



**APSAC Conference 2011 Paper**  
Fremantle, Western Australia  
15 – 17 November 2011

## **WHEN THE GENERAL MANAGER IS CORRUPT**

***Darren Curd**, Investigator, NSW Independent Commission Against Corruption*

### **INTRODUCTION**

Corruption can sometimes begin at the top. When the General Manager of an organisation is the main source of the corrupt activity, the organisation itself becomes dysfunctional and inept.

The changes made to the Local Government Act 1993 saw the position of General Manager to the Local Council established and given a more autonomous and responsible role. The removal of existing State Government controls gave not only more responsibility to the General Manager, but more power.

As the NSW Local Councils adopted a model code of conduct that restricted interaction between elected Councillors and Council staff, the General Manager became more influential with virtually all directions relating to staff activity to go through his or her office.

Burwood is a suburb located in the inner west area of Sydney, approximately 12 kilometres from the CBD. It boasts a busy central shopping district and two main arterial roads that head into the city, Parramatta Road and the Hume Highway (Liverpool Road). The area is fairly densely populated with a mix of early federation style houses, unit blocks and some light industrial areas. There is a diverse multicultural make up of people in the area which is made up of predominately middle class people. The population for the Burwood Local Council area stood at 33, 678 on 30 June 2009.

The Burwood Local Council offices are based in the heart of Burwood itself and the Council area extends to include not only Burwood, but parts of surrounding suburbs, Croydon, Strathfield, Croydon Park, Enfield and Burwood Heights. Burwood Council is reasonably small in comparison with others, being I believe the second smallest Council in the Sydney Metropolitan area. The Council itself employs around 200 full time staff, made up of officer workers and depot staff. The Council Depot is located at one of the adjoining suburbs.

## **The General Manager**

Pasquale "Pat" Romano was employed as the General Manager of the Burwood Council in December 2002. Prior to that, he ran his own consulting company and had previous experience in middle management at the Liverpool Council. In the Public Inquiry, Mr Romano states that the highest post he held prior to being appointed at Burwood was Senior Manager of Interchange Assets in the Department of Transport. He conceded that the appointment as General Manager at Burwood was something of a significant step up from his previous role. At the Public Inquiry, Mr Romano said "*the General Manager of a Council would have a higher status than my previous roles*" and "*I considered it a great opportunity in my career*". At the time of the investigation, Mr Romano was married with children and resided in a modest suburban home in a suburb adjoining his Council.

The investigation was to find that Mr Romano was a man who had a dominant personality, ruling with an iron will. It was reportedly 'his way or the highway' and any who crossed him seemed to be dealt with swiftly and mercilessly. Mr Romano displayed certain traits consistent with those of a good leader and positive thinker. He appeared to be a person who would get the job done and proved this by his positive action towards the Burwood Council Precinct Refurbishment Project. However, Mr Romano was a man with limited experience in such a senior management role and he would use questionable management techniques such as ignoring his middle managers and dealing directly with the lower level staff when he wanted something done. This made some of the supervisors redundant when it came to managing the staff and directing the various jobs of the road crews.

Mr Romano was to be a person who, throughout the course of the investigation and even into the Public Hearing, maintained a constant presence which caused a barrier to our proceedings. Because of his position of power coupled with his strong personality, Mr Romano continually included himself in Council meetings and briefings concerning the ongoing investigations. He would exclude himself from decision making during such briefings, all the while being kept informed of every development. He would then give directions or make suggestions to members of the executive via email, effectively involving himself in the process. He maintained a close contact with the Council Solicitor David Baird, who as we were to eventually discover, had become good friends with Mr Romano. This situation, as well as the fact that many of the staff felt either intimidated by or aligned to Mr Romano, created an environment which proved difficult to work in. In any case, it meant that investigators found it difficult at times when interviewing and taking statements from Council staff. This reluctance was obvious at various times during the Public Hearing as Mr Romano sat there taking notes, occasionally glancing at the witness box. From an investigation standpoint, we were unsure that we were receiving complete records when requested and it later became apparent that Mr Romano was aware of everything that was happening, insisting that he be kept informed by his staff.

