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PARLIAMENT OF NEW SOUTH WALES



ANNEXURES A-Z AND AA-AO  
TO THE  
REPORT  
OF THE  
CORPORATE AFFAIRS COMMISSION  
CONCERNING  
INVESTIGATIONS INTO CERTAIN  
AFFAIRS  
OF THE  
WHITE RIVER GROUP OF  
COMPANIES

*Ordered to be printed, 21 March, 1985*

BY AUTHORITY  
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## ANNEXURE AC

### RECORD OF CONVERSATION OF MR. N.F.H. GREINER AT NEW SOUTH WALES PARLIAMENT HOUSE AT 9 AM MONDAY, 27 FEBRUARY 1984

Present: Mr. N.F.H. Greiner, Mr. C. Greiner, Mr. J. Willis, Mr. W. Purdon and Mr. P. Barnett

Mr. Greiner, my name is John Willis. This is Mr. William Purdon and the other gentleman is Mr. Paul Barnett who will record this interview. Mr. Greiner, we are making certain enquiries regarding affairs of the White River Group of Companies, and are seeking your assistance. The matters we are directing our attention to arise from certain of the questions asked in the Legislative Assembly on 28 November 1983. I now propose to show you copies of various documents obtained by Mr. Purdon and myself during this enquiry and would invite your comment in respect of those documents. Is this course of action agreeable to you?

Mr. N. Greiner: Yes, certainly.

Q: Mr. Greiner, are you a director of the White Group of Companies?

Mr. N. Greiner: Am I?

Q: No, were you?

Mr. N. Greiner: At some point of time, certainly.

Q: Could you tell me for what period of time?

Mr. N. Greiner: Not precisely, depends which companies, but at some point of time up to the 15th of March this year, 15th of March last year.

Q: 1983?

Mr. N. Greiner: Yes.

Q: Did you also occupy the position of secretary of some of those companies?

Mr. N. Greiner: At some points of time, yes.

Q: Would it be during the same period of time?

Mr. N. Greiner: Not necessarily, no.

Q: I show you a Minute of a meeting of White River Corporation Limited dated 3 December 1974. Did you attend that meeting?



Mr. N. Greiner: I assume so, it says I did but I do not recall it, I obviously wouldn't have any idea, but I assume so, it says I was present, I assume I was present.

Q: Did you at that time adopt a practice of presenting trade reports to the directors meetings?

Mr. N. Greiner: Oh yes.

Q: Were the trade reports pasted into the back of the directors' minute book of White River Corporation?

Mr. N. Greiner: No idea.

Q: I show you a copy document dated 20 December 1974 which we believe to be an attachment to a trade report. Do you recognise that document?

Mr. N. Greiner: No, not particularly, no I don't remember it, but it was ten years ago, so -

Q: Did you prepare that document?

Mr. N. Greiner: I have no idea.

Q: I direct your attention to the heading on the top of the document.

Mr. N. Greiner: I mean I can read it, I assume it's legitimate but I haven't seen it in ten years but I have no reason to think that it's not prepared by me.

Q: I direct your attention to paragraph 1 and in particular the last two lines of the paragraph. Is it correct that you proposed to raise the question at the next meeting of the directors of White River Corporation Limited to have the six subsidiary companies identified in paragraph 1 struck off the company register at the Corporate Affairs Commission?

Mr. N. Greiner: Well, it would appear to be what it says is that Greenwood Challoner have suggested that we liquidate a number of companies so I assume that's what I proposed to do.

Q: I show you a document titled Minutes of a Meeting of Board Directors of 31 January 1975. This is a copy of the next minute in the Directors Minute Book of the White River Corporation Limited. I draw your attention to the information provided beside the heading "Defunct Companies".

Mr. N. Greiner: Yep.



Q: Was the proposal as set out in the attachment to the trade report of 20 December 1974 discussed at that meeting?

Mr. N. Greiner: I really haven't the faintest recollection, but it says so in the minutes, but obviously I have no recollection of it. It wouldn't surprise me.

Q: Was this the first occasion that that proposal was considered?

Mr. N. Greiner: I haven't the faintest idea.

Q: What was the decision by the Board in respect of the proposal?

Mr. N. Greiner: Well I seem to recall subsequently it happened so one assumes that the decision was as in the Annual Reports which were published.

Q: I show you a letter dated 5 February 1975 and direct your attention to paragraph 4.

Mr. N. Greiner: Mmm.

Q: Did Greenwood Challoner & Co. suggest that before the application was made to strike the companies off, the names should be changed?

Mr. N. Greiner: Well, one would assume so because it says so. I haven't the faintest recollection of that either but obviously they suggested it to Mr. Kemeny in as much as it says so in his letter.

Q: Who did make that suggestion?

Mr. N. Greiner: It says Greenwood Challoner, I assume it's Greenwood Challoner.

Q: Do you recall when they made that suggestion?

Mr. N. Greiner: No, of course not.

Q: Who was the secretary of White River Corporation Limited at that time?

Mr. N. Greiner: I have no idea, no recollection. It might well have been Mr. Kemeny but it's a matter of record so I'm sure we can establish it.

Q: To refresh your memory I again show you the minutes of the 31st January 1975.



