las Vegas where the

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51 The details of this are set out in Case study eight: *John Perkovic's motor cars*.

52 See Case study eight: *John Perkovic's motor cars*.

## AD-HOC CORRUPTION

actual wedding took place.

330. It is uncomfortable to report on this because what follows barely arises above rumour – but it is a rumour which was raised and repeated time after time, from a number of different sources. Joe Myles specifically denies the rumour and says “[a]ll costs were paid for my wife and I”. But the rumour is persistent, and, if true, it involves serious corruption.
331. The rumour is that the event in Mexico was partly or wholly funded by contractors. According to these same sources the principal funder was B K Labour, a labour hire firm with which Myles had a very close relationship. There was reliable information that Myles was persistently “promoting” B K Labour to contractors – i.e. “promoting” in the sense of directing contractors to use B K Labour or they would suffer industrial action. There is a very strong rumour that, after he was removed from his position in the Union, Myles went to work for B K Labour.
332. The sole owner of B K Labour would have good reason to be grateful to Myles. In 2024 B K Labour had a turnover of \$270 million. If it achieved profit margins like those of other labour hire businesses, it was an annual profit in the order of \$25 million.
333. But, for now, all this remains a rumour. The reason that this remains a rumour is because it became impossible to get any information from those with first-hand knowledge.
334. It is known that the event occurred because some of the guests posted photographs and comments on social media. By the time this investigation commenced those posts had been deleted. What is known is that there were contemporaneous accounts on Instagram suggesting that Myles and his partner were “flying out all their friends to” Mexico. It remains unknown as to who paid for the travel and accommodation expenses.
335. In an investigation like this, with very limited powers, it is not possible to get to the bottom of this issue. It would be a worthwhile topic for investigation by a body with full coercive powers.

## MICK GATTO’S BRACELETS

336. Mick Gatto made a gift of gold “Versace” bracelets to a select group of former CFMEU officials. It is not clear how much the bracelets were worth or even if they were real.
337. This rather pathetic story of Mick Gatto’s bracelets is symptomatic of deeper institutional problems: Gatto’s “ownership” of the former CFMEU leadership; the willingness of the former leadership to defer to Gatto; the former leadership’s easy



## AD HOC CORRUPTION

comfort with corruption; the pure venality of those who took the gifts – ie taking whatever benefit is on offer.

338. Amongst those who received the bracelets (and their former positions in the Union) were the following:

- John Setka - secretary
- Derek Christopher – assistant secretary
- Joe Myles – senior vice-president
- Mick Myles – junior vice-president
- John Perkovic – organiser<sup>53</sup>
- Frank Akbari – an organiser with special responsibilities for allocating EBAs
- Paul Tzimas - organiser
- Andrew De Bono - organiser
- Paulo Glumarra – organiser.

339. This list is deliberately incomplete: names have been omitted to protect against retribution. And there are solid stories that others amongst the former powerbrokers also received a bracelet.

340.

[REDACTED]

[REDACTED]

[REDACTED]

341. The bracelets were delivered in small velvet bags. There are different stories as to how the bracelets were delivered. Some were handed over in person. John Perkovic has told others that his was delivered to his home. There is a story that shortly after Joe Myles' got his bracelet, Gatto took it back because Myles had disappointed

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53 Perkovic denied receiving a bracelet, but that is contradicted by the people he told about how and when he received his gift.

## AD HOC CORRUPTION

Gatto on something. To the relief of all, after an apology, Myles got his bracelet back.

342.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

343.

[REDACTED] It also seems unlikely that any of the other recipients would have worn the bracelet publicly – it would be the equivalent of displaying a cattle brand to tell the world that Gatto owns you.

## OUTLAW MOTORCYCLE GANGS

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344. The old executive steadfastly maintained that there was no untoward bikie influence within the CFMEU; the problem, they said, was imagined, not real. They even claimed that bikies were not over-represented in their ranks.

345. In June 2016 the CFMEU dealt with the issue by issuing a formal statement – “*The CFMEU can confirm absolutely that no CFMEU official is a member of an OMCG*”.<sup>54</sup>

346. These statements were false. Those who made the statements knew they were false. The truth is that bikies and OMCGs were massively over-represented in the Victorian CFMEU under Setka's leadership, they held influential positions, and they even controlled some of the larger building sites.

347. And it was the old executive who brought the bikies into the CFMEU.

### THE RISK CREATED BY OMCGS

348. There is probably no real need to provide data to prove bikies and OMCGs are dangerous – they are obviously dangerous.

349. A study from 2020 described OMCGs as part of organised crime in Australia.<sup>55</sup> The study found members of OMCGs had high levels of involvement in methamphetamine production and distribution, illicit drug and firearm trafficking, tax evasion, money laundering, and serious violent crime.<sup>56</sup>

350. The rate of offending is astounding. Around Australia there were just under 6,000 bikies who were members of 339 gangs. One in four had been prosecuted for violence and intimidation; one in eight had been prosecuted for their involvement in organised crime.<sup>57</sup>

351. Experience has shown that once bikies enter a field which presents criminal opportunities, they are almost impossible to eradicate.

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54 This was reported in the Herald Sun, “Paid CFMEU union official linked to bikie protest”, 12 June 2016.

55 Morgan, et al., “Australian outlaw motorcycle gang involvement in violent and organised crime”, Australian Institute of Criminology, 2020.

56 Ibid.

57 Ibid.



## OUTLAW MOTORCYCLE GANGS

### BIKIES INFILTRATE THE CFMEU

352. Under pressure from the attention created by the "Building Bad" newspaper series, "action" was taken by the old executive to remove some bikies as officials of the CFMEU.

353. It is unclear who initiated this. In any event, on 30 July 2024 the former Victorian president, Flob Graauwmans, wrote to the national secretary, Zach Smith, identifying twelve bikies who had held positions as a delegate or as a health and safety representative. There is no way the list is complete. For example, Luke Moloney is not mentioned.



30<sup>th</sup> July 2024

Zach Smith  
National Secretary & ACT Branch Secretary  
CFMEU

Via Email: [REDACTED]

Dear Zach,

As you are aware, the CFMEU/Vic/Tas Branch Constitution & General Division have completed a process of identifying, removing and banning those Shop Stewards and Occupational Health and Safety Representatives who belong to or are associated with Outlaw Motorcycle Clubs.

These members are no longer representative of the Branch. Each member has either been re-elected as a worker 'on the tools', been stood down pending an investigation or employed directly by their employer as an Occupational Health and Safety Officer.

Also, the three worker entitlement funds, Ecos, Intalink and Leverage have been informed and all access to the compliance portals/apps have been denied.

These are the members below:

- Julian Alcazar - member #247603: West Glen Concrete Pumping
- Olivero Seta - member #330810: Scaffold Logistics
- Kene Nkumbale - member #27624: Henry Builders
- Degan Adams - member #326739: A2B Personnel
- Jordan Housley - member #287763: Anglo Asian
- Tyrone Bell - member #358216: Markham Commercial
- Paul Wilson - member #302489: Control Tach Industrial Services
- Johnny Walker - member #306119: Austorm
- Neil Harncliffe - member #282313: Eisher Constructions
- Marky Albert - member #277347: Orisinal Branch Management Committee
- Dave Park - member #312686: McConnel Dow (Tasmania)
- Joel Cayle - member #268096: BM Lubricants

Yours faithfully,

[REDACTED]

Flobert Graauwmans  
PRESIDENT

Cc: Abby Weber Via Email: [REDACTED]

CFMEU  
Executive & General  
Vic/Tas Branch

13/07/2024 10:00  
Mikayla FC 2024  
A0174 891 (2024)

13/07/2024 10:00  
Ecos Intalink Leverage  
BM Lubricants



Figure 11

## OUTLAW MOTORCYCLE GANGS

354. Graauwmans told Smith that action had been taken so that the bikies were "*no longer representatives of this Branch.*" To give effect to this, Graauwmans said the bikies had "*either been reclassified as a worker 'on the tools', been stood down, pending an investigation or employed directly by their employer as an Occupational Health and Safety Officer.*" Why this discipline was necessary if the bikies presented no risk is left unexplained.
355. Those on Graauwman's list were not ordinary bikies. They included senior bikies, capable of issuing orders to other bikies within their gang. Because delegates and HSRs have considerable power over the selection of new employees on building sites, these bikies were in a position to favour the employment of their fellow gang members. Slowly a site could become overrun by members of a particular OMCG. By putting bikies into positions of power the CFMEU had ceded control over whole building sites to the bikies.
356. A case study will detail the history of some of the bikies listed by Graauwmans, along with some others.<sup>68</sup> Amongst the group were very violent criminals. Many in the group had convictions for drug dealing and drug use. Few had actual experience or qualifications in the building industry. It is impossible to understand how the CFMEU could have come, innocently, to support the appointment of men like these. They were being made representatives of the Union.
357. The only reasonable explanation is that it was a deliberate measure.
358. Some of these men were promised their appointment while still in gaol – In the case of Luke Moloney it appears he received a promise of appointment just before he was to stand trial for a brutal bashing.<sup>69</sup> Remarkably, several of these very violent bikies were given responsibility for the health and safety of other workers.
359. The appointment of these bikies was part of the old executive's practice of appointing "*friends*" to cushy, well-paid jobs. That practice is discussed in several case studies. Most or all of these bikies had been forced on reluctant or unwilling contractors with no interest in employing a bikie.
360. In any event, the "*action*" taken by Graauwmans and the Victorian branch was nothing more than a sham. Even when stripped of their CFMEU credentials the same bikies remained on the same sites, on the same pay, wielding the same power. It even looks as though one was never actually removed as a delegate.<sup>60</sup>

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68 See Case study nine: *The bikies arrive*.

69 See Case study ten: *Luke Moloney*.

60 See Case study nine: *The bikies arrive* and the reference to *Eliseko Seko*.

## OUTLAW MOTORCYCLE GANGS

361. This supposed "action" taken by Graauwmans and the Victorian branch was merely an attempt to fend off criticism and an attempt to avoid or delay the appointment of an Administrator.

### THE STRUGGLE FOR CONTROL OF HURSTBRIDGE

362. The OMCGs were using building sites as drug distribution points.
363. The story which follows will focus on a single site – the Hurstbridge rail upgrade. This site is not exceptional – what went on at Hurstbridge was also going on at other sites all around Melbourne.
364. Approximately 1000 workers were on the Hurstbridge site – 540 on day shift, approximately the same on the night shift. That many workers, placed into a confined area, made Hurstbridge a desirable place from which to distribute drugs.<sup>61</sup> And, because the rates of earnings at Hurstbridge were unusually high, it was also a desirable place to work. Those two factors meant that there were two struggles for control: one was between individual organisers and delegates at the CFMEU; the other was between rival bikie gangs.<sup>62</sup> In some ways the two are interrelated.
365. The original CFMEU organisers and site delegates on Hurstbridge included Paul Tzimas, Jimmy Vasilou, Andy Struthers, and a younger man named "Lachie". Struthers was a Comanchero or associated with the Comancheros.
366. In circumstances which the witnesses were unable to explain completely, some kind of internal dispute arose within the CFMEU. Most say it was due to a falling out between Tzimas and Joe Myles. When that happened Myles tried to remove Tzimas and his delegates from positions on the Hurstbridge site. Myles then directed that the delegates Joel Leavitt and Jonny Walker go to Hurstbridge. When Leavitt and Walker arrived they claimed that they were now the "site" delegates. Leavitt is a member of the Rebels; Walker was a convicted killer with a previous connexion with the Bandidos.
367. Different witnesses recall seeing hostile verbal arguments between the two camps of CFMEU officials who claimed to control the site. One witness described it as a "fight over money". Another witness described it as a "hostile takeover". It was said to be especially heated between Andy Struthers and Joel Leavitt. Keep in mind that Struthers was with the Comancheros and Leavitt from the Rebels.

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61 One experienced superintendent, Copperfield<sup>6</sup> with vast experience across Big Build sites noticed intense opposition to random drug testing on the sites. The reason is obvious.

62 The problems which derived from the unusually high earnings to be collected at Hurstbridge are dealt with in Case study six: "Who wants to work an Occo?"



## OUTLAW MOTORCYCLE GANGS

368. Things became heated, but it still appeared to be an internal CFMEU fight. Then the bikies got involved.
369. One day the Comancheros were called in. Several witnesses recounted what they saw that day. Some say they were called by Andy Struthers; others say they were called in by Alex Stojakovic, a delegate employed by Cycon Engineering. Whoever made the call, the Comancheros collected in nearby Petrie Park. There were about eight Comancheros who arrived in full colours, riding large and noisy motorcycles. The Comancheros continued their "ride" for the rest of the day, rolling in a continuous loop around the site and making it plain they were making a territorial demand.<sup>63</sup>
370. One witness spoke about his knowledge that members of the rival Rebels were also involved and that the gangs were staring each other down.<sup>64</sup>
371. Why would rival bkie gangs attend a building site in this way? Several witnesses spoke of their knowledge that the real fight between the bikies was over which gang should be permitted to control drug distribution on and from the Hurstbridge site.
372. The issue between the bikies went away without violence. Whether it was settled with a truce or whether there was some agreement struck to share the site is not known. What is known is that the "hostile takeover" by Joe Myles, Joel Leavitt, Jonny Walker and the Rebels was successful. Tzimas and his group were driven from the site. Whether that has some connexion with the resolution of the dispute between the Comancheros and the Rebels remains a mystery.
373. There is, of course, a lot of speculation within the story just told. But within it there are a number of features consistent with the idea that bkie gangs controlled drug distribution on these sites.
374. Several sources, including high-placed officials, have recounted that the working theory of the intelligence agencies is that the OMCGs used the building sites for drug distribution purposes. That theory is consistent with OMCGs being the largest manufacturers and distributors of methamphetamines in Victoria. It is perfectly plausible that OMCGs would see a building site, where 200 to 500 well-paid men aged between 18 and 35 were collected into a couple of hectares, as an ideal venue for drug distribution.
375. There is a reason to suggest that senior officials in the CFMEU may have had some hand in facilitating the entry of the OMCGs. Members of OMCGs and men with

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63 The witnesses included Bleak\*, Pickwick\* and Mutual\*. Bleak\* recounted that there was to be a visit on that day from government officials who had to be shuffled around the site where they would not be able to see or hear the bikies.

64 The witness was Pickwick\*.

## OUTLAW MOTORCYCLE GANGS

convictions for drug dealing were forced onto contractors at Hurstbridge by CFMEU officials. That was unlikely to just be an unfortunate coincidence.

## ENTERPRISE BARGAINING AGREEMENTS —

376. In theory the EBA system in the Victorian construction sector is fine. In practice it is a disaster. The system has been thoroughly corrupted.

377. Everything has gone wrong with it. It is slow and expensive. There is no "*bargaining*" – template "*agreements*" are passed between the parties and left unread. The CFMEU was quite open about this. At one meeting the former organiser Gerry McCrudden passed an EBA to an executive of a leading contracting company, *Nutmeg*<sup>65</sup>, but when the executive raised possible negotiations McCrudden was shocked, telling the executive "*There is no bargaining – no, nothing will be changed in this agreement.*"

378. And, as will be explained, the way in which the CFMEU controlled the EBA system was anti-competitive and economically damaging for Victoria.

379. Corruption was rampant. In practice, the EBA system provided an opportunity for powerful or well-connected individuals to make large sums of money. The way the system operates is unfair. The award of an EBA can confer a massive financial benefit on the recipient – especially in the areas of labour hire and traffic management. Meanwhile, the denial of a CFMEU-approved EBA can drive a decent contractor out of business.

380. A perfectly apt description of the CFMEU's approach to EBAs was given by the "*fixer*" Harry Korras when he was explaining to an undercover agent how he would facilitate the corrupt purchase of an EBA from the CFMEU "*Bosses*". Korras had this to say about those Bosses:

381. "They're very clever in how they do business, you know. And they don't give out EBAs that easy. And the reason why is because they control the market. The Big Build is theirs. You can't get in if you don't know someone."<sup>65</sup>

382. Korras went on to explain how the CFMEU EBA system works:

*"So there's a fee to get an EBA. I think the upfront fee is cash. But all you've gotta do, I told ya, pay the boys, make sure they're okay and that's it. That's business."*

383. Korras then went on to justify the corruption – "*Everybody gets to eat*".

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65 This and other quotes from Korras were recorded in an undercover sting operation by the journalist, Nick McKenzie – see "*Construction companies' dirty dealings with bikies and underworld identities*", 60 Minutes Australia. A full transcript of Korras' statements is contained in Case study eleven: "*Everybody gets to eat*".



