

THE TRIBUNAL RESUMED AS FOLLOWS ON TUESDAY, 3RD OCTOBER

2000, AT 10:30AM:

CONTINUATION OF EXAMINATION OF MR. HAUGHEY BY MR.

COUGHLAN:

Q. MR. COUGHLAN: Mr. Haughey, I think we were dealing with

the payment by Mr. Fustok, and I think you were of the view that a yearling had been sold to Mr. Fustok when the payment was received, or it was in anticipation of a yearling going to Mr. Fustok, one or the other probably?

A. Yes, I am fairly certain that a yearling did go to Mr. Fustok.

Q. And that went from Abbeville Stud; is that correct?

A. Yes.

Q. Now, before the matter arose at this Tribunal, that is before Dr. O'Connell giving his evidence sorry the matters had been brought to your attention, obviously, by the Tribunal before Dr. O'Connell gave evidence. We had served the documents that were in our possession and a statement, a proposed statement, of Dr. O'Connell to you. Had you any memory of a transaction with Mr. Fustok?

A. Not until the document, or the Tribunal's letter to my solicitors resurrected the

Q. Yes. And I think Dr. O'Connell, in the course of his evidence, was able to produce a letter he received from Mr. Fustok, his solicitor having sent a facsimile message to Mr. Fustok seeking information for the assistance of

Dr. O'Connell so as to enable him to give the best evidence he could to the Tribunal.

A. Sorry, could you

Q. Yes, I think in the course of Dr. O'Connell's evidence he showed the Tribunal a letter he had received from

Mr. Fustok. That letter came into being because

Dr. O'Connell's solicitors had sent a facsimile message to

Mr. Fustok seeking information from him to enable

Dr. O'Connell to give the best possible evidence he could to the Tribunal.

A. That is within the context of the Tribunal?

Q. Within the context of the Tribunal, yes, of course. That letter is at divider 4.4 and it is document 129-B.

A. Yes, this is a letter from Mr. Fustok to

Q. To Dr. O'Connell, Dr. O'Connell seeking information about the  $\text{€}1/250,000$ . And it reads it's dated 5th March 1999.

It reads:

"Dear Dr. O'Connell, thank you for your fax about my cheque for  $\text{€}1/250,000$  which I asked you to give to Mr. Haughey on my behalf.

"I do recall purchasing a horse from the Haughey family sometime in 1985 and I remember asking you to give him a cheque for  $\text{€}1/250,000$  on my behalf.

"I am very sorry that you have been troubled with this matter, but if a further clarification is necessary, please let me know.

"Kindest personal regards.

"Yours sincerely, M Fustok."

Now, Dr. O'Connell received that letter from Mr. Fustok and brought it to the attention of the Tribunal.

Now, the Tribunal, in due course, would have served documents on your solicitor pertaining to the proposed evidence of Dr. O'Connell.

Now, was it when you saw that letter that or that information, at least, that your memory was jogged to the extent that there had been some transaction with Mr. Fustok?

A. I am not quite sure of the exact point in time, but it was certainly from the Tribunal that my memory was, as you say, jogged, or that I recalled something of this transaction with Mr. Fustok.

Q. Now, I think at that time, or around that time at least, when the Tribunal raised the query, you had a recollection, or some recollection at least, of a dealing with Mr. Fustok. Can you remember who was involved in the transaction with Mr. Fustok?

A. I don't understand the question.

Q. Well

A. We were on our side

Q. Who did the deal with Mr. Fustok?

A. I can't recall that.

Q. You can't recall that?

A. No.

Q. Now, I think you expressed the view yesterday that Mr. Fustok was an important man in the world of racing; isn't that correct?

A. Oh yes.

Q. And you were anxious, in the interest of the Irish bloodstock industry, to have him establish some base in Ireland; isn't that correct?

A. Yes, I thought it would be I thought he would be a valuable addition to the Irish racing scene and the bloodstock industry generally.

Q. And can I take it that it is more likely than not that if any dealings took place with Mr. Fustok, that you yourself would have engaged in such dealings rather than, say, your daughter or a manager at Abbeville?

A. I don't think I would be actually involved in the, you know, the selection of the yearling or the price or

Q. I could understand that

A. But I must have been aware of the situation, yes.

Q. Well, for example, whilst you mightn't have been involved in the actual selection of a yearling, or that might have been left to professional staff at the stud farm, that I can understand easily, but that in the actual deal with Mr. Fustok, that it was probably you who did the deal?

A. No, I wouldn't necessarily say that. I mean, the furthest

I would go in that regard would be that I would have been aware that Mr. Fustok expressed an interest in buying a yearling and that it proceeded from there.

Q. I see.

Now, following Dr. O'Connell bringing to the attention of the Tribunal this piece of correspondence he had from Mr. Fustok, the Tribunal engaged itself in some correspondence with Mr. Fustok and that correspondence can be found at divider 4.5.

A. I have nothing here at 4.5.

Q. I beg your pardon. It's something I will come back to.

A. Mr. Coughlan, I have a 4.5 space

Q. I am just clarifying matters here myself Mr. Haughey.

Well, if there is any difficulty in it well, in fact, what I'll do, Mr. Haughey, if I may, is I will just go through the correspondence. If you have any difficulty in dealing with any of it and I don't think that you will, but if you do have any difficulty, I perfectly understand it and it's something we can return to.

So I'll just put the correspondence. It's the Tribunal, in the course of its investigative phase of its work, writing to Mr. Fustok. And the first letter was on the 16th April 1999. And what I'll do is I'll put it up on the overhead screen for the moment and I can, in fact, give you the hard copies for the moment. (Documents handed to witness.) And what I am doing is I am working from the

as on a file it's the last letter in the series of documents I am dealing with in the first instance and I am coming forward.

It's a letter dated 16th April 1999 addressed to Mr. Fustok at Buchram Oak Farm, Commercial Boulevard, Fort Lauderdale, Florida, United States. It reads:

"Dear Mr. Fustok, I am writing to you in my capacity as the solicitor to the Tribunal of Inquiry appointed by the above order of the parliament of the Republic of Ireland. I enclose herewith a copy of the Terms of Reference of the Tribunal for your assistance.

"My purpose in writing to you is to seek your assistance in the private phase of the Tribunal's work. In this face of its work, the Tribunal is engaged in the process of gathering evidence and information which may lead to evidence material to its Terms of Reference. Documents or information provided to the Tribunal will remain strictly confidential until, in the absolute discretion of the Sole Member, they prove to be material to the Tribunal's Terms of Reference.

"As a result of inquiries made by the Tribunal, which were prompted by the contents of banking documents, the Tribunal has been informed that in or about February 1985 you requested Dr. John O'Connell to pass on a payment of i;½50,000 to Mr. Charles Haughey. The Tribunal has been

furnished with a copy of the letter of the 5th March last from you to Dr. O'Connell in which you state that you recall purchasing a horse from the Haughey family sometime in 1985 and you remembered asking Dr. O'Connell to give Mr. Haughey a cheque for  $\text{€}1250,000$  on your behalf.

"In the course of the private phase of its work, the Tribunal wishes to secure your assistance in relation to this payment. Assuming that you wish to cooperate with the Tribunal in its work, I will be obliged if you will provide me with details of the transaction in question indicating the circumstances of the purchase, the name of the horse purchased, the date on which you took delivery, the location which you stabled the horse after purchase, the date of any subsequent sale by you and the sole proceeds.

"The Tribunal also wishes to examine any documents which you have in your possession relating to that transaction.

"The Tribunal will further be obliged if you would provide details of any other commercial or financial dealings which you had with Mr. Charles J Haughey or with any member of his family. As the Tribunal is anxious to proceed with this matter, I will be most obliged if you would, in the first instance, confirm to me whether you are agreeable to providing the Tribunal with the assistance now sought; and if so, with an indication of the time within which you expect to be in a position to reply.

"Yours faithfully, John Davis, solicitor to the Tribunal."

The next document then was a letter dated 6th June 1999 from Buchram Oak Farm, Mr. Fustok, and it's addressed to the secretary, Moriarty Tribunal, Dublin Castle, Dublin 2.