At the completion of the investigation a Public Inquiry was held commencing on 22 March 2010 and finishing on 11 June 2010. Pat Romano was found to have acted corruptly on a number of different counts in his capacity as General Manager of Burwood Council. The Commission was to find that he used Council funds for personal reasons, used Council funded surveillance for unlawful means, deceived another Council for his own personal gain, used Council staff and resources for his own personal benefit and engaged in reprisal action against Council staff who had acted against him and assisted the ICAC as witnesses.

## **The Investigation**

This investigation came about after two Burwood Council Depot Workers, Stephen Child and Giuseppe "Joe" Giangrasso approached a journalist from the Sydney Morning Herald in March 2009 and made allegations about Mr Romano. The journalist informed the Mayor, Lesley Furneaux-Cook who in turn reported the matter to the ICAC. Eventually, the complainants were contacted and the investigation was commenced.

Comprehensive statements were obtained from the two complainants who provided a detailed account of their dealings with Mr Romano and some of the activities he had been engaged in. Mr Child and Giangrasso informed us that they had enjoyed a close working relationship with Mr Romano, so much so that they were able to call him at any time or drop into his office for a coffee and a chat. They were able to go straight to Mr Romano whenever they needed something in relation to the job they were working on, with the knowledge that they could expedite proceedings by going straight to the top. This proved to be an unworkable situation with Mr Romano dispensing with the chain of command and rendering the middle and lower managers redundant. Mr Child and Giangrasso alleged that Mr Romano had used their services and the services of other Council Depot staff to renovate the driveway of his home and to perform renovations on a set of units in Edwin Street North, Croydon, in which Mr Romano had an interest in.

Early on in the investigation, Robert Cummins, the Director of Governance and Corporate Services came forward and made a number of allegations against Mr Romano, including that he had improperly interfered with the recruitment process of his friend and business partner Albert Becerra (Council Chief Architect) and inappropriately directed that the expense of a home security system at his home be paid for by the Council. Mr Cummins provided a detailed statement about these and other matters and was to become a victim of reprisals as a result of his actions.

## **Matters of Interest – Corrupt Conduct**

### **Using Council funds to pay for surveillance, home security and photography for personal reasons**

In mid 2007, Mr Romano became aware of a close friendship that had developed between his wife Carmela Romano and one of her work colleagues, John Brown, after finding evidence on his wife's blackberry. After being confronted about the relationship, Mrs Romano told her husband who this man was, the fact that he worked in her office and the extent of their friendship. Mr Brown and Mrs Romano had developed a close friendship in early to mid 2007 and had met on a few occasions for lunch and after work. I believe the close friendship between Mr Brown and Mrs Romano ended in August 2007.

Around 5 September 2007, Pat Romano, in his capacity of General Manager of Burwood Council, approached Richard Mailey of IPP Consulting and instructed him to arrange surveillance work for the Council. Mr Mailey had been previously engaged by the Council to carry out CCTV and surveillance work for the Council. Mr Romano provided Mr Mailey with the names of three people he believed may have been responsible for harassing him and his family. However, Mr Romano wanted only one person on that list placed under surveillance. That person was John Brown. On 26 September 2007,

they commenced surveillance on Mr Brown which continued sporadically until 27 November 2007. It was clear that this surveillance activity had nothing to do with Council business and was purely for the purpose of Mr Romano finding out if his wife was still seeing Mr Brown outside the workplace.

In October 2007, Pat Romano reported to the other members of the Council Executive that he and his family had been subjected to harassment by unknown persons in August and September 2007 and he believed the harassment related to Council matters. He recommended the Council cover the costs associated with the installation of a home security system and the hiring of a private investigator.

On 9 October 2007, Mr Romano asked Lawyer David Baird, (who worked for private firm Maddocks and had been engaged by Mr Romano on behalf of the Council), to provide advice as to whether this could be legitimately considered a Council expense. Mr Baird provided a draft advice dated 7 November 2009 which recommended Council pay for a private investigator and the installation of a home security system. It might be noted that Mr Romano forwarded Mr Baird's advice to members of the Council's Executive and some of the executive opposed this advice, most notably Robert Cummins.

