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Parliamentary Commission of Inquiry
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FILE No.

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ARCHIVAL ACTION

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ALLEGATION NO 13.

(Refer Allegation 40)

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FILE NO.

925

REFER TO

Allegation

40

Attorney-General's Department

RECEIPT FOR ~~CLASSIFIED~~ DOCUMENTS

No 2827

FROM

AG's

TO

Andrew Phelan

DATE

18.7.86

Originator	Description	Reference No	Addressee and Address
CNR	1 file (33 folios)	75-504	Andrew Phelan

10775/77

Receipt is acknowledged of the above listed classified documents (Total No.....)

Signature.....

Date.....

Time.....

NOTE—This copy of receipt to be retained by recipient

Beale

MEETING WITH SUPERINTENDENT KEN DREW, CHIEF OF STAFF
TO THE NEW SOUTH WALES POLICE COMMISSIONER

At 2.30 on 16th of July, 1986 I met with Superintendent Drew at the 20th Floor of the Police Headquarters Building in College Street, Sydney. Also present were Patricia Sharp, Sergeant R Clarke of the Licensing Squad and Detective Sergeant R Lynch of the Breaking Squad.

I briefly outlined our function and said that we were seeking the co-operation of the NSW Police in relation to a number of allegations that had been made in relation to His Honour Mr Justice Murphy. We discussed briefly various provisions of our act.

As an opening gambit I suggest that the NSW Police Force must have collected a considerable body of intelligence on Abraham Saffron over the years. I asked whether any link between Saffron and His Honour had been uncovered at any time by the NSW Police. Superintendent Drew said that apart from what James McCartney Anderson had told Sergeant Warren Molloy (as to which see later) no link between Saffron and His Honour had come to light. That was confirmed by Detective Sergeant Clarke who from the early 1980's has been the Officer in Charge of the general licensing in the Kings Cross region; and by Detective Sergeant Lynch, who has been responsible for investigating the activities of Todor ('the Torch') Maximovich over the last few years. Sergeant Clarke said that Warren Molloy had a far more detailed knowledge of Saffron's operations because of his position as Special Licensing Sergeant in the Kings Cross region up until the time of the Bill Allen affair. Both Clarke and Molloy had at various times closed down The Venus Room, and Molloy is alleged to have a very detailed knowledge of the ins and outs so to speak of that establishment. Moreover, Molloy has been entertaining James McCartney Anderson in recent times. Apparently Anderson thinks that Molloy is a "good bloke" and is supposed to be singing like a canary to him. Molloy is overseas

until the 29th of July. Superintendent Drew is to arrange for us to meet Molloy as soon as possible after his return. He is also to arrange for us to see the people in charge of the Vice and Drug Squads in the late 70's early 80's. We were told that the Former Head of the Vice Squad, Ernie ('the good') Shepherd, may be able to tell us something about suggestions that Saffron procured females for His Honour. We were also told that the Vice Squad has been conducting a rather lengthy investigation into allegations that Phillipino girls were imported under some racket involving Morgan Ryan to work as prostitutes in The Venus Room. Details of that investigation are to be made available to us.

I then thought I would stir up the waters a bit by asking whether it had ever been explained of why when the NSW Police were busily tapping a fairly large number of known or suspected criminals in Sydney noone bothered to tape Abe Saffron's phone. There was an outbreak of mumbling by the police in the room at that juncture and I get the distinct impression that something very suspicious occurred at senior levels within the NSW Police Force to prevent such a tap being placed on Saffron's phone.

I then mentioned the statements by Egge to the Stewart Commission in relation to Luna Park and Central Railway, and the fact that very few of the other police examined by Stewart had been asked about those allegations. I gave him the attachment from the recent Stewart letter which listed all of the NSW Police Officers who'd worked for the BCI/TSU and asked Superintendent Drew to obtain for me the present location of each person listed therein. Superintendent Drew said he would do this (he complained of the logistics involved). He mentioned that the Police Commissioner had instructed police generally not to give evidence to other agencies without first being cleared by him. Superintendent Drew is to arrange clearance by the Police Commissioner. In any case, until that clearance is forthcoming, Superintendent Drew felt that none of the police would speak to us given that that instruction that is about not

speaking to outsiders had been drummed into them. I also asked Superintendent Drew to obtain, or at least locate, all of the diaries and notebooks of all of the people mentioned in that list for the relevant periods. He felt that those diaries may be with the National Crime Authority, but undertook to make enquiries. I specifically asked for the present location of [REDACTED] and Drew mentioned that he understood that [REDACTED] boat has recently been destroyed in a mysterious fire and he was not sure where he was presently hanging out.

I then said that with all of the information that was being gathered by the TSU/BCI there must have been some form of intelligence record created for each piece of information thus received. That is I felt it was an available inference that files would of been created within the BCI on His Honour if His Honour had been mentioned in any information gathered by the BCI/TSU. I asked Superintendent Drew to make inquiries to ascertain whether any such records exist and if so to obtain same. He felt that if any records had existed that they would have been destroyed. However he undertook to make the inquiries.

I then mentioned the evidence of Egge before the Stewart Commission concerning the Milton Morris allegation. In particular I mentioned Egge's statement that following the interception of a telephone conversation between His Honour and Morgan Ryan, wherein it was suggested that His Honour had set up a meeting between Morgan Ryan and Milton Morris on the steps of Parliament House, the BCI/TSU had staked out the steps to observe said meeting. I asked for all of the records of the BCI/TSU relevant to any such inquiry. I asked whether any stakeout might have been done by the Observation Squad, the BCI itself, or some other organisation and asked that all relevant records be checked. Superintendent Drew undertook to make those inquiries.