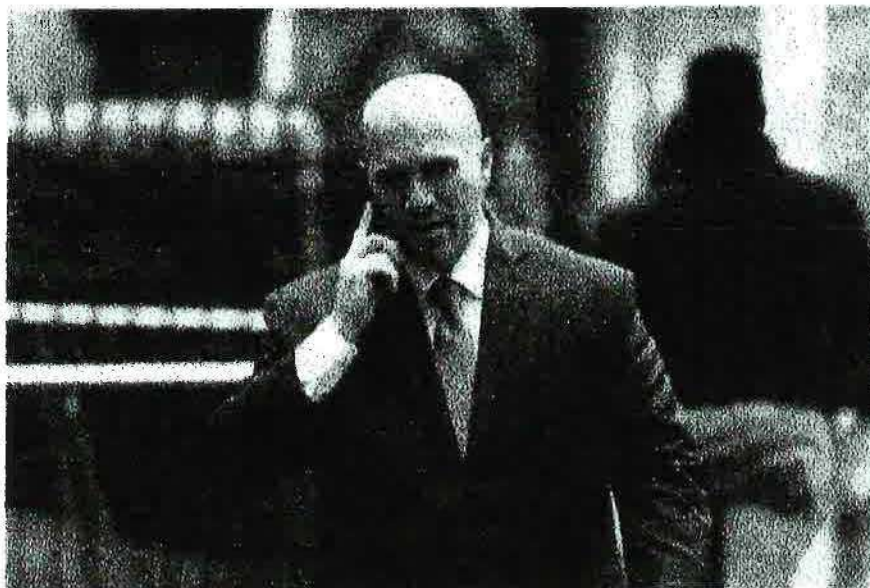


Figure 12: Harry Korras - "everybody gets to eat"

384. Korras is not just talking big – everything he says about the CFMEU bosses and the EBA system is perfectly accurate. The Victorian EBA system had become old-fashioned "pay to play" corruption.
385. Because the CFMEU dominated the Victorian construction sector, the EBA "system" was effectively controlled by a group of powerful CFMEU officials. Being able to dictate when, how, and to whom an EBA was awarded, conferred great power on a few members of the Setka-era CFMEU.
386. No doubt there were many EBAs which were allocated and negotiated on merit, but many EBAs were the product of corruption. Under the CFMEU, EBAs were awarded in return for corrupt payments, or awarded to friends and denied to enemies. The beneficiaries of lucrative EBAs awarded by the CFMEU include known criminals.

#### **BRIBERY**

387. In an investigation of this kind it is nearly impossible to expose instances of direct bribery – naturally enough, neither the payer nor the recipient is likely to come forward. Finding evidence of bribery usually requires coercive powers to look at bank records, etc.
388. Fortunately, one person did come forward. [REDACTED]

[REDACTED] There is a case study on this incident.<sup>66</sup>

## THE BLACK MARKET – BUYING AND SELLING EBAS

389. It is clear that, under Setka's leadership, CFMEU EBAs were bought and sold as commodities on a kind of black market.

390. According to the black market, different types of EBAs had different values. Unsurprisingly, labour hire and traffic management EBAs were the most valuable. There were many accounts to suggest that a labour hire EBA will cost \$500,000, there was one account (mentioned above) where the asking price was \$1 million. There was hard evidence that eager contractors paid \$250,000 to obtain a civil construction EBA<sup>67</sup> and that \$250,000 had been agreed for a demolition EBA.

391. We also know that, at least usually, the way the black market operated involved an arrangement made before the EBA was allocated – the corrupt businessman paid someone to have a new EBA drawn up and agreed.

392. The difficulty has been in getting witnesses to admit to their role in this. Many people have given accounts that they know of such arrangements (usually because someone is loose-lipped or grandstanding), and a few have told their story about how they tried to do so but were unsuccessful. But it is real and there are well-documented accounts of it occurring. The words of Harry Korras quoted in the introduction to this section of the report make it clear that Setka-era CFMEU EBAs were up for sale – “There’s a fee to get an EBA”. There is more about Korras below.

393. One of the clearest examples of buying and selling EBAs has been the subject of a separate report – see the report “*Faruk Orman and ZK Infrastructure Pty Ltd*” dated 1 December 2024.<sup>68</sup> There is a condensed version of that report included here as a case study.<sup>69</sup> In that instance Faruk Orman set up a company, got a civil construction EBA, and sold it for \$250,000 a couple of days later.

394. There is also the account of Daniel Salter and how he paid to get an EBA,<sup>70</sup> and the instance recounted by *Atlanta*<sup>71</sup> where the negotiations were advanced but the deal

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66 See Case study twelve: [REDACTED]

67 See Case study thirteen: *Faruk Orman and ZK Civil Infrastructure*.

68 “Report into Faruk Orman and ZK Civil Infrastructure,” CFMEU website, 1 December 2024.

69 See Case study thirteen: *Faruk Orman and ZK Infrastructure*.

70 See Case study fourteen: *Billy Mitris, Elias Spornovasilis and X-Force Logistics*.

## ENTERPRISE BARGAINING AGREEMENTS

fell through.<sup>71</sup> Each of those has its own case study.

395. So we know this was happening, but this investigation was incapable of getting closer to the detail of who in the former CFMEU leadership was facilitating this. We do not know just how often this was happening, or how much money was involved. We do not know how the corrupt proceeds were shared after the deals were finalised.

396. To get to the bottom of that would require an investigation supported with coercive powers – what appears in this report is merely evidence that there was a blackmarket in respect of EBAs.

### AWARDING EBAS TO FRIENDS

397. The Setka-era CFMEU did not only allocate EBAs on the basis of who paid the most to acquire them – they are also dished out to friends and family.

398. There are several examples of this and several different personalities who provide these favours.

399. John Setka is one who confers these favours.

400. In another, quite stunning decision, Setka has been behind awarding EBAs to companies controlled by Jadran Delic. This decision is stunning, not because Delic is a close friend of Setka or because Delic is a well-known underworld figure – it is stunning because Delic is virulently anti-union and virulently anti-worker. In evidence in court Delic admitted he hid his assets and explained it was because *"Cos I'm in the building game and the way unions work at the moment, that any of your workers can sue you, if they fall off or you know they hurt themselves, so they can sue you."*<sup>72</sup>

401. It is plain that Setka could not care less about the workers, including injured workers.

402. Elias Spervovasilis also conferred EBAs as favours. Spervovasilis is very close personally to the underworld figure, Billy Mitris. When Mitris said he wanted a specialist labour hire EBA for veterans, Spervovasilis got it for him within a short period. This was despite Spervovasilis *knowing* that Mitris was not an ex-

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71 See Case study twelve: [REDACTED]

72 "Another top union official forced out", Sydney Morning Herald, 30 January 2014.



## ENTERPRISE BARGAINING AGREEMENTS

serviceman. There is a case study giving the full details of this.<sup>73</sup>

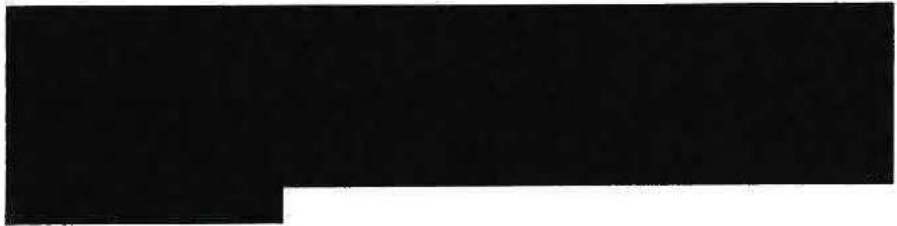
403. It is quite clear that Mick Gatto received favourable treatment from the CFMEU – his many advantageous EBAs will be discussed throughout this report. What is of concern is the extent to which the CFMEU showed favoritism to certain persons just because they were friends and associates of Gatto.

404. For example, the notorious underworld figure, Faruk Orman, is very close to Gatto.<sup>74</sup> When Orman was released from gaol he needed a new career. Even though Orman had no skills nor experience in the construction industry, he was quickly awarded an EBA for the specialist work of caulking and sealing. He received another for civil construction. EBAs were then awarded to a company in the name of Orman's wife (who, similarly, has no skills or experience in the building industry) in the lucrative traffic control area.

405. It seems all of the old CFMEU executive were willing to bend the knee to Gatto. When Orman wanted a civil construction EBA he was able, through an intervention by Joe Myles, to get one within days. Myles claimed not even to know Orman. If that is true, the only explanation for this favourable treatment is that Myles was doing a favour for Gatto.<sup>75</sup>

406. Another simple example demonstrates just how easily the EBA system was manipulated for the benefit of friends and friends of friends.

407.



### THIRD-PARTY EBA BROKERS

408. When disappointed applicants were unable to obtain an EBA through merit, cronyism or bribes, they were driven to buying EBAs through connected middlemen. A couple of these EBA brokers are especially prominent. These are just three of them – there are certain to be more.

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73 See Case study fourteen: *Billy Mitris, Elias Spernovasilis and X-Force Logistics*.

74 Gatto had the name of Faruk Orman tattooed on his chest after Orman was convicted of the murder of Victor Peirce and refused to say who was behind the direction given to him and Benj Veniamin to murder Peirce.

75 See Case study thirteen: *Faruk Orman and ZK Infrastructure*.

## ENTERPRISE BARGAINING AGREEMENTS

### BILLY MITRIS

409. A notable EBA broker is Billy Mitris, an underworld figure with connexions to the drug dealer Rocco Arico.<sup>76</sup>
410. Mitris trades on his long term, close, personal connexions with Elias Spemovasilis – a former assistant secretary at the CFMEU. It was a known fact that if an ambitious contractor was having trouble acquiring an EBA an approach should be made through Mitris.
411. The story of Billy Mitris and X-Force Logistics is told in full in a case study.<sup>77</sup> Here it is enough to say that when a hopeful contractor had spent months in fruitless negotiations with John Setka, Derek Christopher and Elias Spemovasilis, he was advised to see Billy Mitris. After paying Mitris \$10,000 and giving him a share of the business, the EBA was quickly approved.
412. When another contractor, *Mexico\**, wanted a labour hire EBA he was told his best chance was to approach Mitris. [REDACTED]

### HARRY KORRAS

413. There is hard evidence that Harry Korras acted as a middleman, fixing crooked deals between contractors and the CFMEU. The hard evidence came from Korras' own mouth.
414. Some of those words were set out in the introductory part of this section of the report. The full text of what Korras said is set out in a case study.<sup>78</sup> Korras was unusually frank because he was unaware he was being duped – Korras simply thought he was just dealing with another corrupt businessman.
415. Part of Korras' business is to put third parties in contact with Mick Gatto. There is an example of this in a case study where a contractor, who was willing to pay a bribe to get an EBA, contacted Korras, but was surprised when, instead, it was Mick Gatto

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76 Arico is currently serving a twelve year sentence for drug trafficking. In an action to confiscate Arico's proceeds of crime Mitris came forward to claim the money was actually his and he had simply left it at Arico's place. [REDACTED]

77 See Case study fourteen: *Billy Mitris, Elias Spemovasilis and X-Force Logistics*.

78 See Case study eleven: *"Everybody gets to eat"*.

## ENTERPRISE BARGAINING AGREEMENTS

with whom he negotiated.<sup>79</sup>

416. The reputation of Harry Korras spreads wide. He has some kind of connexion with providing corrupt Indigenous EBAs.

417.

418.

### FARUK ORMAN

419. The gangster Faruk Orman was another person able to intervene and secure CFMEU EBAs for those willing to pay.

420. There is hard evidence that two businessmen paid Faruk Orman \$250,000 to acquire a civil infrastructure EBA. Once the corrupt contractors agreed to pay, Orman was able to get the EBA approved by the CFMEU within a couple of days.<sup>81</sup>

### EXCLUDING ENEMIES FROM EBAS

421. The CFMEU had another practice of abusing its EBA power – punishing enemies by refusing EBAs.

422. This is a flip side to the corrupt granting of EBAs. The authority of the CFMEU to grant or refuse is absolute; no reasons needed to be given; there was no review.

423. In some instances a refusal to grant an EBA can be the product of some personality clash or personal gripe – reference was made above to the Marda Dandhi incident. Sometimes, like the example about to be provided, it is because a contractor

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79 See Case study twelve: [REDACTED]

81 See Case study thirteen: *Faruk Orman and ZK Infrastructure*.



## ENTERPRISE BARGAINING AGREEMENTS

refused the corrupt conditions attached to the EBA.<sup>82</sup>

### MISUSE AND ABUSE OF SOCIAL PROCUREMENT SCHEMES

424. All major government projects in Victoria are subject to the Social Procurement Framework.

425. The framework is designed to encourage the use of contractors which pursue social enterprises or businesses employing those who otherwise face barriers to employment. The framework places particular emphasis on promoting Aboriginal businesses and businesses aimed at redressing gender imbalance.

426. No one could doubt the benefits to be derived if the framework is applied, but it is not being applied – it is being abused.

427. As will be detailed below, unscrupulous contractors have manipulated the purpose of social procurement, obtaining EBAs where they were unwarranted or where only lip service was paid to the social purpose. Often the contractors did not even qualify as a social procurement supplier. The CFMEU went along with this abuse or even encouraged it.

428. During the course of the investigation very disturbing information was provided relating to a labour hire organisation which specialised in finding employment for women. The information, which was from a variety of apparently reliable sources, was to the effect that before women could get a job they had to offer sexual services to the proprietor. That man is no longer involved in the business and, to its credit, the CFMEU assisted in getting rid of him. The allegations are so serious it is not appropriate to provide further details without further investigation.

429. To simplify matters, this report will focus only on Aboriginal business EBAs.

### MISUSE AND ABUSE OF ABORIGINAL BUSINESS EBAS

430. According to Victoria's Social Procurement Framework an "*Aboriginal business*" is a business which is "*at least 51% Aboriginal and/or Torres Strait owned*" or is otherwise certified by Kinaway or Supply Nation.<sup>83</sup>

431. The potential for abuse is obvious. There are numerous instances where dummy

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82. [REDACTED]

83. Supply Nation is similar to Kinaway but has a national scope.

## ENTERPRISE BARGAINING AGREEMENTS

directors and shareholders have been installed to attempt to disguise the true ownership of a company – so called “black cladding”.

432. Joel Shackleton was the head of the specialist Indigenous group in the Setka-era CFMEU known as “Koori Constructions.” Shackleton had unchecked power when awarding or refusing EBAs to Aboriginal businesses.

433. Shackleton was a very poor choice for someone in a responsible and powerful position. He is easily angered and (as a story below will make out) prone to violence.

434. Shackleton abused his power. He obviously favoured some contractors, while destroying a string of businesses to which he denied Indigenous EBAs. Examples of this are provided below. One has already been mentioned: the incident where Shackleton refused to grant an Indigenous employer an EBA when the owner declined his demand to employ a notorious bike.<sup>84</sup>

435. What follows are just three examples of the problems created by the way in which the Setka-era CFMEU dealt with First Nations issues.

### SHACKLETON [REDACTED]

436. Below is a clear-cut way in which Joel Shackleton misused the wide powers that were given to him.

437. [REDACTED]

438. [REDACTED]

439. [REDACTED]

440. [REDACTED]

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84 See Case study one: [REDACTED]

[REDACTED]

441. [REDACTED]

442. [REDACTED]

#### THE MARDA DANDHI INCIDENT

443. Marda Dandhi was a smaller scale Indigenous labour hire firm working in the civil space. It had an AWU EBA. Marda Dandhi had a good business and a good reputation, but its business was drying up because of its inability to secure a CFMEU EBA.

444. For reasons which are unclear, Shackleton disliked the proprietors of Marda Dandhi. He refused to support Marda Dandhi's application for an EBA – that, given his power, was effectively a veto.

445. On 16 March 2022 there was an incident, caught on video, of a meeting between Shackleton, Gerry McCrudden and the owners of Marda Dandhi. The incident is disturbing for its violent language, but also for how it reveals the way in which Shackleton wielded his power. The incident is the subject of a case study.<sup>86</sup>

446. Marda Dandhi never got its EBA and went into liquidation.

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<sup>85</sup> [REDACTED]

<sup>86</sup> See Case study four: [REDACTED]



## ENTERPRISE BARGAINING AGREEMENTS

### JARRAH RESOURCES MANAGEMENT

447. To show just how weak the recognition system is, Mick Gatto set up an Indigenous labour hire business – Jarrah Resources Management Pty Ltd. Jarrah Resources was recently placed into a voluntary liquidation, but it is still a story worth telling.<sup>87</sup>

448. Jarrah Resources was a favoured labour hire provider on several government projects. This was, no doubt, partly as a fulfillment of the social procurement framework designed to assist Aboriginal businesses and to encourage employment amongst First Nations peoples.

449. Except, Jarrah Resources was secretly owned by Gatto.

450. Although his name does not figure on the paperwork, it was common knowledge that Gatto owned Jarrah Resources. Jarrah Resources was described in the Victorian Parliament as “a company with links to the underworld figure Mick Gatto” and as “owned by Mick Gatto”.<sup>88</sup>

451. [REDACTED]

452. Gatto has even admitted he owned Jarrah Resources to third parties. [REDACTED]

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<sup>87</sup> There is a related story that Jarrah Resources sought acknowledgement of its indigeneity through Kinaway Chamber of Commerce, but was refused. Gatto's anger at this led to the CFMEU demanding that it be given power to identify Aboriginal businesses for the purpose of the Social Procurement Framework.

<sup>88</sup> Hansard, Legislative Assembly, 3 May 2023.

<sup>89</sup> M1 is a company in Gatto's group which holds a labour hire EBA.

