

THE TRIBUNAL RESUMED AS FOLLOWS ON THURSDAY, 24TH MAY  
2001 AT 11AM.

DAY 7 OF THE DEPOSITION OF CHARLES J. HAUGHEY WAS READ  
INTO THE RECORD BY THE REGISTRAR AS FOLLOWS:

"THE COMMISSION RESUMED AS FOLLOWS ON THURSDAY, 8TH  
FEBRUARY 2001 AT 11:00AM:

Q. MR. COUGHLAN: Now, Mr. Haughey, I think yesterday we  
had dealt with what I'd describe as the Mark Kavanagh  
and the Smurfit donations and if I could just go back  
for a moment to the Irish Permanent payments and I  
just, if I could, draw to your attention one further  
cheque in that series of payments made by the Irish  
Permanent and it was one which, I'll get you a copy now  
if I can, I'll get you backing documents also, and of  
course these were already sent but I'll give them to  
you again now. It's a cheque dated 19th October 1990,  
and it's for  $i\frac{1}{2}$ 10,000 and made payable to you [EXHIBIT  
1]. (Documents handed to witness.)

Now, there is also you will see the copy of the  
cheque and then on the back of the cheque it's, I  
think, endorsed by you [EXHIBIT 2]. Would you just  
confirm that that particular signature is yours? Do  
you have that, Mr. Haughey?

A. No, I don't have that.

Q. I'll give you the photocopy of the back of the cheque.

A. It's a separate sheet, so...

Q. I can assure you that that's a photocopy of the back

A. Have we got the cheque?

Q. We don't have the original here, Mr. Haughey, but I can confirm that that is our photocopy of the back of the cheque.

A. Well, you are giving me the document and based on the documents before me, I can't necessarily relate the two of them, but I don't know if it's of any importance.

Q. I am just wondering would you agree that that is your signature on the document?

A. It's a copy of my signature all right on this sheet here, this separate sheet.

Q. Yes. And that sheet which has the copy of your signature, as you say, on it, also has the stamp of the Bank of Ireland, Dublin Airport branch on it, and evidence has been given to the Tribunal of that particular cheque having been presented to the Dublin Airport branch of the Bank of Ireland. Now, I think you will also have before you a document which is a photocopy of the cheque stub for the 19/10/1990 [EXHIBIT 3] and Dr. Edmund Farrell gave evidence that that was filled in by his secretary on his instructions and it is recorded as being 'CJ Haughey, Fianna Fail Party funds, i;½10,000'.

A. Yeah, I see that.

Q. Do you see that?

A. Yes, again it's a separate document.

Q. These are photocopies, of course, that I am giving you to work off.

Now, evidence was also given to the Tribunal that that  $\text{€}10,000$  was lodged to the account of Celtic Helicopters by lodgment dated 22nd of October of 1990 and you will have an extract from the bank statement of Celtic Helicopters [EXHIBIT 4] and that particular lodgment is highlighted on it at  $\text{€}10,000$  and Mr. Barnacle gave evidence in relation to that of that being lodged to the account. You will then see another extract from a bank statement of Celtic Helicopters at that branch of the Bank of Ireland, Dublin Airport showing a debit to their account of  $\text{€}10,000$  [EXHIBIT 5] and there is reference to a cheque and a cheque number ending in the series of numbers 221.

You will then see a photocopy of a cheque drawn on the account of Celtic Helicopters at the Bank of Ireland made payable to cash in the sum of  $\text{€}10,000$  [EXHIBIT 6] and the numbers at the bottom of that cheque are 221 and Mr. Barnacle says that they relate to the same transaction and that particular cheque, you will have a photocopy of the back of it [EXHIBIT 7], and it is endorsed M. Haughey and then you will see an extract from the account of Ms. Maureen Haughey at the Educational Building Society and you will see a

lodgment of €10,000 in the second last lodgment in that particular account [EXHIBIT 8]. A Mr. Green from Bank of Ireland, sorry, I beg your pardon, from the Educational Building Society, gave evidence about that on Day 37.

Now, as the evidence stands, the cheque made payable to you by Irish Permanent Building Society found its way to the account of Ms. Maureen Haughey at the Educational Building Society via the account of Celtic Helicopters account with the Bank of Ireland at Dublin Airport branch. Do you know anything about that?

A. I don't recall anything about it but that seems to be what happened.

Q. Can you assist the Tribunal at all as to how this cheque could have got into the account of Celtic Helicopters at Bank of Ireland, Dublin Airport branch?

A. No, I can't.

Q. Can you assist the Tribunal as to how it could then have been withdrawn by way of a cash cheque from that branch and found its way into an Educational Building Society account?

A. No, I can't.

Q. Would you think that the likely route was through you?

A. I wouldn't necessarily think so, no. I can't give you any explanation I am afraid. I could think of various ideas, but they'd be only pure speculation.

Q. Well, because I have to pursue all lines of inquiry in this regard, Mr. Haughey, if it wasn't through you, how do you think it might have gone that route?

A. I just don't know. Somebody on my behalf, I suppose. It's most unlikely that it was myself personally.

Q. Well, in the first instance, do you think that you would have had to give that cheque, that is the Irish Permanent cheque, to somebody to lodge to the account of Celtic Helicopters?

A. No. It mightn't have come to me in the first place, the cheque, the Irish Permanent cheque might not have come to me in the first place, but I can't say.

Q. I think that there is no record of Fianna Fail having received this cheque. It does it was endorsed on the back by you, Mr. Haughey, so I must suggest that you must have handled it at some stage at least. Would you agree?

A. That's clear, yes.

Q. And it was payable to you. Now, I accept that you didn't drive to the Bank of Ireland branch at Dublin Airport and go in and lodge it yourself. But you accept that you must have given it to somebody to lodge it into that account?

A. Yeah, it might have been passed on to Celtic Helicopters in payment of some services, flying service they had rendered to us and then it didn't turn out that that was the situation and it was returned to me

or family or somewhere, but I can't help you, I am afraid, I mean, what the explanation for it is.

Q. Do you know of any other payments which may have been made to you which found their way into that Educational Building Society account?

A. No, I don't. But there could have been subscriptions at election time to my own constituency which might have gone that way. You see, I wouldn't have any bank account myself. So they might have been lodged there temporarily or - I am not taking issue with you on the

Q. I am only inquiring, Mr. Haughey.

A. I mean, I am not taking issue on the sequence of events at all, I am just saying to you that I can't I might be able, if I go back into it and ask a lot of people questions about it, but short of doing that, I can't give you any explanation.

Q. And you can't assist the Tribunal at to why this cheque would have gone to the account of Celtic Helicopters, can you?

A. No, as I say, the only thing I can think of, it might have been passed on to them in payment of some account or other and then not recognised by them as such and passed back. I just want to look at it. Did it come out as soon as it went in sort of thing?

Q. More or less.

A. Obviously

Q. Yes, more or less.

A. That would seem to suggest that they didn't recognise it as any payment due to them.

Q. Now, just so you may be of assistance to us, the cheque stub is described as 'Fianna Fail Party funds'. It was around the time of the Presidential Election in 1990, I believe, but do you have any knowledge as to whether there would have been a necessity for constituency funds at that time?