I also asked for all of the running sheets of the BCI/TSU for the period 1978 to 82 at least. Superintendent Drew believed

that these had been destroyed by Mr Blisset in the early 1980's following the disclosure about the existence of The Age tapes. However he undertook to make inquiries to see whether any of the running sheets still existed. I then turned to the matters disclosed in the second chapter of the second volume of the Stewart Commission Report. I asked whether any investigation had been carried out into any of the allegations raised by Stewart. Superintendent Drew told me that a Task Force had been established to thoroughly investigate all of the allegations. That Task Force is headed by Detective Superintendent Stephenson. Its establishment was delayed by Justice Stewart in handing over the relevant information, but now appears to be in full swing. All of the Stewart information is being fed into computer and I understand that police have begun their inquiries. Highest priority is the Cessna Milner Matter. Also high on the list is the alleged involvement of His Honour, Ryan, Saffron, the Yuens, and police in the Dixon Street Casinos matter. It will also appear that some further investigation has been conducted into the Lowe and Shaw attempt to influence Lewington. Superintendent Drew indicated that nothing had come of this investigation. Superintendent Drew then introduced me to Detective Superintendent Stephenson and told Superintendent Stephenson that he was to co-operate fully with our inquiry. I understand from what Superintendent Drew told me that this Commission will have full access to the ongoing investigations by the NSW Police into the various allegations raised by Justice Stewart. I intend meeting with Superintendent Stephenson at some date in the not too distant future, when the NSW Police inquiries have achieved some headway.

Finally, I mentioned the Morosi break-in in February 1975. After briefly outlining the charges brought (namely larceny and illegal use of motor vehicle) Superintendent Drew expressed his disbelief that such charges would have been laid in those circumstances - invariably, no matter what the amount involved, charges of break enter with intent are brought; moreover the charge under the Motor Traffic Act is "part of ancient

"history". I asked Superintendent Drew to make inquiries to find out whether the break-in was ever reported to the NSW Police and if so, I asked him to obtain any of the files and papers that may still exist within the Police Archives relevant to that matter.

Superintendent Drew is to get back to me in the next couple of weeks in relation to all of these matters and in particular, to set up the meeting with Molloy and the other people previously mentioned.

Signed: [REDACTED]
[REDACTED]

Andrew Phelan
16.7.86

0110M

Peter / Mark

Allocated to you.

As discussed, high priority.

Do not speak to Don
Dares or Morgan Ryan—
leave them to me.



15/7/86

Memo to: Mr. Charles
Mr. Weinberg
Mr. Robertson
Mr. Durack
Ms. Sharp
Mr. Thomson

From: Mr. Phelan

BRIEF ANALYSIS OF CERTAIN DOCUMENTS RECEIVED FROM THE OFFICE OF
DIRECTOR OF PUBLIC PROSECUTIONS ON 19 JUNE 1986

1. The documents received are briefly described in the receipt given by David Durack on 19 June 1986 (copy attached). The following is a more detailed description of certain of those documents together with a brief analysis of what they contain in terms of the allegations so far identified.

The Morosi break-in allegation

2. Relevant to this allegation are two manilla folders. The first is marked [REDACTED] and contains the following documents:-

- (a) A statement given by [REDACTED] on 4 April 1986.
- (b) A report to the Attorney-General from the then Assistant Commissioner (Crime) J.D. Davies dated 17 January 1975.
- (c) A supplementary modus operandi report from Detective Inspector Tolmie then of the Commonwealth Police.
- (d) A note to the Officer in Charge of the Commonwealth Police Force dated 30 January 1975 from an officer within the Office of the Deputy Crown Solicitor, Sydney.

- (e) A note dated 4 March 1975 from Sergeant Lamb to the Officer in Charge New South Wales District of the Commonwealth Police concerning an approach to him from Mr David Ditchburn.
- (f) A note dated 7 March 1975 from Detective Inspector Tolmie to the Officer in Charge New South Wales District, concerning certain enquiries of neighbours of the Morosi's.
- (g) A note dated 28 February 1975 to the Officer in Charge New South Wales District, from Constable First Class Jacobsen, concerning allegations re antecedents of Juni Morosi.
- (h) A statement by William Alexander Tolmie undated and unsigned concerning the arrest of Felton and Wigglesworth at the Morosi premises, and
- (i) A statement signed this time but undated by Sergeant Lamb in the same matter.

The second manilla folder is headed simply Felton/Wigglesworth and contains the following documents:-

- (a) A note of a interview by A.C. Wells, dated 22 April 1986 with Richard Wigglesworth.
- (b) A file note in relation to contact of Wigglesworth.
- (c) File note dated 13 April 1986 by A.C. Wells concerning the interview of Alan Felton.

3. The most interesting document is undoubtedly the statement by [REDACTED] He said that in the early 70's he was hired by Alan Felton to break in to a townhouse occupied by Juni Morosi at Gladesville. He described Felton as a member of a committee of persons including W.C. Wentworth and Ivor Greenwood, a group which he later described as being anxious to get information on Lionel Murphy. The purpose of the break-in was to obtain documents providing details of Lionel Murphy's activities overseas and his relationship and

business dealings with Juni Morosi. Such documents were supposed to be located in the garage in a room used as an office. On his instructions, an unnamed agent and a locksmith called Richard Wigglesworth broke into the property but came back empty-handed. He reported this to Alan Felton but he did not believe [REDACTED] and insisted that [REDACTED] Wigglesworth and he personally break back into the property. There was a period of approximately 2 weeks between the first attempt and the second break-in. During this period [REDACTED] had a conversation with Bill Waterhouse. During that conversation (which [REDACTED] recalls with some clarity), [REDACTED] disclosed the nature of his enterprise and the time and date upon which the second "raid" would take place.

4. [REDACTED] described the second break-in attempt as follows. He accompanied Alan Felton and Richard Wigglesworth to the property in Batemans Road, Gladesville. He parked his car away from the property and drove the remaining distance in a van with the other two people. When he got to the property he did not go in but remained in the van. Wigglesworth and Felton entered the property, Wigglesworth using a key he had made up from the previous break-in. The door was left open. They emerged after a few minutes and came towards the van. [REDACTED] got out to move a bicycle that was on the ground when suddenly a number of police and police cars came up Batemans Road. [REDACTED] started running and jumped over a few fences, got back into his car and apparently escaped.