Mr. N. Greiner: Well it's a matter of record John so I mean its irrelevant what's said there, I mean it's a matter of record who was the secretary. He was the secretary. I assume it's Mr. Kemeny but I don't remember.

Q: I draw your attention to the 5th paragraph of the letter of the 5th February 1975. Was Mr. Kemeny of the view that the name should be changed?

Mr. N. Greiner: No, he raises some questions about it in that paragraph.

Q: Did Mr. Kemeny suggest that the question of name changes should be discussed with Mr. Greenwood Senior?

Mr. N. Greiner: The inference is in the letter, yes.

Q: I draw your attention to paragraph 1 of the second page of the letter of the 5th February 1975. Do you recall Mr. Kemeny advising that his firm would make entries in the books of those companies and back date them to 31 December 1974?

Mr. N. Greiner: Says so in the letter. I have no recollection but it says so in the letter.

Q: I draw your attention to the 2nd paragraph of page two of that letter. Do you recall Mr. Kemeny advising that if the company was struck off, it could be restored to the register within 10 years?

Mr. N. Greiner: Obviously I don't recall it but it again says so in the letter.

Q: I show you a copy of an extract of a journal of White River Pretabs Pty. Ltd. (later W.R.T. Company Number One Pty. Ltd.) Do you recognise the last entry dated December 1974 on J6 as the handwriting of Mr. Kemeny?

Mr. N. Greiner: No, but I wouldn't know.

Q: I draw your attention again to the last entries dated December 1974 and ask if you agree that the figures appear to have been altered?

Mr. C. Greiner: I don't see any reason to answer. It's a matter the document speaks for itself.

Q: Do you recall having seen these entries before?

Mr. N. Greiner: No.



Q: I show you a letter dated 17 February 1975 and refer you to paragraph 1. Do you recall if Mr. Kemeny had a meeting with Mr. Gotterson of Greenwood Challoner.

Mr. N. Greiner: Obviously I haven't the faintest idea.

Q: Do you know if you were present at the meeting?

Mr. N. Greiner: I haven't the faintest recollection.

Q: Do you recall the matter being raised that the liquidation process was costly and lengthy?

Mr. N. Greiner: No, I don't recall the meeting.

Q: Do you recall Mr. Kemeny proposing that the company should be struck from the register rather than being liquidated?

Mr. N. Greiner: No I don't recall the entire matter.

Q: You're not aware if Mr. Gotterson accepted the proposal?

Mr. N. Greiner: Obviously not, no.

Q: I draw your attention to paragraph 2 of the letter. Again did Mr. Gotterson suggest that the names of the companies be changed beforehand?

Mr. N. Greiner: I have no idea.

Q: Did Mr. Kemeny advise that his firm had applied for the reservation of the proposed names to which the six companies were to change?

Mr. N. Greiner: If that's what the letter says.

Q: Did Mr. Kemeny advise that if the names were available he would prepare documentation and send it to Mr. N.M. Greiner for signature?

Mr. N. Greiner: If that's what the letter says.

Q: Do you recall what the documentation was to be?

Mr. N. Greiner: Beg your pardon?

Q: Do you recall what the documentation was to be?



Mr. N. Greiner: No, of course not.

Q: I direct your attention to the 3rd paragraph of the letter of 17 February 1975. Did Mr. Kemeny advise that his firm would attend to the declaration of dividends from the subsidiaries to the holding companies to the full extent of accumulated profits and paid up capital so that none of the companies would have any assets?

Mr. N. Greiner: That's what the letter says.

Q: I show you the 1974 Annual Return for White River Prefabs Pty. Limited for 31 December 1974. I draw your attention to the share capital and reserves of \$52,384 and ask if that appears to be the same figure as in J6 of the journal shown to you before?

Mr. N. Greiner: Both say 52-384 figure changed from 52-384, 52-340. Which figure?

Q: 52-384.

Mr. N. Greiner: Is the same figure as -?

Q: As the figure that appears to have been altered on the --

Mr. N. Greiner: No, I can't see that, no.

Q: Are you aware that it is an offence against the Companies Act to pay a dividend except out of profits?

Mr. N. Greiner: No, I'm not particularly aware.

Q: Do you recall if that matter was ever raised?

Mr. N. Greiner: I've no recollection.

Q: Do you believe that to be a reason why that figure appeared to have been changed on the journal?

Mr. N. Greiner: I would not know, I would not think so but I would not know.

Q: Did Mr. Kemeny advise that he expected the companies to be struck off before the completion of the Annual Report of the companies?

Mr. N. Greiner: That's what it says in the letter.

Q: I draw your attention to the 4th paragraph of the letter of 17 February '75. Did Mr. Kemeny advise that by application the company could be restored to the register within 10 years?



Mr. N. Greiner: Yes, it says so.

Mr. J. Willis: I'll just relieve you of that.

Q: I show you a Form 10 being an Application for Reservation of Name of W.R.T. Company Number One Pty. Limited. I draw your attention to the handwriting \$10 and the 18.2.75 and say that it is a document lodged with the Corporate Affairs Commission. I also show you a copy of a receipt dated 18 February 1975. I draw your attention to the attachment and that \$10 was payable in respect of the W.R.T. Company Number One. Do you agree that there was an application made on that date for reservation of name W.R.T. Company Number One?