## LABOUR HIRE

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453. In a hotly contested competition, labour hire is the single most corrupt aspect of the whole Victorian building sector.
454. There are two large issues here: the first is whether the widespread use of labour hire is appropriate at all. This is all part of the "gig" economy. There has been a movement away from the certainty of five or six days of direct employment to the uncertainty of two or three days of occasional labour, engaged through labour hire suppliers. This has destabilised traditional working relationships, created confusion in the labour market, and eroded workers' entitlements to a range of benefits, notably superannuation.
455. While that first issue is a large and important matter, it is not the subject of the present investigation and report. Resolution of that issue lies with others, perhaps Parliament.
456. Rather, this investigation is directed at how the labour hire industry, fuelled by the dramatic increase in the use of labour hire, has been corrupted, manipulated by outsiders, and during the Setka era became a funnel for money passing to criminal elements.
457. The CFMEU played a critical role both in the rise in the use of labour hire and also in its corruption.
458. The Union's primary position should be to oppose labour hire. A right-minded union should be using its authority, as far as possible, to foster long-term direct employment of its members. Yet the CFMEU seemed almost to have encouraged the rise of labour hire. The rise in labour hire was accompanied by other opportunities for corruption and cronyism. It quickly became attractive to the powerbrokers in the CFMEU.

## MONEY – THE ROOT OF THE PROBLEM

459. As stated above, labour hire has emerged as the single worst source of corruption in the Victorian building sector.
460. Why is labour hire especially corrupt? Because of the money to be made.
461. Labour hire on the Big Build generates over \$1 billion per year. Based on information available from one of the larger labour hire businesses before tax profit margin seems to be in order of 9% – for the sake of simplicity that can be rounded to 10%.
462. Records have been sighted relating to two of the larger labour hire organisations.

## LABOUR HIRE

Those records suggest that M C Labour Services' total revenue was \$270 million in 2023/2024 – an annual profit in the order of \$25 million.<sup>90</sup> Other records suggest that B K Labour Hire Pty Ltd had a turnover of \$155 million in 2023/2024 – an annual profit in the order of \$15 million. Witnesses have said that another business, Top Up Labour, generates a turnover in excess of \$70 million.

463. Those sums, and especially the profit margin, are extraordinary. B K Labour and Top Up Labour are owned by individuals. The business is, comparatively, risk free. This is why several industry experts have described a labour hire EBA as a *"licence to print money"*.

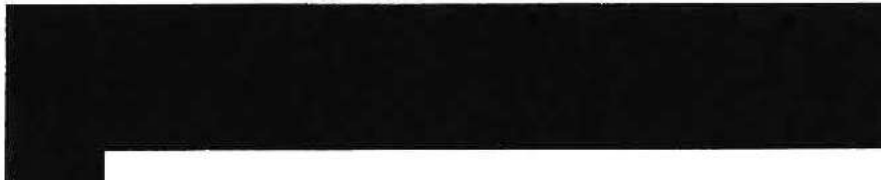
### HOW WIDE DOES THE CORRUPTION SPREAD?

464. In the course of this investigation it has been disconcerting to see that so many of the labour hire suppliers are corrupt, how easily they get away with it, and how little is done to investigate and remove corrupt industry players.

465. Much of that comes through the systemic corruption of the EBA system, but there is also a great deal of *ad hoc* corruption – individuals doing crooked deals to advance particular labour hire companies or doing equally crooked deals to protect them from competition.

466. It is well-known that particular previously employed officials were identified with assisting certain labour hire companies. John Setka and John Perkovic assisted Top Up Labour. Joe Myles assisted B K Labour. Steve Long promoted M C Labour and Argus Labour Hire. There is even a factional element: on construction sites (ie the sites controlled by the Setka faction) certain firms flourished; meanwhile on civil sites (ie the Joe Myles faction) other firms dominated.

467.



468. A refreshing feature of the labour hire industry is that corruption is so rife there was no need to keep it a secret. Hence you have Harry Korras speaking so frankly about bribery to someone he had just met. And when a large labour hire business, *Harbour*\*, won a traffic management contract on the Eastern freeway job, the owner, *Salute*\*, told his workforce that *"I've paid [Oakes] 800 grand to get this job, so don't stuff it up"*.

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<sup>90</sup> M C Labour is a business with a very dubious reputation – this will be dealt with below.



## LABOUR HIRE

469. There are other reasons why labour hire has become such a large problem in terms of crime and corruption.
470. One derives from the CFMEU control over the allocation of EBAs. As Harry Korras explained, the CFMEU Bosses *"don't give out EBAs that easy"*. The number of labour hire EBAs awarded at this time was surprisingly small for such an important part of the building sector – it is literally a billion dollar industry.
471. The effect of these restrictions was to make labour hire businesses more profitable and labour hire EBAs more desirable. That, of course, encouraged corruption.
472. As seen from the previous section on the enterprise bargaining system, it is clear the powerbrokers within the CFMEU were selling EBAs. As the labour hire businesses became more and more profitable, corrupt contractors were willing to pay more and more to join in on the rort. And it meant that those already in the market became willing to do what was necessary to keep the market closed to newcomers – as Harry Korras put it, *"To put you there they have to move someone."* None of the current holders of EBAs wished to be moved.
473. The second reason labour hire is so problematic is because it is so profitable: the kinds of criminals moving into labour hire are very wealthy and very powerful. Labour hire has caught the eye of organised crime – underworld figures, heroin traffickers, OMCs and money-launderers have all moved into labour hire.
474. Perhaps all of this is why, in an investigation which has covered a lot of different types of corruption, labour hire stands out as the most crooked part of the building industry.

## GHOST SHIFTS

475. In May 2023 it was exposed that a multi-million-dollar fraud had been perpetrated by a labour hire company facilitating workers claiming for *"ghost shifts"*.
476. Ghost shifts are arrangements under which workers claim for shifts which they do not work. Sometimes workers will claim for two shifts at different sites at the one time. Numerous accounts were provided regarding workers signed in for a shift and immediately leaving the site. Some did not turn up at all and were signed in by *"friendly"* site supervisors.
477. When the scandal surfaced the Premier, Dan Andrews, stated that he had *"zero tolerance"* for ghosting.
478. The problem was – it happened again. And again and again.
479. In early 2025 another ghost shift scandal broke. This it was suspected to have cost

## LABOUR HIRE

the Metro Tunnel project (ie the taxpayer) millions of dollars. It seems the scam may have been orchestrated by two CFMEU delegates. They were sacked. No-one will tell me their names.

480. The labour hire firm involved in the scandal, M C Labour, claimed no knowledge of the scam – but M C Labour has a chequered history.

481. M C Labour had been the subject of an investigation when it was alleged that the firm had paid kickbacks to a CFMEU organiser, Danny Berardi. When the allegations broke Berardi resigned from the Union.

482. Apart from that, M C Labour has or had close connexions with Toby Mitchell - one of Australia's most notorious bikies and criminals – he has survived seven shootings. He is an irrational, violent criminal. He was a sergeant-at-arms in the Bandidos, then left them and then became a senior officer at the Mongols until he was thrown out for *"running with dogs"*.

483. Matt Lunadei is the operations manager at M C Labour. While he was in gaol for aggravated burglary and theft charges, Lunadei formed a bond with Toby Mitchell and Mitchell came to M C Labour to *"recruit"* workers. The workers recruited by Mitchell had a violent set of skills.

484. Despite this M C Labour received heavy support from the CFMEU during the Setka era and, in the Victorian Parliament, was said to have *"a near monopoly"* over labour hire in the Metro Tunnel.

485. And the truth is that M C Labour was not the only labour hire company charging for ghost workers on government projects – others were at it as well.

## ORGANISED CRIME

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486. Given it is probably the most important issue to be addressed in this report, it might be reasonable to ask – Why has the subject of organised crime been left until last?
487. It is because, to understand organised crime in the Victorian building sector, requires an understanding of the various ways in which the CFMEU allowed this to happen.
488. Each of the types of corruption identified earlier in this report had the capacity to open the way for the entry of organised crime into the building sector. Think about the ability to use threats of industrial action to facilitate extortion. Or the CFMEU's monopoly over the granting of EBAs. Add to that the Union's ability to appoint favourites to overpaid and cushy jobs.
489. Meanwhile there was a fierce unwillingness by the CFMEU to cooperate with the police. Gangsters knew that when dealing with the CFMEU they were protected by an Australian-style *omertà*.<sup>91</sup>
490. It is easy to see why the CFMEU was attractive to organised crime. It is more difficult to understand why a trade union would give way to organised crime. It is not as though it is in the interests of the general union membership.
491. Again, the problem in the CFMEU started with its leadership.
492. The base "outlaw" mentality of some members of the old executive and their contempt for the law made them amenable to the underworld. The CFMEU office doors were always open to crime figures. Union administrative staff were available to assist gangsters. No one stopped it.
493. Some connexions were personal and well entrenched. Earlier in this report mention was made that John Setka was personally connected with leading organised crime figures. This went well beyond mere friendships and extended to actual business partnerships.<sup>92</sup>
494. There were others who were just weak and allowed themselves to be corrupted. This was a kind of corporate weakness in the CFMEU. No one would rebuke Setka. No one would stand up to Joe Myles. There was a general willingness to bend rules. There was a general willingness to take benefits – small at first, but that is how the corruption starts. There was a general willingness to forgive others for their corruption – for example, it was known widely that John Perkovic was taking

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91 An *omertà* is a "code of silence about criminal activity," Oxford Languages.

92 See "John Setka's real estate interests" in the section on Ad Hoc Corruption.



## ORGANISED CRIME

benefits but it was dismissed with a laugh - "*that's just Perky!*".

495. In an investigation like this it is impossible to pierce the veil and examine organised crime – that could only be done by a properly resourced authority with coercive powers. But links can be drawn between the CFMEU and publicly available material. Those links are well and truly strong enough to support the conclusion that the CFMEU and organised crime were intermeshed.

496. Below there are lists of individuals and companies with crime links that have received favourable treatment by the CFMEU during the Setka era. There is also a list of techniques used by organised crime which were supported by the CFMEU.

497. On one view of it, the links are so many and so strong that it suggests that the Victorian CFMEU has been at the centre of a criminal network.

### CRIME FIGURES AND CRIMINALS FAVOURED BY THE CFMEU

498. The CFMEU powerbrokers have a long history of friendships with crime figures and convicted criminals. There are endless photos of Setka and the others socialising with criminals. That is only the start of it; the CFMEU powerbrokers of the time showered benefits on these known criminals. EBAs were gifted, jobs were given, businesses were promoted, invitations were extended. It has been going on for years.

499. There were so many criminals involved, and so many instances of the conferral of inexplicable benefits, that it can confidently be said that the leadership of the CFMEU was a participant in a larger criminal design.

500. Here are some of the known crime figures upon whom the CFMEU leadership conferred benefits. There is no way this list is complete – there are likely to be many more. As an estimate, there would probably be two or three times as many criminals who have actually gained from CFMEU favours.

### MICK GATTO

501. Mick Gatto is an obvious person with whom to start. He really needs no further introduction – he is one of Australia's most notorious criminals. As noted previously in this report, Gatto has received countless benefits from a wide number of different CFMEU officials. The benefits start with multiple EBAs awarded a number of different Gatto companies in a number of different areas of building work. They included an open seat and deferential treatment during industrial negotiations between contractors and the Union.

502. Gatto's benefits extended to favourable treatment for his friends and his family. The relationship is so corrupt that the CFMEU even gave him an EBA reserved for

## ORGANISED CRIME

Aboriginal businesses.

503. Gatto has so many links to the crime community that there is no space to list them in a report like this.

### JOHN KHOURY

504. John Khoury is Gatto's partner and another member of the Carlton Crew. Khoury has also received EBAs, although personally he has none of the necessary skills or experience to earn the EBAs. Khoury, like Gatto, enjoyed preferential treatment in industrial negotiations. Khoury, like Gatto, is a business associate of the heroin trafficker, Jay Malkoun, whose profile is described below.



*Figure 13: John Khoury (left) with his partner Mick Gatto*

505. Khoury also works an extortion racket in Queensland. Khoury and Nic Maric (see below) were brought in to negotiate with the CFMEU on behalf of a Gold Coast developer. Khoury's fee for attending an hour long meeting was \$110,000.

### NIC MARIC

506. Nic Maric works closely with Mick Gatto. He pays Gatto and John Khoury a "retainer" for "industrial relations advice". Maric's principal business is LTE Construction Group. There are strong, repeated rumours that Maric had some kind of partnership with Gatto and Khoury.

507. Maric has had an association with multiple firebombings which have destroyed piling rigs – an essential and very expensive piece of equipment. Part of Maric's work involves piling. Companies with whom Maric competes had their equipment

## ORGANISED CRIME

destroyed.<sup>93</sup> There were several such fires occurring within a few weeks. It is true that Maric's business was also a victim, but several people familiar with the firebombings observed that Maric was lucky – his rigs which were destroyed were older rigs, fully or even over-insured, and he had other rigs available.

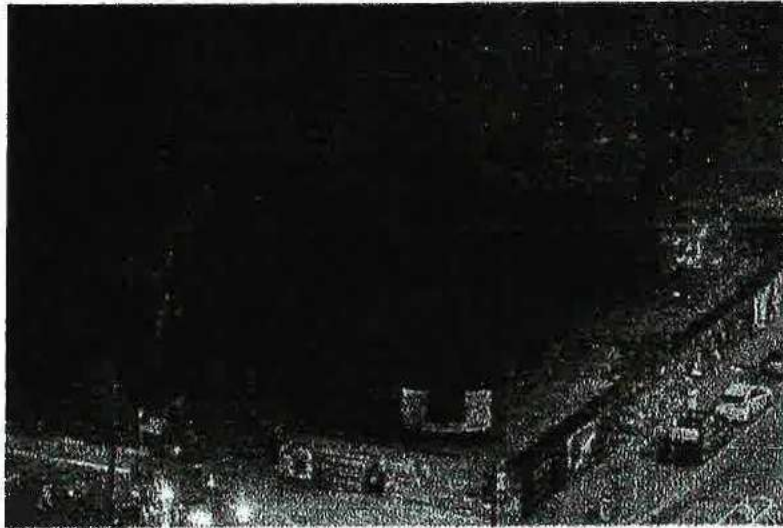


Figure 14: Fire at a construction site in Docklands

508. Maric has a close association with the Comancheros. This is problematic because a number of Maric's competitors recounted stories of menacing visits from members of the Comancheros.
509. The manager of Maric's business is (or, at least, was) Kristomir "KB" Bjelogrić. Bjelogrić is a Comanchero and a business partner of Bernir "Benji" Saracevic. Saracevic a former national president of the Comancheros. Saracevic was gaoled for over four years in 2023 for violent crimes and possession of a pistol. Bjelogrić and Saracevic were recently identified as making threats to a CFMEU delegate that they would "burn his house down with him inside".
510. Maric also has close connexions with the Comancheros "treasurer", Mark Ahern. Amongst other things, Ahern is an arsonist. He had previously been convicted and gaoled for firing eight shots into the home of a Victorian MP.
511. There are several companies associated with Maric, but he commonly uses a frontman to disguise his involvement. For example, a group of companies with the

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<sup>93</sup> Three firms which each had two piling rigs destroyed, effectively putting them, at least temporarily, out of business.



prefix "LVL" give the appearance of being owned by Tony Juric, but they are, in truth, at least 80% owned by Maric. In recent times LVL Workforce Pty Ltd has received three CFMEU-endorsed EBAs – one in the area of concrete placement and two for formwork.

#### **FARUK ORMAN**

512. Faruk Orman was convicted of the murder of the underworld figure Victor Peirce, but the conviction was set aside in the wake of the Lawyer X scandal.

513. Orman is very close to Mick Gatto. During his trial and his long spell in gaol Orman never revealed who gave the instructions to kill Peirce. Gatto organized the funding of Orman's defence and had Orman's name tattooed on his chest. It is almost as though Gatto felt he owed Orman something. All of this is covered in a separate report.<sup>94</sup>

514. Orman had all kinds of benefits showered upon him by the CFMEU shortly after his release from gaol. The only reasonable inference is that this had been at the request or demand of Gatto. The benefits include a number of EBAs – not just to Orman, but also to his wife. These EBAs were granted despite Orman and his wife having no experience or training or skills in any of the areas covered by the EBAs.

515. In one instance Orman was able to secure an EBA within a few days and on sell it for \$250,000 a few days later – this is covered by an earlier report and condensed here as a case study.<sup>95</sup>

#### **AMAD "JAY" MALKOUN**

516. Amad "Jay" Malkoun is a lifelong criminal, a heroin trafficker, and a former national president of the Comancheros. He has a close relationship to Gatto – they seem to have operated a mediation or debt collection operation together.<sup>96</sup>

517. Although he had no experience in any aspect of the building industry, the CFMEU under Setka's leadership awarded Malkoun's company, Base Piling Group Pty Ltd,

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94 See the report published on the Administration website "Faruk Orman and ZK Infrastructure Pty Ltd", 1 December 2024.