A. The Presidential Election?

Q. Yes.

A. Oh there would, yes. But I am just thinking... Is that the Brian Lenihan Presidential Election?

Q. Yes.

A. Well, certainly Celtic flew Brian Lenihan at that time, I am fairly clear on that, because I have a recollection of Brian Lenihan actually coming to Abbeville one day in the middle of his campaign, I wanted to see him about something or maybe he wanted to see me and Celtic flew him from down the country somewhere to Abbeville so they were certainly flying him around during the course of that Presidential Election. It was an extraordinary, if I may digress for a moment, an extraordinary election because Brian unfortunately was very, was not all that well and we had to take extraordinary medical and other precautions for him. It was one of the most expensive elections

of all time. Because of his medical condition. And we had to have all sorts of facilities for him including flying him both by fixed wing and by helicopter. So I would be, I mean, I would be certain actually from what you have just mentioned about the Presidential Election, that we, Celtic would have been flying him quite a bit during that campaign, so I don't know whether that would tie in with that or not, I don't know.

Q. In an event, this particular \$10,000 was not applied for that particular purpose?

A. It wasn't, no.

Q. On the evidence of Mr. Barnacle.

A. No.

Q. Now, it's a matter I have already touched on, but if I might just very briefly deal with it again and that was the donation solicited by Mr. Paul Kavanagh from Mr. Phil Monahan and that was, that was in 1991, I think it was the beginning of 1991, January/February of 1991.

A. I am just, I am asking you to focus for me, Mr. Coughlan, because I got confused on this before.

The Presidential Election was in?

Q. 1990. The end of 1990.

A. '89/90?

Q. The Presidential Election was the end of 1990. I think in 1989 there was a General Election and a

European Election.

A. Now, after the Presidential Election in 1990, Brian Lenihan was going back to New York again for a final check-up and went, am I right in thinking, in January '91?

Q. Well, I think, I wonder are you confused about that, Mr. Haughey? because I think to the best of our knowledge, he appears to have gone back to America in January of 1990. Now, maybe he went

A. I see, no, no, I think he only went once.

Q. I see. But to the best of our knowledge anyway.

A. He only went once that I know of and then went to Florida on a holiday afterwards. So that was

Q. We believe January, 1990.

A. So then it was at the end of '89 that he came to me.

Q. I see.

A. In preparation for that voyage, trip in January '90.

Q. Yes, yes, I think that that is our knowledge anyway, whether it is correct or not, but you seem to think that that is probably

A. I am satisfied now that the General Election and the Europeans were in June '89. Brian Lenihan went back to America not in '89, but in January '90 and then the Presidential Election was later in, towards the end of 1990.

Q. Yes. October/November was the period.

Now, at the beginning of 1991, I think in January of

1991, the evidence has been that Mr. Paul Kavanagh approached Mr. Roy Donovan of

A. He was a Fianna Fail

Q. Of Lisneys and he was a Fianna Fail fundraiser, and informed him that he was trying to raise  $\text{€}50,000$  to defray the ongoing and continuing expenses connected with Mr. Lenihan's, the late Mr. Lenihan's health and he asked Mr. Donovan if he could suggest a potential donor and Mr. Donovan made contact with Mr. Phil Monahan to arrange for Mr. Kavanagh to meet Mr. Monahan. Now, Mr. Kavanagh has given evidence of going to Mr. Monahan's house. He didn't get  $\text{€}50,000$ , he got  $\text{€}25,000$ . Mr. Monahan doesn't remember Mr. Kavanagh particularly, but Mr. Kavanagh's evidence is that he did get  $\text{€}25,000$  from Mr. Monahan at his house. And I think Mr. Monahan accepts, he accepts in any event, that  $\text{€}25,000$  was paid.

Now, if I just show you the documents, just the cheque really. [EXHIBIT 9] (Documents handed to witness.)

And you can see that it was, I think it's dated 6th February, 1991, that's the date on the cheque, it was for  $\text{€}25,000$  and it was drawn on the joint account of Mr. Monahan and his wife at Allied Irish Banks, Dundalk and the name of the payee was completed by Mr. Paul Kavanagh at Mr. Phil Monahan's request at the time and the payee was 'Charles Haughey (Party Leader's

Fund' and it was lodged to the account. And that was the account into which funds raised on behalf of the late Mr. Lenihan were lodged, isn't that correct?

A. That's correct, yeah.

Q. Now,

A. It all seems pretty clear, Mr. Coughlan, except that normally you give me a sheet with my signature on the back of it.

Q. No, this wasn't endorsed. This, I think, just went straight into the account.

A. I didn't endorse it?

Q. Well, I think to the best of our knowledge, it was not endorsed on the back. To the best of our knowledge. But we don't have the full backing documentation.

What we do have is the bank statement

A. I am not challenging you. I am just saying it seems, just in that regard, that

Q. What we do have is we have the bank statement for the Haughey/Ahern/MacSharry Account.

A. I have that. It's just the detail of not endorsing it on the back. Obviously you could lodge cheques without endorsing them.

Q. Well, perhaps. It is made payable to you and you were one of the account holders on the account.

A. You have the original of it?

Q. No, that is a microfiche reconstructed copy of the document.

A. But it doesn't show my endorsement?

Q. No.

A. It's not important. I mean, it's obviously that the money went into the account.

Q. The money went into the account. There is no doubt about that. And you can see that there, I think on the 13th February, 1991, you see the lodgment for  $\text{€}25,000$  going into the account. [EXHIBIT 10].

A. Yes.

Q. Now, you then see, on the same date, a debit to the account. It's the final debit on that statement of  $\text{€}12,914.50$ .

A. Mm-hmm.

Q. Now, there was evidence given by Mr. Brian Spain, who was an official of the Department of Defence, that that sum was paid

A. Private secretary.

Q. He had been Mr. Lenihan's private secretary, that's correct. That that sum was paid to him to recoup the Department of Defence for the cost of flights. Now, that had been outstanding, according to Mr. Spain, for about a year. But that was what it was used for and the Department was recouped the money.

A. Yeah, well that would tie in because Brian and his family went off, went back to New York in January '90 and this is '91, which would mean that it was outstanding for a year.

Q. Now he gave evidence that he actually spoke to you about this. Do you remember Mr. Spain speaking to you about this at all?

A. I have a vague recollection. But it's no more than that. I mean, I know I remember him. He was very, he was a very active private secretary, a very good private secretary and had very, very great affection and loyalty to Brian Lenihan as his minister and I remember him in that context as being particularly good for Brian Lenihan as his minister. So that's why, that's why I think that I had the recollection of meeting him.

Q. And I think you would accept his evidence that he needed to get this money to repay the Department of Defence, it being public money and had to be accounted for?

A. Yes, I think he would be he would certainly need to get it all right.

Q. Now, do you know what happened to the balance of the  $\text{€}25,000$  which was raised to defray the late Mr. Lenihan's expenses?