"Dear sir, you wrote to me recently about a race horse which I purchased from the Haughey family in 1985. I confirm that the price I paid for this horse was  $\text{€}1/250,000$ .

"As I purchase and sell so many race horses and as my records do not extend as far back as 1985, I cannot provide details of the horse in question. I am very sorry I cannot be more helpful.

"Your sincerely, M Fustok."

Mr. Davis then wrote to Mr. Fustok by letter dated 28th June 1999 at Buchram Oak Farm, and it reads:

"Dear Mr. Fustok, thank you for your letter of the 3rd June last, received by the Tribunal on the 21st June in which you confirmed that you purchased a horse from the Haughey family in 1985 for which you paid the sum of  $\text{€}1/250,000$ .

"While I appreciate that you may not have records or details at this remove, I would nonetheless be obliged if you would assist the Tribunal in providing such details of the transaction as are within your memory. I would also be obliged if you would provide details of other commercial

or financial dealings, if any, which you have had with Mr. Charles Haughey or with any member of his family.

"The Tribunal intends to proceed to hear evidence in relation to this and certain other related matters at public sittings of the Tribunal in the course of July.

The Tribunal would wish to call you to give evidence, and if you are willing to do so, you might please advise me as to the dates in July when you would be available to attend.

As you are not resident within the jurisdiction, the Tribunal cannot serve a witness summons on you and your attendance to give evidence can only be secured with your assistance.

"If you are prepared to assist the Tribunal in its work, either by furnishing further details or attending to give evidence in the course of public sittings, I would be most appreciative if you would, in the first instance, contact me by telephone at your earliest convenience having regard to the fact that the Tribunal would hope to deal with this matter in the coming months.

"Yours sincerely, John Davis."

That was sent to Mr. Fustok by Mr. Davis.

The next document in the series of correspondence then is a further letter from Mr. Davis dated 7th July 1999, again to Mr. Fustok.

And it reads: "Dear Mr. Fustok, I refer to previous correspondence in respect of the above matter.

"I am now writing to you in connection with the third stage of the Tribunal's public sittings which is due to commence tomorrow, 8th July. I now enclose for your attention copy statement of Dr. John O'Connell together with a copy of the cheque in the sum of  $\text{€}1\frac{1}{2}50,000$  referred to in Dr. O'Connell's statement.

"The Tribunal intends to make an opening statement at the commencement of the third stage of its sittings tomorrow, in the course of which I anticipate that reference be made to you and to the queries made of you in relation to this matter. If you wish to make any comment in relation to this matter, or to have any comments incorporated into the opening statement, then provided that the Tribunal regards those comments to its Terms of Reference and the proceedings of its public sittings, consideration will be given to including such comments or their effect in the opening statement.

If you do wish to make such comments, I will be obliged if you would kindly contact me by telephone immediately.

"You might kindly bear in mind that the material being furnished to you is confidential and should not be disclosed by you to any other person, save to the extent to which it may be necessary to enable you to assist the

Tribunal. Any such third person to whom any of this material is disclosed for this purpose should be informed of the confidential nature of the material and of the obligation of confidence subject to which it is being made available.

"Finally, I will be obliged to hear from you as soon as possible in reply to my letter to you of the 28th June last.

"Yours sincerely, John Davis."

There was then a letter from Mr. Fustok in the series of correspondence. It's on behalf of Mr. Fustok. It's signed by somebody on his behalf and it's addressed to Mr. Davis, dated 6th July 1999.

"Dear Mr. Davis, Mr. Fustok who is a Saudi Diplomat and presently in Riyadh in Saudi Arabia, relayed this message to me to pass on to you.

"1. Mr. Fustok buys every year 50 horses, making a total of 900 horses for the past years. There is no way he can remember the purchase of the horse from the Haughey family in 1985 since his office in London was closed ten years ago.

"2. Mr. Fustok told me that he would like very much to assist you, but there is nothing he knows that he can assist you with.

"3. As far as Mr. Fustok's appearance in the Tribunal, he has so many diplomatic duties that it would be impossible for him to attend in the coming months. He feels his presence or absence is useless.

"Yours sincerely, on behalf of Mr. Fustok."

Mr. Davis then wrote to Mr. Fustok by letter dated 20th July 1999, and it reads:

"Dear Mr. Fustok, I refer to your letter sent to the Tribunal on your behalf by Ms. Nicola Abulari, I note the points you make. The Tribunal would nevertheless be anxious to obtain your evidence.

"There are one or two other matters in which the Tribunal would wish to draw your attention and upon which the Tribunal would wish to obtain evidence from you. So far as your attendance is concerned, the Tribunal understands that you may have many diplomatic duties and, therefore, would be willing to arrange for your attendance to suit your own convenience.

"I enclose a transcript of evidence given by Dr. John O'Connell. From the evidence you will note that Dr. O'Connell appears to have received from you a sum of money amounting to some  $\text{€}50,000$  Irish currency. The Tribunal would be anxious to know whether this came from a bank account in your name or a bank account over which you

had any control; and if so, whether you can obtain a copy of the relevant bank statements showing the debiting of the  $\text{€}1/250,000$  Irish currency, or alternatively, the debiting of funds to enable you to purchase an instrument equal in value to  $\text{€}1/250,000$  in Irish currency."

The next document in the series of correspondence is again another letter from Mr. Davis to Mr. Fustok, dated 11th August 1999, and it reads:

"Dear Mr. Fustok, I refer to my letter of the 20th July last in which I explained to you that the Tribunal is most anxious to hear evidence from you in the course of its public sittings. As indicated before, the Tribunal is happy to facilitate your availability and your own travelling arrangements so as not to interfere with your diplomatic duties.

"You will recall that I also raised with you a query in relation to the sum of  $\text{€}1/250,000$ , which was the subject matter of the evidence of Dr. John O'Connell, a transcript of which I enclose with my letter of the 20th July last.

"I expect that the Tribunal will be recommencing its public sittings in early Autumn, and perhaps you will be kind enough to let me hear from you as to your availability at the time or during the remainder of the current year. The Tribunal is also anxious to proceed with its inquiries in relation to the  $\text{€}1/250,000$  payment and perhaps you might also

kindly address that query in your response.

"Yours sincerely, John Davis."

The next document in the correspondence is another letter from Mr. Davis, dated 22nd September 1999, and it reads:

"Dear Mr. Fustok, I refer to previous correspondence in connection with the above matter resting with my letter to you on the 11th August last.

"The Tribunal intends to resume its public sittings in October, and as you are aware, is anxious to hear evidence from you in the course of those sittings. As indicated previously, the Tribunal understands that you may have many diplomatic duties and, therefore, would be happy to facilitate you so as not to interfere with those duties.

I will be obliged to hear from you with your replies to my earlier correspondence, and perhaps you will be kind enough to advise me as to your availability from October onwards.

"Yours sincerely, John Davis."

And then the final letter in the correspondence is another letter from Mr. Davis to Mr. Fustok, dated 4th April 2000.

And it reads:

"Dear Mr. Fustok, I refer to previous correspondence in connection with the above matter, and in particular, my letters of the 20th July 1999, the 11th August 1999 and the

22nd September 1999, in which I do not, as yet, appear to have received a response.

"The Tribunal is most anxious to secure your assistance in relation to the queries which it has already raised and it also wishes to know whether it is or is not your intention to make yourself available to give evidence during the course of the Tribunal's public sittings. I have already indicated that the Tribunal would be happy to facilitate your availability and to arrange your appearance to coincide with any visit that you may be making to this country in the next number of months. You might kindly let me hear from you in relation to this matter at your earliest convenience.

"John Davis."

Now, that was the full correspondence between the Tribunal and Mr. Fustok.

Now, unfortunately, Mr. Fustok has, as of this time, yet responded to the correspondence and the matters raised by Mr. Davis not yet responded or has not yet indicated whether or not he is available to give evidence to the Tribunal in relation to this matter.

Now, did you yourself make any inquiries or cause any inquiries to be made of Mr. Fustok to enable you to deal with this matter for the Tribunal?

A. No. I haven't been in touch with Mr. Fustok since 1985.

Q. And for the purpose of dealing with this matter and to assist the Tribunal, have you caused any inquiries to be made at Abbeville Stud to see if this yearling in question can be identified?