95 See the report published on the Administration website "Faruk Orman and ZK Infrastructure Pty Ltd", 1 December 2024, and see also Case study thirteen: *Faruk Orman and ZK Infrastructure*.

96 Jay Malkoun, "The Consultant", 2024, pp 291- 295.

## ORGANISED CRIME

a piling EBA in 2023.<sup>97</sup> Base Piling is now defunct but when it was operative it boasted on its website that it was an "industry partner" of the CFMEU.

### HARRY KORRAS

518. Harry Korras is a notorious industry fixer who was caught out making an arrangement to benefit an apparently corrupt contractor, who he encouraged to pay a "fee" to get a CFMEU EBA.<sup>98</sup>

519. Korras is the subject of a case study.<sup>99</sup>

### MATT TOMAS

520. Matt Tomas was a partner of Mick Gatto in Elite Cranes. That business went bust in 2013.<sup>100</sup>

521. Tomas is a recognised associate of the Carlton Crew. He was acquitted of a murder in 1996. A crime intelligence report in 2010 said that Tomas and Gatto were involved in "*criminal activity in the building industry and narcotics*" and were connected to the "*Hells Angels, CFMEU and drug importers*".<sup>101</sup>

### GEORGE ALEX

522. George Alex is a NSW based gangster with a collaborative relationship with Gatto.

523. Currently Alex is serving a nine-year sentence for a \$10 million tax fraud arising out of his NSW building businesses. Further charges are pending trial.

524. In 2011 – in one of his many scams – Alex, who has been bankrupt for many years, tried to hide assets by pretending that his close associate, Joseph Antoun, had defamed him and that is why Antoun paid him \$6.2 million (noting that defamation

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97 Multiple sources said the owner of Base Piling was Malkoun. A corporate search discloses the use of a typical method to disguise ownership. The shares were held non-beneficially by Fowcon Pty Ltd which suggests Fowcon was a front for a someone who did not wish their identity to be known. The problem for this is that the address given for Fowcon was the same address of the accountant Charles Pellegrino and the same address used for a number of companies owned and controlled by Gatto.

98 The "contractor" was actually an undercover agent sent by 60 Minutes.

99 See Case study eleven: "*Everyone gets to eat*".

100 See "*Aussie gangsters and cranes don't mix*", Crane Network, 21 October 2013 and "*Mick Gatto salvages crane company*", Sydney Morning Herald, 21 August 2013.

101 "*Bribery, dirty deals rife in building industry*", Sydney Morning Herald, 28 January 2014.

## ORGANISED CRIME

damages are protected from the Bankruptcy Trustee).



Figure 15: George Alex - gangster and business partner of Gatto

### JESSE BONNICI

525. Jesse Bonnici is or was a high ranking, patched member of the Finks. He was also a member of the CFMEU and a standover man.

526. Bonnici has a bricklaying business, Maurer Constructions, which has received several CFMEU EBAs. Bonnici has a close connexion to Tyrone Bell and subcontracts with Bell's Solid Seal companies.

527.

528.

### SELIM "SAMMY THE TURK" ERCAN

529. Sammy Ercan was a patched Hells Angel with deep underworld connexions.

530. In 2024 Ercan was sentenced to six years for extortion after holding a gun to the head of an accountant, demanding \$500,000, and saying he "would put a hole" in the accountant's head.

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102 Cickedag pleaded guilty to the manslaughter of his cousin after he "accidentally" shot him in the chest. Cickedag ran away rather than call an ambulance. He did, however, apologise later.



## ORGANISED CRIME

531. Before that he had been heavily supported by the CFMEU – and promoted as an industrial relations adviser. On one occasion Ercan was caught on tape boasting that *"I am now doing what Gatto was doing"*. Ercan's gaol sentence has probably delayed his progress.

### JADRAN "ADRIAN" DELIC

532. Jadran Delic is a union-hating crime figure with strong business and personal links to the Mokbel gang and to the convicted drug trafficker, Rocco Arico.
533. Despite admitting he deliberately hides assets to defeat compensation claims made by injured workers, Delic has repeatedly received favour from the CFMEU. Why? Delic is a close personal friend of John Setka and even seems to have a business relationship with him.

### ANTE "TONY" JURIC

534. Ante *"Tony"* Juric was dismissed as a police officer for corruption. After his release from gaol, Juric was able to acquire several CFMEU EBAs in the names of different companies. Juric had no relevant skills or experience. It is reasonable to believe the EBAs were given to Juric on the basis of his very close friendship with either John Setka or John Perkovic or, most likely, both.
535. Juric was mentioned in evidence in a Royal Commission as having a close association with the Carlton Crew. It is known that Juric is an associate of Gatto. Juric is the frontman for a group of companies, the majority of which are owned by Nic Maric.

### MARTY ALBERT

536. Marty Albert was a delegate, a member of the Victorian Branch Committee of Management, and a Bandido. He was especially close to Joe Myles.
537. In 2023 Albert was convicted of assault, affray and possession of methamphetamines. Despite that, Albert remained a key member of the governing body of the CFMEU at that time.
538. Albert is very close to Gatto and may have a business relationship with him. For example, when Gatto was brought in to negotiate on behalf of those who had badly bashed two CFMEU officials, he was accompanied to the negotiating table by Marty

## ORGANISED CRIME

Albert – this is covered in a case study.<sup>103</sup>

### LUKE MOLONEY

539. Luke Moloney was the national president of the Hells Angels. He has an appalling criminal record. As one example, in 2023 Moloney was convicted of a serious assault – a man was bashed with a baseball bat while Moloney held him and pointed a hunting knife in his face.

540. Even though Moloney had no qualifications or experience he was, only a few weeks after his conviction, appointed by the CFMEU to a cushy job as a health and safety representative.

### TYRONE "LITTLE TY" BELL

541. Bell was simultaneously the national vice-president and Victorian president of the Mongols OMC. At the same time he was also a delegate of the CFMEU.

542. Bell has been the beneficiary of a number of CFMEU-endorsed EBAs in relation to companies under the banner "Solid Seal". And, in what appears to be a plain conflict of duties, was running those businesses at the same time he was a delegate.

543. It should be noted that Bell denies that he was the beneficiary of the EBAs. He says they were obtained, in an arm's length negotiation, by his wife. This seems unlikely.

It is also notable that one of the EBAs listed the Mongols' clubhouse as its business address.

### JONNY "TWO GUNS" WALKER

544. Jonny "Two Guns" Walker is literally a killer – he was gaoled for eight years for a vicious bashing which killed a man. He was a patched member of the Bandidos and quickly rose to become sergeant-at-arms.<sup>104</sup>

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<sup>103</sup> See Case study two: *The Hawthorn East bashing*.

<sup>104</sup> Being "patched" means someone is fully recognised by a bike club. The position of a "sergeant-at-arms" is the senior person in charge of the gang's "discipline".



Figure 16: Jonny "Two Guns" Walker

545. Even while he was still serving his manslaughter sentence, Walker was approved for appointment as a CFMEU health and safety representative. On 8 June 2022 Elias Spervovasilis wrote to the Adult Parole Board advising that Walker would be employed by CCL Labour. Spervovasilis told the Board that the CFMEU was aware of Walker's manslaughter conviction and that Walker's "direct manager" would be Mark Henry – a CFMEU organiser with close connexions to Joe Myles.

#### JOEL LEAVITT

546. Joel Leavitt is a brutal criminal with a bad criminal record. He was patched by the Rebels OMCG.

547. Leavitt only joined the Union in October 2017. He was a "Young Activist" and close to Joe Myles. Leavitt was appointed as a health and safety representative in April 2019. The paperwork shows that there was no election – it simply says he was elected by Paul Tzimas. The records are unclear, but it seems Leavitt never underwent any training for this role.

548. As part of his employment package, Leavitt was earning more than \$200,000 and given a government-funded car.

549. In 2023 Leavitt was shot while in the Rebels' clubhouse. He was able to get to a hospital using the government car. Naturally, in accordance with the bikie code of silence, Leavitt has refused to assist the police.



## ORGANISED CRIME

### JOEL BROWN

550. Joel Brown was patched by the Mongols. He was brought in by Setka as an enforcer in the September 2021 riots outside the CFMEU offices. There is a video recording showing Brown violently dealing with protestors.

551. Apparently as a reward, Brown was appointed as a delegate at Hickory Alphington in October 2021.

### KANE MONTEBELLO

552. Kane Montebello was president of the Dark Side chapter of the Hells Angels.

553. He was one of the three Hells Angels who badly bashed a man. Montebello was striking the man with a baseball bat. On 11 December 2023, within weeks of his conviction, Montebello was appointed a CFMEU health and safety representative. There is no record of an election.

### VAMP CRANES

554. Vamp Cranes was the beneficiary of a CFMEU EBA.

555. Its then manager, Ross Giammona, is a convicted killer – he stabbed his cell mate while on remand.

556. [REDACTED]

### OUTLAW MOTORCYCLE GANGS

557. In a field where loyalties are aggressively tribal, the CFMEU during the Setka era has been promiscuous in its relationships with OMCs – It seems to have made connexions with many.

558. That said, there might have been a particular affinity with the Rebels - as long ago as 2003 the National Crime Authority had picked up intelligence that Mick Gatto had connexions with the Rebels and that he had brokered a meeting "*between the President of the Rebels Melbourne Chapter and the CFMEU*".<sup>106</sup>

559. These are some of the links which are able to be made (together with the role they

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106 Cerberus Task Force, "*An updated view of Cerberus*", March 2003.

## ORGANISED CRIME

had under the old CFMEU) - again, there is no way that this list is comprehensive.<sup>106</sup>

### REBELS:

- Dean Martin (national president) – delegate
- Joel Leavitt – health and safety rep
- Eliseko Seko – delegate
- Jahmahl Pearson – delegate
- Stu-E Corkran – delegate

### HELLS ANGELS

- Luke Moloney (chapter president) – health and safety rep
- Kane Montebello (chapter president) – health and safety rep
- Julian Assafiri (sergeant-at-arms) – health and safety rep
- Sam Ercan – closely connected to the CFMEU executive

### COMANCHEROS

- Jay Malkoun (national president) – EBA winner
- Nic Maric – EBA winner and closely connected to the CFMEU executive

### MONGOLS

- Tyrone Bell (national vice-president) – delegate and EBA winner
- Joel Brown – delegate

### BANDIDOS

- Jonny Walker (sergeant-at-arms) – delegate
- Marty Albert (sergeant-at-arms) – organizer and BCOM member

### THE FINKS

- Jesse Bonnici – EBA winner

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<sup>106</sup> Some of the men listed claim to have rescinded their gang memberships, but whether that is true is questionable: it is notorious that bikies gangs maintain a code that *"once a member, always a member"*.

**ORGANISED CRIME METHODS ASSOCIATED WITH THE CFMEU**

560. The CFMEU was centrally involved in several rackets commonly associated with organised crime. These are just some examples.

**EXTORTION**

561. The use of extortion was covered earlier – see the section titled *"Threats and Extortion."* It is also covered in the case studies.

562. The point is that it was the CFMEU which was providing the lever for the gangsters to extort the contractors. Without the support of the CFMEU the gangsters' threats would have been idle. But those who were facing the extortion were well aware that if they failed to comply they would suffer the consequences.

563. Why would the CFMEU have supported this? The answer is obvious: there is a lot of money in extortion and the officials at the CFMEU would not have been providing support without being paid for it.

**DEBT COLLECTION**

564. The building industry has always been prone to disputes involving *"debt collection"*. Sometimes the claims are genuine, but it is often the case that claims are fake or grossly exaggerated. The building industry is swamped with standover men and urgers using threats and violence to collect debts, real or imagined.

565. The debt collection business is very lucrative. The former head of the Comancheros, Jay Malkoun, is a debt collector. He was in a business with Gatto and tells of an occasion when he and Gatto *"had a chat"* with the proprietor of a concreting company and recovered a \$400,000 debt – *"Our end was \$200K. Fifty per cent – standard for recovery. To us anyway. That was our price"*.

566. The CFMEU has been directly involved in debt recovery in different ways.

567. One way this is exemplified is by the story of how Mick Gatto was telling the two developers that he could stop the development from continuing – that story was told earlier.

568. A second way is by supplying the *"muscle"* to stand behind a threat of violence or even by inflicting the actual violence. An example of that was given when the organiser, Andrew De Bono, punched a building executive in the back of the head.

569. A third way is the CFMEU actually triggering the debt recovery process – apparently acting as an agent for a favoured company or even acting for its own benefit.

[REDACTED]



## ORGANISED CRIME

[REDACTED]

570. [REDACTED]

571. When a resolution could not be found things became hostile. It was, the contractor said, as though the CFMEU officials were collecting the money for themselves.

[REDACTED]

572. [REDACTED]

### BLACK MARKET EBAS

573. The corruption here is well-documented.

574. Desperate characters are eager to enter the building industry to get their hands on the big money generated by the Big Build. A CFMEU-endorsed EBA is the entry ticket. There is a willingness to pay large sums to buy an entry ticket.

575. This issue has been fully covered in the earlier section of this report on "*Enterprise Bargaining Agreements.*"

[REDACTED]

[REDACTED]

## ORGANISED CRIME

### DRUG TRAFFICKING

576. There is no doubt that drugs have been regularly bought, sold and used on Melbourne building sites. The suppliers are Melbourne's largest source of illicit drugs – the OMCGs. This issue was raised on in the section "*Outlaw Motorcycle Gangs*".

577. The debatable issue is the extent to which the CFMEU has had a role in this.

578. What is known is that CFMEU officials were advancing the careers of bikies by having them appointed as delegates or HSRs – even within days of joining the Union and in the absence of any qualifications or experience. Some appointees had drug convictions. It could reasonably be inferred that these bikies were being strategically placed onto sites with a view to have them represent their OMCG's interests on a particular site.

579. This is an especially serious matter which cannot be addressed in a report like this – it requires the immediate attention of an investigative body with a full suite of coercive powers.

### A CROSS-OVER WITH THE "TOBACCO WARS"

580. For years Melbourne has been in the grip of gangland wars over the massive illicit tobacco market – these have become known as the "*Tobacco Wars*". It is serious: In June 2025 the esteemed crime journalist John Silvester said "*There have been 141 arsons and seven murders in Melbourne connected with the tobacco wars in the last couple of years*".<sup>109</sup> The numbers have probably gone up since then.

581. The CFMEU has previously had two connexions with the Tobacco Wars.

582. The first was through a health and safety representative Muhammed Hasan Sayan. This story is more fully recounted in a case study.<sup>110</sup>

583. On 7 October 2023 gunmen opened fire in a suburban shopping centre carpark, killing one man, Robert Issa, and seriously injuring another. Issa was a violent gangster centrally involved in the Tobacco Wars. His murder was undoubtedly an execution by a rival tobacco gang.

584. There are press reports that the rival tobacco gang is controlled by "*a Middle Eastern crime organisation*".

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<sup>109</sup> As recorded in "*Remarkably persistent: Gangland murders, shootings and arrests set to continue as serious gangsters 'fill the market void'*", Sky News, 26 June 2025.

<sup>110</sup> See Case study seventeen: *Muhammed Sayan and the Tobacco Wars*.

## ORGANISED CRIME

585. On 30 July 2025 Sayan was arrested and charged with Robert Issa's murder. At the time of his arrest Sayan was a health and safety representative of the CFMEU.<sup>111</sup>

586. [REDACTED]

587. [REDACTED]

588. [REDACTED]

589. [REDACTED]

590. The second cross-over between the CFMEU and the Tobacco Wars is through a member – Jahmahl Pearson. Pearson was a CFMEU "Young Activist" and a close associate of Joe Myles.

591. Pearson is a patched member of the Rebels. In January 2025 he was gaoled for eleven months after being convicted of an arson attack on a tobacconist store in Orbost. Pearson and a co-offender threw a jerry can of accelerant through the glass door, setting fire to the premises and causing significant damage.

592. The magistrate described it as "*planned targeted attack*" for which the arsonists were paid by an unknown source.

DATED: 27 JANUARY 2026  
GEOFFREY WATSON

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111 It needs to be noted that Sayan has only been charged, not convicted. Sayan is entitled to the presumption of innocence.

112 This matter is the subject of Case study seventeen: *Muhammed Sayan and the Tobacco Wars*.



## THE CASE STUDIES

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593. These case studies provide more details surrounding particular instances of crime and corruption briefly described in the text of the report.

594. In no sense are these comprehensive: dozens of other case studies could have been chosen.

### CASE STUDY ONE:

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## THE CASE STUDIES

[REDACTED]

603. [REDACTED]

604. [REDACTED]

605. [REDACTED]

606. [REDACTED]

### CASE STUDY TWO: THE HAWTHORN EAST BASHING

607. On 30 June 2020 two senior organisers at the CFMEU, Ronnie Buckley and Paul Tzimas, were badly bashed on a construction site in Hawthorn East.

608. Even though everyone knows who was behind the bashing, no one has been brought to justice. The police have been prevented from conducting a full investigation. A substantial amount of money – suggested to be in the order of \$200,000 – has changed hands as “*compensation*” but not one cent went to either Buckley or Tzimas.

