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VICTORIA POLICE

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**Detective Acting Superintendent NAYLOR
Ethical Standards Department****Subject: Operation HEMI - Investigation into criminal conduct by ex-member
Detective Senior Constable Stephen Paton, 22063 and Detective Sergeant
Malcolm Rosenes, 19031. ESD file [REDACTED] refers.****Purpose**

1. To provide an overview of the conduct and result of Operation Hemi. To also provide a current report on the status of the prosecution phase of the investigation following the arrest of the offenders for drug trafficking.

Background – Operation Hemi

2. **Chemical Diversion Program.** On 22 December 2000 the Corruption Investigation Division commenced an investigation into allegations of drug trafficking made against former member Detective Senior Constable Steven Paton 22063 of the Drug Squad. Detective Paton was a current serving member of the Drug Squad Clandestine Laboratory Enforcement Unit at the time the investigation commenced but resigned from the police force in December 2000. He submitted his resignation on or about the date the Corruption Investigation Division was tasked to commence an investigation into his activities.

3. Whilst attached to the Drug Squad Senior Detective Paton spent a period of time as the Drug Squad liaison officer attached to the Chemical Company Diversion Desk. In that role he was responsible for ongoing liaison with Chemical Companies and he coordinated the authorised purchase of chemicals, drugs and other paraphernalia, commonly used in the manufacture of amphetamines, for controlled deliveries made during covert Drug Squad investigations. These controlled deliveries, [REDACTED]

4. Initial allegations made against Stephen Paton were to the effect that he had made approximately ten unauthorised purchases of large quantities of Sudafed tablets, for an approximately total purchase price of \$70,000, from Sigma Pharmaceutical. These unauthorised purchases are alleged to have commenced in May 2000. It is believed that Paton has been selling this product to criminals for use in the manufacture of amphetamines. Shortly after the investigation into this allegation commenced it was revealed that Paton had made numerous other unauthorised purchases of chemicals used in the manufacture of amphetamine from other companies. These included purchases of a large quantity of pseudoephedrine (Schedule 11 Drug) from Sigma Chemicals and purchases of other chemicals from Science Supply.

5. Inquiries made at Science Supply have revealed that Stephen Paton established his own chemical company, known as PAS Chemicals, in order to make unauthorised purchases of chemicals. He explained this company to staff at Science Supply as being established for operations to work on corrupt police officers, hence the difference in procedures for purchasing chemicals. Our inquiries established that Detective Paton's team leader, Detective Sergeant Rosenes, also had knowledge of this company. In fact, shortly after investigators of this Division commenced inquiries at Science Supply, Detective Sergeant Mal Rosenes made an inappropriate approach to an employee there and made veiled threats to discourage that person from assisting with this investigation.

Involvement of [REDACTED] and change of direction of Investigation.

6. In June 2001 investigators from the Corruption Investigation Division were introduced to a [REDACTED] known as [REDACTED] who had been actively assisting the Squad during Operation [REDACTED] an investigation into commercial drug trafficking and importation by a well established and organised criminal syndicate. [REDACTED]

[REDACTED] had provided significant assistance to [REDACTED] investigators during this investigation, including [REDACTED]

[REDACTED] The assistance provided by [REDACTED] to this investigation is to such an extent that arrangements have been made for [REDACTED]

[REDACTED] Unfortunately, the [REDACTED] has experienced a number of ongoing difficulties with the management of [REDACTED] and these have ultimately resulted in his reluctance to [REDACTED] in the prosecution of offenders recently charged as a result of Operation [REDACTED]