

# The Daily Telegraph

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**PARRAMATTA  
SALARY CAP  
SCANDAL**

» **12 POINTS  
STRIPPED**

» **NRL BID TO  
AXE CHEATS**

» **\$1M FINE**

# SMOKED EELS

**NICK TABAKOFF**

**PARRAMATTA** face a monumental challenge to rebuild the NRL club after suffering the biggest blow in their 70-year history.

The Eels were yesterday stripped of all this year's 12 competition points and fined \$1 million for salary cap breaches first exposed by The Daily Telegraph. Parramatta will be allowed to accumulate points only once the salary cap is fixed, meaning players will now have to leave the club.

» FULL COVERAGE 4-5, SPORT

## Rate expectations as RBA cuts to record low

**JOHN DAGGE & SOPHIE ELSWORTH**

AFTER interest rates were slashed to a record low yesterday, economists predicted the Reserve Bank would cut the rate even further to ward off an economic slowdown.

Analysts said more cuts were likely, even after the central bank cut the cash rate to a fresh historic low of 1.75 per

cent. Three of the four major banks were swift to pass on yesterday's rate cut. National Australia Bank, Commonwealth Bank and Westpac all passed on the full 25 basis point cut. ANZ bucked the trend, confirming it would pass on only a 0.19 per cent cut.

"The RBA nearly always follows up with another cut and we expect this time to be no different," ANZ head of Australian economics Felicity Emmett

said. JP Morgan head of interest rates strategy Sally Auld said there should be "little doubt" the RBA had scope to ease rates further and a willingness to do so "should the circumstances demand it".

UBS economist Scott Haslam said the central bank had revealed its concern about "the risk of persistent low inflation".

Housing Industry Associ-



ation economist Shane Garrett said the last time the average variable rate dipped below 5.4 per cent was back in July 1968.

Reserve Bank governor Glenn Stevens (pictured) said the decision was based on last week's surprisingly weak inflation figures, adding that the data "were unexpectedly low".

» FULL REPORT PAGE 2

HOW WE BROKE THE STORY

**MAY 21, 2015**

Parramatta are hit with a fine of \$525,000 and threatened with the loss of four competition points for repeated salary cap breaches in 2013 and 2014.



**MARCH 9, 2016**

The Daily Telegraph reveals explosive internal minutes from March 2014, signed off by Eels chairman Steve Sharp, that show the Parramatta board openly discussed strategies to skirt salary cap rules by rewarding third party agreement (TPA) providers with corporate boxes.

**MARCH 10**

New details emerge of TPA payments in alleged breach of salary cap rules to Eels stars.

**MARCH 11**

ARL Commission chairman John Grant announces a full forensic investigation "to get to the bottom of the allegations".

**MARCH 15**

Fresh Eels board minutes from January 2014 reveal directors discussed the urgent need to "secure" nearly \$600,000 in third-party payments.

**APRIL 6**

Fresh revelations suggest past and present players, including Corey Norman, Chris Sandow, Will Hopoate, Reni Maitua, Willie Tonga, Justin Hunt, Nathan Peats, Lee Mossop and Chelsey Blair, were guaranteed hundreds of thousands of dollars in third-party payments.



**APRIL 7**

Emails reveal the Eels guaranteed more than \$200,000 in third party payments to club captain Tim Mannah.

**APRIL 27**

Fresh text messages emerge proving Eels CEO John Boulous was actively involved in discussions about a proposed \$75,000 third-party agreement deal with Parramatta Council, which included Mannah, Jarryd Hayne, Will Hopoate and Nathan Peats, in 2014.

**MAY 2**

With the NRL's decision imminent, Sharp says the club had not been afforded "natural justice and procedural fairness", and hints sanctions could be appealed through the courts.

**MAY 3**

NRL CEO Todd Greenberg hands down punishment, saying "the job of rebuilding this club starts now".

# PARRA STAIN WIPED CLEAN

## THE SCANDAL

NICK TABAKOFF

IN one of the darkest days in the NRL, five senior officials at the Parramatta Eels, including chairman Steve Sharp and CEO John Boulous, were yesterday found to have engaged in industrial-scale cheating of the salary cap.

The NRL's interim report — which revealed a total of \$3 million in rorting of the cap by the Eels over four years — has even stung the NSW government into action.

NSW Deputy Premier Troy Grant last night said he had personally requested that the "NSW Police examine the report".

In an unprecedented move, the NRL has issued "show cause" notices to Sharp, Boulous, deputy chairman Tom Issa, director Peter Serrao and Eels football boss Daniel Anderson, asking them to justify why they should not be deregistered from the game. The club has been deducted all its 12 points



accumulated so far, with the prospect it will play for no points until it gets under its salary cap, which the NRL says it is currently over by \$570,000 for the 2016 season.