5. [REDACTED] said he was furious and drove his car straight to Bill Waterhouse's office on the Pacific Highway at North Sydney. [REDACTED] had told Waterhouse that he had just come from Batemans Road and that there were police everywhere. He said, "What have you done, I think they have arrested my man Wigglesworth." Waterhouse laughed and said "I'm sorry [REDACTED] I'll look after it" and thereupon telephoned Morgan Ryan's office. [REDACTED] claims he knew he had telephoned Morgan Ryan's office

because he watched him dial the number - a number with which he was familiar because of prior dealings with Morgan Ryan. Waterhouse said to the person on the other end of the phone (he presumed it was Morgan Ryan) "The big fellow is upset, [REDACTED] here. His man's been arrested, I'll put him on". He then handed the phone to [REDACTED] [REDACTED] then spoke to a person whose voice he recognised as Ryan's and told him what had happened. Ryan laughed and the conversation continued in the following terms. Ryan said, "Don't worry, we'll have it fixed. My mate's here and I'll put him on". [REDACTED] said, "This fellow Wigglesworth is a good friend of mine and a good fellow. It's an embarrassment to me and I believe he's now been taken into custody." [REDACTED] then spoke to a person whose voice he recognised as Lionel Murphy's (he recognised Murphy's voice because he had heard him speak on a number of occasions). Murphy said, "Thanks very much [REDACTED] I'm sorry about this but it will be attended to." [REDACTED] said, "You've put me into a lot of hot water here because you've made a mess of the thing and I don't think you've gained anything from it. I want it attended to otherwise I will go to Press. How did this come about.?" Murphy said, "Bill told me". [REDACTED] then handed the phone back to Waterhouse who said to the person on the other end of the phone [REDACTED] assumed at that stage that it was still Lionel Murphy), "You'll definitely look after [REDACTED] man." Waterhouse then hung up the phone and said to [REDACTED] "I will ring Bob Askin." Waterhouse then telephoned another number and a conversation took place between Waterhouse and the person on the other end of the phone [REDACTED] assumed it was Askin). Waterhouse hung up and said to [REDACTED] "He'll look after it. He'll contact Murray Farquhar."

6. [REDACTED] then left Waterhouse's office and went to Wynyard House in the city and spoke to Warwick Colbron of the firm Colbron Hutchinson and Dwyer, solicitors. (Note: Colbron is a player in the Central Railway development story) [REDACTED] wanted to speak to Colbron because he had been Morgan Ryan's

articled clerk and knew him well. [REDACTED] told Colbron what had happened and Colbron said. "It's just like Morgan." [REDACTED] said, "I hope they stand up. If they don't then I'll drop the bucket on the lot of them", and then left the office.

7. The next day [REDACTED] rang Morgan Ryan at his office and told him of his annoyance at what had occurred. [REDACTED] said, "Thank's for your assistance. I hope there won't be any repercussions to me as a result of this", and Ryan said, "There won't be. It's sweet."

8. I observe at this juncture that [REDACTED] recollection of events seems remarkably clear, notwithstanding that those events occurred more than 11 years prior to the date of his statement. Did he refresh his memory from some contemporary note? If not, he might well be asked how his recollection is so clear.

9. The Report dated 17 January 1975 from Davies to the Attorney-General purports to contain a detailed description of the action taken by Commonwealth Police following the receipt by Davies from Murphy of information relating to the proposed break-in at the Morosi residence. The most remarkable feature of the report is that it contains no reference whatsoever to the role of [REDACTED] and no reference to his being sighted at the scene of the crime. It is possible that Waterhouse did not tell Murphy about [REDACTED] or that if he did that Murphy did not pass on the names of the star players to Davies. However, I find it unusual that police who had presumably staked out the scene of the potential crime did not notice [REDACTED] rapid departure from the scene, or observe him at the time of his arrival at the townhouse in the van. The theory that [REDACTED] name has somehow been suppressed in official reports may be reinforced by the subsequent memoranda appearing in this file. It would appear that Ditchburn received information from neighbours that [REDACTED] was sighted at the scene of the crime

at about the time of the break-in. Police later confirmed this by speaking with the neighbours concerned. Yet it would appear police took no action to follow the matter up with [REDACTED]

10. The report to Murphy from Davies also contains the interesting observation: "The charges were signed by Sergeant Lamb, and as they were laid under State laws they would normally be presented to the court by New South Wales prosecutors. You might care to consider whether this course would be satisfactory in the present circumstances." What this last sentence means is anyone's guess. Other documents on the file reveal that Felton (the only one charged, as Wigglesworth was allowed to leave police custody shortly after his arrest following the intervention of Bruce Miles) was charged with offences under the New South Wales Crimes Act and the New South Wales Motor Traffic Act. Notwithstanding the fact that no Federal offence ever seems to have been contemplated in relation to the break-in, the prosecution of Felton was handled by the Commonwealth Deputy Crown Solicitor in Sydney, who briefed Mr Foord of counsel in the matter. According to the supplementary modus operandi report prepared by Detective Inspector Tolmie, the matter was heard before Mr Farquhar who after hearing the facts of the matter from Mr Foord found the charges proved but without proceeding to conviction bound Felton over in his own recognisance in the sum of two hundred dollars to be of good behaviour for two years.

11. Should the Commission decide to pursue this allegation, the question will need to be asked why the New South Wales Police were not informed of the break-in either prior to, or after, its occurrence. Why were the Commonwealth Police there at all? And why did the Commonwealth Crown Law authorities bring the prosecution? Why were inquiries not made of [REDACTED] by the Commonwealth Police? It may be useful to speak to Waterhouse, and Deputy Commissioner Farmer (as he now is) who was then the link between investigating police and Davies. Davies, Tolmie and Lamb should also be interviewed..

12. Turning now to the contents of the other manilla folder relevant to this allegation, of some interest is the note by A.C. Wells of his interview of Richard Wigglesworth. Wigglesworth apparently gave Wells his version of what happened at the break-in, which differs in some respects from the version offered by [REDACTED]. Importantly, Wigglesworth stated that he stayed in the van and not [REDACTED] he alleges that [REDACTED] entered the premises with Felton. Wigglesworth was unable to say how Bruce Miles came to represent him at the police station on the night of the break-in. Of some further interest (I put it no stronger than that) is the fact that after the break-in Wigglesworth's premises were apparently raided by State police who had a warrant to search for materials suspected of having been used in letter bombs. Nothing was found and Wigglesworth was sure it was simply a put up job. Wigglesworth said that he shortly afterwards spoke to [REDACTED] about the matter and was told by the latter that he believed Morgan Ryan was the source of the information relating to the State Police search warrants and that it was an act of malice to get back at Wigglesworth for having the temerity to interfere with the Morosi/Cairns business.