A. No.

Q. Or do you know why Mr. Kavanagh, on your instructions, should have set about trying to raise  $\text{€}50,000$ ?

A. No, I can't recall, but we have been over this before and as far as I remember, what I said to you was that Brian Lenihan was going back to New York and he needed

money, or it had to be financed and that Eileen Foy had informed me that money, monies were exhausted, the Brian Lenihan Fund, let's call it that, had been exhausted and therefore we would have to get some more money into the fund. Now, how much was probably an open book at that stage, whether it was €25,000 or €50,000 and I would imagine that was my thinking. If I asked Paul Kavanagh to raise €50,000, if I actually put a figure on it, I think he says I did, did he?

Q. He says, yes, that you asked him to raise €50,000.

A. If I did that, it was probably anticipating more expenses by Brian Lenihan in travelling to New York and more medical costs and so on. I think at that stage also, Brian was incurring a lot of ongoing medical costs, but I just can't be specific.

Q. You can't assist the Tribunal. If I might just inform you of the evidence which was given by Ms. Foy in that regard, that this was the final outstanding bill, as far as she was concerned anyway, this nearly €13,000, €12,900-odd, and that is, appears to be from our examination of the accounts, the final bill paid on behalf of Mr. Lenihan, but do you think that there may have been others?

A. Ah there must have been other expenditure, yes. I mean...

Q. Now, I will pass now if I may, Mr. Haughey, to what we describe as some drawings from the Party Leader's

Account and the first one I'd like to ask you about is that there were two drawings on the account which appear referable to Mr. John Ellis TD. Do you remember those?

A. I remember the Ellis incident, yes.

Q. Now, the evidence given to the Tribunal how Mr. Ellis's difficulties came to your attention was Ms. Catherine Butler received a phone call informing her that there was a danger that Mr. Ellis would be declared a bankrupt or that there were bankruptcy proceedings about to be issued or pending on a particular day.

And that she would have brought that information to your attention. Do you remember that?

A. Yes, yes.

Q. And

MR. MCGONIGAL: That matter isn't in their letter of the 5th February, so he hasn't

MR. COUGHLAN: Sorry, I beg your pardon, I think

MR. MCGONIGAL: It's in one of the earlier letters.

MR. COUGHLAN: The 5th February, if we go to 5 down at the very bottom: drawings on AIB and you see Mr. Ellis is mentioned.

MR. MCGONIGAL: I see that.

Q. MR. COUGHLAN: Now, Mr. Ellis then informed the Tribunal

that he had got into financial difficulties as a result of a failed business venture which was the subject matter of much media attention at the time and I think that is correct, isn't that right?

A. Catherine Butler, I think, was phoned early in the morning, a particular morning, whatever it was, and was told that proceedings were being taken that day.

Q. I think that's correct?

A. To make Deputy Ellis a bankrupt and red alert, if he was declared a bankrupt, he vacated his seat in the Dail, we were down a vote and so on and so forth. So it was panic stations and I don't know whether Catherine Butler came over to my house in the morning, but it was in the early morning at any rate, or whether it was when I got into the office, but it was a crisis scene and we had to do something about it.

Q. It was a matter of serious political

A. Political life or death.

Q. Political life or death.

A. At least that's the way it seemed at the time. Maybe in retrospect it wasn't, but that's the way it seemed that morning.

Q. Well, I think that there can be no doubt about it but that if a deputy was declared a bankrupt, he couldn't continue to hold his seat, isn't that correct?

A. Yeah, oh that's correct. I think it's one of the few things, I am not sure.

Q. And I think Mr. Ellis informed the Tribunal that in December of 1989 he was spoken to by you and that you had become aware of his threatened bankruptcy obviously as a result of what you were informed by Ms. Butler, and that you informed him that the Fianna Fail Party would try to rescue him from bankruptcy. Do you remember such a discussion?

A. Yeah, I have seen I'll try and give you my own recollection and also what I have since been - my mind, my memory has been jogged by people, you know, mainly by Catherine Butler and that is that I think it was on the Order of Business, you know, the Dail assembles at half past ten. And most nearly everybody is there for the Order of Business, there is some, you know, crisscross, backchat across the house and then practically everybody troops out except the minister involved in the business upcoming. And as I went out, I think the sequence of events was that I met John Ellis, made a point of meeting him in the corridors as we were going out and said to him, I don't know whether I said to him then or not or just said to him, "will you drop up and see me?" Or whether it's hardly likely that I would say it to him in the voting lobby what I wanted to see him about but anyway one way or another he came up and the story went on from there.

Q. And I think he informed the Tribunal that around the 13th December, you invited him to your office and you

gave him the sum of £12,400 in cash. Now, that was the amount of money that was necessary to stave off the threatened bankruptcy proceedings I think. Do you remember that?

A. Not specifically now. But I do remember he came to see me. Now, whether it was all on the one day or not, I think it would have been. Because it was, as I say, a red alert sort of situation.

Q. Yes, I think that is correct.

A. My view of what happened would be that he would have come to see me at, I asked him to drop up and would have discussed the situation and I would have made the money available to him to get down to his solicitor straight away and pay it off and save the day.

Q. And, in fact, what he said is he immediately brought the money to his solicitor was a country firm of solicitors he brought it immediately down to their town agents.

A. The only thing I can't confirm for you is the amount, and whether it was cash or a cheque. I can't remember those.

Q. The amount seems to be correct, but Mr. Ellis said it was in cash. Do you remember that?

A. No. Well just, I mean, it strikes me would we have £12,400 cash in the office or would Eileen Foy have it readily available? I don't know.

Q. Well, we can see it actually coming out of the Leader's

Allowance Account. [EXHIBIT 11].

A. Well, on the same day, was it?

Q. Yes. It comes out at  $\frac{1}{2}$ 12,500, but I think

(Documents handed to witness.)

A. I see it here, yes. Well that seems to confirm it, doesn't it?

Q. It came out of that account all right, but

A. Well then Ms. Foy must have

Q. I think Ms. Foy said that it was cash, she went and got cash?

A. She must have dashed over.

Q. And she'd have brought that to your office and you would have given it to Mr. Ellis. Do you agree that would have been the sequence?

A. That's the most likely scenario but I just can't confirm the exact details.

Q. Very good. Now, I think Mr. Ellis's difficulties continued and another creditor threatened him with bankruptcy in around March of 1990 and again, according to Mr. Ellis, you volunteered to him that the Party would assist as this was the final threat of him being made a bankrupt and that on or about the 22nd March, he collected from you in your office cash in the sum of  $\frac{1}{2}$ 13,600 and he brought that to his solicitor and I think we can see from the bank statement that there is a debit to the account on the 22nd March, 1990 of  $\frac{1}{2}$ 13,600 [EXHIBIT 12] which again is the same?