Mr. N. Greiner: It would appear to be the case.

Q: I show you a copy of a letter dated 26 February 1975. Was there a discussion held on that date concerning the de-registering of the companies?

Mr. N. Greiner: I have no recollection at all.

Q: I draw attention to the 4th paragraph of that letter. Do you recall Mr. Kemeny being instructed to proceed with the striking off of those six companies?

Mr. N. Greiner: I have no recollection of the meeting or of the instruction. That's what the letter says.

Q: You would not recall being present at the meeting?

Mr. N. Greiner: Wouldn't have the slightest idea, no.

Q: I draw attention to paragraphs 2 and 3 of the letter. Was the question of company restoration again raised?

Mr. N. Greiner: I have no recollection of the meeting or of the restoration. I generally have no recollection of restoration being of any relevance, clearly wasn't the intention.

Q: I show you a copy of a letter dated 26 February 1975. Was there a discussion heard - I withdraw that. I show you, I beg your pardon, I'll withdraw that next question.

Q: I show you a copy of minutes of meeting of 28 February 1975 and draw your attention to the reference to defunct companies. Did Mr. Kemeny report to the meeting that companies could be restored within 15 years?

Mr. N. Greiner: That's what it says.



Q: Did he also report that as instructed by the board he was proceeding with the de-registering of the defunct companies?

Mr. N. Greiner: That's what it says.

Q: I show you a copy of an undated letter from the C.A.C. - Corporate Affairs Commission and direct your attention to the handwriting and the words Meeting 12 March - 12/3/1975. Do you recall a meeting of 12 March 1975?

Mr. N. Greiner: No, of course not.

Q: Do you recall being informed that the proposed new names were available subject to consent by the companies under seal to have their names changed?

Mr. N. Greiner: No recollection of the matter at all.

Q: I show you a letter dated 28 February 1975. Do you recall if seals were then ordered by the six companies?

Mr. N. Greiner: No, I have no recollection at all. A matter of monumental indifference to me I would think.

Q: I show you a letter dated 12 March 1975 and draw your attention to paragraph 1. Was a decision made contrary to what was proposed that N.M. Greiner Pty. Limited should not at that stage be struck off the register?

Mr. N. Greiner: I've no idea.

Q: Was another set of minutes then prepared for that company and backdated to 31 December 1974?

Mr. N. Greiner: I've no idea.

Q: I draw your attention to the second paragraph of the letter and consents. Did Mr. Kemeny or your firm then prepare consents dated 12 March 1975?

Mr. N. Greiner: I have no recollection.

Q: I draw your attention the 3rd paragraph of the letter. Company seals received with the letter?

Mr. N. Greiner: Were they?

Q: Yes?



Mr. N. Greiner: I don't remember.

Q: I draw your attention to the 4th paragraph of the letter and to the copies of the unsigned minutes for the six companies which are attached together with the applications for the reservation of names and advise you that these documents were received from Laurence, Varnay and Associates. Did Mr. Kemeny prepare minutes which were backdated to 31 December 1974 in respect of the six companies and send them out for signature?

Mr. N. Greiner: I have no idea.

Q: Was it the practice of the White River companies to close down from Christmas Eve for a period of 3 to 4 weeks?

Mr. N. Greiner: I really don't recall. I really don't remember.

Q: I direct your attention to the six minutes of meeting of shareholders of the six subsidiary companies held 31 December 1974. Were the meetings held at intervals of 15 minutes apart from 10 am to 11.15?

Mr. N. Greiner: I would have no idea.

Q: Were you present at those meetings?

Mr. N. Greiner: I have no idea.

Q: Why would it take 15 minutes to resolve to change a company name?

Mr. N. Greiner: I have no idea.

Q: If the resolutions were made on 31st December 1974 how could you reconcile, I'll show you, I'll repeat that question. If the resolutions were made on 31st December 1974 how could you reconcile that with paragraph 2 being the contents of the letter dated 17 February 1975 which disclosed that the decision had not been made concerning a change of name?

Mr. N. Greiner: Sorry, say that again?

Q: I'll repeat that question. If the resolutions, that being the resolutions in minutes 31st December 1974 were made on that date how could you reconcile that with paragraph 2 of the contents of the letter dated 17 February 1975 which disclosed that no decision had been made concerning a name change?

Mr. N. Greiner: Well, I think you are reaching a conclusion which is not warranted. You are jumping to a conclusion.



Mr. W. Purdon: Well if we can just dwell on that for a little while. This letter of the 17th February 1975. It is purported to be written by John Kemeny who we understand is the secretary of White River Corporation. Now this letter of the 17th February talks about whether there should be a name change. Now that implies to us that if the decision was already made, and the matter had been resolved to change the name, why would Kemeny be writing in this manner?

Mr. N. Greiner: Well you are jumping to a number of assumptions. You also haven't had the privilege of speaking to Mr. Kemeny, whose English is at best, whose use of the English language is at best doubtful, but it seems to me the assumption is equally obvious in the second paragraph that it was all going ahead.

Mr. Purdon: Well, if the names had already been changed, why would he be talking about this?