13 The final document is the note of a conversation between A.C. Wells and Alan Felton. It would appear that this was a fairly brief conversation which occurred whilst Felton was being driven from the airport to Railway Square. Felton denied any knowledge of there being two raids as alleged by [REDACTED]. Of more interest is his version of what subsequently happened. He recounted how he was arrested and charged with break and enter. He first appeared before Mr Lewer S.M. who he felt was likely to send him to jail. He was represented by David Marks and later Reynolds, now on the Bench. He recollected that he appeared before Lewer a second time. However, on a third occasion by some arrangement, the mechanics of which he cannot recollect or may not even have known, the matter was finally

heard by Mr Farquhar S.M. and he received a bond. He claims he knows the name Morgan Ryan but not in connection with his case and does not know Bruce Miles. Mr Lower may have an interesting story to tell.

The Sankey Prosecution Allegation

14. Inside a manilla folder marked 'Sankey' is a two page document described as "minutes of a meeting 3 March 1986" those present being listed as "B. Rowe, S. Rushton and D. Sankey." Minute describes two matters relevant to the Sankey prosecution, the approach to settle proceedings and secondly the disqualification of Mr Leo S.M. In relation to the former, Mr Sankey apparently told those at the meeting that just after the first appeal hearing, (that is 'June and October 1976'), Sankey received a telephone call from Mr Anderson at the Capri Restaurant at Rose Bay. Sankey was a part owner of the restaurant. Anderson informed Sankey that he had something to discuss and made an appointment. Apparently Sankey had known Anderson for quite some time, but had had very little contact with him recently. However, Anderson approached Sankey as an 'old mate'. At the meeting between Sankey and Anderson, Anderson said there had been a meeting at which the case had been discussed; Anderson apparently did not identify those present at the previous meeting but Sankey recollects that Morgan Ryan might have been mentioned. Anderson asked Sankey what he was after, that is what did he want and Sankey informed him that all he wanted was an admission of wrong doing but not necessarily an admission of guilt. Subsequently, Anderson telephoned on another two occasions and the same matter was discussed.(the contents of those discussions are not mentioned).

15. Shortly thereafter, person whom Sankey recognised as being Saffron telephoned and asked what it would take to settle the matter. Sankey repeated was that all he wanted was an admission of wrong doing. Saffron said that if that was all then there would be no problem. Sankey believed that the legal

representatives, particularly Rofe and Christie had subsequently got together and drafted heads of agreement based upon the terms of settlement discussed and mutual release for all parties. Sankey recalls that he and Saffron spoke about the matter on a couple of occasions (no details of these discussions provided either).

16. Sankey advised that the disqualification of Leo took him by surprise. He thought that Rofe had spoken to Farquhar in Farquhar's chambers and Farquhar said that he was very much in favour of Sankey's case. Sankey suggested that this was one reason why he did not want Farquhar sitting on the matter. Sankey mentioned other matters which apparently were not borne out upon inquiry.

17. Sankey's reported comments are very vague, but tantalising. His story so far tends to support the story that Anderson is alleged to be able to give. Clearly Sankey should be interviewed and his version of events explored in some detail.

Perjury Allegation

18. The DPP have provided a number of folders containing various pieces of information about the association between the Judge and Morgan Ryan. The file marked, 'Francisco' consists of a photocopy of a page of a transcript of the Tapes Commission where Mr Francisco made passing reference to having sighted Mr Justice Murphy in the presence of Ryan on one or two occasions. Another folder described as Bird/McMahon contains an unusual letter from one David Fletcher together with a quite bizarre treatise apparently written by one Anna McMahon (described by Mr Fletcher as the 'very beautiful and talented socialite'). I could not begin to summarise either of those documents. Another folder styled Minter contains a proforma questionnaire together with certain handwritten notes apparently

notes of interview between some unidentified investigator and a former assistant private secretary of Murphy's between the period 1972 and 1975. The information contained in it is very general and in my view quite useless. A further folder marked Halpin contains an article by David Halpin on 'Life with Lionel' in Matilda together with a five page unsigned statement. Whilst containing some very general observations about the frequency of visits by Morgan Ryan to the then Senator Murphy's Office during the period up to 1975 the statement is otherwise useless. The final folder contains a statement by Francis Leslie William Gannell who was on various occasions a bodyguard for the then Senator Lionel Murphy. The statement contains some general comments relating to the frequency of mail from Morgan Ryan and Brock to Senator Murphy and also provides interesting insight into the events leading to deportation of Sala (discussed later). A final file contains evidence of Ryan and the Judge given during the first trial.

The Story of Rodney Groux

19. The DPP material included a somewhat butchered photocopy signed statement by Rodney Gordon Groux. Most names in the statement have been whited out and replaced with some form of numbered code. The names can still be read however. Groux says that he was employed in about May 1985 by the Minister of Sport Recreation and Tourism for a period of 4 years. His duties as ministerial advisor were to include assisting and advising on various matters in relation to the Minister's Portfolio.

20. Groux says that whilst employed by Brown he met Lionel Keith Murphy at Woden Shopping Plaza outside premises known as 'Meat City'. Murphy asked him whether he would visit him at his house to discuss a document (unidentified in anyway) Groux said he prepared for Senator Bolkus. Groux says he obtained

personal approval from Brown to visit Murphy and accordingly on the next day (a Sunday) he attended Murphy's residence at Red Hill. Murphy asked whether he would be prepared to assist him by conducting enquiries on his behalf into the various people who had given evidence against him in criminal proceedings in New South Wales. Groux said that he would. Murphy then produced various material to him including a photocopy of diaries he said were those of Mr Clarence Brieese. Murphy said that he obtained the diaries via Mr Mick Young, that they were illegally obtained and that they should be carefully guarded. Murphy explained to him that he regarded the then current proceedings as a conspiracy against him and that the parties to that conspiracy were Mr Temby, Ian Callinan and the Liberal Party.

21. Groux says that Murphy and he, in the presence of Murphy's wife, proceeded to inspect the material produced and attempted to place it in chronological order. Murphy told Groux that he wanted the diaries analysed and investigated in certain areas (unspecified). He said he wanted Mr Brieese and others investigated. After several hours Groux told Murphy that he would arrange for his secretary, Pamela Whitty to collect the material next morning, photocopy it and return it to the Judge. He said he would later contact him to explain how he proposed to proceed with the investigation.

22. The material was apparently collected, copied and returned. Groux later rang Murphy and told him he proposed to dissect the diary and put it into computer programming for cross referencing purposes. According to Groux Murphy was ecstatic and from then rang him often. Groux said he proceeded to dissect the material and input it to the computer. During this time he reported to Brown and told him generally what was going on in relation to the Murphy matter.