A. I see that here, yes. I haven't the same recollection of that now, I must say.

Q. I see.

A. Could you just recount for me again what you said?

Q. Yes, I think you, according to him anyway, again raised the issue of a further threatened bankruptcy, there would probably have been publicity surrounding this, Mr. Haughey, at the time, and that you informed him that this was probably going to be the final

A. Sorry, now, Mr. Coughlan, are you saying to me that I raised it with him or that he raised it with me?

Q. According to Mr. Ellis, I think on the second occasion that you raised the issue with him.

A. I don't know.

Q. You don't know?

A. It doesn't sound the logical sequence. If he was threatened again with bankruptcy, I imagine he would come to me but maybe not.

Q. It may be that somebody else brought it to your attention of course.

A. Yeah.

Q. But in any event, the upshot of it was that he was given  $\$13,600$  and that sum is seen as being debited to the account on the 22nd March and again Ms. Foy gave evidence that she got cash for that at the bank and brought it to you and that that was the money that was given to Mr. Ellis. Do you accept that?

A. I have no I mean, I am prepared to accept it, yes.

I am not in a position to contradict it anyway. I

don't see it seems the logical sequence.

Q. So there was there were payments to Mr. Ellis totalling about i;½26,000 out of the account: 12,400 and 13,600.

A. Yeah.

Q. Do you know why they should have been made in cash, Mr. Haughey?

A. No, I don't. Maybe his solicitors were looking for cash, I don't know. You see, in that sort of situation, would it not be Mr. Ellis being in the position he was in, of Deputy Ellis being in the position he was in, would it not be that cheques would have been a fairly doubtful proposition for him? I don't know, I am just

Q. I doubt if a cheque drawn on the account of

A. Well, the first one I think, it was: for heaven's sake, get cash over there and get the proceedings stopped.

Q. Now, Mr. Ellis informed the Tribunal that the monies paid to him were simply handed over by you for the purpose of satisfying immediate financial difficulties, threatened bankruptcy - it's probably the most serious immediate financial difficulty - and he informed the Tribunal that no discussion took place between you or him as to whether the same was by way of gift, grant, loan or otherwise. Would you agree with that?

A. I have a recollection from Ms. Catherine Butler telling me that it was by way of loan. Now, how she would know that, I am not sure, maybe I told her or maybe I told Eileen Foy, but I am not clear myself on the form of the conversation with John Ellis. It may have been quite abrupt, it would be understandable if it was, and there may not have been any great dialogue, but my own recollection would be in favour of it being a loan from what I have heard otherwise, from what I have heard since.

Q. Yes, I could understand that that might be your preferred view in relation to it but as you say, this was a crisis time, perhaps the meeting was fairly abrupt. Mr. Ellis has no recollection of anything being said about the money being repaid or whether the money was being given to him and he never repaid it anyway. Could it be

A. I don't think he did, I don't know, I don't think he did.

Q. I don't think he did.

MR. McGONIGAL: I thought Ms. Butler had some evidence on this. I know she did.

Q. MR. COUGHLAN: Ms. Butler had evidence all right about bringing the matter to your attention. Ms. Butler gave long evidence about bringing it to your attention. But in any event, you can't recollect any conversation

that took place in detail?

A. Not particularly, no. No, I just can't, no. But I would imagine, you know, looking back that it was a short sharp meeting.

To help fill in the picture, I think sometime before that we were under, the Party, Fianna Fail Party were under a lot of pressure down in the Sligo/Leitrim area about Deputy Ellis owing money to farmers. In fact, now, I recall being down there and meeting, meeting a deputation or maybe it was the local Fianna Fail people were approaching me about the threatening, it was only a threatening situation at that time. There was a lot of bad feeling around about the farmers being owed money. I am just mentioning that now and I think that would have been before the red alert bankruptcy situation.

Q. I think that's correct. I think there was significant publicity attaching to the affair.

A. And are we approaching a General Election? No, we weren't approaching a General Election.

Q. We had just come out of one.

A. I think it was a feature in the '89 General Election.

Q. I see.

A. My recollection is that it was it was only

Q. I think it probably must have been. It must have been building up over a period?

A. It was only building up, yes.

Q. It must have been building up over a period.

Now, if I might turn to some other drawings from the Leader's Allowance Account, if I may, Mr. Haughey, if you can be of any assistance to the Tribunal about them. The first matter is, as we both describe it now, the famous cheque made payable to cash for  $\text{£}25,000$  which ended up in an Amiens Account in Guinness & Mahon, that is an account controlled by Mr. Traynor and that cheque was dated 16th June, 1989. You can't assist the Tribunal as to how that got there?

A. I just can't. I think I should say, Commissioner, that the Party Leader's Allowance was made available to me as Party Leader more or less to be dispensed with at my sole discretion for Party purposes. And that Party Leaders bank account was fed by a grant from the Exchequer and from time to time, by political contributions, donations being made to me which I would put in there as the situation seemed to demand and then of course at another stage, contributions to the Brian Lenihan Medical Fund. Now, it was always understood that insofar as my relationship with that fund was concerned, that there would be a balance kept, that Eileen Foy take a note of any things that she undertook on my behalf which were strictly personal and not Party, not for Party purposes, though the expenses, the Party expenses could certainly cover an awful lot of my

own activities, but it was, as I say, the understanding was that Eileen Foy would keep a note of anything in particular and that from time to time she would come into me and say, "look, you owe me" - she would always make it personal - "you owe me so much because of things." And then it would work the other way, if I would expend monies on behalf of the Party which I would very often do, that the balance would be struck and I would either owe the Party Leader's Account money or it would owe me money. And that's the way the thing was. And it was Eileen Foy's, more or less, duty or function to make sure that that ongoing balance was maintained in regard to the Party Leader's Account. I am just giving you that as a background to it.

Q. Yes, and I can readily understand how that might happen and that an account would be kept and it would be reconciled every so often.

A. Not to any degree of accurate accounting, but just, in a broad way because most of time the expenditures on her side sorry, insofar as she would expend money which could strictly be attributable to me as a person, she would know those, but on the other side of the fence, as to what I would be indicating that I had or that I had expended on behalf of the Party, they might be quite indefinite, such as entertaining at Abbeville or travelling expenses or all that sort of thing, but it was, the idea was that a broad balance would be kept

and it would be, that would be achieved by Eileen Foy, as I say, coming to me at intervals and saying, "look, this is what the situation is."

Q. Well, I appreciate that records

A. So I am saying that, I think to you, because if you say, you are using the word "drawings" and I think you put it in inverted commas when you were using, you said "what we call," you, Mr. Coughlan, speaking as the team, you said I think "what we call drawings," was that the phrase you used?

Q. Yes, I may have used that.

A. I just want to say, drawings is not an exact word in those circumstances. Reimbursements would be more likely. I mean, I would either reimburse Eileen Foy or she would reimburse me.

Q. Well, in that regard so, may I ask you, can you be of any assistance to the Tribunal, the famous cheque for  $\frac{1}{2}$ 25,000 made payable to cash

A. I think, Mr. Coughlan, you have asked me that

Q. I want to ask you now in light of what you just said. Is it your view that that was a reimbursement to you, because it went into

A. The only assistance I can give you in that regard is what I said to you the last day, is that Eileen Foy surmised with me at a recent meeting that, she put it: could that have been a payment of cash to Brian Lenihan for his medical or travelling expenses? That's the

only help I can give you in regard to that particular cheque. And I don't know whether it was a reimbursement or not, because it was on election it was on election day, wasn't it, or the day after the election?