On 24 October 2007, Mr Mailey met Mr Romano at his home and they discussed upgrading his home security and according to Mr Romano, Mr Mailey advised him that he should have security cameras installed. It is likely that this had been discussed previously as Mr Romano had already canvassed the issue with members of the executive and the Council lawyer David Baird.

Mr Romano received supporting advice from Mr Baird and Council Consultant Bob Howe with regard to the upgrade of the home security system. However that advice was based on false or exaggerated assertions about threats to his security. Mr Romano went as far as to claim that he and his wife had been receiving "harassing phone calls and emails" and "letters and packages" in the mail. In the Public Inquiry, Mr Romano admitted that there were no suspicious packages and he himself had sent a number of the harassing emails. Mr Romano created a fictitious email address in the name of "bobbi.big" which he used to send harassing emails to himself and his wife.

Despite being advised by other members of the executive to be cautious with claiming the installation of home security as a Council related expense and to refer the matter to an independent body such as the Council, Mr Romano pressed on with his intentions. The installation of the security systems took place sometime after the receipt of the final advice from Maddocks on 26 November 2007. The main upgrade that took place was the installation of Internet Protocol Cameras. These would allow Mr Romano to monitor and control the fitted cameras at any time from an external location using a computer with internet access.

Burwood Council paid over \$44,000 for the surveillance work and over \$30,000 for the installation of the new security equipment at the home of Mr Romano. It should be noted that the results of the surveillance were negligible. The Commission found that the actions of Mr Romano in respect of these matters amounted to corrupt conduct as defined in the ICAC Act. In late 2007, after the surveillance had concluded, Mr Romano gave some surveillance photos of Mr Brown and at least one photo of his wife Carmela to photographer Nicola Tantaro of NYX Productions. Mr Tantaro was a contractor for the Council who occasionally worked on events or projects. Mr Romano arranged for

Mr Tantaro to digitally manipulate the photos of his wife and Mr Brown to put them together at two different locations. Mr Romano and Mr Brown went out to some locations that Mr Romano nominated, where they took some photos of the areas. Mr Tantaro superimposed the images of Mr Brown and Mrs Romano onto these two locations and produced two photos. One showed them sitting together on a park bench and the other showed them sitting together in a car.

Nicola Tantaro invoiced Burwood Council \$650 for the work done at the request of Mr Romano and was paid for his services. Again it was obvious that this work had nothing whatsoever to do with the Burwood Council.

In November 2007 Mr Romano arranged for the manipulated photos to be sent to the workplace of Mr Brown's wife, Debra in a package. The package also contained a demeaning letter which was similar to some previous ones received at her home. At a later meeting with Mr and Mrs Brown, Mr Romano would admit to sending the letters and photos as well as threatening emails to Mr Brown's boss, using the fictitious email address of [bobbi.one@gmail.com](mailto:bobbi.one@gmail.com).

### **Construction of Mr Romano's Driveway**

As previously indicated, Mr Romano's management style at the Burwood Council resulted in him dealing directly with subordinates in relation to current projects. His close contact with some of the staff meant that they were comfortable approaching him directly and coffee meetings were not uncommon with certain employees. Construction Gang Team Leader Joe Giangrasso (one of the initial complainants) was approached by Mr Romano in August 2007 and asked him to help him construct a new driveway at his home. Mr Romano told him that he wanted to do it in one day and didn't want his local Council (City of Canada Bay) to know about it.

Mr Giangrasso spoke to his direct supervisor, Depot Civil Maintenance Coordinator Stephen Child (one of the initial complainants) and they arranged to construct a new driveway for Mr Romano. They engaged the assistance of another depot worker, Ammar Issa and a Burwood Council contractor Shane O'Brien from O'Brien Civil. Mr Romano had requested they use Mr O'Brien to assist with the excavation of the old driveway.

On Saturday, 15 September 2007, in their own time, Mr Giangrasso, Mr Child, Mr Issa and Mr O'Brien all attended the home of Mr Romano to construct the new driveway. Mr O'Brien excavated the old driveway and assisted with the removal of the concrete. He took no further part and left the work site. The remaining workers then constructed the new driveway, completing the majority of the work that day. Mr Romano paid for the concrete and steel reinforcement used to construct the driveway but did not pay any of the workers for their efforts, including the contractor Mr O'Brien.