The club was also issued a \$1 million fine (with \$250,000 suspended if the club quickly implements corporate governance reforms).

NRL CEO Todd Greenberg said yesterday the actions of Sharp, Boulous, Issa, Serrao and Anderson were "a stain on our game".

"The preliminary findings suggest the operation of a deliberate, co-ordinated and sustained system of salary cap cheating by the club," Mr Greenberg said.

Shattered Eels players and fans yesterday were defiant in the face of the sanctions. Parramatta prop Kenny Edwards vowed: "Nothing will break us. I wouldn't want to be another team playing us in the next few weeks."

The NRL forensic investigation into the Eels, which examined a record 750,000 documents, was instigated two days after The Daily Telegraph revealed a series of

Eels internal documents from 2014 that showed a culture of rorting the salary cap at the club's highest levels.

Mr Greenberg said yesterday that the Eels were "the most poorly managed club in the NRL".

The evidence backs this suggestion, with the NRL boss confirming previous revelations that the club had conspired to pay players under the table from its own resources, directly sourced third-party agreements in breach of the salary cap, and issued fictitious or inflated invoices to raise money to make additional payments to players.

NRL Integrity Unit boss Nick Weeks said some of the payments had involved cash in hand. "Some of the resources the club has used to help fulfil promises made to players relate to cash," he said. "That's our assessment."

The scale of the Eels' estimated salary cap rorting over four years was of a similar magnitude to the Melbourne Storm's 2010 scandal. "In monetary terms we estimate the club made promises of remuneration that haven't been disclosed to the NRL of \$3 million since 2013 in aggregate," Mr Weeks said. This compared with \$3.8 million in cap cheating at the Storm over five years.

Mr Grant said Liquor and

Gaming NSW "would now examine the report to identify any breaches of the Registered Clubs Act".

It is understood the body is interested in the ongoing role of the sanctioned Eels directors on the \$80 million-a-year Parramatta Leagues Club board, of which Sharp, Issa and Serrao remain directors. The Registered Clubs Act requires directors to pass a "fit and proper person" test.

Greenberg undertook to fix the club on behalf of players and fans. "I know from talking to the players they don't want to live under the constant threat of losing competition points," he said. "They want Parramatta to become the powerhouse team that this should be. The job of rebuilding starts now."

He added that the Eels had the ability to be a "super club" in Sydney.



Eels players Clint Gutherson, Tim Mannah and Anthony Watmough after hearing yesterday's verdict and (left) chairman Steve Sharp. Main picture: Phil Hillyard

## The Gang of Five officials who proved that

### THE DODGY LEADERS

NICK TABAKOFF

THEY are the "Gang of Five" — the senior Parramatta officials who have been in a constant state of denial despite overwhelming evidence that the club cheated the salary cap under their watch.

Their merry leader is Steve Sharp,

chairman of the Eels since May 2013, with his loyal support crew of CEO John Boulous, deputy chairman Tom Issa, head of football Daniel Anderson and director Peter Serrao. All were present for the now notorious board meetings in January and March 2014, where senior officials at the club openly discussed strategies for getting around the NRL's salary cap.

Remarkably, the fact that the club rorted the cap was included in its own

board minutes: raising questions about whether the Gang of Five was simply naive, stupid or arrogant.

NRL boss Todd Greenberg and integrity unit head Nick Weeks appeared to indicate the club's response to its investigation was a combination of all three, in handing down their sanctions on the club.

Weeks described the level of the club's response to the NRL's investigation as "disappointing".

"We have been asking them questions where we have learned of information, and they haven't been forthcoming," he said. "What we have had to do is go and do our own work."

Sharp's own response when first confronted by the Telegraph on March 8 with the board minutes in question was equally puzzling.

He first claimed the minutes had been "doctored". But then he backtracked when asked whether his



## EELS EXPOSED

### THE CHEATING

- » Parramatta have breached the NRL salary cap by \$3 million since 2013, including \$570,000 this year.
- » The Eels made secret payments to players, set up third-party deals outside the rules and asked for fake invoices from suppliers that allowed for money to be transferred to players.

### THE PENALTY

- » Loss of all 12 competition points accumulated this season.
- » Unable to accrue points until they get their roster under the cap.
- » Five club officials - chairman Steve Sharp, deputy chairman Tom Issa, director Peter Serrao, CEO John Boulous and football manager Daniel Anderson - to be deregistered.
- » \$1 million fine (\$250,000 suspended).
- » Auckland Nines title stripped.