A. Yes.

Q. And what is the outcome of such inquiries?

A. Nobody can remember the we do remember that a yearling was sold to Mr. Fustok. But beyond that, nobody has any particular recollection.

Q. And to whom were those inquiries directed, Mr. Haughey?

A. Well, to my daughter and to a Tommy Brennan, who was, as far as I can recall, was in Abbeville around that time looking after equestrian matters generally.

Q. From your general recollection, was it  $\frac{1}{2}$ 50,000 for a yearling a substantial figure in 1985?

A. I don't think so.

Q. I see.

A. It might have been

Q. I mean now for Abbeville.

A. For Abbeville?

Q. Yes.

A. No, I think we sold yearlings from time to time of much greater value than that.

Q. I see. Roughly how many yearlings would have been sold annually?

A. Oh, it would vary from year to year. Five, six, seven, maybe less in a bad year. But I am I am dredging up my

memory now on this.

Q. Of course. That's all I am asking you to assist with.

Would you agree that the selling of a yearling to somebody of Mr. Fustok's exalted position in the world of racing is something that a stud might be rightly proud of?

A. No. No, we would sell the bloodstock industry is now much more so, but even then it was an international it was an international business and you could, if you were lucky, you could sell a yearling to the Aga Khan, to anybody. It would all depend on the quality of your stock.

Q. So it wouldn't necessarily impinge on the mind of a stud the size of Abbeville, that it had sold a yearling to a man in Mr. Fustok's position?

A. No. In fact, what would matter would be how the animal behaved afterwards.

Q. Did you ever find out?

A. No, I don't think we ever heard of it afterwards, I am not sure, but I don't think so. Only Mr. Fustok could tell or his managers could tell you that.

Q. Well, Mr. Fustok, in the first instance, in a letter to Dr. O'Connell says he seems to remember selling a horse buying a horse, I beg your pardon, buying a horse from the family in 1985. And when the Tribunal raised queries with him then as to whether he could be more specific about that, the Tribunal received a response on his behalf

pointing out that his London office had closed and he couldn't be of any assistance.

Now, Mr. Fustok was a man who bought hundreds of horses, and at least in the letter to Dr. O'Connell, or at that time he was able to, it would appear, remember having a specific dealing with the Haughey family and asking Dr. O'Connell to make the payment on behalf of the purchase.

Now, for a busy man like Mr. Fustok who had diplomatic duties and other duties and also was involved in the race horse business, it obviously affected or impinged on his mind to some extent, would you agree?

A. Well, two things about that. First of all, he was asked specifically about it. But secondly, he had been over here, he had met me. We had discussions about the possibility of his establishing a racing stable in Ireland; therefore, he would have been aware of our bloodstock situation.

Q. No, but in all his busy life, he was able to write to Dr. O'Connell and say that he believed he had purchased a horse from the Haughey family he says, "I do recall in a letter purchasing a horse from the Haughey family." Now, for a busy man like Mr. Fustok, he could remember it.

What I am asking you is: Is there nobody with a specific memory in Abbeville who can remember the sale of a yearling to Mr. Fustok?

A. As I have said already, we do there is a recollection of

a yearling being sold to Mr. Fustok.

Q. Now, on the face of it, it would appear that no payment went to Abbeville; isn't that correct?

A. Well, there is the Tribunal evidence of a cheque being sent to Dr. O'Connell and subsequently being dealt with.

Q. Yes, the evidence of Dr. O'Connell, and I don't think you have any desire to contradict it, was that he was at dinner with Mr. Fustok in London and Mr. Fustok said to him that he owed you some money. He gave him, he believes, a cheque. Dr. O'Connell returned to Ireland. Now, Dr. O'Connell said he gave him a cheque to give to Mr. Haughey, to make payment to you. Dr. O'Connell returned to Dublin, he phoned you. He told you that he had a payment from Mr. Fustok, and Dr. O'Connell said your response to that was: "Make it out to cash." Do you accept that?

A. Well, Mr. Fustok would not have owed me any money for anything other than the purchase of the yearling.

Q. Mm-hmm. But do you accept Dr. O'Connell's evidence that when he contacted you by telephone, you told him to make it out to cash?

A. I have already accepted that, if that's what Dr. O'Connell if that's Dr. O'Connell's memory and his evidence, I accept that.

Q. Now, Dr. O'Connell did make a cheque out to cash for  $\text{€}1/250,000$  drawn on his own bank account at the O'Connell Bridge branch of the Bank of Ireland, and then some short time later lodged an equivalent sum to meet that. And he

said that he gave that cheque to you, the cash, the cheque made payable to cash. Do you accept that?

A. Yes, I think that's his evidence.

Q. Do you accept it?

A. I am not sure does he say that he gave has he said that he gave me the cheque personally?

Q. Yes.

A. He did?

Q. Yes.

A. Well, I accept that.

Q. Now, before I deal with where the cheque went, could I ask you why should a commercial transaction involving Abbeville Stud be dealt with in such a way?

A. I don't know, but the only suggestion I can make to you is that Dr. O'Connell was Mr. Fustok's man in Ireland, if you like to put it that way, he was the person he knew in Ireland. He had a close relationship with Dr. O'Connell.

As I have already mentioned to you, I think I am fairly sure, I am certain, that he relied a lot on Dr. O'Connell for medical advice, guidance and he would any business in Ireland, he would deal with Dr. O'Connell, I think, in the normal natural way.

Q. Very good. Now, one could so understand that Mr. Fustok might request Dr. O'Connell as his man in Ireland to give you what he had given Dr. O'Connell, namely, a cheque which was for the purchase of a yearling. One couldn't see anything unusual about that. But something else happened

here, Dr. O'Connell informed you that he had this payment for you from Mr. Fustok and you requested that Dr. O'Connell make it out to cash. Why that?

A. Well, you asked me that question yesterday and I told you as best I can remember, it may have been for confidential purposes or it may have been to give me flexibility as regards what I might do with the cheque. All I can remember, Mr. Coughlan, is that we sold a yearling to Mr. Fustok. The payment for that yearling was made to Dr. O'Connell. As far as I am concerned, it was a normal horse-dealing transaction.

Q. And can I take it that as far as you were concerned, because of the answer you gave because of the answer you gave that it was either for confidentiality purposes or it was to allow for a degree of flexibility in how it might be dealt with, that as far as you were concerned, you exercised control over Abbeville Stud and its affairs?

A. No, not in the day-to-day running of it.

Q. No, I understand that, not in the day-to-day running, of course not, but in the overall sense, you were the person who had, in the last analysis, overall control over Abbeville Stud?

A. Not really. It wasn't as clearly defined as that. It was a family affair. My daughter was running the stud farm side of things. It was my land at that time and it was, as I say, it was a family matter and there was no clearly defined rules or procedures.

Q. Yes, but in the context of it being a family matter or a family-run affair, you were the head of the family and would it be fair to say that you were in a position to direct where the funds might have gone to?

A. No, no, only by agreement, but in the normal course of events, my daughter would make carry out transactions and deal with sales and stallion nominations and all that sort of thing, very much on her own.

Q. But in relation to this particular transaction, would you agree that it appears that you were the one who was directing affairs?

A. I wouldn't agree that this transaction was particularly isolated from any other transaction dealing with the sales of yearlings or the purchase of nominations or figures of that sort.

Q. Could I ask you this, so, Mr. Haughey, does this appear in the accounts of Abbeville Stud?

A. I am sure it does.

Q. You are sure it does?

A. I am sure it does, yes. Abbeville Stud's accounts were dealt with every year in the normal way.

Q. So there should be, in the accounts of Abbeville Stud at least, be some record of this receipt?

A. I would certainly think so, yes, in figures of

Q. How do you feel it might have been journalised in the accounts of Abbeville?

A. Journalised?

Q. How would it have been recorded, do you believe, how would it have been recorded? I am not holding you to this. How do you believe that particular receipt of  $\text{€}1/250,000$  might have been recorded in the books and records of Abbeville Stud?

A. I couldn't say. In the normal course of events, it would be recorded as a sale in the accounts, the sale of a yearling, alongside the sale of other yearlings.