Mr. N. Greiner: No, no, that decision, it's not right, no nonsense. It's a matter of decision as opposed to a matter of happening, quite different. That's nonsense and the assumption's nonsense.

Mr. Purdon: Well, can we have a look at these minutes, the minutes of 31st December. Now these minutes for the various companies record that there were meetings held on the 31st December 1974 where it was resolved that each of these six companies should have a name change. Those names to which the companies were to be changed were to be W.R.T. Company Number One to Number Six. Now if you have a look at this letter of the 17th September 1975 --

Mr. Willis: 17th February, February.

Mr. Purdon: I'm sorry, 17th February 1975 in the second paragraph. This is what's stated, to avoid any misunderstanding on the part of the public, he suggested that the names of the companies be changed beforehand. Now, if a decision had already been made that it had been resolved that the companies names' were to be changed, well, how could you expect him to write what is written here to avoid any misunderstanding on the part of the public, he suggested that the names of the companies be changed beforehand.

Mr. N. Greiner: But that's suggested to Mr. Gotterson. No, I don't accept that at all.

Mr. Purdon: Wouldn't you expect that Kemeny would have raised at such a meeting. Well look a decision's already been made that the companies be changed.

Mr. N. Greiner: I've got no expectations of what Mr. Kemeny may or may not have raised with Mr. Gotterson. I might say I think you are placing a degree of precision on Mr. Kemeny's letter which Mr. Kemeny's letters don't bear.

Mr. Purdon: And then he continued on in the second paragraph of the letter of the 17th February 1975: This would -- will result in some additional filing fees, but you agreed to this proposal.



Mr. C. Greiner: The past tense is used there. The past tense suggests I think Mr. Purdon this is a matter of a letter reporting a conversation between Mr. Kemeny and Mr. Gotterson, is that right?

Mr. Purdon: Well, the letter refers to a conference with Mr. Gotterson.

Mr. C. Greiner: It doesn't say who was there, does it?

Mr. Purdon: No it doesn't.

Mr. C. Greiner: I think you're asking Mr. Greiner questions about a conference. There's no evidence that he was there. He's got no recollection that it happened.

Mr. Purdon: Yes, but if you have a look at the copy letter of the 5th February 1975. This letter is written by John Kemeny & Co. and I believe it was Mr. Kemeny who wrote the letter because the initials JK appear at the top of the letter. Down the bottom the letter speaks this way we understand you will have a discussion with Mr. Paul Greenwood Senior from Messrs. Greenwood Challoner & Co. and we would suggest that you bring this matter up for consideration as well. This was in a letter to Mr. N.M. Greiner.

Mr. C. Greiner: Mr. Greiner Senior.

Mr. Purdon: And then the next letter, which is dated the 17th February 1975 and these letters, all came from the records of the White River companies which we looked through. The next letter then talks about a conference with Mr. Gotterson of Messrs Greenwood, Challoner & Co. Now that implies that was the meeting which was referred to in the letter of 5th February 1975.

Mr. N. Greiner: I would have thought that was fairly unsubstantiated, and totally beyond recollection I certainly wasn't there anyway.

Mr. Purdon: Okay, well, these are what the records of these companies say.

Mr. C. Greiner: That's what I queried before, what you looked at I have no idea what you've been looking at. Are you looking at the books, the records of the accountants acting for the company. The gentleman Kemeny was the secretary of the corporation as well so let's be careful what we're talking about. But we're not denying that you found these letters, we're just saying these aren't necessarily the records of the company.

Mr. Purdon: Well again, Mr. Kemeny is on record of the Corporate Affairs Commission as being the Principal Accounting Officer.

Mr. C. Greiner: Right.



Mr. Purdon: And if you have a look at the Annual Report of any one of them, say Prefabs.

Mr. C. Greiner: Yes, but that doesn't necessarily say that these are records of the company.

Mr. Purdon: You'll see that that Annual Report bears the name John Kemeny, Principal Accounting Officer.

Mr. C. Greiner: Mr. Purdon, I am sorry about that. All I'm saying is that you are referring to these records at the moment and these relate to a meeting with no evidence that Mr. Greiner attended at all. You're asking him to comment.

Mr. Purdon: Yes, well, let's not just get away from what we're talking about. I said that we've seen some records down at Laurence, Varnay, which we believe to be the records of those companies. Mr. Greiner Senior has been very helpful. He directed that we be shown all the records. We understand all records of these companies came from that firm of Lawrence Varnay, and that's when we went down and inspected these records last week and these are the letters which all those records contain. There's this copy letter I showed you dated the 5th February 1975 which talks about there was to be a meeting. This letter was addressed to Mr. Greiner. The meeting was --

Ms. ?: Chris' secretary would like to speak to him.

Mr. C. Greiner: Can I talk to her for a second. Excuse me.

Mr. N. Greiner: Now we can carry on.

Mr. Purdon: It might be better if we just wait.

Mr. N. Greiner: I'm quite relaxed about carrying on.

Mr. Purdon: I know but he's taking part.

Mr. N. Greiner: That's fine, that's cool or otherwise we'll kick you out in 23 minutes, so let's go on otherwise we won't have time.