23. Groux says that at some stage he travelled to Sydney and booked into Ollims Hotel in Macleay Street, Potts Point. He met with Mr Luchetti, another member of Mr Brown's staff, and delegated to him certain tasks, namely telephone checks and Social Security checks. Groux then travelled to Mr Brown's Electoral Office in Parramatta and was there contacted by Murphy who arranged for Groux to visit him later in the day. He also asked Groux to investigate an accusation supposedly made to Mr Wran that Briese had paid \$20,000 cash for a swimming pool to Mutual Pools. Murphy said that Wran was Acting Attorney-General and was in a position to help. Groux then made some inquiries in relation to the swimming pool matter and interviewed a few people and so on. In relation to the swimming pool matter he approached Mutual Pools in Sydney and confirmed that a pool had been installed by them but could find no evidence of payment of \$20,000 in cash.

24. Groux says that that evening he visited Murphy at his unit at Darling Point, arriving in a commonwealth car. Murphy and his daughter Laurel were present. Murphy and Groux had a discussion about what Groux had done and what Groux intended to do. Murphy was keen for Groux to contact the landscape gardener who had worked on Mr Briese's premises and had previously provided a Statutory Declaration (no description) which Murphy had earlier provided Groux. Groux reported that he had tried to do so but without success. Murphy said that Wran would be arriving shortly. He said that he would introduce Groux to Wran but so far as Groux was concerned there was no relationship between himself, that is Groux and Wran. He also said that when Wran arrived Groux and Murphy's daughter were to go out for a while. Wran arrived and was introduced to Groux. Wran said that if Groux wanted any help to tell Lionel what was required and he (that is Wran) would do his best. Murphy's daughter and Groux then left and later returned to the unit and had a meal with Murphy. Wran had left. Groux later ordered a Commonwealth car and returned to his hotel with Laurel Murphy(!).

25. The next day Groux continued his inquiries, and during the day contacted Murphy and said he was having difficulty because he was not familiar with Sydney. He said he needed a car and Murphy said that he would see what he could do for him. The next day a vehicle (Commonwealth?) was made available to Groux as were two (unidentified) adult males. They took him to various places around Sydney. Groux says that after a few days he decided to conduct enquiries on his own and dispensed with his helpers. He claims he located and interviewed Brieese's gardener and as a result of that interview he did not believe the material contained in the gardener's Statutory Declaration.

26. Groux says he returned to Murphy's premises and detailed what he had been doing (what?). Wran arrived and Groux told him what he had been doing. Wran expressed surprise that Mr Brieese had his direct telephone number. Both then urged Groux to continue his inquiries into Mutual Pools arrangements, Mr Brieese's share transaction (unspecified), Mr Brieese's reputation and Mr Brieese's relations with the media. Murphy urged Groux to pursue these areas as a matter of priority. Groux returned home to Canberra for the weekend and saw quite a bit of Murphy over that weekend generally discussing the investigation. Prior to returning to Canberra Groux said he spoke to Brown by telephone outlining what he had been doing for Murphy and stating that he was not quite happy with the situation. Brown told Groux that if only a small bit of his work could be of benefit to Murphy it would be worthwhile and Groux should continue.

27. Some time later Groux returned to Sydney and continued his inquiries. Groux contacted Murphy who was most insistent that Groux complete his inquiries and give him a result. Inquiries continued for a couple of weeks with constant reference back to Murphy. Groux said he kept Brown up to date

on the inquiries and also on the ministerial work he was doing. Groux said he also saw Wran during this period, the latter urging him to pursue certain (unspecified) select areas of investigations.

28. Groux says that during this period on one occasion Murphy asked him to attend the Banco Court in Sydney and tape record the proceedings of Murphy's case. Groux says he did this and handed the tape to Murphy on the way out of court.

29. Groux says that after court he had a conversation with Mr Luchetti. He told him that he would not pursue his inquiries further as he had decided that Murphy was guilty(!). He thereupon returned to Canberra.

30. On the following Monday Groux was dismissed by Brown ostensibly for failure to disclose his financial difficulties on appointment. Brown told him that Mr Hawke did not want any skeletons in his closet.

31. Groux says this statement had been prepared and taken in a hurry and without access to his records. He claimed that during the period he maintained a diary and recorded many of the events covered in his statement in it. He claimed to also have other records including a copy of Brieese's diaries, portions of the Murphy stranscript, portions of the Senate transcript and various receipts for car hire and other expenses incurred during this time. He said he was able to produce these on request.

32. Mr Groux should be interviewed and his records analysed in some detail. Certain parts of his story may be verified by Mr Luchetti and Ms Witty.

The Sala Allegations

33. The DPP provided a number of folders of information relevant to this allegation. The file marked 'Sala Ramon' contains a useful chronology of the events leading to Mr Sala's departure. It would appear to have been taken from various Immigration, Attorney-General's and Police files. Extracts from those files appear in another folder marked 'Sala Analysis'. Included in that folder is the report dated 18 June 1974 from Inspector Dixon to the Commissioner of Commonwealth Police in relation to the matter. In that report Inspector Dixon outlined his suspicions. Possible Saffron/Ryan connection to the matter is outlined in paragraphs 11 and 12 in the report. Sala was accompanied into Australia by his girlfriend Michelle Senannes. During the period of Sala's incarceration Senannes stayed at Lodge 44. She was guarded throughout her stay in Sydney and was seen onto the plane by Mrs Ryan, wife of Morgan. Senannes was not permitted to speak to anybody.