### WHAT NEXT?

- » The Eels have nine days before their next game to shed players and fix their salary cap. If they do not get under the cap, they will continue to play for zero points.
- » Injured star Anthony Watmough may be the key to the Eels' future. Watmough is unlikely to play against because of chronic injuries. Recruited on a massive four-year deal, insurance issues dictate if his retirement will free up cap space.
- » The players believe they can make the finals if they win 12 of their final 15 games. They have blown out from \$11 to \$101 with the TAB to win the premiership.

### THE QUOTES

*We haven't given up hope. At the start of the year, we wanted to be playing finals football but nothing's changed.*  
- EELS COACH BRAD ARTHUR

*The preliminary findings are not only disappointing but a stain on our game.*  
- NRL CEO TODD GREENBERG

**+ DON'T MISS WORLD'S DUMBEST CHEATS: SPORT**

## Fair result for every NRL club

### COMMENT

PHIL ROTHFIELD

A \$1 MILLION fine and the loss of 12 competition points is a fair and reasonable outcome for Parramatta and rival clubs.

Throw in the loss of \$370,000 prizemoney from winning the Auckland Nines and the punishment is spot on.

Never mind the fact Melbourne Storm were stripped of two premierships and played one season for zero competition points. For starters, Parramatta had no premierships to take.

Storm's cheating was of a much larger scale (\$957,206 in 2008, \$1,020,597 in 2009, \$1,039,696 in 2010).

As NRL boss Todd Greenberg said yesterday: "When I watched Melbourne Storm fans and players have to continue to play a season without the ability to accrue points I thought that was soul-destroying both for the players and the fans."

Under this scenario, at least Parramatta will have the slightest of hope. Win 12 from 15 and they could play finals football.

It's highly unlikely but mathematically possible.

If coach Brad Arthur can trim \$570,000 from his salary cap before playing the South Sydney Rabbitohs on Friday week, it will be a level playing field.

At least fans will still have something to cheer for and Parramatta's team will be worth the same as everyone else's. That's all we wanted from day one.

Now Parramatta have the chance to get their act together under new management.

They are getting a 35,000-seat stadium and have a leagues club that prints money.

In future they could become the most powerful force in the game. This is their opportunity to start again and go about their business honestly.

## Deregistration decision stopped by a last-minute court order

### THE LEGAL FIGHT

AMY DALE & MICHAEL CARAYANNIS

FIVE Parramatta Eels officials last night secured a temporary injunction that "restrains" the NRL from carrying out the deregistration slapped on them yesterday.

It followed an urgent application by counsel for the five officials — chairman Steven Sharp, football manager Daniel Anderson, CEO John Boulous, Tom Issa and Peter Serrao — to challenge the deregistration decision, which they say they only learnt about at a meeting at 7.30am yesterday.

Their barrister, Arthur Moses SC,

said his clients would ask the NSW Supreme Court to consider "whether there has been a breach of procedural fairness" and if it had potentially breached the Corporations Act.

Justice Rowan Darke made an order stating "until further order and without admission by the defendants and reserving all rights which the defendant may have against the

Parramatta NRL club, restrain the defendant by its employees, agents and servants from acting upon, implementing or carrying into effect the final sentence of the notice issued to the plaintiffs on May 3, 2016."

The five officials had sought urgent legal action against the proposed penalty to deregister them

as a result of the salary cap breaches. The club has not lodged a court action against the \$1 million fine and docking of points.

Justice Darke has adjourned the case until Friday.

Earlier the NRL's counsel, Lachlan Gyles SC, said his clients had engaged in "procedural fairness 101" by allowing the club five days to respond.

## denial is not just a river in Egypt

signature had been forged, saying: "I wouldn't suggest someone has forged my signature at all."

Virtually every time the Telegraph published a new revelation about salary cap rorting at the club, either Sharp or Boulous would put out a press release. The statements had common themes: that the Telegraph articles were part of a "smear campaign" against the Eels, and that any problems identified were the

responsibility of previous regimes, or anyone other than themselves.

The press releases also claimed that the club was working in an "open and transparent" manner with the NRL. Weeks was quick to dismiss this claim yesterday. "We rely on clubs to provide us with information that is accurate," he said. "It has been difficult to get that out of Parramatta."

On Sunday night, Sharp put out a statement in which the NRL was

threatened with legal action if they were denied natural justice.

Greenberg's reply was stinging: "I think the Eels over the last couple of months have continued to do what they have done — which is deny there are issues inside their club."

For Greenberg, the embarrassment caused to the NRL by the Gang of Five and their rorting of the salary cap needed to end. "This has to stop," he said. "It stops today."



Angry Eels fans Kathie and Norman Tiley and Matt Hall yesterday.