Mr. Purdon: A letter of the 5th February 1975 which is addressed to Mr. Greiner then talks about that there's going to be a meeting with Mr. Greenwood Senior from Messrs. Greenwood Challoner & Co. and there the

Mr. N. Greiner: It does say that, I agree with you.

Mr. Purdon: Yes, and then the next letter which is contained as far as dates are concerned amongst all the reports, which we saw at Laurence Varnay, a letter dated the 17th February 1975 and The Manager,



White River Timber Company Pty. Limited for the attention of Mr. N.M. Greiner, then it refers to a conference with Mr. Gotterson of Messrs. Greenwood Challoner & Co. --

Mr. N. Greiner: I agree with that.

Mr. Purdon: It's implied that this is the meeting referred to -

Mr. N. Greiner: No, that's not right at all. That's totally, totally, there's no basis for you saying that.

Mr. Purdon: Well I think there is.

Mr. C. Greiner: Well, wait there gentlemen, sorry, can I interrupt. It seems a little pointless. You've taken one interpretation of the letter. Mr. Greiner doesn't agree with that interpretation. I don't see that it serves much purpose to continue a dispute about a letter.

Mr. Purdon: All right, thank you. And then the second paragraph of the letter says this, to avoid any misunderstanding on the part of the public, he suggested that the names of the companies be changed beforehand. Now Mr. Kemeny is shown as the Principal Accounting Officer. If the decision had already been made that it was resolved that the names of the companies be changed, we'd expect something in this letter to refer to that, rather than to be talking about whether there should be a change of name. Now that's the point that we bring to you.

Mr. N. Greiner: I think we've been through that a number of times.

Mr. Willis: I again show you the trade report for the 20th December and also a copy of the minutes of meeting of the Board of Directors held on the 31st January 1974 and would ask how do you reconcile the attachments to the trade report of the 20th December 1974 and the minutes of White River Corporation dated 30.1.75 which suggest that the board had not considered the matter until the 31st January 1975?

Mr. N. Greiner: If I reconcile that --

Q: That is that a decision had been made at 31st December '74 to change the names of the companies. What I'm suggesting to you is that the minutes of 31st January 1975 suggest that consideration was being given to the matters at that date.

Mr. N. Greiner: I would have thought that was a matter that went to the public company board for ratification - I wouldn't have thought that you could draw any conclusions from it. In the normal course of events the board would have been quite relaxed about people involved in management making those decisions.

Q: I show you the receipt and attachment dated 24 March 1975. Do you agree that the consents were lodged on that date, that is the 24th March 1975?



Mr. N. Greiner: I don't agree or disagree. Whatever the records - I wouldn't know.

Q: I show you Statutory Declaration dated 11 April 1975 for W.R.T. Company No. 1. Do you agree that that declaration was made on the 11th April and submitted on the 15th May 1975 to have the company struck from the register?

Mr. N. Greiner: I don't agree or disagree. Whatever the records I wouldn't know.

Q: I show you Statutory Declaration dated 11 April 1975 for W.R.T. Company No. 1. Do you agree that that declaration was made on the 11th April and submitted on the 15th May 1975 to have the company struck from the register?

Mr. N. Greiner: I don't need to agree or disagree. The date's on it. I suspect, if you say so.

Q: I refer you again to that Statutory Declaration and in particular the statement that the members had lost all interest. Was it true that the holding company had lost all interest in holding a meeting to have the company wound up?

Mr. N. Greiner: I have no idea.

Q: I refer you to the statement that there were no funds available from which the company could be wound up. Was it true that large funds of the subsidiary companies had been lent to other companies within the group without any interest being charged?

Mr. N. Greiner: Whatever the accounts say, I have no recollection.

Q: Isn't it true that money could have been used to wind up the companies?

Mr. N. Greiner: I have no idea.

Q: Do you recall the Corporate Affairs Commission requesting balance sheets for each of the companies for the previous 3 years preceding the application?

Mr. N. Greiner: No.

Q: I show you the accounts of W.R.T. Company No. 1 for the years ended 30 June 1972 and 1974. '73 is not just presently available - together with a letter of the 26th May 1975 and ask if you were aware that the Corporate Affairs Commission raised a query that the balance sheet for 31st December 1974. I'll ask the question again. I show you again the accounts of W.R.T. Company No. 1 Pty.Limited for the years 30 June '72, '73, '74 and 31st December 1974 together with a letter



dated 26th May and ask if you were aware that the Corporate Affairs Commission raised a query that the balance sheet for 31st December 1974 showed a dividend being paid?

Mr. C. Greiner: The answer must be no. You were not aware that the Corporate Affairs Commission raised the query.

Q: Were you aware that the Corporate Affairs Commission was informed that another balance sheet would be sent in?

Mr. N. Greiner: No.

Q: I show you a balance sheet of W.R.T. Company Number One Pty. Ltd. for 31 December 1974 together with a letter dated 17 February 1975 and draw your attention to the first paragraph, to the reference to additional filing fees and costly liquidation. Why were all profits paid out as dividends without some provision being made to meet the costs?

Mr. N. Greiner: I have no recollection and no idea. I assume you would have to ask Mr. Kemeny or Greenwood Challoner.