34. Also provided was a copy of the Menzies Report which should be read in its entirety.

35. As previously mentioned there was a statement from a police officer named Gannell in which inter alia he outlined a conversation he had with the Attorney-General in relation to the Sala matter. He said he attended a meeting in the Members' Lounge in Senator Murphy's Parliament House office. Present were Senator Murphy, Assistant Commissioner Davies of the Commonwealth Police and Alan Carmody from Customs. Gannell cannot recall whether other people were present but he had some recollection that Clarrie Harders may have been present. The people mentioned came out of Senator Murphy's private office and sat around in the lounge area discussing the Sala matter. They appeared to be debating whether Sala ought to be deported or charged. During the course of the meeting Gannell was asked

for his view by Senator Murphy. Gannell said he was unaware of the matter and was then given a brief outline of the facts by Senator Murphy. Gannell's recollection is that Customs wanted Sala deported because of the cost of keeping him in jail. His recollection was that the Commonwealth Police wanted Sala detained in Australia because he was a suspected drug trafficker and the police had been unable to prove his correct identity because the passport on which he was travelling was false. He recalled that he thought that Carmody put forward additional reasons for having Sala deported but he could not recall them. Gannell had some recollection that the Attorney-General's Department had put forward the view that the charges were of a minor nature or that they could not be substantiated. He did not know whether that recollection was based on events at the meeting or otherwise. Gannell said that he told Murphy that he agreed with the Commonwealth Police view expressed by Davies that Sala should be kept in Australia. He recalled that the matter was resolved by Senator Murphy agreeing to give the Commonwealth Police a specified period, perhaps about a week to pursue their inquiries in relation to Sala's true identity and any evidence of him being involved in drug trafficking.

36. I must say that at this stage evidence of impropriety by the then Attorney-General in the Sala matter is somewhat lacking. At this stage, I consider its relevance to this enquiry to be questionable.

Property Transactions

37. The DPP have also provided some analysis of various property transactions by the Judge, Morgan Ryan and Bruce Miles. From an admittedly brief analysis of this information I can see nothing of significance for this Commission in the various transactions entered into by the Judge.

The Don Thomas Allegation

38. The DPP have provided three manilla folders relevant to this allegation: files marked "Thomas File A" and "Thomas B" and files marked simply "Davies". Thomas File A concerns a statement by Thomas given on 24 March 1986, apparently for the purposes of the second Murphy trial. That statement does not deal with the conversation which Thomas has elsewhere alleged occurred at the Korean Restaurant in late 1979. Also in that file are various documents relevant to Thomas's actions in the Greek Conspiracy Case. These include the comments by Brown S.M. and later opinions and internal memoranda relevant to the subsequent decision by the Attorney-General not to prosecute Thomas for various matters which arose during the course of the Conspiracy Case. The file styled 'Thomas B' contains the additional evidence relevant to the luncheon at the Korean Restaurant in late 1979, including some "I said, he said" recounting of the conversations which allegedly took place at the lunch. This additional evidence is unsigned. Also in the file are notes of a conference between Thomas, the DPP and counsel wherein the Murphy/Ryan/Thomas/Davies lunch, later Ryan/Thomas lunch and various aspects of Thomas's involvement in the Greek Conspiracy matter were discussed. Finally, the file contains a transcript of the detailed examination of Thomas before the Stewart Tapes Commission. The final manilla folder, the one styled 'Davies', contains a seven page signed statement by John Donnelly Davies.

39. Thomas's evidence of the lunch with Davies, Murphy and Ryan is this. Sometime prior to October 1979 he received a telephone call from a woman who identified herself as the Associate to Murphy. Thomas had never met Murphy. The Associate told Thomas that Murphy would like to have lunch with him when he was next sitting in Sydney and said she would call again when a date could be arranged. About a month or so later Thomas received another call from the Associate who advised him

that the Judge would be sitting in Sydney the next week and asked if Thomas would be available and he said he would. Not long after, Thomas received a third call from the Associate in which the time, date and the Arirang House Restaurant, Potts Point were nominated.

40. On the day of the lunch Davies arrived at Thomas's office in Sydney and informed him that he would be attending the lunch too. Although it was not be unusual for Davies to visit Thomas he generally announced his intention beforehand but did not do so on this occasion. Thomas drove Davies to the Restaurant and Thomas was aware that Davies knew Murphy. When they entered the restaurant they met Murphy who was apparently alone. Murphy said to Thomas, "I hope you don't mind, I have a very old friend joining us. Time is short and I try to have lunch with him whenever I am in Sydney." Ryan then joined them and introduced him to Thomas (Thomas had not previously met Ryan).

41. General conversation then ensued for some time and then Murphy engaged Thomas in conversation while Ryan and Davies conversed together. Murphy told Thomas, "In 1974 to 75 when I was Attorney-General, I was going to form the Australian Police Force. You were earmarked at that time to be an Assistant Commissioner. It didn't go ahead because the Government lost the election". There was some further discussion and Murphy referred to the Greek Conspiracy Case and to criticism that had been made of Thomas in Parliament about it. He said, "The allegations of misconduct made by Senator Grimes are political. It is not a personal thing. There are a large number of Greek voters in the various Victorian electorates and the ALP is seeking their support. Would you like to meet Senator Grimes?. He is not a bad bloke. Then you will understand." Thomas replied, "No thanks". Murphy then said words to the effect "We'll soon be in power again. We need to know what is going on. We need somebody in the Australian

Federal Police. Somebody at the top. If you are willing to do that, we can arrange for you to be an Assistant Commissioner when it is formed. We have friends on both sides." Thomas said, "Look, I'm not a member of any political party. I really don't want to get involved in that way." Murphy said, "O.K. Well, don't make up your mind straight away, think about it." The conversation then turned to other matters. Ryan and Davies had been in conversation with each other while Murphy and Thomas had the above described conversation.

42. The conference notes go on to describe Thomas's explanation of his behaviour during the Greek Conspiracy prosecution. It is worth reading. Suffice to say at this stage that I find his explanation rather hard to believe.

43. Also on the file is a transcript of Thomas's examination before the Stewart Tapes Commission. In the first part of the transcript Thomas outlines the circumstances leading up to and including his luncheon with Morgan Ryan in early 1980. This is the conversation which he and Lamb taped. Thomas considered that the purpose of the meeting was to offer him a bribe in relation to doing something for Dr. Hameiri. Thomas says that that meeting was the first time that he had ever heard the name Dr. Hameiri. Thomas told the Commission that in relation to this episode he made no notes. He said he would have had a notebook but added that he would not normally carry a notebook as a Detective Chief Inspector. In any event he took no note of the conversation even though he considered that he had been offered a bribe in relation to a then current prosecution. Later Thomas was asked again, "But you took it as a bribe. Is that right?" and he said, "I certainly did." He was asked, "Well then, what action did you take?" To which he responded, "None at all." Thomas was asked "Why not". He answered, "Because Inspector Lamb was inquiring, as far as I knew, into organised crime which involved Morgan Ryan and it was then up to him. The whole object of taping the thing was because I did

not trust the man and because Lamb was involved in that area somewhere. His actual duties were not known to me but I'm certain he knew he was involved in that type of investigation, subject directly and working directly to the Commissioner." He was then asked, "In any event, nobody as far as we know took any action on it?" and he responded, "I do not know." Later he was asked whether he made a report to Inspector Lamb. He responded, "No, it would not be my prerogative to make a report to Lamb." He went on to say that Lamb was his junior at the time.