Q. Yes.

A. Which makes

Q. It was lodged to the account in Guinness & Mahon on the well, it, when I say it was lodged, it appears on the Guinness & Mahon, or sorry, on the Allied Irish Bank statement of the account to have been debited on the date being the 21st June, 1989 and it was credited to the account in Guinness & Mahon, that is the Amiens Account in Guinness & Mahon on the 19th June 1989.

Now, I'll explain that if you need assistance, Mr.

Haughey. It went into Guinness & Mahon

A. It's okay

Q. On the 19th June. It came back into the Allied Irish Bank account on the 21st.

A. It's just in the middle of the Election, post aftermath of the Election which was a very traumatic and confused time for everybody in Fianna Fail and particularly in the Taoiseach's Office at that time. So I can't, I don't think anybody can be too clear about it but I do know that Eileen Foy and myself recently, in response to your queries here and bearing them in mind, tried to see if we could concoct or decide or surmise what

exactly that cheque was all about.

Q. Well, it went into an account in Guinness & Mahon out of which payments were made to the Haughey Boland No. 3 Account which was the bill-paying service account in Haughey Boland used on your behalf. Do you know anything about that?

A. No, I don't know that. I don't know was it actually transferred to that account or...

Q. Well, the drawings were drawn down sorry, that is the account it was from this Amiens Account that Mr. Traynor made money available to Haughey Boland for payment of your bills.

A. Sorry, didn't he use it for other purposes as well?

Q. He used it for other purposes as well but it was out of this account that it was used.

A. I don't know. I can't trace it any further than that.

Q. Now

A. It may have been part of the reimbursement, but I think it's unlikely, but it may have been.

Q. Now

A. And Eileen Foy who is usually very good at these things, she can't remember what it was about.

Q. Now, there are two other drawings that I'd like to draw your attention to

A. You are using the word drawings again.

Q. Well, I am using it in that banker's sense that

A. Cheques.

Q. Debits, debits to the account.

A. Well, it's one of the few things I remember from my accountancy days is that drawings had a certain meaning. Maybe it's all changed now, because that's 40 years ago, but if a man had a business, or a woman even, the amounts of money that he would take out of that business for himself were always known as drawings. So it has a certain connotation for me.

Q. I am not using it in a that sense.

A. In my folk memory.

Q. I am not using it in that sense. I am using it in the banker's sense as debits on an account really. But there was a debit to the account on the 29th April, 1986 in the sum of  $\text{€}10,000$  [EXHIBIT 13] and there was a credit to the Haughey Boland account of  $\text{€}10,000$  on the 25th April of 1986 [EXHIBIT 14] and Mr. Paul Carty gave evidence on Day 36 that that appeared to be a match, the credit to the Haughey Boland Account and the debit to the Leader's Allowance Account. (Documents handed to witness.)

A. Appears to be a match.

Q. Yes.

A. But he can't say presumably.

Q. What I am looking for is your assistance here, Mr. Haughey. Do you remember any

A. No, I can't

Q. any debits to the account which was sent to Haughey

Boland?

A. No, I can't, no.

Q. Now, there is another debit to the account in 1986 and that's on the 29th October, 1986 in the sum of  $\text{€}1/225,000$

[EXHIBIT 15] and there is a credit to the Haughey

Boland No. 3 Account of  $\text{€}1/225,000$  on the 28th October, 1986 [EXHIBIT 16] and again Mr. Carty

A. If they are the same, which I don't necessarily agree they are, if they are the same, the most likely explanation was that they were reimbursements for something I had expended on behalf of the Party.

Q. I see.

A. If they are the same. I seem to have seen a letter somewhere from Paul Carty to the Tribunal way back, I don't know if you remember it yourself, but he was quite vague about whether these things matched or not. He couldn't his language, as far as I remember, it's way back at the beginning of this Tribunal, he was kind of, I think he said that he couldn't be sure or something like that.

Q. Well, it's twelve o'clock, it's after twelve o'clock.

COMMISSIONER: Very good. Thank you very much, Mr. Haughey, for your attendance this morning. I think tomorrow there is a public sitting on aspects unconnected with Mr. Haughey and what I understood is contemplated is that there may be, effectively, a split sitting; no sitting at all on Monday and a split

sitting, that is to say that that we reconvene on this basis at eleven o'clock on Tuesday. Very good. Thank you very much.

THE COMMISSION THEN ADJOURNED UNTIL TUESDAY, 13TH FEBRUARY 2001 AT 11:00AM."

DAY 8 OF THE DEPOSITION OF CHARLES J. HAUGHEY WAS READ INTO THE RECORD BY THE REGISTRAR AS FOLLOWS:

"THE COMMISSION RESUMED AS FOLLOWS ON TUESDAY, 13TH FEBRUARY 2001 AT 11:00AM.

Q. MR. COUGHLAN: Mr. Haughey, the last day you were being examined here was last Thursday, the 8th February and when I moved on to deal with the debits to the Leader's Allowance Account, you informed the Commissioner that, I will read it all, it's page 22, and you, at line 7 say: "I think I should say, Commissioner, that the Party Leader's Allowance was made available to me as Party Leader more or less to be dispensed with at my sole discretion for Party purposes. And that Party Leader's bank account was fed by a grant from the Exchequer from time to time, by political contributions, donations being made to me which I would put in there as the situation seemed to demand and then of course, at another stage, contributions to the Brian Lenihan Medical Fund. Now, it was always understood that insofar as my relationship with that fund was

concerned, that there would be a balance kept, that Eileen Foy take a note of any things that she undertook on my behalf which were strictly personal and not Party, not for Party purposes, though the expenses, the Party expenses could certainly cover an awful lot of my own activities, but it was, as I say, the understanding was that Eileen Foy would keep a note of anything in particular and that from time to time, she would come to me and say, "look you owe me" - she would always make it personal - "you owe me, so much because of things". And then it would work the other way, if I would expend monies on behalf of the Party which I would very often do, that the balance would be struck and that I would either owe the Party Leader's Account money or it would owe me money." And then you go on in the next answer to say that not to a degree of any accurate accounting, that is there wasn't accurate accounting but that there was a broad balance kept between you and Eileen Foy in respect of the Party Leader's Account. Is that your recollection of events?

A. Yeah.

Q. Now, looking at the balance or the adjustment that might flow in your favour where something had happened which was a Party function, perhaps at Abbeville or something of that nature, an adjustment would be made in your favour. That's your understanding in relation

to that. And then where an expenditure might be made by you and she deemed to be a personal debit, an adjustment would be made in favour of the account.

That would be correct.

A. Well, not exactly the way you are describing it.

There wouldn't be an adjustment for that. Over a period of time a balance would be maintained and then maybe I would owe her a net amount or she would owe me a net amount.