Q: I show you a second balance sheet of W.R.T. Company Number One Pty. Limited dated 31st December 1974.

Mr. ? Excuse me. I'll just roll that tape.

Q: I show you a second balance sheet of W.R.T. Company Number One Pty. Limited dated 31st December 1974 received by the Corporate Affairs Commission. This balance sheet was received from J. Kemeny & Co. and appears to be false as it does not reflect the position of that company, W.R.T. Company Number One, as is recorded in that company's accounting records.

Mr. N. Greiner: I don't agree. What's the question?

Q: Do you agree that it appears to be false?

Mr. N. Greiner: I've no idea.

Q: Was it prepared that way because the Corporate Affairs Commission would not strike off the company if the accounts disclosed that the company at 31st December 1974 still had an asset?

Mr. N. Greiner: No, I don't know.

Q: Coming back to this one. To the second one. Do you agree the dividends appear to have been paid other than out of profits?

Mr. N. Greiner: I can't say.



Q: If I could just draw your attention to the figures, you'll notice that there is a paid-up capital of \$44 shown in the first balance sheet at 31st December 1974 which was reflected by an asset being a debt owing by an associated company. The second balance sheet shows the capital of \$44 which is recorded as accumulated losses, which on our interpretation would appear to suggest that a dividend or costs have been paid out of capital.

Mr. N. Greiner: No, I wouldn't know .....

Mr. C. Greiner: May I assume both of those were sent to the Corporate Affairs Commission?

Mr. Willis: Yes they were.

Mr. C. Greiner: Right.

Q: I show you the Annual Report of White River Holdings of 30th June 1975 and in particular direct your attention to the dividends received which records dividends having been received from five associated companies.

Mr. Barnett: Excuse me John, can I just stop for a second, please?

Mr. Willis: Yes.

Q: I now show you the minutes of meetings of shareholders of the five companies, that was the W.R.T. Companies Number 2 to 6 for the 31st December 1974 and ask you to compare the dividends as recorded in the accounts of White River Holdings Pty. Limited to the amounts recorded in the minutes of those five companies.

Mr. N. Greiner: So, where do I do that? White River Prefabs is not on that list.

Mr. Willis: White River Prefabs is -

Mr. N. Greiner: I can't compare it.

Mr. Willis: No. 2 to 6 were the former companies. I ask you to compare the dividends as recorded in the minutes with the amounts. I'll wait until you've looked at each of the five, that is the companies numbered 2 to 6.

Q: Do you agree that there is a difference between the figures shown in the minutes and those detailed in the accounts of White River Holdings?

Mr. N. Greiner: There appears to be.



Q: Do you agree that the difference is represented by the paid up capital of each of the five companies? To assist you with that last question I show you accounts of W.R.T. Company No. 2, 3, 4 and 5 and direct your attention to the issued capital in each case of those companies. Referring again to the figures in the White River companies, White River Timber Trusses is recorded as \$28,352 in the minutes whereas in the accounts it's 28,354. I suggest a figure of \$2 which was the paid up capital of that company. White River Moulding Company Pty. Limited recorded dividends in the accounts of White River Holdings of \$134,325 which was \$4,000 in excess of the amount shown in the minutes. I suggest again that was the paid up capital.

Mr. N. Greiner: Well, it's all a matter of record.

Q: Who was responsible for submitting the Annual Returns of White River Timber Company Pty. Limited between 1977 and 1982?

Mr. N. Greiner: I really don't recall.

Q: Are you aware that between 1977 and 1982 N.M. Greiner Pty. Ltd. a defunct company, was shown as the holder of 1 share in White River Timber Company Pty. Limited in its annual return?

Mr. N. Greiner: No.

Q: In inspecting the auditors working papers of White River Timber (1970) Pty. Ltd. for 1983 we observed that the ANZ Bank had detailed securities in respect of advances including securities given by the de-registered companies. Are you able to explain this?

Mr. N. Greiner: Say it again.

Q: In response to a request from the auditors, the ANZ Bank detailed securities given in respect of the White River Group of companies. The securities detailed in the list provided by the bank included securities given by a number of companies which have, of more recent years been de-registered.

Mr. N. Greiner: You need to ask the bank but I suspect their security department's not up to date. I really have no idea at all.

Mr. C. Greiner: If I could interrupt there. You may well find that some of the ownership of those securities has in fact been transferred from the de-registered companies and I'd be grateful if you could provide us with a copy of the auditors working paper you're referring to, I'd be happy to help you explain that.

Mr. Willis: Yes, I don't have it here available but I can make it available to you.

Q: Mr. Greiner, I show you a copy of a document which was in a book which I believe to be the directors minute book of a company, White



River Timber Importers Pty. Limited, which was struck from the register in 1978. The document is said to be a minute of a meeting of directors of that company held on 28 January 1977. Do you recognise the signature on that document?

Mr. N. Greiner: It looks like my father's.

Q: Did you attend that meeting?

Mr. N. Greiner: I have no recollection at all.

Q: Do you have a recollection of reporting at the meeting that the company had lost its paid up capital?

Mr. N. Greiner: I would have thought that in terms of the answer to the previous question the answer is obvious.