Q. I see. And did Abbeville Stud have an account in Guinness and Mahon?

A. I don't think so. I am not sure, but I don't think so.

Q. Well, just for your assistance, to the best of our knowledge at least, it does not appear to have had an account in Guinness and Mahon. That's to the best of our knowledge.

Now, this particular cheque for  $\text{€}1/250,000$  was lodged to an account in Guinness and Mahon on the 19th February 1985.

The bank's daily input log shows that this was a credit in respect of a cheque, and the sort code was 90-07-97 and that's document number 127. You can just follow me on this, Mr. Haughey. This is one of these daily input logs.

The cheque was a cheque dated 18th February 1985 drawn on the Bank of Ireland, O'Connell Bridge branch account, J F O'Connell, payable to cash, and that is the document we had on the overhead projector, document number 128. The account into which this cheque was lodged, Mr. Haughey, was

an Amiens account and the number was 08116008, and from that particular Amiens account, there were a number of drawings to the Haughey Boland No. 3 account, which was the account used for your bill-paying services, and they were drawings in favour or transfers to the number 1 account which was in your name in Guinness and Mahon.

Now, do you have any knowledge of how this particular cheque for  $i\frac{1}{2}$ 50,000 came to be lodged to an Amiens account in Guinness and Mahon?

A. No.

Q. You accept that it could not have been an account of Abbeville Stud?

A. The Amiens account?

Q. Yes, or any account in Guinness and Mahon?

A. No, insofar as my recollection goes, Abbeville Stud did not have an account in Guinness and Mahon.

Q. If the cheque was handed to you by Dr. O'Connell, it had to be given by you to somebody else to allow it to be lodged in Guinness and Mahon; isn't that correct?

A. Clearly.

Q. To whom do you believe you would have given the cheque?

A. I think the most likely thing is that I would have given it passed it into Haughey Boland & Co, possibly in support of their paying mechanism which they were operating on my behalf at the time, but I have no recollection. I cannot say, but I just offer that as one possible

Q. One possibility?

A. A possibility.

Q. Well, now, the evidence that was given by Mr. Paul Carty from Haughey Boland was that the procedures which they followed in respect of the bill-paying service was that they would seek from Mr. Traynor the money to use for the purpose of the bill-paying service.

A. If that's his evidence, yes.

Q. Do you accept that?

A. Yes I don't know if he made it did he say it was totally exclusively done that way?

Q. Well, what I am asking you is you offer as a possibility that it was given to Haughey Boland in support of the bill-paying service. You have no recollection of that, but it's a possibility. Do you accept that you could have given it to Mr. Traynor?

A. It's a possibility, but as I have already said to the Tribunal, and I wish to repeat it, that I have no recollection of handing either cheques or cash to Mr. Traynor as such. You have asked me about this before. That is the best recollection I have and that is what I am telling you now.

Q. Very good. Well, you raise as a possibility that it was given to Haughey Boland in support of the bill-paying service. Do you recall ever giving a cheque or cash to Haughey Boland?

A. I am sure I did, yes.

Q. Do you remember it?

A. Not specifically, no. I mean, Mr. Coughlan, you are taking one you are isolating one incident or transaction fifteen years ago. I am giving you the best of my recollections about it. It wasn't it was a normal commercial bloodstock transaction at the time and as far as I am concerned, there was nothing extraordinary about it. And I have no particular recollection other than what I am trying to say to you.

Q. Dr. O'Connell, when he gave evidence, was asked if he considered, with the benefit of hindsight, that the transaction was highly unusual in that he was asked to carry money for you to Ireland and then you requested that it be made payable to cash. With the benefit of hindsight, he says that that was most unusual. Would you agree?

A. Well, I have no such hindsight.

Q. You have, Mr. Haughey. You can look at the facts and you have the benefit of hindsight now in the witness box. I am asking you with the benefit of that hindsight, would you agree or disagree with the view expressed by Dr. O'Connell?

A. I would not agree with it.

Q. You would not agree?

A. My recollection of it is that it was a transaction which I am almost certain took place, almost certain that Mr. Fustok received a yearling from Abbeville Stud and that he paid for it, and I am quite reasonably convinced that that was the situation. Now, I have no particular recollection

of the mechanics of the implementation of that transaction.

Q. Well, you would not agree with Dr. O'Connell that it was unusual, looking at it with the benefit of hindsight?

Remember, he knew nothing why this payment was taking place at the time, but with the benefit of hindsight, for the purchase of a horse, that it was unusual that he would be asked, when he informed you that he had a payment for you, that you would request that it would be made payable to cash? That was his view. You disagree with that view?

A. I disagree with that view.

Q. Very good.

Now, you told the Tribunal that you may have asked it to be made payable to cash to cover two possible eventualities; one was that it would allow for flexibility, and I have asked you about that and how it be dealt with; the second was that it may have been in respect of confidentiality.

What did you mean by that, Mr. Haughey?

A. I mean that I would be free to place it in whatever way, or deal with it in whatever way I wanted without any possibility of media or other awareness of it.

Q. Why should that be so if this was just a normal commercial transaction being carried out by Abbeville Stud? As you say, Abbeville Stud sold yearlings reasonably regularly.

It was a recognised stud farm. It carried on normal commercial transactions. What was unique about this particular transaction that it warranted what you describe

as confidentiality?

A. There was nothing unique about it except perhaps that the payment was made through Dr. John O'Connell. But I have endeavoured to explain that arising from the fact that Dr. John O'Connell was Fustok's person in Ireland and that it would he would channel through him to me; but otherwise, there was nothing unusual about it.

Q. Well, would you agree what is unusual about it is your request that it be made payable to cash by Dr. O'Connell and, therefore, clouded the direct relationship between the payer and the payee in this case?

A. No, I wouldn't have thought that, no.

Q. Isn't that what it did?

A. No.

Q. It did not?

A. No.

Q. Well, would you agree with me that

A. It seems to me, Mr. Coughlan, that you are attributing motives to me at that time which were not present in my mind at the time.

Q. I am not attributing any motives to you, Mr. Haughey. I am inquiring. Mr. Fustok apparently made a cheque payable to Dr. O'Connell. Dr. O'Connell, at your request, drew a cheque made payable to cash on his own account. Now, the ultimate payee was you; isn't that correct?

A. Yes.

Q. That was not easily discernible from the cheque which

Dr. O'Connell wrote; isn't that correct? It was made payable to cash.

A. Oh yes, yes.

Q. The original payer of the  $\$1/2$ 50,000 could not be identified from that cheque either isn't that correct?

Mr. Fustok?

A. Obviously not.

Q. Mr. Haughey, why would there be need to obscure the payer and the payee if this was a normal commercial transaction being conducted by Abbeville Stud?

A. Because, as I said, first of all, it would give me flexibility; and secondly, because I was anxious at all times to keep my own financial affairs as confidential as possible.

Q. These were not your own financial affairs on your evidence. They were Abbeville Stud's financial affairs, Mr. Haughey.

A. My financial affairs.

Q. Abbeville Stud's.

A. Abbeville Stud was

Q. Your financial affairs; is that correct?

A. No. You are putting words into my mouth, Mr. Coughlan.

I have already explained to you the nature of Abbeville Stud and the way it was run. It was part of a family enterprise which was run primarily on a day-to-day basis by my daughter and others. It was my land, rather my wife and myself's land; therefore, we were part of it. But otherwise, it just carried on in the normal way doing the

normal stud farm transactions, selling yearlings and arranging the business.

Q. And that's the reason why you wanted what you describe as confidentiality?

A. And as I said, flexibility.

Q. What does flexibility mean?

A. It means that I could deal with the cheque in whatever way I needed to; namely, to get cash for it or pass it over, as I increasingly believe I did, to Haughey Boland & Co to for my general financing purposes. That's as much as I can say to you about it.

Q. Why well, first of all, could I ask you this,

Mr. Haughey: In the conduct of the business of Abbeville Stud, were cheques made payable to Abbeville Stud and were cheques drawn on an account of Abbeville Stud to meet expenses?

A. Probably a bit of everything. There would be, I am sure, cash sales. I am sure there would be cheques made payable either to the individuals, to my daughter or others, and also probably to Abbeville Stud. Now, I don't think you see, I don't think Abbeville Stud was a company. I think it was just a trading name, so it wouldn't have the regulations attached to it that a company would.