Q. Yes, I understand that, it wouldn't be done on an item for item basis necessarily. As far as you understand

A. It might sometimes be if there was a particularly identifiable thing that I had expended personally which could, I suppose, properly belong to a Party expenditure, then that one, as I say, might have been, but I am not you know, I couldn't say at this remove, but broadly speaking, I am fairly sure that the idea was that she would have a notional balance in mind and come and talk to me about it.

Q. Yes, I understand that. There might be an identifiable and perhaps reasonably significant item that would stand alone, that there might be a balance achieved in relation to. But in the ordinary operation of this relationship, is it your recollection that there would be a broad reconciliation taking place periodically?

A. Yeah, I think that was the way. I think Eileen Foy

and Catherine Butler would both affirm that.

Q. Now, how did you fund Ms. Foy when the balance had to

flow from you to the account?

A. Oh I wouldn't be too sure about that, but presumably

from my own resources or perhaps through the

bill-paying operation.

Q. And that's just what I wanted to ask you, that you

didn't have a bank account yourself?

A. No.

Q. To the best of your recollection at least, is it the

probable position that it would be through the

bill-paying service?

A. I would think so, yes.

Q. Now,

A. I am trying to think... It's not too clear in my mind

now exactly how it was achieved, what the mechanism

was, but I know that that was the principle. That's

what I am trying to say to you, it was the principle

that there would be a loose balance maintained.

Q. Yes, I am not particularly

A. I am not too sure

Q. concerned about the rigidity of the balance, but...

A. I am not too sure how I, in the event of my owing her

money, how that would be given effect to. I can't

quite recall that.

Q. Well, it could

A. I am only saying the bill-paying service because that would be the obvious one that comes to mind.

Q. Well, can you think of any other source?

A. No, not offhand at this stage. But there could have been other sources, I don't know, maybe from the Stud Farm activities or something of that nature.

Q. Very good. Now, I would just like to run through with you reasonably quickly, I hope, some debits to the account which were identified and evidence was given by Mr. Alan Kelly from Allied Irish Banks on Day 40 and Ms. Foy gave evidence on Day 30 about some of these sums. Now, on Day 40, Mr. Kelly

If I might just hand you, Mr. Haughey, a schedule

A. Maybe I could help, Mr. Commissioner, by way of background to all this. Abbeville was a major centre of government activity, of foreign affairs, of diplomacy, of party activities and business. I think it's important that the Commission and subsequently the Tribunal should understand the role that Abbeville played in my situation as Party Leader and from time to time, as Taoiseach.

When I came into office as Taoiseach the first time in 1979 there was a very live proposal on the table at that time to build a Taoiseach's residence in the Phoenix Park. I didn't I thought that was not a good idea. In fact, I vetoed it or stopped it because

first of all, because the Phoenix Park was sacrosanct, but secondly, I didn't think the public at that time were ready to have a specially built Taoiseach's residence as such. And, you know, the circumstances in those days were totally different from what they are now. These days you build a  $\frac{1}{2}$ 25 million,  $\frac{1}{2}$ 50 million,  $\frac{1}{2}$ 100 million building at the drop of a hat because the resources are there to do it, but I mean 1979 was a totally different, dramatically different sort of situation. Anyway the point is that I decided that at least for my time anyway in the Office of Taoiseach, Abbeville would make do perfectly well as a Taoiseach's residence. There was no particular need for any new sparkling new armoured palace in the Phoenix Park, that Abbeville would fulfil the terms of whatever ancillary things had to be done as Party Leader, as Taoiseach. And as I say, Abbeville did fulfil that role from '79 to '91 in a major way.

I mean, for instance, Abbeville would be staffed, manned by people from the Taoiseach's Office at weekends because we would be meeting people, receiving deputations, entertaining people and a whole variety of activities, all undertaken on behalf of either the government or the Party as such. Why would we do that? For reasons mainly of confidentiality in some cases, for reasons of convenience and certainly insofar as outside people were concerned, foreign people, there

was all the difference in the world and this applied particularly to America there was all the difference in the world in me giving a dinner party or a lunch party or something for visiting VIPs in an official building and at home in Abbeville. The idea of being brought to the Taoiseach's own home and entertained there was very, very important and significant from the point of view of public relations, diplomatic relations.

Now, all of those expenditures in Abbeville would have had a cost attaining to them and it would be mainly my staff like Eileen Foy or Kathleen Butler who would try and insist that I should be recompensed for these Abbeville activities, let me call them that, and they would take the initiative in trying to keep that balance.

I am mentioning all this, Mr. Coughlan, because it's, as the phrase we have used sometimes here in this in the Tribunal context, setting the scene. If there are payments to me, I don't think I could possibly attempt to identify any one particular payment, but if there were payments to me, they would more than likely relate to well, in a lot of cases they would relate to these ongoing outgoings in Abbeville. They would also, perhaps, relate to travel arrangements that I would pay for and then be reimbursed, even though when

in government you travel most of the time at the State's expense, there would be time when there would be, strictly speaking, party travel expenses, which would be paid possibly by me at the time to the person, person providing the services, and then to be reimbursed. I hope that's helpful.

Q. Indeed. Let me just be clear, Mr. Haughey, because I am asking these questions on behalf of the general public. I think there could be, even your harshest public critic could not make the argument that some benefit may have attached to the State by the use of Abbeville and that if there was State functions taking place there, of course, it would be appropriate that they would be funded by the State and perhaps there might even be an argument to be made in relation to the wear and tear of the building. I don't want to get into that in any great detail, but you can see and understand how such an argument could be made.

Likewise, in relation to party matters, you were happy that functions, that functions or events occurred at Abbeville. That is something that the Party will probably accept and be agreeable that there would be some reimbursement in relation to

A. Let me just give you an example now of something that would possibly not fall either into State category or the Party category, but at that time we would be very, very active in receiving deputations, visitors,

individuals from Northern Ireland and Abbeville was absolutely ideal from that point of view, because a lot of these people wouldn't like to be coming, facing the glare of publicity in Government Buildings or in Leinster House and Abbeville was just geographically very suitably located from that point of view and also it had a very considerable degree of privacy and confidentiality. So there would be quite a considerable number of people coming to Abbeville from the North of Ireland in the context of the Northern Ireland situation and peace processes and everything like that. As I say, they would visitors of that nature might, or deputations or individuals of that nature might not fit into either State entertainment or even particularly into Fianna Fail Party, but they were part of the job, if I may say so.

Q. The broad job of Taoiseach

A. Well, this particular Taoiseach anyway.

Q. You, as Taoiseach, yes.

A. And Party Leader, by the way.

Q. Yes, of course. And thank you for outlining the background to the situation for the Tribunal. And in that context, if I might just ask you to, if you could, just run, we'll run quickly through this schedule [EXHIBIT 1] and these debits to the account were identified by Mr. Kelly from Allied Irish Banks to see if you wish to make any comment or throw any light on

them for the assistance of the Tribunal. (Documents handed to witness.)

You see that the first one is for  $\text{€}2,403.90$  and it's dated 20th December, 1990 [EXHIBIT 2] and it was a cheque made payable to Adare Manor.