Mr. Purdon: Well, we would like you just to read through it, just in case your memory does come back and we'll question you on the point so you fully understand what we're looking at rather than go away from here today and then you don't know the point we are looking at.

Mr. N. Greiner: Well, I clearly have no recollection whether I attended the meeting 7 years ago or not. It's a matter of zero consequence I would have thought to me.

Mr. Willis: I show you a copy of another document that was in that book. This is said to be a minute of a meeting of directors held on 30 January 1977, that is two days after the previous meeting. Do you recognise the signature on that document?

Mr. N. Greiner: It looks like my father's.

Q: Did you attend that meeting?

Mr. N. Greiner: I have no recollection.

Q: Was there a resolution passed that the company should sell one share of \$1 each in Lignus, L-I-G-N-U-S Pty. Limited for \$1 to White River Timber Company (1970) Pty. Limited?

Mr. N. Greiner: That's what it says. I have no recollection.

Q: Was there a resolution passed that the company declare a dividend of \$83,268 forthwith payable to the shareholders on the register this day?

Mr. N. Greiner: That's what it says. I have no recollection.



Q: If the company had \$83,268 on 30 January 1977, why was the report to the meeting on 28th January 1977 that the company had lost its paid up capital, if I may just draw your attention to that meeting?

Mr. N. Greiner: I have no idea. I assume that they were prepared by Mr. Kemeny but I really have no idea.

Q: I wish to refer specifically to a couple of questions asked in the House - Question 433 implies that there was association between the loss to 31 December 1982 and the resignation of a director, being yourself, in March 1983. Was there any association?

Mr. N. Greiner: No, of course not. The reason I resigned is public, I became Leader of the Opposition on that day and made it perfectly clear.

Q: Question 437 (6) asked whether the accounts and directors reports were submitted to any trade creditors or financial institution to support an application for credit. Were there to your knowledge? The Question suggests that I direct your attention to - specifically to the question. Were the accounts and directors report of the White River Corporation Limited submitted to any trade creditors or financial institution in support of any application for credit or loan funds?

Mr. N. Greiner: The bank obviously had them but to the best of my knowledge I haven't been involved in recent times. The company never had any problem at all getting credit and their supplies were long-standing. The accounts were public documents so it didn't require submission I would have thought.

Q: Question 438 referred specifically to public company directorships. Did you hold any other public company directorships in 1972?

Mr. N. Greiner: Any other public company directorships? No.

Q: A question asked was did a director of White River Timber Company (1970) Pty. Limited sign on 22 February 1972 a statutory return stating that the directors including N.M. Greiner and N.F.H. Greiner had not other directorships as at that date.

Mr. N. Greiner: I have no recollection.

Q: Did you hold any other public company directorships as at that date?

Mr. N. Greiner: No.

Q: I now propose to make certain comments in respect of our interpretation of records and when we make available this material to you, we'd invite any response in respect of it. From an inspection of the various company records we are of the opinion that as at 31st



December 1974 each of the subsidiary companies which were subsequently struck off had substantial assets. At that time the question of the liquidation of these companies was only a proposal. When the decision was later made that the companies be liquidated, it appears to us that false minutes and accounts were prepared to portray an untrue situation that at 31 December 1974 the companies had no assets to pay the costs of voluntary winding up. We believe that those fictitious records were brought into existence to avoid a costly and lengthy liquidation process. Would you care to comment?

Mr. N. Greiner: No, not at all.

Mr. Willis: Thank you then Mr. Greiner for your assistance this morning. What I will do is as soon as we obtain typed questions and answers I'll make them available to you.

Mr. N. Greiner: Thank you very much.

Mr. Willis: Mr. Greiner, if we propose to prepare certain adverse comments we would invite any comment in respect of yourself.

Mr. Purdon: We would also give you copies of the letters dated the 5th February 1975 and the 17th February 1975.

Mr. N. Greiner: I assume we have access to them anyway, don't we?

Mr. Purdon: All right then.

Mr. Willis: Yes, you're welcome to access to any document.

Mr. C. Greiner: Excuse me, if you don't mind bundling them together. They're letters you got from Varnay's are they?

Mr. Willis: Yes.

Mr. Purdon: Lawrence Varnay. The particular matters that we'd invite a response on the second page of this letter of the 5th February 1975, where it says "in the meantime as suggested by us we will make the necessary entries in the books of the defunct companies as at 31st December 1974 so this matter can be proceeded with immediately". Then in the letter of 17th February 1975 the paragraph "in the meantime we will attend to declaring dividends from the subsidiaries to the holding companies to the full extent of accumulated profits and paid up capital so that none of these companies should have any assets". We've had a look through the accounting records of those companies and it does appear that the initial entries showed both capital and profits being transferred and that those figures have been changed.

Mr. C. Greiner: What advantage would there have been to the group by that process?

Mr. Purdon: We believe this from our present appraisal of the matter and that is that if it appeared to the Corporate Affairs Commission



that the companies had enough money to go into voluntary liquidation, the Corporate Affairs Commission shouldn't have struck off the companies; and the letter refers to the costly and lengthy liquidation process, that's the letter of the 17th February 1975. We would believe at this stage that false accounts have been prepared to show accumulated losses to get the company struck off by the Corporate Affairs Commission to avoid a costly and lengthy liquidation process and to do this false minutes have been prepared and backdated to the 31st December 1974, together with other entries in the books to record the decision at the 31st December 1974 which never occurred at that particular time.