Q. I am not so much concerned about that, Mr. Haughey, really.

I am just asking that as a bank account in the name of Abbeville Stud, it received cheques made payable to Abbeville Stud and cheques were drawn on it to meet

expenses of Abbeville Stud in the normal course of events,  
would you agree?

A. Yes.

Q. Now, ordinary everyday business of Abbeville Stud involved a degree of exposure in that it conducted business, it dealt with banks, it dealt with professional advisers and dealt with third parties with whom it conducted trade, would you agree?

A. Well, that's a rather elaborate picture. I mean, Abbeville Stud was a small stud with a limited number of mares, producing a limited number of yearlings every year, and it wasn't a major enterprise.

Q. I know, I am not putting it in a category of being a major enterprise, Mr. Haughey. But its day-to-day affairs involved the potential for some degree of exposure; isn't that correct?

A. Yes, insofar as it was buying and selling and carrying on a public enterprise.

Q. And had a bank account and dealt with professional advisers and matters dealt with suppliers, all of that?

A. You mean professional advisers would have been Deloitte & Touche, I suppose, at the time or Haughey Boland sorry Haughey Boland.

Q. But it involved all of that, even though it was on probably a modest scale.

Now, what was unique about this transaction that it had to have what you describe as a cloak of confidentiality over

it?

A. There was nothing unique about this transaction. My evidence is to the effect that this was a normal type of transaction, the sort of transaction that could happen any time in any year. The bloodstock business was a free-and-easy type of business. Very often as I said to you before, transactions were carried out on the basis of a handshake. So you are taking this particular transaction and isolating it and asking me to give information in regard to it which almost certainly were not present to my mind at the time.

Q. So far as you are concerned, or is that your evidence, that the facts as disclosed here was a normal commercial transaction?

A. What I am saying here, Mr. Coughlan, is and I am reasonably certain and positive that the basis of this transaction was that Mr. Fustok purchased a yearling, an actual yearling, an individual horse, purchased a yearling from Abbeville Stud, took it into his empire and paid for it. That's what I am saying to you. And beyond that, Mr. Coughlan, I cannot be much more specific, but to assure you that that was the basis of this transaction, whatever complications arose in the implementation of it.

Q. Now, you say that it is a possibility that you gave this to Haughey Boland for the purpose of the bill-paying service which they ran on your behalf?

A. No, I am not saying that. You asked me to trace you

said you pointed out to me, and I am accepting it, that Dr. O'Connell gave me this cheque. You asked me to account for it thereafter and that's in effect what we are doing.

Q. Yes.

A. I am saying to you as a possibility that, a likely possibility, that I passed it on to Haughey Boland & Co. Now, I may have passed it on to them to pass it on to Mr. Traynor, or I may have passed it on to them as a contribution to the bill-paying operation, or I may have passed it on to them for some other purpose, my own financial purpose.

Q. Or you may have passed it to Mr. Traynor?

A. Mmm?

Q. Or you may have passed it to Mr. Traynor?

A. I may have, but I have to acknowledge that's a possibility.

But on the other hand

Q. Isn't that more likely than not, Mr. Haughey, that you give it to Mr. Traynor and not anybody in Haughey Boland?

A. It's not it's not, Mr. Coughlan, because on the other side of that coin I have said to this Tribunal that I have no recollection, and you asked me this a number of times specifically and I have said to you I could be wrong because it's a very it covers a long period, and it covers lots of matters, I may be wrong, but I have no specific recollection of ever handing a cheque or cash to Mr. Desmond Traynor personally as such.

Q. Well, Mr. Traynor was the person who looked after your financial affairs, not Haughey Boland; isn't that correct?

A. No. Both.

Q. Haughey Boland provided a bill-paying service and they acted as your tax agent, would that be correct?

A. That would be correct, yes.

Q. They may also have given accountancy services to family companies like Larchfield or they may matters of that nature, Celtic Helicopters, Abbeville Stud maybe, they may have given accountancy services to those particular entities. They did not look after your financial affairs.

A. No, not in the sense that Des Traynor looked after them.

No, but, I mean, they would certainly be I mean, they were involved, as you correctly point out, in Larchfield Securities

Q. They were.

A. Celtic Helicopters, doing the accounts of Abbeville Stud. So that to that extent, they were certainly very much part of my, what do you call it, financial life.

Q. Yes, indeed, I would accept that

A. But to make the distinction, the decisions in regard to my financial affairs would have been taken by Des Traynor and from time to time perhaps implemented by Haughey Boland & Co.

Q. Now, Mr. Traynor looked after the money in your life. That's what you told us, isn't or words to that effect?

A. Yes.

Q. And you met Mr. Traynor regularly?

A. Well, I have already told you that I would have, in the normal course of events, not met him regularly, but on average, I suppose, four, five, six times a year.

Q. Well, there was evidence given to this Tribunal, I think, by Ms. Catherine Butler, who I think would be known to you, of being involved in telephone communications with Ms. Williams, who was Mr. Traynor's secretary, to make arrangements for Mr. Traynor to see you or you to see Mr. Traynor and that to the best of her knowledge, that probably occurred every two weeks or thereabouts. You would disagree with that?

A. No, that wouldn't be correct, no. Catherine Butler was very, I would say, super-competent person, but she would be mistaken in that regard.

Q. So you say that you probably only saw Mr. Traynor about a half dozen times a year; is that correct?

A. It's difficult to pin it down. Sometimes I might see him more often than that. On the other hand, as I think you may have gathered from your own investigations, Mr. Traynor was not a person who came and saw you just to see you. I mean, he would only come if there was something specific to be discussed or

Q. Mr. Haughey, can I ask you this question: Was Mr. Traynor not a regular attender at Abbeville?

A. No.

Q. He was not a regular attender either on Saturdays or

Sundays or Saturdays and Sundays at Abbeville?

A. He was not a regular attender. His appearances would be irregular, if I may make that point.

Q. Very good.

A. He wouldn't have a fixed time to come to Abbeville.

Q. So Ms. Butler, who was, as you say, a super-efficient person, is mistaken in her recollection of how often you and Mr. Traynor may have seen each other?

A. Certainly, it would not I would not, I am certain of this, I would not have met Mr. Traynor every two weeks.

At no time.

Q. Very good. I may come back to that at some other time, Mr. Haughey.

Who did you deal with in Haughey Boland?

A. Oh, different people. There would have been Mr. Harry Boland himself.

Q. Yes. In 1985, who would you have been dealing with?

A. Probably Mr. Harry Boland himself. But there would have been another partner in charge of the payments system. I don't think Mr. Boland would have handled that himself, but he may have. But I just can't recall who the other partner would have been, but I think it can be established.

Q. So if you gave the cheque to somebody in Haughey Boland, is it more than likely that it was to Mr. Harry Boland you gave it?

A. Possibly, yes.

Q. And that if it ended up

A. I am sorry, the partner who would have been dealing at the time with my payments.

Q. The bill-paying service?

A. Yeah.

Q. So it was either Mr. Harry Boland or that partner, you believe?

A. It wouldn't be as precise as that.

Q. Well, I have to be precise, Mr. Haughey.

A. Well, I can't be. I can't be at this remove. I mean, Haughey Boland were my friends, I founded the firm. Our relationship was casual and friendly and I can't be specific.

Q. Who was your usual point of contact?

A. Well, Harry Boland himself, and I don't know if Paul Carty was a partner at that stage, but if he was, it would be him, or if Pat Kenny was a partner, it would have been him.

Q. So if the cheque was given to Haughey Boland, it would have been, you think, to one of those three people?

A. More than likely, yes, I will try and there were other partners at the time, but I just can't I just can't none of them come to mind at the moment. But I'll think about it. But also, I suppose, you would have to visualise that there would be secretaries involved, it's possible the cheque could have been passed to a secretary to pass to Harry Boland or Paul Carty or to Pat Kenny or whoever.

Q. Do you only raise it as a possibility that the cheque was

given to Haughey Boland, Mr. Haughey?

A. Yes, because you have asked me to try and identify what happened to the cheque, and I am putting that forward as one possibility.