609. How did this come about?

610. The site at Hawthorn East was being developed by Raman Shaqiri and Stefce Kutlesovski using a corporate vehicle known as Shaq City Pty Ltd. Shaqiri and Kutlesovski are controversial characters. Another development in which they were involved led to the illegal demolition of the historic Corkman Hotel. They were heavily fined for this and the heritage building is still unrestored.

[REDACTED]

## THE CASE STUDIES

611. Shaqiri and Kutlesovski were developing the site using non-EBA contractors and were determined to keep the CFMEU from any involvement in the development.
612. On 29 June 2020 a CFMEU organiser, Paulo Giunarra, went to the Hawthorn East site and, although accounts vary, appears to have stirred up action suggesting that the CFMEU would return to the site the next day.
613. At about 7:30am on 30 June 2020, Buckley and Tzimas attempted to enter the Hawthorn East site. It seems that the purpose of the visit was to "encourage" or "persuade" the developers to enter into an EBA with the CFMEU.
614. There is a dispute as to whether their entry was in accordance with the law. A spokesperson for the CFMEU maintained that Buckley and Tzimas had "*all their paperwork in order*".<sup>114</sup> However Shaqiri's lawyer stated that the pair "*attended the site without entry documents,*" and that they refused to respond to the request for production of these documents. That does not really matter – even if the entry was unlawful it would not justify attacking Buckley and Tzimas.
615. There is something of a dispute about what happened next. Shaqiri's lawyer stated that the pair were "*asked to leave. They then became physically aggressive and two staff members of the builder acted defensively.*" John Setka claimed that these "*young officials were simply doing their job when met with an organised assault by a group of cowards.*" According to a claim against Shaqiri's company filed by the Victorian Workcover Authority, when Buckley and Tzimas attempted to enter Shaqiri stopped them with "*what the fuck do you want?*" and told them to "*fuck off*" and that was when the assault commenced.<sup>115</sup>
616. There is no doubt Buckley and Tzimas were attacked. The attackers included a contractor, Sherif Derias, and a well-known group of Albanian thugs. Shaqiri himself is known as "*Ray the Albanian*". Derias is or was a patched Mongol. Some estimates are that there were seven attackers. It has been suggested that some of this same group of attackers carried out the demolition of the Corkman Hotel.
617. The obvious inference is that Shaqiri and Kutlesovski brought the Albanians onto the site knowing that CFMEU officials were likely to come that day.
618. The Albanians took to Buckley and Tzimas with some kinds of weapons – there is a suggestion they were attacked with metal poles and another that Buckley and Tzimas were bashed pieces of timber. Setka claimed that "*one of the officials [was]*

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<sup>114</sup> This information and some which follows was taken from "*Corkman developer linked to site where union officials allegedly assaulted*," *The Age*, 1 July 2020.

<sup>115</sup> In *Victorian Workcover Authority v Shaq City Pty Ltd* – CI- 23-03372 filed in the County Court 27 June 2023.

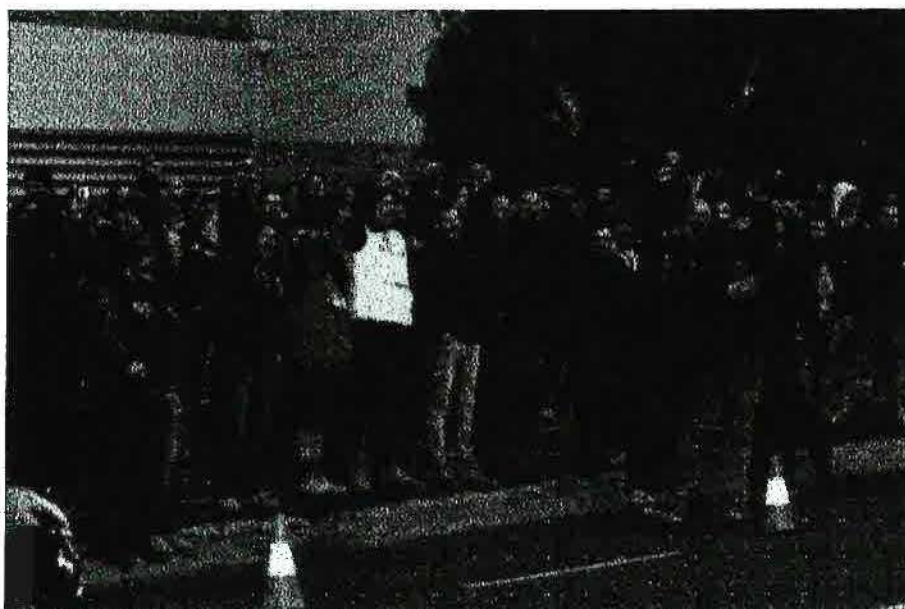


## THE CASE STUDIES

*hit across the head with a lump of timber and knocked unconscious."*

619. Buckley was knocked out and taken to the hospital unconscious. He has permanently lost the use of an eye. He has also suffered devastating psychological injury. Buckley has never been able to return to work; he is a recluse, effectively trapped within his own home due to his fear of reprisals. Tzimas was slightly luckier: he was taken to hospital and released, but a later MRI scan disclosed that his ankle had been fractured. Tzimas had surgery – a full ankle reconstruction – which has been sufficiently successful so that he was able to return to his work as an organiser after twelve weeks' rehabilitation.

620. The ordinary members of the CFMEU were justifiably outraged. The next day they attended the site *en masse* – it is estimated that 250 men attended a protest outside the site.



*Figure 17: Part of the protest outside the Hawthorn East site – at least the members were concerned.*

621. The odd feature here is that, while the membership was outraged, the leadership of the CFMEU then set out to cover the matter up.

622. [REDACTED]

623. [REDACTED]

## THE CASE STUDIES

624. [REDACTED]

625. Meanwhile, some action was being taken. The Albanians brought in Mick Gatto to represent them in a meeting with Setka at the CFMEU offices. It remains unclear who initiated the negotiations. Derek Christopher, Elias Spornovasilis and John Perkovic were also present at the negotiations. Marty Albert, a CFMEU organiser, was also involved in negotiations, but it is not clear why or on whose side Albert was present.

626. When he was asked about this, Derek Christopher said that the CFMEU had decided not to engage with the police and instead *"went to Mr Gatto to negotiate"*. And when pressed as to why Gatto would be preferred to the police, he said *"this happens every day"*.

627. The secrecy surrounding these negotiations is such that it is necessary to rely upon rumours. Several sources said that money changed hands. It is not clear whether that money came from Shaqiri and Kutlesovski or Derias or the Albanian gang. A few sources suggested that the payment was \$200,000 – but it is not clear as to whom any payment was made.

628. Apart from that the proposals put forward by the CFMEU were lame: Shaqiri agreed to raise a CFMEU flag on the site (so what). He was also asked to negotiate an EBA – but that was not pursued. It seems the real issue as far as the CFMEU negotiators were concerned was the money.

629. Apparently the payment was made as a kind of *"compensation"*, but if it was, nothing was paid to the injured organisers – Buckley and Tzimas. If the money was paid, it seems to have been pocketed by somebody in the CFMEU executive.

630. In public Setka offered his support of the pair, stating *"No one should go to work and be brutally attacked... We are all disgusted."*<sup>116</sup> In private it was the opposite. Even though Buckley has been badly injured, Setka's only contact was to tell Buckley not to go to the police. He never followed up on Buckley's wellbeing and privately described Buckley's continuing psychological problem as demonstrating that Buckley was *"a weak cunt"* (hypocritical given Setka has pursued his own workers' compensation claim on the basis he has PTSD).

631. Buckley has sued the CFMEU and Shaqiri's company. In an astonishing allegation, and directly contrary to Setka's public statements, the CFMEU has blamed Buckley

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<sup>116</sup> "Corkman developer linked to site where union officials allegedly assaulted," The Age, 1 July 2020.

## THE CASE STUDIES

for what happened to him, pleading that Buckley failed to use his "*commonsense*". Shagiri has defended the claim in the basis that Buckley was "*inciting and/or encouraging violence against him*".<sup>117</sup>

### CASE STUDY THREE: [REDACTED]

632. [REDACTED]

633. [REDACTED]

634. [REDACTED]

635. [REDACTED]

636. [REDACTED]

637. [REDACTED]

638. [REDACTED]

639. [REDACTED]

640. [REDACTED]

641. [REDACTED]

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<sup>117</sup> See the pleadings in *Buckley v CFMEU & Anor* CI-24-00847.

[REDACTED]



## THE CASE STUDIES

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### CASE STUDY FOUR:

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## THE CASE STUDIES

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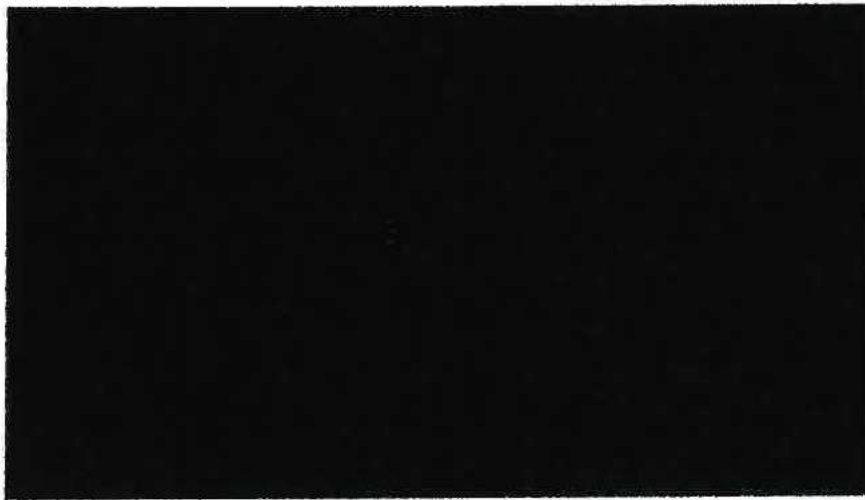
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## THE CASE STUDIES



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## THE CASE STUDIES

[REDACTED]

662. [REDACTED]

663. [REDACTED]

664. [REDACTED]

### CASE STUDY FIVE: TWO UNWANTED HEALTH AND SAFETY REPS

665. [REDACTED]

666. [REDACTED]

667. [REDACTED]

668. [REDACTED]

669. [REDACTED]

670. [REDACTED]

671. [REDACTED]

## THE CASE STUDIES

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## THE CASE STUDIES

677. [REDACTED]

678. [REDACTED]

679. [REDACTED]

680. [REDACTED]

681. [REDACTED]



682. [REDACTED]

### **CASE STUDY SIX: "WHO WANTS TO WORK AN OCCO?"**

683. Rail upgrades and level crossing removals were amongst the most significant parts of the Big Build.

684. Any work on existing rail services is bound to disrupt commuters. Any disruption needs to be controlled and confined. Occasionally the rail traffic has to be stopped completely and the builders given control. This is known as a "rail occupation". Amongst those on site a rail occupation is known as an "Occo".



## THE CASE STUDIES

685. An Occo has to be for as short a period as possible to minimise disruption to the travelling public. As a further measure to minimise disruption, a rail occupation would usually be planned around weekends and, for longer closures, around public holidays. To keep the builders' minds focussed on the need to deliver the rail service back to the travelling public, the government contracted with the builders to impose, in effect, financial penalties if they ran over time. These were severe – a typical example was thousands of dollars a minute.
686. This delivered a whip to the hand of the CFMEU. The Union knew that the slightest interruption to a rail occupation was a financial nightmare for the builder. The CFMEU had complete control.
687. For example, one rail occupation at Hurstbridge was scheduled to take eight days which included the Easter break. The CFMEU had scheduled an additional four-day CFMEU holiday around the traditional four holidays of Easter. That meant the rail occupation covered eight days of CFMEU holidays. The builder, *Hundred\**, faced massive penalties for delay – it had to complete the rail occupation on time. The CFMEU negotiated a position under which workers received triple pay for the whole eight-day period. Then rain hit and the CFMEU demanded more. The supervisors at *Hundred* had no choice but to agree to pay the workers quadruple time.
688. It was a bonanza for those lucky enough to get a job during that Occo. Wage records show – just as an example – an unskilled labourer received over \$15,000 in one week during that period.<sup>123</sup>
689. Given the money to be made, *everyone* wanted to work an Occo. It also meant that anyone who had influence would try to have their family and friends employed to work an Occo.<sup>124</sup>
690. The CFMEU began to use its industrial muscle to make sure its picks would be selected for an Occo. In the period leading up to an Occo lists were given to the building companies' site superintendents – these were the names of persons whom the CFMEU was *insisting* be employed on the Occo. This was accompanied by an implicit threat – unless these persons were employed the site would be stopped due to an industrial dispute.
691. What follows is one example, drawn from a particular rail occupation on the Hurstbridge site. It is not exceptional – what occurred here was happening on sites all around Melbourne.

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123 See Case study five: *Two unwanted health and safety reps*.

124 It also meant that a shift on an Occo was a tradeable commodity. Numerous accounts were received that Joel Leavitt would charge a hopeful worker an upfront fee to be given an Occo.

## THE CASE STUDIES

692.



693. It needs to be noted that none of these people were actually rostered on to work during the Occo – they were being added to an already full roster. And none of these people were necessary for the Occo – they were just add-ons, unnecessary and unwanted workers who were joining the Occo gravy train.

694. It has become possible to identify most of the connexions which led to these people being on this list.

695. The people listed were all drawn from workers registered with particular labour hire companies. All of them had strong bonds with the CFMEU. The labour hire companies identified in the text message are:

- "Top Up" – a large and successful business with strong links to John Setka and John Perkovic.

## THE CASE STUDIES

- "WIC" – an abbreviation for Women In Construction – a firm with a social procurement EBA to advantage women, but with a problematic reputation.
- "Dardi" – Dardi Munwurrow is a firm with an Indigenous social procurement EBA.
- "OCC" – this is a reference to O.C.C. Services Pty Ltd – a firm which, at the time, was under a serious cloud of criminal allegations, but has since changed hands and has cleaned up its ways.

696. Then there are the individual names.<sup>125</sup> Not all of them have been able to be identified, but amongst those who have been able to be identified it is clear why they got the advantage of the Occo:

- "James bugeja" – connexions unknown.
- "Timothy carter" – a personal friend of the site delegate, Joel Leavitt.
- "Joseph gitani" – a friend of the organiser Costa Josephides.
- "Daikon naidu" – connexions unknown.
- "Joshua scida" – a friend of a friend of Leavitt.
- "Jacob Logan" – a friend of Leavitt; a boxer and a patched Rebel.
- "Christo sakkos" – a friend of Leavitt.
- "Yasmin keas" – Leavitt's cousin.
- "Amira taleb" – Yasmin Keas' best friend.
- "Tayissa tibos" – Shannon Tibos' daughter; grandniece of Derek Christopher.
- "Jahmahl pearson" – a patched Rebel and a close ally of Leavitt.
- "Dennis Peach" – a Rebels prospector and ally of Leavitt.
- "Paul Bruce" – engaged to the daughter of the CFMEU delegate Andy Struthers.
- "Robert boys" – a friend of the site superintendent.
- "Guisippe colaci" – a bouncer and body builder, but connexions unknown.
- "Davis jaske" – another friend of the site superintendent.
- "David ponozzo" – connexions unknown.
- "Steven vasilau" – the brother of the CFMEU delegate Jimmy Vasilou.

### CASE STUDY SEVEN: JOHN PERKOVIC'S REAL ESTATE

697. John Perkovic was a very senior organiser. He was dismissed from his position in October 2025, mainly due to the conduct which is disclosed in this case study.

698. Perkovic's position in the Union seemed bullet-proof. He was a close personal friend of John Setka and had enjoyed Setka's patronage throughout his career. Perkovic was high up in the informal power structure of the CFMEU, holding a position of influence just below that of Setka. He was genuinely popular, known universally as

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<sup>125</sup> These names are reproduced as they figure in the text message. They almost obviously involve spelling errors -apologies; no offence is intended.



## THE CASE STUDIES

"Perky". Not long before he was dismissed, he had been appointed by Zach Smith as a "co-ordinator" – which made him the second most powerful person in the operational side of the Union.