44. Thomas was then led through his evidence on the previous luncheon he had attended with the Judge, Morgan Ryan and Mr Davies. That evidence is broadly consistent with that given later to Mr. Callinan immediately prior to the second Murphy trial. It does however, contain some additional information. For what its worth, the Judge appears to have directed the seating arrangements at the table so that he himself sat next to Thomas while Davies and Ryan were situated at the far end of the table. In relation to Murphy's alleged statement that "we" needed somebody in the new AFP, Thomas assumed that the 'we' referred to the Labour Party, but he was "also a bit conscious of Morgan Ryan being there." Apparently at the meeting Davies and the Judge mentioned that they had been to school together and Thomas had some recollection of that school being Fort Street. Thomas was asked whether Justice Murphy explained how he or anyone else was going to organise Thomas's higher rank in the yet to be formed Australian Federal Police, bearing in mind that Labor was not in government at the time. Thomas said that that was not discussed in any detail at all. There was some conversation about where Labor and Liberal politicians are opponents in the house but are friends, or can be friends outside (although that conversation may not necessarily have concerned the point of how the alleged promotion of Thomas was to be achieved).

45. Thomas goes on to say that after the meeting he was "inwardly angry" at the offer made by Murphy. He said he told Davies that he could "tell Justice Murphy that he was not interested and more or less the fact that I was disappointed in him." Thomas says that he certainly did not discuss the offer with any other person after the luncheon. He was asked, "From that day to this have you mentioned it to anyone else'," and he responded, "I mentioned it only the other week to Mr Ian Temby and that was because there was an article in the 'Sydney Morning Herald' attributed to the 'Age Tapes', and a report that an Inspector Moller had filed, which intimated that I had been up to something with Davies." He went on to say that that newspaper report was several months previously. However, he had only mentioned it to Mr Temby within the month. (It's not immediately clear to me why Thomas approached Temby when he did). Thomas admitted that he never came forward during the trial at any stage to offer this particular intelligence to anybody. He was asked, "Did it occur to you as an ex-police officer and now a practising barrister that it may have been important to mention it?" and he responded, "No, sir".

46. Davies' version of events is somewhat different. In his statement he said that he had always held Chief Inspector Don Thomas in high regard as an investigator and had felt sorrow at the way in which he was being treated by police dignitaries the time following his handling of the Greek Conspiracy matter. This left him wondering what place there was for Thomas within the police sphere as he was either at that stage a lawyer or about to become one. Davies' medical advisors had told him that he should be pensioned due to hypertension, so he knew he would be leaving the job in the near future. Accordingly, about the end of November 1979 he rang Lionel Murphy (person whom he first met in 1942 and whom he had met infrequently since then) and told him what had happened to him and related the circumstances surrounding Don Thomas. Davies told Murphy that whilst Thomas was not a friend of his, he did feel that he

was being badly treated and would have no future as a police officer despite his academic qualifications. He asked Lionel whether he would be prepared to have lunch with Thomas and him to discuss a possible future in the legal profession. Davies admits to being presumptuous because he had not even consulted with Thomas on this score at this stage. Davies said he did so immediately and Thomas offered no objection to the meeting.

47. About mid-December, Murphy's Associate rang Davies to say a luncheon had been arranged between Davies, Murphy and Thomas at the Korean Restaurant in Kings Cross. Davies said he then rang Thomas and arranged for him to pick him up at Town Hall station and take him to the luncheon. It would appear that Davies phoned Thomas on the morning of the luncheon.

48. Upon arrival, they were met by Murphy and Morgan Ryan. They had lunch. Lionel enquired about Thomas' background and legal achievements in the academic world and from Davies' recollection agreed that he would have a career available as a lawyer should he ultimately feel so disposed. Furthermore, Murphy expressed the opinion that with his qualifications Thomas would seem to have a good future within the Australian Federal Police. According to Davies, Ryan had little or no input into the conversation. Davies says he simply recalls that it was a pleasant luncheon - an informal discussion between Lionel Murphy and Don Thomas arranged at his request because of his apprehension that Thomas would be or had been badly done by by the imported United Kingdom hierarchy. Davies left with Thomas. Thomas drove Davies to the station. According to Davies he has not seen Thomas, Murphy or Ryan, nor has he spoken to them or communicated with them in any way whatsoever since that date.

49. Davies says that he has been asked if he was privy to all that was said at the luncheon. He says that whilst he was certainly present in a group of four people, he was not able to

say that he could give a complete account of what was said since the 'anniversary is in its seventh year'. He says that as he was sitting in a group of four people at the table, he feels he would have heard anything of major importance that was discussed. However, once again the 'restraints of memory apply'. Thomas says that he left Murphy and Ryan in front of the restaurant. On the way to dropping Davies off Thomas expressed concern that solicitor Morgan Ryan was present. Davies said, so did he.

50. Davies says that he was not aware that Morgan Ryan was to be present at the lunch. He admits to having met Ryan previously at Lionel Murphy's suggestion in order to further Davies' determined approach to the State Government to recover a sum of money he had previously paid to the New South Wales Police Superannuation Fund. If anyone should be interested in Davies' saga in recovering that amount they are welcome to read his statement.

51. I make the following observations on the material obtained from the Director of Public Prosecutions relevant to the Thomas allegations. If we assume that the conversation as alleged by Thomas took place, it is not immediately clear what the Judge was seeking to achieve. Was he seeking to have Thomas placed in a particular position within the AFP (in effect to replace Davies) as an informer for the ALP? Or was his approach in asking Davies to contact Senator Grimes - an attempt to bring undue influence on the prosecution of the then current Greek Conspiracy case? It is clear that the Judge made no mention at that mention of Dr. Hameiri at the lunch. Morgan Ryan's allegedly improper approach to Thomas (which was taped) appears to have been made on Dr Hameiri's behalf. It would seem then that the second luncheon is an entirely separate matter from the first (although passing reference was made there to the Greek Conspiracy Case).