Q. Isn't it more likely that the cheque was given to Mr. Traynor?

A. Mr. Coughlan, you have already asked me that question.

Q. And I am asking you, Mr. Haughey, isn't it more likely that it was given to Mr. Traynor?

A. I can only repeat what I said to you when you asked me this question before, that I do not think it is more likely because my firm clearest recollection is, insofar as it's a negative recollection, that I do not ever specifically remember handing a cheque or cheques or cash to Mr. Traynor over a long period of years. I do not.

Q. And might I suggest to you that the reason why you raised the possibility that it went to Haughey Boland is because you want to keep a distance between yourself and Mr. Traynor in respect of this particular transaction?

A. No. I don't think that follows.

Q. It undoubtedly ended up in an Amiens account in Guinness and Mahon.

A. I have not any evidence to that effect

Q. You do, Mr. Haughey. The Tribunal gave you the evidence.

A. That's what I mean if you'd let me finish what I said, except what I learned from the Tribunal.

Q. Did it surprise you when you found that out, that it ended

up in an account controlled by Mr. Traynor in Guinness and Mahon?

A. No, I don't recall being either surprised or otherwise.

It's something I accepted as a result of your investigations.

Q. Since this was brought to your attention by the Tribunal and your memory was jogged, have you made any inquiries of any of the partners in Haughey Boland as to whether they received this cheque from you?

A. No, I have not. And I have, I think rightly so, been very careful since this Tribunal began its investigations, and particularly about the continual reiteration in your letters to my solicitors of the need to retain confidentiality with regard to these matters, I have not been in touch with many people about anything to do with the Tribunal's affairs.

Q. Well, Mr. Haughey, do you think that that the Tribunal has always been looking for your assistance. Do you think there would have been anything wrong, within the bounds of confidentiality, to make inquiries of your own accountants about something like this which could be of assistance to the Tribunal?

A. They are not my accountants any longer but

Q. But they were your accountants, Mr. Haughey.

A. They were, yes, for many, many years. But I assure you, Mr. Coughlan, I am very conscious of the fact that this Tribunal conducts its affairs on the basis of

confidentiality, and I always took it that I should not approach anybody, anybody who might likely become a witness at this Tribunal. I have been very scrupulous about that.

Q. Are you saying, Mr. Haughey, that you have not spoken to anybody who was a witness at this Tribunal

A. I am not saying that

Q. before they gave evidence?

A. I would think that I would almost certainly be sure that I haven't about Tribunal matters.

Q. I see. And you are certain of that?

A. I am not certain of it, but in the normal course of events but as I say, I have been endeavouring to be scrupulous about not approaching or dealing with people who were likely to be witnesses at this Tribunal in case I might be suspected of attempting to influence their evidence.

Q. Now, Mr. Haughey, I think when we commenced this particular segment of evidence and I drew your attention to the existence of a number of bank accounts in Guinness and Mahon in your name, you expressed the view that you did not know anything about them, you then said that you may have known at some stage about them and forgotten about them and only had a knowledge of them now from what the Tribunal brought to your attention.

A. Sorry, that's that's a bit complicated.

Q. Very good. I'll take it step by step.

When I drew your attention to the existence of four bank

accounts in your name in Guinness and Mahon, you said in the first instance you knew nothing about them until the Tribunal brought them to your attention.

A. Yes.

Q. On another occasion you said that you may have known about them at the time, but you had forgotten about them.

A. If I said that, I was mistaken. I think I cleared that up afterwards.

Q. Very good. I just want to deal with it now.

I think I informed you that evidence had been given that the first document available to Guinness and Mahon now shows an account in your name, that is what I describe as the number 1 account we were dealing with, dating from 1976, and I think I furnished you, or the Tribunal furnished you, with a bundle of statements in respect of that account.

Now, I wish to ask you some questions. And I should say to be begin with, I am not going into this in any great detail from an accounting point of view to calculate it because I know you wish to take the advice of your accountant in respect of that.

What I want to ask you about is: Did you know that in 1976 there was an account in your name or an account being operated on your behalf in Guinness and Mahon?

A. Did I know in 1976?

Q. Yes.

A. No. Was this the number 1 account?

Q. The number 1 account, yes.

A. I have already informed you, Mr. Coughlan, that I was not aware of its existence. I had never signed any documentation in regard to it. I never wrote any cheques on it. I never made any lodgements to it. And I never received any bank statements in regard to it.

Q. Very good. Was Mr. Dan Brick a builder who was involved in the construction of the house on the island Inishvickillane?

A. Yes.

Q. How was the, first of all, purchase of the island Inishvickillane funded? And secondly, how do you believe the construction of the house was funded?

A. Mr. Coughlan, I think I'd have to have notice of these questions. I cannot recall. I know I remember what the cost of Inishvickillane was, it was 20,000.

Q. What was 20,000 the island?

A. Yes. And I am sure it was paid by cheque. It was purchased from two elderly brothers.

Q. When, roughly, was that, Mr. Haughey?

A. '73 or '74. '73 maybe.

Q. Very good.

A. But it's a long time ago.

Q. Yes, I understand that.

You then set about constructing a residence on the island.

A. Yes.

Q. How was that funded?

A. Oh, it would have been funded, I am sure, by Mr. Traynor in some fashion or other.

Q. And where did you believe that money was coming from?

A. From Mr. Traynor.

Q. But how? Where?

A. Oh, I would not at this stage be able to say where I thought it was coming from. But it was part of Mr.

Traynor's ongoing provision of funds for my requirements.

Q. In 1976 and 1977 you were heavily indebted to Allied Irish Banks; isn't that correct?

A. There is no question, yes.

Q. And you had a borrowing around that time from Merchant Banking Limited?

A. From?

Q. Merchant Banking, which we dealt with the other day.

A. They were very small amounts. I had 2,500, I think, from Merchant Banking.

Q. 2,500, and then Larchfield had borrowed 6,000.

A. Larchfield had a borrowing of 6,000, I don't know what purpose that was for, but it was probably for something to do with Larchfield's own expenditures.

Q. What expenditures did Larchfield have, Mr. Haughey? It was a non-trading company; isn't that right?

A. It owned properties, it may have had outgoings in respect of the properties, for instance

Q. Larchfield let's be clear about this, Mr. Haughey, now.

According to the evidence of a Mr. Ryan, an accountant who gave evidence at this Tribunal, who for the purpose of preparing accounts and for the purpose of assisting the Tribunal and various companies, perhaps, with Revenue matters as well, was able to inform this Tribunal that having met with the directors of Larchfield who were, I think, at this time your four children, isn't that correct, and having met with you, Larchfield never had a bank account; isn't that correct?

A. That's correct, until recently.

Q. Well, I don't know about recently, but between the times we are talking about and 1996, or up to the time that he gave evidence to the Tribunal, Larchfield never had a bank account.

A. No.

Q. It didn't carry on any business.

A. No. It just held property.

Q. It held property. It had assets. It was the family company that just held the assets. That is, of course, the assets other than Abbeville.

A. Oh yes, certainly other than Abbeville.

Q. Other than Abbeville. What expenses do you believe Larchfield could have had, it not being a trading company?

A. I can't recall, but speculating again, it may have had requirements for outgoings on some of the properties.

Q. Well, Mr. Haughey

A. You see, at that time, Mr. Coughlan, I was paying whatever outgoings there were and they were being credited to a loan account of mine with Larchfield.

Q. Yeah, I think that exercise is one which has taken place since about 1996; isn't that correct? The accounts were drawn up that way, to regularise matters, but prior to that I think it was quite fluid; isn't that correct?

A. Put it this way, insofar as it would have outgoings, I would have paid them and maybe that loan from Merchant Banking Limited was to repay me some of them or it may have been that some money was needed to pay particular outgoings on some of the properties and that's why that loan was raised. I can't recall.

Q. Well, when the island Inishvickillane was purchased and when the residence was built on it, I think your children were not the directors of Larchfield; isn't that correct?

A. That's correct.

Q. They'd have been too young at the time.

A. Yes.

Q. And I think that there may have been some outside directors provided by secretarial service or accountants for formality, but that in real terms, Larchfield was a vehicle you controlled, would that be correct to say?