699. This was perceived by some to be a real problem for two reasons: the first was that Perkovic was so close to Setka that many thought his appointment was re-introducing Setka's influence through the backdoor. The second problem was that it was widely known and widely discussed that Perkovic was corrupt and had received many benefits, over many years, from many sources. This case study focusses only upon corruption surrounding Perkovic's purchase and development of two blocks of land in East Keilor.
700. Between 2020 and 2024 Perkovic and his family were involved in a series of corrupt property transactions. The transactions netted at least \$1 million for Perkovic.
701. The principal persons on the other side of the corrupt transactions were Tony Juric and George Nestorovski. There is no innocent explanation for the transactions involving Perkovic, Juric and Nestorovski – they are clearly wrongful.
702. The transactions were in two parts. This is the first part.
703. In December 2017 Perkovic purchased a property known as 1/14 Hislop Street in Keilor for \$650,000. The property was placed in the name of Perkovic's wife, but other correspondence shows that was not accurate and that it was purchased for their joint benefit.
704. It is not clear how the purchase was financed: at one stage, when being questioned, Perkovic said it was through a mortgage with the ANZ for "550 or 600 thousand or something", but later he seemed to say that it was "350 to 400" with the Bank of Melbourne. The property records show an original mortgage to ANZ was transferred to Westpac on 27 March 2017 and discharged on 5 February 2025.
705. The new property was the front block of a typical suburban battleaxe sub-division – it will be convenient to call 1/14 Hislop Street the "*front block*". There was an old house on the front block and Perkovic had plans to demolish the old house and build a new one.
706. Plans were prepared for a modern, two-storey home. Aerial photography shows the old house was demolished sometime between April and September 2019. By September 2019 some building work had commenced. Partly due to Covid, the building process was very drawn out and was only completed in about July 2023.
707. The building company retained by Perkovic was Meikon Building – a business owned by Ante "Tony" Juric.
708. Tony Juric was drummed out of Victoria Police for corruption. After he completed a

## THE CASE STUDIES

two-year gaol sentence, Juric entered the building sector with the assistance of his long-term friends John Setka and John Perkovic.

709. Perkovic and Juric are very close. Perkovic honours Juric with the title "*kume*" or "*uncle*" and is godfather to one of Juric's children. In that way it may seem natural that Perkovic would use Juric as his builder, but given Juric is a contractor with interests on commercial sites where Perkovic could influence the allocation of EBAs and the awarding of contracts, the building arrangement should have been declared. It was not declared.

710. Juric is a close associate of a number of notoriously corrupt individuals. There were intelligence reports in the Royal Commission into Management of Police Informants identifying Juric as a close associate of Mick Gatto and other known criminals. Juric was described as an associate of the Carlton Crew crime gang. Juric is a friend and business partner of the underworld figure, Nic Maric. Juric co-owns and stands as the public face of a number of companies principally owned by Maric – they have the prefix "LVL" – including LVL Workforce.

711. While Juric was building Perkovic's house, LVL Workforce received a CFMEU-approved EBA. Perkovic was aware of this and possibly organised it. An email dated 3 March 2023 shows that Derek Christopher – another close ally of Perkovic – had initiated the process of awarding LVL Workforce the EBA. Perkovic was copied in on the process. When Perkovic was asked if he had assisted an LVL company with getting an EBA he, at first, said "*Not me – never*" but when he was told about the email he changed his evidence to "*maybe – fuck, I don't remember*".

712. The evidence of the arrangements for the building of the new house raises many questions. When Perkovic was asked how much the building works cost, he was evasive – at first he responded that he did not know, but when he was pressed he said "*maybe it cost 350 or 450 thousand*".

713. This seems unlikely to be correct. On 27 July 2023 Perkovic insured the buildings on the front block for \$750,000. It is likely the real cost of the works was around \$500,000, maybe more.

714. When Perkovic was asked about his building contract with Meikon he said there was "*probably no written contract*". If this is so, given the size of the job, a written contract was required by statute and the failure to provide a contract by Meikon would be a breach of the law and subject to a penalty.<sup>126</sup>

715. When asked whether the building agreement was for a fixed price or on a costs plus basis, Perkovic said he did not know. When asked how much and where he

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<sup>126</sup> See s 31 of the Domestic Building Contracts Act, 1995.



## THE CASE STUDIES

borrowed the money to fund the cost of building the new house he responded *"Borrow? ANZ maybe. The dollars – my missus does that"*.

716. Of course, this could have been cleared up by Tony Juric, but multiple attempts to contact him went unanswered.

717. But that is only the first part of the corrupt transactions. This is the second part.

718. The second part of the transaction relates to the acquisition of 2/14 Hislop Street - the *"back block"*. Perkovic came to own the back block in circumstances showing it was plainly a benefit given to him by the wealthy contractor, George Nestorovski.

719. At the time construction of the new Perkovic home on the front block commenced, the back block remained in the hands of its original owner.

720. On 2 June 2020 the back block was sold to a company, GSN Projects Pty Ltd, for \$500,000. There does not seem to have been a marketing campaign to sell the back block, and there is no sign that a real estate agent was involved in the sale.

721. The purchaser, GSN Projects, is a company owned by George Nestorovski.<sup>127</sup>

722. On 28 March 2024 GSN Projects sold the back block to Perkovic's daughter for \$550,000.

723. There are several strange features of this transaction and they all point to the sale being an unsophisticated sham worked out between Perkovic and Nestorovski. One feature is that the price is too low: in that area property prices had increased by 40% between 2020 and 2024, the sale price reflected a meagre 10% increase.<sup>128</sup> There seems to have been no marketing campaign for the sale of the back block. No real estate agent was involved. It was a direct sale, vendor to purchaser. It is also hard to understand how Perkovic's daughter could purchase the property: she was a twenty-year-old student purchasing a bare block of land for \$550,000.<sup>129</sup>

724. But far and away the most disturbing feature is that no money changed hands. The back block was transferred to Perkovic's daughter for free.

725. This was a matter of puzzlement to Perkovic's conveyancers. Those conveyancers sent emails querying the arrangement because they were instructed that the purchaser had paid a \$550,000 deposit on a \$550,000 purchase – ie no money

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127 Born Goce Nestorovic, usually known as George Nestorovic, nicknamed "Georgie".

128 This could be explained as a means of keeping the stamp duty to a minimum.

129 Perkovic said his daughter previously worked for Cleanex – a company owned by George Nestorovski and now works two days a week for Grenoble.



## THE CASE STUDIES

changed hands at the moment the contract was finalised.

726. When the back block was transferred and there was no mortgage on the title – meaning that, if Perkovic's daughter had actually paid anything, she had paid it in cash.
727. The only explanations are that Nestorovski transferred the back block to Perkovic for free or that Perkovic had \$550,000 in cash available. Neither explanation is consistent with an innocent transaction.
728. The combined benefit to Perkovic was substantial. On 28 November 2024 his accountants provided him with a spreadsheet which, amongst other things, estimated the developed property at 1/14 Hislop Street to be worth \$1.8 million and the undeveloped property at 2/14 Hislop Street at \$1 million.
729. It was not possible to get a full account from Perkovic to explain how all of this unfolded. During his interview he became aware that his daughter had been contacted by a journalist and terminated the discussion.
730. In an initial contact Nestorovski said he had the documents to prove the transactions were "above board", that he wanted to meet, and promised to provide the documents. He then saw a lawyer and ceased contact.

### **CASE STUDY EIGHT: JOHN PERKOVIC'S MOTOR CARS**

731. There are three members of the Perkovic family; between them they have (or had) four cars, but they only ever owned one car - and it is not clear that they paid for it.
732. The first car is John Perkovic's work vehicle – a Ford Everest SUV. The Everest was provided by the CFMEU and can be put aside for present purposes.
733. The second car is a silver 1970 Falcon GT – a collectors' item and the original Australian "muscle car". These Falcon GTs are rare – it would have a market value well in excess of \$100,000. Although Perkovic drives the Falcon GT, pays to get it serviced, and keeps it in his garage, Perkovic says he does not own it. Rather, he says, he is just "storing it" for his friend Steve Mellech.
734. The third car is driven by Perkovic's wife. It is a black 2025 Range Rover worth in excess of \$100,000. When asked how the purchase was financed Perkovic said "at the moment, it is owned by George Nestorovski".
735. The fourth car is driven by Perkovic's daughter. It is a black 2020 BMW 218i which Perkovic said he bought for "40 odd". When asked how he financed it, Perkovic said he borrowed the money from "Nick".
736. None of these explanations is satisfactory.

## THE CASE STUDIES

737. As for the Falcon GT, Steve Mellech owns Top Up – one of the largest and most profitable of the few labour hire companies with a CFMEU EBA. Perkovic has routinely supported Top Up to win lucrative contracts by directing contractors to get their labour hire from Top Up.
738. It seems probable that the storage story is a sham and the Falcon GT was a gift from Mellech.
739. But even if the Falcon GT had only been lent by Mellech to Perkovic that was still a benefit from a contractor and should have been declared. It was not declared; it was kept a secret.
740. As for the Range Rover, George Nestorovski is a building contractor. He owns successful cleaning and site signage companies which Perkovic has routinely supported. It is well known that Perkovic pressed contractors to subcontract their work to Nestorovski's companies.
741. Again, we only have Perkovic's assertion that it is a loan rather than a gift. There are other corrupt arrangements between Perkovic and Nestorovski which suggest the provision of the Range Rover was a payoff of some kind.<sup>130</sup>
742. As for the BMW, documents have been recovered which show that it was purchased in the name of John Perkovic on 1 May 2023 for \$48,831. The sales information suggests that it was a cash transaction.
743. When Perkovic was pressed he remembered that the "*Nick*" from whom he borrowed the money was Nick Lee, the owner of Expoconti – which describes itself as a Tier One internal fit out contractor.
744. Perkovic's and Lee's inconsistent accounts about the "*loan*" suggest it was a sham transaction.
745. The stories do not match. Perkovic said he bought the car "*four or five years ago*"; was uncertain if the agreement was in writing; uncertain if any interest was payable; and said there was no repayment schedule – rather, he repays the loan "*when I get the cash*". He claims that over the years he has repaid "*30 thousand odd*". Meanwhile, Nick Lee says he lent the money to Perkovic because Perkovic got a "*good deal, but was short of money*"; that the loan agreement was in writing; that the loan was "*for 20 or 30 [thousand dollars]*"; that no interest was payable; the repayment schedule was that Perkovic would "*repay \$10,000 first*"; and that the

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130 See Case study seven: John Perkovic's real estate. Nestorovski responded to my attempts to contact him stating he "*would like to meet*." He went on to say that he had documents to show that the transactions between he and Perkovic were "*above board*." I did not hear from Mr Nestorovski again.



## THE CASE STUDIES

loan was completely repaid.

746. On 28 October 2025 Lee sent through a copy of the written agreement. That agreement, which is set out below, does not coincide with any of the oral evidence.
747. The loan agreement was made on 1 May 2023. The loan was for \$58,000 – which does not match up with the cost of the BMW and does not match up with either of Perkovic's or Lee's recollection of the size of the loan. The loan agreement suggests that \$7,169 was paid as interest upfront – which is a strange arrangement in its own right. The term of the loan was specified as three years. That would mean that \$2,390 was paid as interest on each year of the three year term – which suggests an interest rate of 4.267% per annum.
748. The repayment schedule is equally puzzling. It seems to involve two steps: one is to make the borrower "able to return the money periodically" – which is a very odd way of expressing an obligation to make payments; the second step is that everything has to be repaid by 30 April 2026. The document then bears an annotation which might be seen to suggest that \$10,000 was repaid in 2023 and another \$10,000 was repaid in 2024 – but that is far from clear.

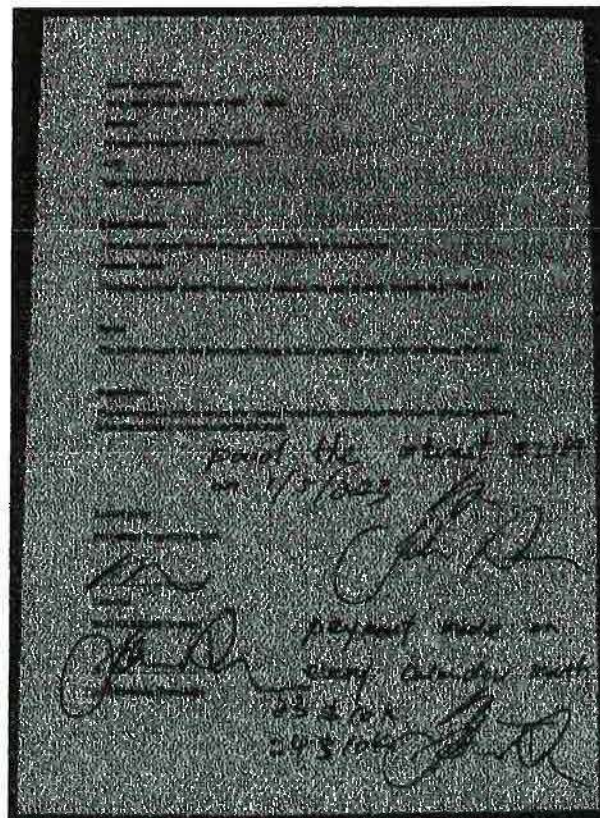


Figure 22



## THE CASE STUDIES

749. The loan agreement is obviously unsatisfactory, but in some ways that does not matter. The real issue here is whether it was appropriate for Perkovic, as a CFMEU organiser, to borrow money from a contractor – which plainly it was not.

### CASE STUDY NINE: THE BIKIES ARRIVE

750. According to the Setka-era CFMEU, bikies were not a problem within the CFMEU. This was repeatedly said by John Setka, Derek Christopher, Joe Myles, Rob Graauwmans and others.

751. This was patently untrue.

752. Those members of the old executive conceded that there were some bikies on some sites, but that was to be expected, especially where the work was physical. The old executive claimed that the number of bikies were unexceptional. In particular, the old executive maintained the few bikies on sites were ordinary workers and presented no risk of violence or crime.

753. This, too, was patently untrue.

754. The fact was that the number of bikies in representative positions of the CFMEU, and working on sites as members of the CFMEU, was disproportionately high. The suggestion that the bikies did not come with a risk of crime or violence is risible. As is shown elsewhere in this report, the OMCGs had taken control of building sites as drug distribution points and they were willing to fight to maintain control of those sites.

755. This is a short list of just some of the bikies who were forced onto employers as delegates or HSRs by the Setka-era CFMEU – it is certain to be incomplete and there would be many more than those listed here.<sup>131</sup>

### JOEL LEAVITT

756. Joel Leavitt is a violent criminal. Originally a member of the Bandidos, he was only 20 when he was convicted and gaoled following a "riot" outside a Gold Coast restaurant. Even by that stage he was described as having "*an appalling history of public offending*".

757. In 2019 Leavitt came to Melbourne and was appointed a delegate and a health and safety representative. It does not appear that Leavitt was trained or qualified for the job. Many have said that he attended sites only rarely.

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<sup>131</sup> There is another list of bikie connections in the text of the principal report – see the section on "*Organised Crime*".

## THE CASE STUDIES

758. At some point Leavitt had left the Bandidos and joined the Rebels. In 2023 he was shot by a rival gang while he was in a Rebels clubhouse.

759. After he was shot Leavitt was, ironically, driven to hospital in car which was provided to him for his work as a health and safety representative. That car was funded by the Victorian taxpayer.

### LUKE MOLONEY

760. Luke Moloney was the national president of the Hells Angels and is a long-term criminal with multiple convictions. For example, in 2023 he was convicted for a violent assault in which Moloney was "brandishing" a hunting knife while two other Hells Angels beat a man with a baseball bat. Shortly after he was arrested again for possessing drugs of addiction and an imitation AK-47.

761. On 31 August 2023 Moloney joined the CFMEU. On 13 September 2023 he was appointed a delegate and HSR. Moloney was convicted for the bashing on 23 October 2023.

762. The circumstances of how Moloney came into the CFMEU are so extraordinary they are covered in a separate case study.<sup>132</sup>

### JONNY WALKER

763. In 2014 Jonny "Two Guns" Walker, together with two other Bandidos, beat a man to death with a steel pole inside a Bandidos clubhouse. When they finished killing him, they rolled up the man's body in an old rug and dumped him in East Keilor. Walker was charged with murder, but a deal was struck under which Walker pleaded guilty to manslaughter. He was sentenced to eight years in gaol.

764. Walker got out of gaol in about April 2022. His parole application was supported by Elias Spornovasilis. He became a member of the CFMEU on 19 July 2022 and was immediately made a delegate. Ordinarily the position of a delegate is one earned by skill, dedication and long service to the Union. It would usually take years before an ordinary worker could become a delegate.

### TYRONE BELL

765. Tyrone "Little Ty" Bell was the national vice-president and a chapter president of the Mongols. He worked or works closely with Jesse Bonnici of the Finks and Sam

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<sup>132</sup> Case study ten: Luke Moloney joins the CFMEU.

## THE CASE STUDIES

"Sammy the Turk" Ercan – a well-known Hells Angels enforcer who is currently in gaol for holding a gun to the head of an accountant.

766. On 19 September 2023 Bell was made a delegate of the CFMEU. The records are unclear, but it seems he did not undergo any training for that work. He has, concurrently, conducted businesses under CFMEU-endorsed EBAs.

### MARTY ALBERT

767. Marty Albert was or is the sergeant-at-arms for the Bandidos in their Melbourne chapter. A sergeant-at-arms is an "enforcer" imposing what is described as "discipline."

768. Marty Albert came to the Victorian branch in late 2018, apparently as part of a group brought down from Queensland by Joe Myles.



*Figure 23: Marty Albert – a member of the governing body of the CFMEU*

769. In October 2023 Albert instigated a violent brawl between Bandidos and two men. The men were very seriously injured. Albert was convicted of assault, affray, and possession of methamphetamines. At the time he was an elected representative on the CFMEU governing body.