On 19 October 2007, Mr Romano took Mr Giangrasso, Mr Child, Mr Issa and Mr O'Brien to the Il Buco Italian Restaurant in Enfield for lunch as a thank you for the construction of his driveway. Mr Romano paid for lunch apparently out of his own pocket.

## **Renovation of the Befaro Units**

In 2007, the families of Pat Romano, Burwood Council Architect Albert Becerra and Canada Bay Council Councillor Tony Fasanella combined to establish the property investment company "Befaro Pty Ltd". The directors of this company were the wives of the three men, those being, Carmela Romano, Poppy Becerra and Maria Fasanella. It is obvious from documentary evidence, including emails that the husbands actually carried out most of the work associated with that business.

On or around 1 June 2007, Befaro purchased a block of units in Edwin Street North, Croydon for \$1,260,000. Befaro Pty Ltd held the property in trust for the Befaro Property Trust. Mr Romano, Mr Becerra and Mr Fasanella were appointed as agents for the company to manage the refurbishment of the property.

In early 2008 Mr Romano again approached Joe Giangrosso and asked if he could help out a friend who needed some units renovated. He made an assessment of the work required and engaged the assistance of another depot employee to carry out some renovations and repairs to one of the units. There was to be a number of other staff from the Burwood Council Depot who would work at the Befaro unit block including Stephen Child who was tasked with project managing the refurbishment of one of the units. On at least three separate occasions, Council staff conducted work at the units during work time and there were also Council equipment and materials used to complete the work.

In November 2008 Mr Romano asked Mr Child to project manage the refurbishment of one of the other units and he refused as he was struggling to keep up with the workload. Around this time, Mr Child had been involved in another complaint at the Council and his position was being reviewed. As a result of these circumstances, Mr Child had a falling out with Mr Romano. Mr Giangrosso found that he too was now out of favour with the General Manager.

After Mr Child had reported his concerns to the Sydney Morning Herald journalist, an article was printed on 4 April 2009. This article named Mr Romano and described the allegations that he had used Council resources and staff to work on his home driveway and the unit block at Croydon. There were also excerpts from emails in the article that had been provided by Mr Child which showed the involvement of Mr Romano. Unfortunately, these emails also made it quite obvious to Mr Romano who had contacted the media. There were a number of follow up articles on this matter.

Following the newspaper articles, the City of Canada Bay Council commenced an investigation about the unauthorised construction of the driveway. They corresponded with Mr Romano after making a visual inspection of the new driveway. Mr Romano was asked to pay the normal fees associated with such construction and to provide the details of the company responsible for the work. The Council also required copies of the company's certificate of insurance and workcover certificates. Mr Romano paid the fee as required and nominated O'Brien Civil as the licensed company who constructed the driveway, despite the fact that Mr O'Brien had nothing to do with the construction. Mr Romano also obtained copies of O'Brien Construction certificates from the Burwood Council that had been submitted in relation to previous jobs. He then submitted these certificates to the Canada Bay Council as evidence that they had been responsible for constructing the driveway. The Council accepted these and approved the driveway post construction.

## **The Sale of the Honda CRV**

On 2 August 2005 Pat Romano ordered a new black Honda CRV motor vehicle for both business and personal use as part of his employment contract. After adding extras and registration, the cost to the Council totalled \$42,331.

In November 2007, Mr Romano asked the Council's Chief Financial Officer for the residual payout for the Honda CRV, should he want to buy it outright. The payout figure was \$19,945. Mr Romano had arranged for the private sale of the Honda, advertising it on carsales.com.au.

In October 2007 Mr Romano was approached by Lisa and Bradley Harrison who were looking to buy a car. Negotiations began and the final price agreed to was around \$26,000. The Harrisons left Mr Romano with a \$500 holding deposit and then went away on a short holiday, in which time Mr Romano said he would arrange for the vehicle to be serviced.

On their return, the Harrisons arranged to attend the home of Mr Romano to pick up the vehicle and pay the remaining amount owed. Mr Romano had requested the Harrisons provide him with two cheques, one for \$19,945 made payable to Burwood Council, the other for \$5,555 made payable to P and C Romano. He told them that the car was a lease vehicle and that was the reason for the two cheques.