Mr. Willis: As shown in the White River Holdings accounts for 30th June 1975 there are various dividends recorded as having been received and that's evidenced in White River Holdings records, but when you look at the individual W.R.T. Companies 1 to 6, more particularly 2 to 6, with respect to W.R.T. Company Number 1, two sets of accounts were submitted for the 31st December 1974, one showing an asset of whatever the paid up capital; the second set of accounts which showed accumulated losses being represented by the paid up capital. And again with the other companies in respect of 2 to 6 - 2 to 5, they showed just one set of accounts being accumulated losses.

Mr. Barnett: Excuse me please John.

Mr. Willis: The accumulated losses are not comparable with the accounts. The accounts don't show that at all in the records of the companies. With respect to N.M. Greiner Pty. Limited which became W.R.T. Company Number 6, the accounts it submitted showed an asset being represented by a debt owing by an associated company which was equal to the amount of the paid up capital. The fact that it was processed and struck off the company register is something that the Corporate Affairs Commission was remiss in doing. But that figure is not reflected in White River Holdings on the other side. It does in fact show a total dividend including the paid up capital. So what we have in all of them is a difference between the capital of each of those companies. In White River Holdings it shows the total amount of accumulated funds including the capital whereas in the accounts of those companies they don't, so one is obviously wrong.

Mr. N. Greiner: But they were both submitted by Kemeny weren't they, so I mean it would have been fairly clear. I mean they were both submitted to the C.A.C. weren't they?

Mr. Willis: Yes.

Mr. N. Greiner: So, he was really not endeavouring to obscure that factor?

Mr. Willis: Well, that may be so, but they were in two separate situations. The White River Holdings were not referred to if someone was examining just the applications for 308, that is to have the company struck from the register. It would seem that Mr. Kemeny has prepared further accounts which are not consistent with the company records. Because Mr. Kemeny is now indisposed we are not in the position to ask him and this is the reason that we invite your comment.



Mr. N. Greiner: The net effects for my edification, the net effect of all this on the group was what in terms of your understanding?

Mr. Willis: Well.

Mr. N. Greiner: The saving, the presumable benefit that was being sought was to save the cost of winding up. Is that --?

Mr. Willis: That is if we accept what the correspondence says, that is so.

Mr. N. Greiner: Well, can you conceive of any other advantage?

Mr. Willis: Not that I'm aware of.

Mr. Purdon: No, that's what I believe, just to save the cost of voluntary winding up.

Mr. N. Greiner: Which are, which were?

Mr. Purdon: Well it says in the letter of the 17th February.

Mr. N. Greiner: No, no, which were?

Mr. Willis: Well it would seem to us in hindsight that it would have been far more practical and should have happened anyhow because of the assets that were there, that a members voluntary winding up should have occurred in respect of each of the companies.

Mr. C. Greiner: It would have had the same effect, in that the assets would have just been distributed to the creditors --

Mr. Willis: Well, that's right, but it's done in a proper and correct manner.

Mr. N. Greiner: The net effect of this in other words is really nil. On the two options, the net effect is nil. I mean, the voluntary costs - the costs of the voluntary winding up are insignificant. anyway in practice aren't they -?

Mr. Willis: Yes.

Mr. N. Greiner: In terms of public companies.

Mr. Willis: I would think so, if you had one accountant doing them all.

Mr. N. Greiner: So in fact.



Mr. Purdon: Well I don't know whether I agree with that. Accountants certainly charge a lot. They charge so much an hour to wind up these companies with meetings being called. It would have been costly.

Mr. C. Greiner: Mr. Purdon, I've done a couple of voluntary windings up, you know a few hundred dollars. Let's assume a thousand dollars each company.

Mr. Willis: What our concern is now is what is reflected in the returns that were lodged at the Commission. It would suggest that dividends are being paid out of profits which is contrary to the Companies Act and that's something that we are concerned with. We forewarn you.

Mr. N. Greiner: Sure.

Mr. Purdon: But the consequences that flow out of it, if it's true that directors or Mr. Greiner Senior had signed minutes and if those minutes are false that's a significant thing. That directors of companies would do that. But that's what we're looking at and we're seeking answers.

Mr. Willis: It'll be on the same area that we would speak to Mr. Greiner Senior tomorrow but also just invite his comments because there are some questions about the financial positions of the companies at this time.

Mr. N. Greiner: Sure.

Mr. Willis: Thank you then.

Mr. Greiner: Good, thanks very much.



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LEGISLATIVE COUNCIL  
PARLIAMENT HOUSE  
SYDNEY 2000

HAVE LOTS OF FUN!

BEST WISHES,

A handwritten signature in black ink, appearing to be 'St.' followed by a large, stylized flourish that extends downwards and to the right.

*Forwarded with the Compliments of*

The Hon. Richard Jones, M.L.C.

(FORWARDED TO ROBBO IF HE DOESN'T HAVE A COPY.)



22 May 1992

HISTORY

REPEATS

ITSELF