A. In the children's interest, yes, it was a company which held property and insofar as there was any normal transactions to be carried out in regard to it, I would have done that .

Q. Now, I wonder, Mr. Haughey, if you would go to divider 1.61.

A. It seems to be fairly extensive.

Q. Sorry, just 1.61, and you will see, if you open the divider, there is a bank statement, and if you go to the second page, we have reconstituted it to make it easier to read.

A. Yes, I have that.

Q. So if you go to the second page, you will see that in first of all, the account is in the name of Haughey Charles J, esquire, Charles J Haughey, Abbeville, Kinsealy, County Dublin. And if you go to the second page then, we prepared this table which shows that the account opens with a zero balance on this statement anyway, and then there is overdraft facilities provided and there are various lodgements which took place to the account in 1976 and 1977. Do you see those? There are credits to the account.

A. Yes.

Q. Now, on the 26th October 1976 there was 17,530 lodged to the account.

A. Yes.

Q. On the 27th May 1977, there was 5,000 lodged to the account. And on the 17th July 1977, 29,996.03 lodged to the account. And then on the 25th September 1977, there was 43,277.05 lodged to the account. Do you know anything about those lodgements, Mr. Haughey?

A. No, I can't identify any of them.

Q. If we look then to the left-hand column after the date there are particulars, and the particulars refer to both debits and credits to the account.

A. Yes.

Q. You will see that there are two significant drawings on the account on the 2nd November 1976, 11,743.95 and on the 26th May 1977, 10,000 was drawn from the account. Do you see that?

A. Yes. This is the what you refer to as the number 1 account in Guinness and Mahon?

Q. Yes, the number 1 account in Guinness and Mahon. Do you know anything about those?

A. No. I take it Mr. Coughlan, I take it that you have checked the possibility of transfers from other accounts?

Q. Yes. There appears to be nine or 10,000 lodged to the account on this page of the statement and they do not appear to relate to any transfers or anything of that nature, that they are actual lodgements to the account.

A. Transfers within the Guinness and Mahon

Q. Yes. Do you know where that money came from in that period?

A. No, I cannot say.

Q. Now, if you go to the left-hand column and you go down to May 29th 1977, there is a payment to Allied Irish Bank account, Mr. Dan Brick, and there is a payment of 1,000.

A. Yes.

Q. That, you would agree, had to relate to building works on Inishvickillane?

A. Almost certainly, yes.

Q. You then go to the 21st July, there is another 1,000 payment.

A. Yes.

Q. And again on September 20th 1977, 2,000 to Mr. Brick. And on the same date, there seems to have been another 2,000 to Mr. Brick.

A. Yes.

Q. Again, you would agree that those were almost certainly related to the building works on Inishvickillane?

A. I think so, yes, definitely.

Q. Do you know who J A Wood was or is? Do they relate to Inishvickillane?

A. I think it could have been because there was, I think still is, a firm J A Wood, who was a builder, a big building supplier in Cork, I am sure you have heard of them, and it probably was payments to them in respect of building materials.

Q. Building materials.

Now, if we go over the page, we come to the new form of bank statement that Guinness and Mahon brought in around that time and there there is a debit to Haughey Boland.

Again, I am not going to ask you anything, but that appears to relate to a bill-paying service. Or would you agree?

There is a debit of 16,500 to Haughey Boland.

Now, going to the next page, on the 8th November 1977,  
there was 2,000 to Mr. Brick.

Going over the page, I am not dealing with anything there.

Then going to the next page, again there are references to  
John A. Wood for 261.94. On the 13th December 1977,  
Mr. Dan Brick, 2,000. Then there is a reference to Colin  
brothers, Dublin. Was that for building materials, do you  
think, for Inishvickillane?

A. Very likely.

Q. Then if you go down on the 18th January 1978 for the  
account of Dan Brick, 5,000.

A. Yes.

Q. We then go over the page to the account statement of the  
20th March 1978, and there was for the account of Colin  
brothers, 20,000. There is also reference to Irish  
Helicopters there of a drawing or a debit for 8,000.  
Would that have related to work done on the island  
Inishvickillane in transporting materials out there or  
anything of that nature?

A. Or maybe just ordinary flying.

Q. Yes, okay.

So looking at the account statements in your name, the  
number 1 account in Haughey Boland, it would appear there  
were drawings on that account for the purpose of

constructing the residence at Inishvickillane, would you agree?

A. Yes.

Q. What arrangements had you put in place with builders, builders suppliers, as to how they should be paid?

A. I can't recall any.

Q. Well, they had to be paid, do you agree?

A. Yes.

Q. And they appear to have been paid?

A. Yes.

Q. So can you remember whether the bills would be sent to your private secretary at Abbeville?

A. I can't recall the exact procedure, but one way or another I am sure they were channelled through Haughey Boland & Co.

Q. That does not appear to be the situation just looking at the accounts, but we can deal with Haughey Boland & Co again, Mr. Haughey, because money appears to be channelled out of this account for Haughey Boland. We see one drawing in favour of Haughey Boland for 16,500. But again, it's something I can deal with at a later stage.

It looks, from the records of Guinness and Mahon and the particulars recorded, that these were direct payments going to the contractor, payments to the account of Mr. Dan Brick and payments to the account of Colin Brothers, or perhaps a payment by way of cheque to Mr. Brick, for example, or J A Wood. Did you have an interest yourself in the construction of the residence on Inishvickillane?

A. Only in an overall way. I had no knowledge of building.

Q. And how did it come about that you decided to build? And I don't mean this in terms of a personal desire to have a residence on Inishvickillane. How did you arrive at a decision that you could build and that there would be money there to pay the builders?

A. I don't think I thought of it in those terms.

Q. Well

A. I think as I say, I don't think I thought of it in those terms.

Q. Well, what terms did you think of it in?

A. I just decided to go ahead with the building, leaving it up to Mr. Traynor to fund the operation.

Q. To find the money?

A. Yes.

Q. To find the money. You left it up to Mr. Traynor to find the money, would that be fair to say?

A. Provide the money.

Q. Well

A. I may have had the idea of taking out a building society loan, I don't recall. It is 1976 after all.

Q. Yeah.

A. And it's a long time ago and a great deal has happened since then.

Q. Yes, I appreciate that, Mr. Haughey.

A. What exactly the state of

Q. What we are talking about in 1976 in the context of houses

is very substantial sums of money being involved here.

A. Yes.

Q. Now, you yourself described it as a modest residence, and I take your word for it because I have never seen it. But in the context of the price of ordinary houses, what was being spent here in 1976/1977 was an awful lot of money, would you agree?

A. Only insofar as anything built in an offshore island would be two or three times the price of the same building on the mainland. I think

Q. Well, if you take that even if you allow for that, just doing a rough calculation, now I can come back to it and it's something we can deal with, with your accountant, but between July 1976 and August 1978, if you include

MR. GARDINER: I might ask you Chairman, whether Mr. Coughlan could clarify what Term of Reference detailed inquiry into the building of Inishvickillane is directed?

MR. COUGHLAN: Term of Reference B, Sir, is the source of funds in the name of Mr. Haughey, that the Tribunal finds in the name of Mr. Haughey. There is no time period or time limit in respect of it. But I also do it in the context of Term of Reference A, because there is money going Mr. Haughey has indicated that he was unaware of the existence of any accounts in his name in Guinness and Mahon and a question of this goes to credit also, Sir. So the Term of Reference B clearly applies.

CHAIRMAN: I propose, Mr. Gardiner, subject to anything more you wish to say, to allow it on that basis, subject to having regard to the particular period generally designated in the Terms of Reference. I will not be enabling Mr. Coughlan to pursue those matters with the particularity in respect of which other matters within the years prescribed in the Terms of Reference will be dealt with. You will recall that in the various remarks of Mr. Justice Geoghegan in the course of the High Court proceedings, it was indicated that some latitude inevitably must be allowed insofar as it is regarding particular Terms of Reference governed by time. It would be unreal to suppose that all persons concerned with the Tribunal, in effect, fell out of some form of asteroid on the particular first day, so, necessarily, there must be some reference, as there has been in the inquiries into Allied Irish Banks, to some degree into preceding periods. It is on that basis that I propose to allow this. But I will not be enabling counsel to proceed into matters preceding the ordinary period provided for in the Terms of Reference with the particularity that may apply to other aspects of inquiry.