### JOEL BROWN

770. Joel Brown was patched by the Mongols.



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771. In the absence of skills or experience he was appointed a delegate in October 2021. Brown became a personal favourite of John Setka after he violently bashed protestors gathered at the CFMEU offices in September 2021.

### DEAN MARTIN

772. Dean Martin was the national president of the Rebels – a role so high that he represented Australia at the Rebels' international meetings.

773. Martin is a NZ national and resided in Australia on a visa. In 2023 the Minister for Home Affairs cancelled Martin's visa on "*character grounds*" and he was set to be deported back to NZ. At the last moment, Martin avoided deportation by proving that he was Aboriginal and therefore entitled to protection under the High Court's decision on Aboriginality.

774. Martin is close to Joel Shackleton. [REDACTED]

775. Martin was appointed a delegate in November 2022.

### KANE MONTEBELLO

776. Kane Montebello was the president of the "*Darkside Chapter*" of the Hells Angels. He is a kick boxer. Montebello was charged and convicted over the same vicious bashing for which Luke Moloney was convicted. It was Montebello who hit the man with the baseball bat while Moloney pinned the man down. The man's offence? He wanted to leave the Hells Angels and join the Mongols.

777. Montebello joined the Union in 2018 and became a delegate on 11 December 2023 – just a few weeks after he was convicted for the violent assault.

### JULIAN ASSAFIRI

778. Julian Assafiri was a sergeant-at-arms (ie enforcer) of the Hells Angels. In February 2022 Assafiri joined Moloney and Montebello in bashing a man with a baseball bat and threatening him with a knife. Assafiri was convicted and sentenced in 2023.

779. Just a few weeks later Assafiri was appointed as a delegate. It is true that his

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133 See Case study one: [REDACTED]

## THE CASE STUDIES

approval says that he had been "elected" to that role but on the details of the election all it says is that he was elected by Paul Tzirnas.



Figure 24: Julian Assafiri

### ELISEKO SEKO

780. Eliseko Seko was a Rebel and one of five men charged in 2019 with a raft of offences including blackmail, carjacking, and making death threats. He was described as a member of an "extortion and blackmail syndicate" controlled by the Rebels. The allegation against Seko was that he had waved a gun in the face of a 21 year old and asked him – "Do you want me to kill you?".

781. Seko appears to have become a delegate on 28 March 2024 and it appears he may still be discharging that role.

### STU-E CORKRAN

782. Stu-E Corkran was a patched member of the Rebels. He was exposed as a member of an OMCG when he addressed a bikie protest in full colours but, a little foolishly, used a CFMEU branded megaphone.

783. Corkran remains loyal to John Setka – in October 2025 he posted a video recording of himself leading a group of workers in a chant – "Johnny Setka – Here to stay".

### CASE STUDY TEN: LUKE MOLONEY JOINS THE CFMEU

784. Luke Moloney is the worst kind of violent bikie.

785. Moloney was a president of the Hells Angels. He proudly wears a "Filthy Few" patch - which is a Hells Angels' equivalent of the Victoria Cross - except it is not awarded for valour, it is awarded for an act of "extreme violence". Moloney has a long string

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of criminal convictions from violence to intimidation to drugs to possessing weapons.



*Figure 25: Luke Moloney - a proud member of the "Filthy Few"*

786. Yet Moloney was appointed a health and safety representative by the CFMEU.

787. In fact it was while Moloney was awaiting trial for a vicious assault he was picked up and appointed as a health and safety representative of the CFMEU – and this was despite an absence of experience and training.

788. How did this occur?

789. The principal persons behind Moloney's appointment were the organiser Gerry McCrudden and Joe Myles. Each has given an account, but neither account is believable. The only available inference is that Moloney corrupted the process or that McCrudden and Myles were paid or were performing a favour for a third party. There is no innocent explanation for this.

790. McCrudden was asked about this incident in the middle of 2024. When he was asked if he knew any bikies he quickly responded "No", but then, just as quickly, was reminded by his lawyer about Luke Moloney.

791. Once prompted McCrudden did manage to recall some facts relating to the appointment of Moloney. He gave an account that, about a year before, McCrudden was eating his lunch in a "Noodle Box" restaurant in Packerham.<sup>134</sup> McCrudden says that he was wearing his CFMEU vest and he was eating with another organiser,

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134 A "Noodle Box" is a chain of Asian-themed fast food outlets.



## THE CASE STUDIES

Rob Janjic. McCrudden says that, without notice, he was approached by a man who introduced himself as Luke Moloney, told McCrudden that he was working for SMW Earthworks and that he wanted to "*get recognised*". Moloney gave McCrudden his number.

792. According to McCrudden this brief exchange about getting "*recognised*" was treated as a formal application to be appointed as a delegate.
793. According to McCrudden, Janjic then said to McCrudden "*Do you know who that was?*". McCrudden said "*No*" and then Googled Luke Moloney's name. He says he quickly found out that Moloney was a serious bikie, so he telephoned Moloney and told him if he wanted to get "*recognised*" he would have to "*drop his colours*". Moloney then told McCrudden that he would do so but could not until a current court case he was facing was resolved. McCrudden said he accepted Moloney's word on this.
794. Moloney was facing "*court proceedings*" – it was his criminal trial for a vicious bashing. Ironically, given McCrudden's request that Moloney "*drop his colours*", the reason why Moloney was bashing the man was because the man wanted to terminate his membership of the Hells Angels. There were three Hells Angels involved in the bashing: Moloney, Kane Montebello and Julian Assafiri. Moloney's role was to threaten the man by pushing a hunting knife in the man's face.
795. As at the time McCrudden was meeting Moloney a simple Google search of Luke Moloney's name would have produced results recounting the story of the bashing and the charges laid against Moloney for assault with a weapon and extortion. It would have revealed that Moloney had committed these offences while he was out on bail on other charges. It would have revealed that Moloney had been, mostly, remanded in custody while awaiting trial.
796. McCrudden was asked if he attempted to find any of this information but said "*I did not look into it as I was not really interested*".
797. Even if McCrudden's story was true, it is unsatisfactory. It is ridiculous to suggest that an unknown worker making an unsolicited approach, in the absence of work references, could be considered for appointment as a delegate. It is ridiculous to suggest that McCrudden could uncover that Moloney was a Hells Angel without also uncovering that he was currently awaiting trial for the vicious bashing. It is ridiculous to suggest, given all that is known about the blood loyalty of bikies to their gangs, that a casual request by Gerry McCrudden would be enough to make a member of the Hells Angels "*drop his colours*".
798. By itself McCrudden's account is obviously untrue. Moreover, the other person McCrudden says was present during the conversation, Rob Janjic, denies he was there and denies ever meeting Luke Moloney.

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799. When Joe Myles was asked about this incident and how it came to be that a violent bikie had become a delegate, Myles came up with an equally implausible story. He said that it was the "workers" who wanted Moloney as their representative and that the "workers voted him up". Myles' account is untrue. The appointment was made in the absence of any vote by the "workers".
800. There is something more sinister about all of this – something which suggests a degree of organisation.
801. There were three men involved in the bashing. Luke Moloney was made a delegate on 13 September 2023. Kane Montebello was made a delegate on 11 December 2023. Julian Assafiri was made a delegate on 17 August 2023. Three men, who happened to be involved in the one bashing, were each made delegates within a period of four months. That is clearly not a coincidence.
802. It was obvious that someone in the CFMEU at the time had agreed to some kind of deal to reward these men. We can only guess at the motive.

### CASE STUDY ELEVEN: "EVERYBODY GETS TO EAT"

803. In the body of this report there is reference to the occasion when Harry Korras spoke freely to a supposedly crooked contractor looking to buy his way into a lucrative CFMEU EBA. What Korras did not know was that the contractor was an undercover agent and that the conversation was being recorded.
804. Excerpts from the conversation have been set out earlier in the report: it only seems fair to Korras to recount the whole discussion. This is it. The only speaker is Korras:

*"I have a 30 year relationship with the Union. I have a very good relationship with them. And you would know now the biggest union is [the] CFMEU.*

*They're very clever in how they do business, you know.*

*And they don't give out EBAs that easy. And the reason why is because they control the market. The Big Build is theirs. You can't get in if you don't know someone. Not gonna happen.*

*So, I'll tell you.*

*The Bosses are all my friends. We all grew up together.*

*I will take this to them. They're going to ask me two questions. One – why am I helping you, okay?*

*And two – they want to eat.*

*Because what they have to do, they have look at the Big Build. They look at it and say*

*'alright this is yours'. To put you there they have to move someone.*

*There's a fee to get an EBA.*

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*I think the upfront fee is cash. But all you've gotta do, I told ya, pay the boys,  
make sure  
they're okay.  
And that's it. That's business.  
And everybody gets to eat."*

805. It seems appropriate to leave those words there without comment.

### CASE STUDY TWELVE:

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808.

809.

810.

811.



## THE CASE STUDIES

- [REDACTED]
812. [REDACTED]
813. [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
814. [REDACTED]
- [REDACTED]
815. [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
816. [REDACTED]

## THE CASE STUDIES

[REDACTED]

817. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

818. [REDACTED]

### CASE STUDY THIRTEEN: FARUK ORMAN AND ZK INFRASTRUCTURE

819. Cameron Buzzacott owned a labour hire business, Zancott Knight. By early 2022 the business was falling – it could not win contracts due to its inability to secure a CFMEU EBA. Buzzacott had spent months trying to get CFMEU support for an EBA. Buzzacott then approached Kayne Pettifer, who he thought could assist.

820. Buzzacott says Pettifer introduced him to Faruk Orman. Orman is a *very* close associate of Mick Gatto (Gatto has Orman's name tattooed on his torso).<sup>135</sup> Through Gatto, Orman had obtained very close connexions with the old executive of the CFMEU.

821. So Buzzacott and Pettifer went to Orman and agreed to pay him \$250,000 to get them an EBA. Orman did so using ZK Infrastructure Pty Ltd – a company name selected by Buzzacott and Pettifer – as the applicant.

822. Originally the deal between Buzzacott, Pettifer and Orman was for two EBAs – one in the field of civil infrastructure, the other for demolition work. Orman put a price of \$250,000 for each, and eventually Buzzacott and Pettifer decided only to buy one

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<sup>135</sup> The close connexion between Gatto and Orman, - and how this has led to benefits being conferred on Orman by the CFMEU are examined separately.

## THE CASE STUDIES

– the civil infrastructure EBA.

823. Usually, the process from the making of an application to the point at which the CFMEU approves an EBA takes months. The checks and processes are complex and take time. Special treatment was given to Orman: he applied on 6 September 2022; by 9 September 2022 it was approved and granted. Only days later Orman transferred ZK Infrastructure Pty Ltd to Buzzacott and Pettifer.

824. The speed with which the matter was dealt is only explicable by favourable treatment of Orman. The particular person within the CFMEU who supported Orman's application was the senior vice-president, Joe Myles – who claimed barely to know Orman.

### **CASE STUDY FOURTEEN: BILLY MITRIS, ELIAS SPERNOVASILIS AND X-FORCE**

825. Daniel Salter conducted business in NSW as a labour hire supplier. His businesses had failed and workers had been left unpaid – Salter became a kind of enemy of the NSW CFMEU and was unable to get a labour hire EBA in NSW. So Salter moved to Victoria.

826. Salter was an ex-serviceman. He went to Victoria with a proposal to set up a specialist labour hire business employing ex-servicemen. His rationale was that veterans often leave military service with personal problems and, as a group, were disadvantaged and vulnerable. In accordance with the social procurement framework in Victoria, disadvantaged and vulnerable groups are given favourable treatment in terms of acquiring work on the Big Build. Salter's claim was that he could assist veterans and at the same time pursue a potentially lucrative line of business.

827. So Salter had a business plan. It appeared to be a good plan with reasonable prospects of success. In preparation he had registered a clever name for the business – "*X-Force Logistics*".

828. All he needed was a CFMEU EBA.

829. Salter had several meetings at the CFMEU office on Elizabeth Street. At different times he met with John Setka, Derek Christopher and Elias Spornovasilis together or separately. Positive noises were made, suggesting that Salter would be given an EBA.

830. But the invitation to apply for an EBA never arrived.

831. After months of getting nowhere, Salter was advised to approach Billy Mitris. Salter was told that Mitris had very strong connexions with the power brokers in the CFMEU and could use his contacts in the CFMEU to get an EBA for a price (Salter has never revealed from whom he received this advice).



## THE CASE STUDIES

832. Mitris did have very strong connexions within the CFMEU. His principal contact was through a long-term friendship with the assistant secretary Elias Spervovasilis. Mitris was friendly with John Spervovasilis, the father of Elias. Through that Mitris became friendly with Elias and they became close: Elias was Mitris' best man at his wedding; Mitris' son's middle name is "John" – a tribute to Elias' father; Elias is godfather to that child. Mitris and Elias are so close they describe each other as "brother".



Figure 26: "The brothers" - Billy Mitris and Elias Spervovasilis

833. Salter did not know Mitris but made contact and asked Mitris for assistance.

834. Even before the meeting Salter was aware that people were paying bribes to acquire labour hire EBAs; he had heard that people were paying \$100,000 or more. He was concerned because he did not have that kind of money.

835. Salter explained to Mitris what he wanted and the two had a conversation about the money:

*Salter: "Well, what sort of figures are you talking about?" Mitris: "You have to work it out."*

*Salter: "I only have \$10,000 – so five or ten grand?"*

*Mitris: "Call it a consulting fee – ten grand."*

836. Mitris said he would do it, but only if he was given an equal share of the business. Mitris also told Salter that the new business had to be solely in Mitris' name, even though it was owned in equal shares.

837. A \$10,000 payment is way under the market price to be paid to get a labour hire EBA – the usual CFMEU price is \$250,000 to \$500,000.

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838. After Salter agreed to pay the \$10,000 and to split his business, he asked Mitris how he could get the EBA and Mitris responded *"I am going to ensure it through my brother. He is my best friend, it will all be done."*

839. Salter paid the \$10,000 to Mitris' accountant, describing it as *"consultancy fees."*

840. On 16 February 2022 the Fair Work Commission approved X-Force receiving a *"Veterans Employment & Training Enterprise Agreement"*. The significance of the reference to *"Veterans"* is that, as such, the proposal should get preferred treatment from contractors seeking to meet their social procurement obligations.

**X-FORCES LOGISTICS PTY LTD  
and  
the CFMEU (Victorian  
Construction and General  
Division)  
Veterans  
Employment & Training  
Enterprise Agreement 2020-2023**

Figure 27: The EBA granted to X-Force – note the reference to the EBA being for *"Veterans Employment & Training"*.

841. This is an example of just how absurdly the social procurement guidelines work. The approved EBA was signed by Mitris and identifies him as the *"General Manager"* of X-Force. Mitris is not a veteran and has no connexions with veterans. There is no obligation on X-Force to actually employ veterans and no means of knowing whether it does. Obviously, Mitris was not interested in veterans. Salter may have had good intentions, but for Mitris the word *"veteran"* was used simply to gain benefits under the procurement framework.

## THE CASE STUDIES

CFMEU (Victorian Construction and General Division) Veteran Employment & Training Enterprise Agreement 2020-2023

73 Signatories

Signed for and on behalf of the employer:

Name (print): WILLIAM MITRIS  
 Employer: X-FORCES LOGISTICS PTY LTD  
 Employer Position: GENERAL MANAGER  
 Address: 31 Crosslands Road, Geelong, VIC 3219  
 Signature: *[Handwritten Signature]*  
 Witness: *[Handwritten Signature]*  
 Date: 03/02/2022

Signed for and on behalf of the CONSTRUCTION FORESTRY MARITIME MINING & ENERGY UNION:

Name: ROBERT GRAAUVWIJNS  
 Position: PRESIDENT  
 Address: 540 Elizabeth Street, Melbourne, VIC 3000  
 Signature: *[Handwritten Signature]*  
 Witness: *[Handwritten Signature]*  
 Date: 04/02/2022

Figure 28: The page with Mitris' signature – note the description of Mitris as "General Manager".

842. Naturally, there were several discussions between Mitris and Salter during the period the business was starting up. Salter quickly realised that Mitris had no skills, no experience, and could not run a business like this. Still, Mitris was confident of success and would say things like "We will have 30 or 50 guys on-site." One conversation they had went:

*Salter: "Will we get the work?"*

*Mitris: "Vegas is the secret ["Vegas" is Mitris' nickname for Spornovasilis]. He's my mate. We can make things happen."*

843. Mitris went on:

*Mitris: "We can get 50 to 60 men out there."*

*Salter: "What if we don't win on merit, on our tender?"*

*Mitris: "It doesn't matter who wins the tender. The union shuts them down. They make things too hard for them."*

844. From other discussions Salter found out that the "shutdowns" were site closures manufactured by the CFMEU, usually on the basis of safety issues.



## THE CASE STUDIES

845. In fact, X-Force never took off – the business was a flop. It was unable to compete with the other larger labour hire businesses – which Salter suspected were getting favourable treatment. It was only ever able to get a handful of workers onto the many sites around Melbourne. The margins were so tight that Salter himself returned to working on the tools and his partner, unpaid, did the bookwork.
846. Meanwhile Mitris was making money from the deal. On paper he was the sole proprietor of the business and he skimmed any profits off the top. Salter has records which show Mitris took out \$175,000 for himself. That was all the money the business ever made. Mitris used it to service one of his mortgages.
847. When X-Force collapsed, Mitris simply walked away from the business.