A. No, I have no recollection of it.

Q. You have no recollection of Adare Manor being used for a Party purpose?

A. Almost certainly, but I mean, I don't remember.

20/12/90.

Q. That's just before Christmas of 1990.

Now, the next one was a cheque made payable to Allied Irish Banks for  $\text{€}8,332.32$ , dated 4th February, 1991 [EXHIBIT 3] and that was used to purchase French francs in the sum of 61,605 French francs and that was made payable to Charvet, Paris. Would you be of any assistance or could you be of any assistance to the Tribunal about that?

A. Well, this, of course, has attracted a great deal of public attention, this what could be described as having gone into folklore, but I don't think it's as sinister or important as it has been made out to be.

I actually discussed it with Catherine Butler, I am sure with the permission of the Tribunal, and her recollection is, which I have no particular recollection of it, is that I didn't have a bank

account of my own to which I could go and get French franc drafts and that she recollects my saying, in connection with some account that arrived in, saying to her, "would you give that to Eileen Foy and ask her to look after it and I will reimburse her".

Q. I see.

A. I don't know if you have spoken to Catherine Butler about that but she is quite clear on that recollection.

Q. I see. Now, the next debit that I'd like you to deal with if you can is one dated 4th April, 1991 and that is for £4,532.81 [EXHIBIT 4] and it was a cheque made payable to Le Coq Hardi.

A. I have no recollection of it, but that would quite clearly be entertainment of maybe a delegation of some sort which we would maybe a party occasion. I couldn't know, but it would be something like that.

You see, sometimes when these delegations or deputations would come down from the North of Ireland or indeed from anywhere else, Abbeville might not be available and we would bring them to the Le Coq Hardi.

I saw somewhere in some public media context some other, some of my colleagues around that time, this report in the media having said, I think it's a year or so ago now, that we often used Le Coq Hardi in those days to entertain.

Q. Now,

A. That would apply to all these Le Coq Hardi ones down

along here.

Q. Well, the next one then is also on the 4th April, 1991, there was a cheque made payable to cash for  $\text{€}5,000$  [EXHIBIT 5]. Would you know why cash would be required?

A. No, no recollection. No.

Q. Now, I think one of your successors in office both as Taoiseach and as Leader of the Party, Mr. Ahern, gave evidence to the Tribunal that in his experience, that he never had need for more than perhaps  $\text{€}1,000$  in cash, perhaps around the time of an Ard Fheis. Now, in fairness, around that time, would that be around the time of an Ard Fheis, do you think, around April?

A. I don't remember. I don't recall. I don't see what the reference to the present Taoiseach is.

Q. No, I think when he was asked to go through the accounts on cash drawings

A. Or what relevance it would have to me.

Q. I was just wondering would you have greater need for cash from the account? That's all I am asking. I am not saying there is anything wrong with it.

A. That's not a question I can handle. I mean, we are two different people, two different

Q. Very good.

A. I really don't see what the relevance of it is.

Q. Now, the next one is a cheque dated 15th May, 1991 and it's for  $\text{€}4,570.49$  [EXHIBIT 6] and that was a cheque made payable to cash and nobody was able to throw any

light on that for the Tribunal. Would you be in a position to, Mr. Haughey?

A. No. Is it here in this list somewhere?

Q. Yes, it's in the list. It's under the  $\text{€}5,000$  cash.

It's the fifth matter on the list and there is a

backing document which is a cheque dated 15th May, 1991

and it's made payable to Allied Irish Banks and for

$\text{€}4,570.49$ ?

A. Are these in chronological order?

Q. They should be, Mr. Haughey.

A. I have it here now.

Q. In any event

A. I am just wondering, is it endorsed?

Q. No, there is no we don't have the back of it. This

is a microfiche reconstituted document, but

A. I have no great faith in those microfiche things.

They are a whole new thing in my world. I never heard

of them before and I don't know what validity they

have. They are a kind of, some kind of a banking

mumbo-jumbo that I don't think

Q. Well, what I think, I think what they are is that there

is a copy made of a document and it's kept on what they

call microfiche.

A. Why don't they call them that?

Q. And they destroy the document.

A. Why don't they call them documents. What's all this microfiche stuff? Have you produced anybody that ever

worked on microfiche or is it just a bit of mumbo-jumbo

that banks use to baffle us?

Q. I don't know if it's unique to banks. I seem to remember that they once had it in the Law Library, but I am uncertain of how it was used.

A. Anyway, the point is, Mr. Coughlan, I don't remember it.

Q. Very good. Now, the next cheque is a cheque dated 28th June, 1991 for i£½4,106.08. [EXHIBIT 7]. That was payable to Le Coq Hardi. I presume your answer is probably the same about that cheque, is that correct?

A. Yes.

Q. The next document then is a cheque made payable to Allied Irish Banks for i£½2,000 [EXHIBIT 8] and I take it you can't be of any assistance to the Tribunal about that either.

A. No, sir.

Q. Now, the next cheque is one dated 11th September, 1991 and it's for i£½10,000 [EXHIBIT 9] and it's a cheque made payable to cash.

A. Again you don't have an endorsement on it, do you?

Q. No, Mr. Haughey. I beg your pardon, if you go to the document itself, you will see the cheque dated 11th September, 1991, cheque for i£½10,000 cash. I think we have the original of this cheque and if you go over the next page is the photocopy of the back of the cheque [EXHIBIT 10] and I think the evidence that was given by

Mr. Kelly was that that cheque was cashed at the Allied Irish Banks branch at Baggot Street.

A. Well, he is a very clever man if he can prove that from these documents in front of me.

Q. Well, we actually have the original of this one, Mr. Haughey, and it was just presented for cash and it was cashed.

A. It's not endorsed by me.

Q. No, no, no. I think, again I am not an expert on banking, Mr. Haughey, but my understanding from the evidence is that once the cheque is made payable to cash and it's signed by the signatories and it's been presented, it was, at that time, being capable of being cashed over the counter and this was cashed over the counter at the time.

A. No endorsement necessary?

Q. No. Not on a cash cheque. You don't know anything about perhaps getting  $\text{€}10,000$  in cash from Ms. Foy?

A. No, I didn't think it was possible to cash a cheque at any time not endorsing it at the back, but then like yourself, I am not an expert on banking.

Q. Now, the next one is again the 18th September, 1991.

It's a cheque for  $\text{€}7,500$  made payable to cash [EXHIBIT

11] and on the back of that cheque there is a note

'French franc draft' [EXHIBIT 12] and Allied Irish

Banks were able to trace that as being used to purchase

a French franc draft dated 18th September, 1991 for

63,000 French francs [EXHIBIT 13] and that was made payable to Charvet. Do you know anything about that?

A. No well it's probably in the same category as the other one.

Q. Now, the next one again is a cheque dated 26th September, 1991 and it's for i£½2,027.94 payable to Le Coq Hardi [EXHIBIT 14]. Would you believe that that's in the same category as the other Le Coq Hardi cheques you referred to?

A. Yes, it must be, yes.

Q. Then there is a cheque dated 26th September, 1991 for i£½5,750 [EXHIBIT 15]. It's a cheque made payable to Celtic Helicopters.