MR. GARDINER: Well, I am grateful for that, Chairman.

Could I just raise one other matter?

Part of my request for clarification is in relation to where this inquiry is going in relation to expenditure by

Mr. Haughey in a period pre-dating the 1st January 1979, but another concern I have is the Terms of Reference don't, on my reading of them, permit the Tribunal to inquire of Mr. Haughey as to what expenditures were made by Mr. Haughey, and that is a second matter which I would like clarified by Mr. Coughlan.

Mr. Coughlan is now asking Mr. Haughey to give evidence in relation to relative values of money, relative values of housing, and expenditure from an account which Mr. Haughey has given evidence he didn't know about. But if Mr. Coughlan can identify a Term of Reference, leave aside the time period, if Mr. Coughlan is relying on Term of Reference A, that is an inquiry into sources of money into into bank accounts.

Term of Reference B is equally an inquiry of sources into bank accounts.

Term of Reference C is the only Term of Reference, on my reading of the Terms of Reference, which relates to expenditure from bank accounts. And Term of Reference C relates to expenditure from bank accounts to, and only to, holders of public office. It does not embrace inquiries into whether Mr. Haughey used bank accounts under Term of Reference A or bank accounts under Term of Reference B for paying builders or any other person of any description for any service of any type.

So that while certain attitude might be permissible, certainly the detail of inquiry in relative value of money, who was paid what and why and whether the amount was a high amount or a low amount, in my submission, Chairman, ought to be ruled an impermissible question, save on a very, very limited basis, which I can't concede on that at the moment.

So it's not simply a request for clarification in terms of time. It's a request for clarification in terms of, to what is the exact inquiry related?

MR. COUGHLAN: With respect, My Friend, I would submit sorry, I would advise the Tribunal that it is somewhat unreal, when one is conducting an inquiry into the source of funds into an account, if the witness is indicating that he has no memory, it is of paramount assistance to the Tribunal if the witness can be asked about the expenditures from the account to see if that would assist his memory in the first instance.

But I also submit, Sir, that in the overall context of conducting an inquiry of this nature, if one were to approach it in such a tight fashion, the Tribunal could never arrive at a true understanding of the facts and a true and proper carrying out of that which the Tribunal is required to undertake by the Oireachtas.

CHAIRMAN: Well, Mr. Gardiner, what I have already indicated, and I propose to adhere to, is that I am going

to allow a limited degree of latitude to Mr. Coughlan to inquire into those matters. It has been stated by me on an earlier occasion that fair procedures, even over and above the time limits set for in the various Terms of Reference, necessitate that allowance be made for frailty of memory, difficulty of reconstructing events that took place many years ago. And having regard to those matters, I have intimated that I am going to foreshorten or reduce the degree of scrutiny that may be placed into these matters, but I believe some degree of latitude necessarily must be allowed. And I believe to enable me to fulfill my fact-finding function assigned to me by the Oireachtas, it is necessary that I know something of these matters. And as was adverted to by me in an earlier ruling in these sittings, it seems to me that if there is a possibility that conclusions may be drawn that may not have been fully or fairly brought to the attention of any witness such as Mr. Haughey, it is proper that the particular potential of those matters be actually ventilated before the witness.

But essentially, Mr. Gardiner, I am not proposing to allow detailed inquiry into these matters, but I am going to give Mr. Coughlan a certain limited latitude because it seems to me that without some degree of regard to these matters, I wouldn't be able to address my task as well or properly.

But I am not going to permit a long process of inquiry into the Inishvickillane events.

MR. GARDINER: Thank you, Chairman. And thank you for that clarification. I didn't ask for clarification or raise the matter when Mr. Coughlan was going through, minutes ago, each of the withdrawals from the account because, in my respectful submission, that's the latitude which ought to be permitted to him. And the reason I have asked for clarification the moment I did ask for clarification is that, in my submission, Mr. Coughlan has received as much latitude as he ought to receive in relation to Inishvickillane and the cost of it. What he is now inquiring of Mr. Haughey is for Mr. Haughey to speculate on relative values, relative building costs and matters of that type, which plainly do not go any further in the assisting, in my respectful submission, the Tribunal in understanding the mechanics of that account that has been put on the screen.

So I'd ask I accept that maybe latitude on this occasion should be permitted, but I would respectfully submit that the latitude that has been afforded to Mr. Coughlan already in his line of questioning to Mr. Haughey should be the limit of the latitude afforded to him and he should be requested, in my submission, to move on from that line of inquiry.

CHAIRMAN: We'll proceed briefly, Mr. Coughlan.

MR. COUGHLAN: In fact, because the time is short now, Sir, I want to turn to two short matters and I may return

in due course to this matter.

Q. But there are a number of short matters, Mr. Haughey, that I would like to ask you about.

The other day I asked you, when you informed the Tribunal that Mr. Traynor had negotiated the loan with Northern Bank Finance Corporation on your behalf, and that Mr. Traynor was a friend of the Managing Director or the Chairman, or I can't remember, somebody high up in Northern Bank Finance Corporation, I asked you who that person was, you said you couldn't remember at the moment but you'd think about it and you'd be able to tell us. Who was it?

A. I think his name was Tierney.

Q. Now, another matter, Mr. Haughey, I think you have, in the course of they have had said that you attempt today comply with the confidentiality aspect of the Tribunal's work, but isn't it correct to say, and for that reason you did not make inquiries of your former accountants Haughey Boland in respect of matters I raised with you a moment ago. Do you remember receiving or your solicitor receiving letters from the Tribunal on many occasions furnishing information received by the Tribunal seeking your assistance and this particular phrase being a phrase used regularly in letters to your solicitor. "You should bear in mind that all this material is confidential and should not be disclosed by you or by your client to any other person save to the extent to which this may be necessary to enable your client to assist

the Tribunal." Do you remember that type

A. Yes.

Q. It's a phrase the Tribunal uses all the time in its dealings with somebody. So there was no prohibition on you seeking information for the assistance of the Tribunal; isn't that correct?

A. No, but I was very much aware of the fact that, I don't know if it was this Tribunal or another Tribunal, but quite an issue was made, in the media at any rate, of people getting in touch with potential witnesses to the Tribunal and for my own protection

Q. Not in this Tribunal. There has never been any controversy along those lines.

A. It may have been in this building. But I was acutely aware of the need not to approach people who might be brought before the Tribunal as witnesses.

Q. I see.

A. I am not saying that I adhered to that totally because I couldn't in the normal course of social relationships, but insofar as it was any way relevant to the affairs of this Tribunal, I think I can claim that I was scrupulous in not discussing them with other people.

Q. Now, Mr. Haughey, turning to Mr. Fustok again. Is it your recollection that you had no dealings with Mr. Fustok after 1985?

A. I am almost certain of that.

Q. And if you had dealings

A. Sorry, Mr. Coughlan, when you say dealings, transactions?

Q. Meetings, transactions?

A. I would think that I had no communication with him, let me put it that way.

Q. You had no communication with Mr. Fustok after 1985?

A. I am subject to correction on this, but certainly from around that time, I don't think I was in touch with him.

Q. Or he in touch with you?

A. Or he in touch with me.

Q. Or any arrangements made for either of you to be in touch with each other?

A. I am almost certain of that.

Q. I would intend moving on to something at this stage, Sir, and as it is approaching the two hours I think it's probably

Myself and Mr. Gardiner have discussed matters, Sir, about when the sittings should commence again and subject to a few matters being sorted out, what we would suggest, Sir, is that provisionally we would sit on Thursday the 12th and if there is any alteration in that, we would notify the public accordingly.

CHAIRMAN: Well that's the day after tomorrow week, Mr. Coughlan. I will bear in mind possible contingencies that may come up, but I am extremely anxious that the task of proceeding with and completing the evidence be undertaken with the greatest possible dispatch. Thank you very, Mr.

Haughey.

THE TRIBUNAL THEN ADJOURNED UNTIL THURSDAY, 12TH OCTOBER  
2000 AT 10:30AM.