On 14 November 2007, the Harrisons attended Mr Romano's home and completed the purchase of the Honda CRV. They paid him the two cheques to complete the deal. The transfer section of the registration papers (which depict the vehicle registered to the Burwood Council) was then completed and the sale amount shown was \$19,945. These papers were lodged with the RTA so that the transfer of registration could be completed. Mr Romano made a copy of the registration transfer form which was signed by himself and also John Alsop, the Council's Fleet Manager. Mr Romano handed the following documents to the Council's Chief Financial Officer:

- The cheque for \$19,945
- A photocopy of the certificate of registration
- A photocopy of the purchaser's drivers licence
- A copy of a handwritten receipt from Mr Romano dated 14 November 2007. The receipt read, *"I, Pat Romano, certify that I have received payment in full for the purchase of black CRV rego AUG38H from [purchaser's name] on 14 November 2007"*

It will be noted that no document provided to Burwood Council depicted the actual sale price of the vehicle, including the receipt given to the purchaser which failed to specify any amount at all.

## **Reprisal Action**

The ICAC found that in the 12 months following the allegations made against Pat Romano, adverse managerial action was taken by Burwood Council against each of the five persons who had made the allegations. In the case of Robert Cummins, Stephen Child and Joe Giangrasso the Commission found that they were all subject to adverse treatment as a result of complaints of corrupt conduct made about Mr Romano and Albert Becerra to Council Officers, the Mayor of Burwood, the Sydney Morning Herald and the ICAC. In each of those three cases, the Commission found that some of the adverse managerial action amounted to corrupt conduct under the ICAC Act.

## **Criminal Offences and Conclusion**

A number of criminal offences for Pat Romano have been recommended for referral to the DPP in the final report, including ones relating to Fraud, Misconduct in Public Office, Misleading the Commission and Reprisal Action offences. Some of these matters have already been referred to the DPP and the ICAC is awaiting their advice. There are also further briefs of evidence yet to be sent to the DPP.

In concluding, it became obvious from this investigation the problems that can occur when a person in a position such as the General Manager of a Local Council is corrupt. He is in a position of trust and a position of power, further enhanced in this case by the personality and management style of Pat Romano. He seemed to be accountable to no one but himself and as such was able to engage in inappropriate and/or corrupt conduct whenever it suited him. This situation also made it difficult if not impossible for those around him to take remedial action to prevent corrupt conduct occurring, with swift relentless reprisal action taken against anyone who dared challenge him. Indeed, during the course of the investigation, people were somewhat reluctant to come forward or speak out for fear of losing their jobs or being put in a position where they would be targeted.

From an investigative standpoint, it presented further difficulties where there was a constant concern of a compromise of the investigation. The cooperation of the Council was tempered by the thought that "the General Manager may be aware of what we are doing here" or "are we receiving everything we have asked for". This meant that we would constantly second guess ourselves and could never be sure that we had the full picture, at least when dealing with the Council or their solicitors.

Finally, the Public Inquiry had to initially endure the General Manger remaining in his position while sitting through the evidence of a number of witnesses who were current employees of the Council. This placed tremendous pressure on the witnesses and made giving their evidence a daunting process. Thankfully, during the course of the hearing after some overwhelming evidence had been heard, Mr Romano was removed from his position, relieving the pressure somewhat on Council employees who were giving evidence.

As a result of the investigation and the Public Inquiry, the Burwood Council was made aware of a situation whereby the General Manager was able to use their funding for his own gain virtually without question. There was limited accountability and a dysfunctional system that needed to be addressed. Hopefully, with a new General Manager and largely new Executive Team, the Council will be in a position to address these issues and go into the future without the spectre of corruption hanging over the organisation, through the highest executive position, the General Manager.

## **1. ACKNOWLEDGEMENTS**

I wish to acknowledge the entire Magnus Investigation Team for their hard work and outstanding efforts

## **2. REFERENCES**

- [1] The Hon David Ipp AO QC, Commissioner ICAC, Theresa Hamilton, Deputy Commissioner ICAC, Don McKenzie, Principal Lawyer ICAC: ICAC Report, April 2011 – *Investigation into Alleged Corrupt Conduct Involving Burwood Council’s General Manager and Others.*