### **CASE STUDY FIFTEEN: MICK GATTO'S M GROUP**

848. Mick Gatto owns a number of companies within the M Group.
849. There is no doubt that M group companies have received favourable treatment from the CFMEU. And this is a big business – one company in the group generated \$32 million in 2024 and it was estimated that it would earn \$52 million in 2026.
850. The companies in the M Group got favourable treatment and were showered with CFMEU benefits because they were owned by Gatto.
851. Gatto, of course, denies he owns the M Group companies, but that is transparently false. The attempts to conceal Gatto's involvement are crude.
852. When the original M Group entities were set up, they were established and owned by Gatto's company, Arbitration and Mediation Services Pty Ltd. It is true that Gatto then ostensibly sold his shareholding, but he sold it to a company named Taggo Pty Ltd. The shares in Taggo are owned by Sarah Jane Awad. Her maiden name was Sarah Jane Gatto. She is Mick Gatto's daughter.
853. Since then the directors of the M Group companies have been Tony Paragalli and Michael Portia – who are very clearly frontmen for these and other Gatto business ventures.<sup>136</sup> An ASIC search of the M Group companies shows that none of the shareholders have beneficial ownership of their shares – ie they hold them on behalf of another, unidentified person. This is the typical method used by someone wishing to disguise or conceal the true ownership of a company.

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<sup>136</sup> They are also the directors of Jarrah Resource Management – an Indigenous labour hire company which Gatto has told third parties that he owns. Paragalli is or has been a director of at least 12 companies associated with Gatto; Portia is or has been a director of another 12 companies associated with Gatto.

## THE CASE STUDIES

854. Paragalli and Portia make unlikely candidates as building contractors.
855. Paragalli must be a very busy man. In addition to his work at Jarrah Resources and the various M Group companies, he has been a director of at least 34 different companies in recent years. He covers fields of business as diverse as beauty products, asset management, investment advice, high tech, communications, transport. He has even been a director of Wallenius Wilhelmsen – no, not the Scandinavian shipping giant, just a company based in Pascoe Vale South.
856. Portia is not far behind – he has been the director of 28 companies and, judging from the titles of his companies, his business skills spread as wide as security services, transport, hotels, telecommunications and industry training – amongst several others. He also seems to manage people's assets from a company based in a street in Airport West.
857. It is quite plain that Paragalli and Portia are dummy directors – but for whom?
858. Gatto has told third parties that it is he that owns the M Group companies.
859. [REDACTED]
860. Another sure sign that the M Group companies belong to Gatto is that the CFMEU has shown the companies inexplicable favouritism.
861. Companies in the M Group have received at least ten CFMEU-endorsed EBAs. Bearing in mind that the CFMEU hands out very few labour hire EBAs, it is a matter of note that M Group companies have received five labour hire EBAs from the CFMEU since 2016. Given that traffic control EBAs are highly sought after (and very lucrative if one can be got) it is notable that M Group companies received five traffic control EBAs from the CFMEU since 2015.
862. Then there is the favouritism toward M Group companies shown by the CFMEU organisers and delegates. Several accounts were provided that organisers were insisting that M Group companies be preferred. As explained elsewhere, organisers and delegates are highly influential in terms of deciding which contractor will be awarded a job. The mere suggestion that one firm be preferred over another carries with it an implicit threat (or, sometimes, an explicit threat) that the failure to do so will lead to industrial disruption.
863. There are many stories of this kind of preferential treatment; one example will do.
864. [REDACTED]

## THE CASE STUDIES

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867. In 2017 one company, M Group Construction Services Pty Ltd, was forced into liquidation owing the ATO over \$700,000. That stopped nothing: other M Group companies took over the work and continued to receive CFMEU support.

868. But that \$700,000 was flimsy compared to the next instance: in March 2025 M Group Trades and Labour Pty Ltd were placed into administration owing over \$13.8 million to the ATO.

869. The suspicious circumstances surrounding the liquidation resulted from years of preparation. In 2016 M Group Trades and Labour Pty Ltd was registered. The only director was Michael Portia. About six months later M Group Construction Services Pty Ltd was put into liquidation over the \$700,000 tax debt. Portia resigned as a director only three months before the company went into liquidation. An ATO demand to pay the tax was made on his successor and Portia (and Gatto) seem to have escaped any consequences.

870. All of the workers and all of the work of M Group Construction Services were then transferred to the new company, M Group Trades and Labour.

871. Although that company generated in excess of \$30 million in 2024, it went into administration with the huge tax debt in May 2025.

872. In what seems to be an extraordinary piece of good luck, Sarah (Gatto) Awad sold her shares in the company on 25 November 2024. In what seems to have been an extraordinary misjudgement, her shares were purchased by Michael Portia – who should have been the person best placed to see the financial fragility of the company.

873. Despite the second company's collapse, nothing appears to have changed. Sources made contact to say that after the collapse was reported in the newspapers, the same employees of that M Group company came back to the same sites to do the same work. One telephoned from a site to say he was standing and watching Gatto's jobs continuing as though nothing had happened. There has been no dent in Gatto's work.



## THE CASE STUDIES

874. Perhaps the most remarkable feature of this is that it is occurring on Victorian government sites funded by Victorian taxpayers.
875. It is not credible that those behind the awarding of EBAs to M Group companies were unaware of the connexions with Gatto. Everyone knew. The matter was reported in the newspapers. If the persons awarding the EBAs were aware, then, if they were doing their job honestly, they would have asked questions.
876. This makes it difficult to understand, in light of the Administrator's direction to senior officials to terminate relations with Gatto, how the CFMEU can continue to give EBAs to M Group companies.
877. There are two instances of this. On 22 January 2025 an M Group company received a labour hire EBA with a three-year term; on 27 February 2025 an M Group company received a traffic control EBA for a two-year term.

### CASE STUDY SIXTEEN: GATTO – "WE CAN CAUSE YOU GRIEF"

878. In January 2021 two developers, *Sapporo*\* and *Cortina*\*, entered a contract with a builder, Cobolt, to build a ten-storey block of apartments in Collingwood. The contract was for around \$10,000,000. The relationship between the developers and the builder soured and work ceased.
879. On 4 October 2023 *Sapporo* received a call from Mick Gatto who told *Sapporo* he was representing Cobolt in the dispute between the developers and the builder. *Sapporo* made excuses and terminated the conversation.
880. On 5 October 2023 *Sapporo* called Gatto and taped the call. This call contained a threat from Gatto.
881. At the outset there was clarification as to whom Gatto was representing:
- Sapporo*: "Are you ringing on behalf of Cobolt?"
- Gatto*: "Yeah, we're ringing on behalf of Cobolt."
882. The conversation continued and the areas of dispute between the developers and the builder were discussed. The conversation then turned threatening.
- Gatto*: "I know you're speaking to Lyngs [Johns Lyng – a large building company] and trying to get Lyngs to come and finish the work."
883. This was correct: the developers had spoken to executives at Johns Lyng with a view to having them complete the building work. Discussions were advanced - heads of agreement had been exchanged.

## THE CASE STUDIES

884. Gatto then said in respect of the construction work resuming:

*Gatto: "I can stop anyone doing anything, mate."*

885. This, obviously, was an assertion by Gatto that he had the power to stop work on any site at any time. This is where the CFMEU comes into the picture. As will be explained, Gatto admits that he had that kind of power within the CFMEU.

886. In this context, Gatto continued his statement to Sapporo:

*Gatto: "We can cause you grief – I know you've got enough grief in your life already."*

887. That is obviously a threat.

888. In an interview with the podcaster Sam Newman, Gatto referred to this incident. He boasted that he was an effective debt collector because, once aware that he was involved, those he approached would capitulate. Gatto explained to Newman that this was *"because they're worried about my union connexions and maybe I can cause them grief that way, which I probably could."*<sup>137</sup>

889. In fact Gatto was speaking the truth – he was able to stop the work.

890. As mentioned, the developers had been speaking to Johns Lyng. Heads of agreement had been exchanged. Shortly after Gatto became involved Johns Lyng pulled out of negotiations. Cortina spoke to an executive at Johns Lyng, Daniel Meiklejohn, who told him *"We are getting a lot of calls from the union. We are going to meet with them. We have people who deal with the unions."* Another executive at Johns Lyng, Lindsay Barber, then told Sapporo that Johns Lyng could not sign *"because they would be made to suffer on projects around Australia."*

891. Attempts by the developers to get other builders met with similar problems.

892. Around this time the developers were approached by a CFMEU organiser, Andrew De Bono. De Bono is known to be closely connected to Gatto. It is not clear how or why De Bono became involved: the site was not a CFMEU site, the site was inactive, and the site lay outside De Bono's patch. It seems De Bono must have been brought in by Gatto.

893. It is very plain that Gatto was doing precisely what he threatened to do – cause the developers *"grief."* It is equally plain that he was using his union connexions to cause the trouble.

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137 This was during an episode of Newman's podcast *"You Cannot Be Serious,"* Episode 233, 22 December 2023.

## THE CASE STUDIES

894. But that is not an end to this story.

895. The developers continued in dispute with Cobolt and the matter went to court. In several interviews a proprietor of Cobolt, Christian Munn, emphatically denied that he had ever retained Gatto in any capacity.<sup>138</sup> Munn's claim appears to be incorrect. Gatto's business partner, John Khoury, actually attended the building site. Khoury told a security guard to open the gate on the site and when that was refused, Khoury directed the security guard to tell his "boss" that he would come back *"and will take all his stuff on Monday or Tuesday."* Khoury even left a calling card when he was refused access:



Figure 29: John Khoury's calling card

896. And it gets even more curious when it is known that, around that same time, Cobolt made payments to a company set up by the accountant Charles Pellegrino. Pellegrino and his companies are known to be associated with Gatto and Khoury and collects money on their behalf.<sup>139</sup>

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138 For example, see *"Nobody will admit they're behind Mick Gatto's famous phone call, but he seems sure"*, The Sydney Morning Herald, 13 September 2025.

139 See *"Nobody will admit they're behind Mick Gatto's famous phone call, but he seems sure"*, The Sydney Morning Herald, 13 September 2025.



**CASE STUDY SEVENTEEN: MUHAMMED SAYAN AND THE TOBACCO WARS**

897. On 30 July 2025 a CFMEU health and safety representative, Muhammed Hasan Sayan, was arrested and charged with the murder of a violent underworld figure.
898. The background is that at 3pm on Saturday 7 October 2023 a number of gunmen wearing balaclavas entered the busy carpark of a suburban shopping centre in Craigieburn. The men opened fire on a car with two occupants. They murdered one and seriously injured the other. Bullets were sprayed around near members of the public.
899. The man who was killed was Robert Issa – one of the most violent gangsters involved in a gang war over the control of illicit tobacco distribution. The other man who was shot has not been identified and his condition is unknown.
900. There is no doubt that the shooting is related to the “*Tobacco Wars*” enveloping Melbourne. There are two rival gangs battling for control of the hundreds of millions of dollars to be made from the sale of illicit cigarettes. Violence has been escalating: there have been numerous firebombings and several murders. Issa was a prominent leader of one of the two rival gangs. Issa’s murder had obviously been ordered by the other gang involved in the Tobacco Wars – a syndicate which has been described in the press as a “*Middle Eastern crime gang*”.
901. On 30 July 2025 four men alleged to be responsible for the shooting were arrested in Melbourne. Another was arrested on his arrival in Greece. One of the men arrested in Melbourne was Muhammed Hasan Sayan.<sup>140</sup>
902. At the time of his arrest Sayan had recently been appointed as a CFMEU HSR.
903. According to the scant records retained by the CFMEU, preparation for the appointment of Sayan started on 13 February 2024 when Sayan sent an email and CV to Ross Giammona, the General Manager of Vamp Cranes. Giammona is a convicted killer. It is not clear whether Giammona had solicited the email from Sayan.
904. Vamp Cranes is a controversial firm. It is said to be owned and controlled by a “*Middle Eastern crime gang*” involved in the Tobacco Wars. In the South Australian Parliament, Vamp Cranes was described as having “*deep suspected links to Middle Eastern organised crime and drug trafficking and recently targeted by firebombings*”.<sup>141</sup>

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140 As observed earlier, Sayan has been charged, not convicted. He retains a presumption of innocence.

141 *The Hon B R Hood*, Hansard, 27 November 2024.

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905. On 20 February 2024 Giammona sent an email to Paul Tzimas, a CFMEU organiser, asking Tzimas to "look at" the resume. Perhaps presciently, Giammona suggested that Sayan might be "consistent with the core values of the CFMEU". Giammona added "I will bring him in on Friday for a quick 5min meet and greet".

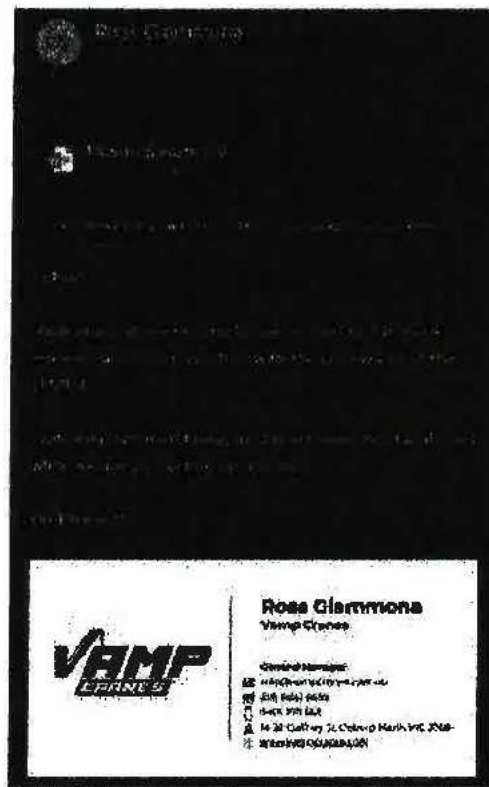


Figure 30

906. There is nothing to suggest that Tzimas checked any of the claims made on the CV.

907. The next record held by the CFMEU is a pro forma document titled "Delegate/Safety Rep Form".

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**DELEGATE/SAFETY REP FORM**

April 2012 - Copyright 2012 by the National Association of Manufacturers (NAM) and the National Safety Council (NSC)

**PERSONAL INFORMATION**

Name: MURRAY, GARY Gender: MALE  
 Address: 2475 835 ST City: 32612  
 Phone: 407-547-2020 Email: GARY@MURRAY.COM  
 Title: OWNER OF MURRAY

**EMPLOYMENT DETAILS**

Employer: VISCON  
 Job Title: FABRIC APARTMENTS  
 Site Address: 699 GLEN HUNTER RD CAULFIELD  
 Job Phone: N/A Job Fax: N/A  
 Job Type: ☒ Apprentice ☐ Worker ☐ Safety ☐ Other  
 Site Address: 1/1 Address:

**DELEGATE DETAILS**

Work Force: work force  
 Name: Paul Thomas Job Title: TBA  
 Company: Paul Thomas & Mary Mont Royal  
 Delegate Role: ☒ Delegate ☐ Safety ☐ Other  
 Delegate Role: ☒ Delegate ☐ Safety ☐ Other  
 Delegate Role: ☒ Delegate ☐ Safety ☐ Other

Figure 31

908. This form is problematical.

909. Sayan is marked down as employed by "Viscon" on a job at the Fabric Apartments in Caulfield. There are a number of Viscon companies and all have a connexion with Stefan Frenkel. Frenkel has a separate connexion with Vamp Cranes: In 2022 a trade journal, "Cranes and Lifting", described Frenkel as the "new business owner



## THE CASE STUDIES

of Vamp Cranes."<sup>142</sup>

910. In the section directed at his election the original entry is that Sayan was elected by "Paul Tzimas", but that is crossed out and replaced by "Workforce" and the date Sayan was elected is marked "TBA" – meaning that the date was to be advised, but no date was ever advised. That suggests there was no election at all – and that conclusion is consistent with other information.
911. In the section which specifies Sayan's appointment he is marked down as both a "Delegate only" and as a "Delegate & OHS Rep" – which is impossible.
912. In the section directed at training there is no information at all. There are no records of Sayan ever receiving the compulsory CFMEU training as a delegate or as an HSR.
913. Finally, the evidence seems to indicate that the appointment took effect on 25 June 2024 – which is puzzling because Sayan was not a member of the CFMEU before that date.
914. The only conclusion available is that Sayan was appointed as a favour to Giammona or someone behind Giammona and that Tzimas broke a number of rules to achieve that.
915. This was obviously a favour – but to whom? And, why were they owed the favour?

### CASE STUDY EIGHTEEN:

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142 The same article quotes Frenkel to the effect that "Vamp Cranes is a family business that officially opened its doors to customers in November 2021" see Simon Gould, "TIDD Crane, the first choice for new business Vamps Cranes", Cranes and Lifting, 26 May 2022.

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