52. The second thing that must be said is that Thomas's recollection of his lunch with the Judge is remarkably clear, notwithstanding the fact that several years appear to have elapsed between that event and his first disclosing it to any person in authority. Equally remarkable in my view is the fact that Thomas recorded the events of that meeting nowhere; nor did he bring it to the attention of anybody until a newspaper report seemed to indicate that he was in collusion in some unspecified way with Davies. Even then he delayed bringing it to the attention of Mr Temby. Equally, I find it remarkable that although a definite offer of a bribe appears to have been made at the second lunch, Thomas recorded that event ^{nowhere} and indeed let the matter rest entirely. As a very senior officer within the Commonwealth Police, I find his behaviour unusual to say the least. When Thomas' inactivity in these matters is added to his actions in the Greek Conspiracy matter, it can readily be seen that when his allegations are put to the Commission he will be liable to quite vigorous challenge as to his credit.

53. Davies of course provides no support for Thomas. Davies says he suggested the lunch. He may well have, but I do not believe his stated reason for doing so. It defies credulity that he would have arranged a lunch with a member of the High Court (an allegedly casual acquaintance at that) to discuss a future for Thomas ('not a friend') in the legal profession - particularly as Thomas did not solicit Davies' help in the first place.

54. Nor do I think that the events at Thomas' later meeting with Ryan provide any support for his description of the earlier lunch. Contrary to the views expressed in the Callinan/Cowdrey advice, I consider that the tape of the later meeting has no probative value in relation to questions of the Judge's behaviour.

55. In the end, the strength of Thomas' allegation depends very much on how he 'brushes up' as a witness.

Association with Saffron

56. The DPP files contain very little information on this. There is a manilla folder entitled 'James West' which contains a one page unsigned statement by that gentleman. He said that between 1958 and 1978 he was a partner in a hotel in Western Australia with Abe Saffron. He said that about four or five times during that partnership he visited Saffron at his motel, Lodge 44 at Edgcliffe. On one of those visits during which he was accompanied by his wife (a visit which he dates very approximately "in the early 70's") he was sitting having a meal in the dining room on the first floor of Lodge 44 when about two or three tables away he recognised a person also having a meal as being Lionel Keith Murphy. He was alone. He did not speak to him and he could not recall mentioning to Saffron that he had seen him. As far as he was able to say Saffron did not mention to him that Lionel Murphy had stayed at his hotel.

57. I have not as yet seen the material on James McCartney Anderson.

A. Phelan

24 June 1986

2691A

Extract from Weinberg/Phelan Memorandum
dated 3 July 1986 (full copy on File C51

ALLEGATION NO. 13 - THE MOROSI BREAK-IN

(Break-in of Morosi's premises at [REDACTED] on 17 January 1975).

Attached Material:

- (a) Statement and particulars of Offence.
- (b) A statement given by [REDACTED] on 4 April 1986.
- (c) A report to the Attorney-General from the then Assistant Commissioner (Crime) J.D. Davies dated 17 January 1975.
- (d) A supplementary modus operandi report from Detective Inspector Tolmie then of the Commonwealth Police.
- (e) A note to the Officer in Charge of the Commonwealth Police Force dated 30 January 1975 from an officer within the office of the Deputy Crown Solicitor, Sydney.
- (f) A note dated 4 March 1975 from Sergeant Lamb to the Officer in Charge New South Wales District of the Commonwealth Police concerning an approach to him from Mr David Ditchburn.
- (g) A note dated 7 March 1975 from Detective Inspector Tolmie to the Officer in Charge New South Wales District, concerning certain enquiries of neighbours of the Morosi's.
- (h) A note dated 28 February 1975 to the Officer in Charge New South Wales District, from Constable First Class Jacobsen, concerning allegations re antecedents of Juni Morosi.
- (i) A statement by William Alexander Tolmie undated and unsigned concerning the arrest of Felton and Wigglesworth at the Morosi premises, and
- (j) A statement signed this time but undated by Sergeant Lamb in the same matter.
- (k) A note of an interview by A.C. Wells, dated 22 April 1986 with Richard Wigglesworth.

- (l) A file note in relation to contact of Wigglesworth.
- (m) File note dated 13 April 1986 by A.C. Wells concerning the interview of Alan Felton.

Witnesses to be Interviewed

- 1. [REDACTED]
- 2. Wigglesworth
- 3. Felton
- 4. Morgan Ryan
- 5. Bill Waterhouse
- 6. Assistant Commissioner Davies
- 7. Lamb
- 8. Farmer
- 9. Another Investigating Officer (name to be supplied)
- 10. Don Marshall at A.S.I.O.
- 11. Lower S.M.
- 12. Farquhar
- 13. Judge Foord
- 14. Harkins (Deputy Crown Solicitor for NSW) at the relevant time.

Statement of Offence

Conspiracy to pervert the course of justice.
Misprision of felony.

Particulars of Offence

It is suggested that the Judge behaved in an improper fashion in arranging for Commonwealth police to be located at the premises belonging to Ms. Morosi when he learned that those premises were to be burgled. This conduct does not constitute any criminal offence. It might however constitute an overt act in relation to the conspiracy charged.

The manner in which the conspiracy would be alleged is as follows. It is said that the Judge (who was then Attorney General) was responsible for ensuring that two of the persons who participated in the burglary were not prosecuted. No motive can be ascribed to the then Attorney's conduct in this regard. It is impossible to understand why he would have intervened to ensure that two persons who were caught "red handed" committing a burglary would not be the subject of normal prosecution. It appears that Federal police released one of the burglars who was caught in the act. The proper charges to have been brought were state charges. Indeed, state charges, were brought against one of the three persons responsible for the burglary. It appears that the one person who was subjected to State charges was charged with an entirely inappropriate offence. He was charged with larceny rather than with the more serious offence of break, enter and steal. The documentation suggests an involvement by the Attorney in the entire course of what occurred after the break-in.

Material to be obtained

Commonwealth police files and Attorney General's files relating to this incident. If a transcript is available of the plea made on behalf of Felton, and the sentence imposed it should be obtained. If A.S.I.O. has a file which we can somehow obtain, we should make efforts to do so. It may be that Mr Ditchburn and Ms. Morosi could be spoken to as well - this is subject to further consideration. Finally, a negative search should be conducted of NSW police files to see whether the matter had been reported to the NSW police or not.