A. Well, those two here, it must have been in November, there must have been Celtic Helicopters must have been flying Party people or doing some work for the Party obviously. That would not be unlikely.

Q. Now, the next cheque is the 29th October, 1991 again and that's for i£½1,757.40 and it's payable to Le Coq Hardi [EXHIBIT 16] and then there is, you see the final item on the schedule is again the 19th December 1991, i£½2,660.29 payable to Le Coq Hardi [EXHIBIT 17]. Would you

A. The same.

Q. The same category, you believe. And then you can see the second last item is a cheque made payable to cash dated 29th October, 1991 [EXHIBIT 18]. Can you be of

any assistance, do you believe, to the Tribunal about that particular cheque?

A. No.

Q. Now in relation to your personal affairs, they were primarily paid through the bill-paying service in Haughey Boland, isn't that correct?

A. Personal affairs?

Q. Your personal affairs, the bill-paying service, the payment of expenditures on Abbeville, personal expenses?

A. Household expenses.

Q. Household expenses.

A. Yes.

Q. Yes. And would that also be so in relation to any, for example, personal entertainment expenses you might have as well, whether at home in Abbeville or in a restaurant or a hotel or something of that nature?

MR. MCGONIGAL: We are really fishing for relevancies at this stage, Mr. Commissioner, though you probably will note it but say nothing.

Q. MR. COUGHLAN: Would that be your belief at least, that those expenses would be paid through the bill-paying service?

A. What expenses now, Mr. Coughlan?

Q. Personal entertainment expenses.

A. I don't know. Presumably, but I mean, when you say

personal entertainment expenses, that covers a multitude. If I am at a Cumman meeting or something and I do a bit of entertainment afterwards, is that personal expenses.

Q. I understand. But if you took a friend or a group of friends to dinner or something yourself, that would be funded perhaps through the bill-paying service, would you imagine?

A. Possibly. I am not sure. A variety of ways it could be

Q. Now, if, as you say, a bill or something came into the office and you asked Eileen Foy or Catherine Butler to look after that and it would be sorted out later on when you achieved a balance on the account, would that be the situation would have prevailed, for example, where you say that the payments were made on cheques made or bank drafts drawn on Charvet Paris, that would have been the subject matter of a balance being achieved subsequently to the best of your knowledge?

A. I have already answered that, Mr. Coughlan. As I said, insofar as there was anything particularly identifiable as personal to me as distinct from a Party expense, that would go into the reckoning and in due course be reimbursed.

Q. Now, the account was, in its last twelve months there and on this analysis, it would appear that there was i;½15,832.32 debited to the account in respect of Charvet

Paris. Do you know how you would have reimbursed Eileen Foy for that?

A. The way I have told you, that she would keep an account, it would be debits and credits for me, against me and in due course, she would come in and either look for money from me or else say "look, you are entitled to so much". But that was the, that is the situation that prevailed and as I say, I am certain that both Eileen Foy and Catherine Butler will give, will confirm that that was the principle on which we operated.

Q. Very good. Just to draw to your attention

A. As a matter of fact now, I think I operated the same sort of way with my private secretary insofar as the State or the Department of Finance was concerned. Occasionally I would be entitled to, you know, sort of travelling expenses or maintenance allowances or something like that and the office, that office as distinct from the Party Leader's office, might pay things for me and then the private secretary or maybe the assistant private secretary would from time to time come to me and say, look, good news for you or bad news for you. You owe us ĩ½5,000 or ĩ½6,000 or here is a cheque for you for again, it was mind you, in the official department of the Taoiseach's Office business would be much more precise and accurate and down to the last penny, but it was the same principle. May I add, Mr. Coughlan, that they weren't of any great

significance or importance to me. I had much more weighty matters to be dealing with. They were just routines of the office. And they would take no more than a minute or two a day or a week. Just again, to put the whole thing into perspective.

Q. So now, may I ask you this, Mr. Haughey, Mr. Sean Fleming gave evidence to the Tribunal of having examined in detail the records of Mount Street and in the first instance, I think he identified that from his examination of the records, there were only two balances, there were two occasions on when balances were achieved between Mount Street and the Party Leader's Account.

A. I don't follow that, I mean, generally speaking my recollection of all that is that Mount Street was always broke. And on the few occasions they couldn't pay the wages, we paid them from time to time. I don't think we ever, I think I have seen some evidence by Sean Fleming that they were balanced but my own recollection is that they were never balanced up because we paid money for Mount Street and never got it back, but I am not in a position to certify that to you. But my feeling at the time was that we were carrying Mount Street and paying bills for them which sometimes they were being sued for bills arising out of elections and otherwise.

Q. Well, from the evidence of Mr. Fleming anyway, Mount

Street does not appear to have a record of that at

least, but that is your recollection, is it?

A. I think I could have that confirmed by others. I imagine Eileen Foy would confirm that to you.

Q. Now, Mr. Fleming also gave evidence to the Tribunal on Day 35, which was on the 8th October, 1999, and I'll hand you a copy of the transcript, if you go to page 33 I think?

A. Where are we dealing with now, Mr. Coughlan? What year is it?

Q. I am dealing with 1986, Mr. Haughey.

A. '86. That's 24 [sic] years ago.

Q. And Mr. Fleming was being asked, particularly in 1986, about Fianna Fail fundraising activities in that year.

You may remember there was evidence and you have dealt with here in examination at this Commission about two cheques made payable to Fianna Fail drawn on the account of the Irish Permanent Building Society which were lodged to the Leader's Allowance Account.

A. Haven't we been over this?

Q. We have been over that. I just want to go back over this. Mr. Fleming has informed the Tribunal that Fianna Fail, that is Fianna Fail Mount Street, did not engage in any fundraising drive in 1986 and it was one of the few years when they were, in fact, probably in the black and the reason why there was no fundraising drive was, it was anticipated that there would be an

election probably in the following year and they wished to approach people fresh for that purpose. Do you remember that?

A. I have no idea of that. No. I mean, if that's his recollection, that's his recollection, but it doesn't make much sense to me. I mean, if people were giving us money, if people wanted to give us money in 1986, I can't see either Mount Street or Government Buildings saying no, please don't give us that money, we don't want it, we are having an election next year. That wouldn't make sense.

Q. Well, if you just go to question 129 there on page 33, it's leading up about the fundraising activities of Fianna Fail and he answers, "Well, we would have known there was a General Election due probably by the following year because the previous election had been in 1982."

A. But sure, sorry, you are coming in at the right point of view or, you are coming in as what I want to do is just go back to 128 which I am just looking at here. It says, "Was there any need to or purpose for them in that year, as far as you are concerned? A: There is always a need for funds."

Q. Then the question. "Yes." The answer then is, "Well, we would have known there was a General Election due probably by the following year because the previous election had been in 1982 but we specifically did not

embark on a campaign of fundraising in 1986 because we knew we would be doing do it shortly whenever the General Election came and to have done so would have militated against the proper fundraising at a later date." "Question: Yes, well specifically were you strapped for cash in that year that there would be a need for special appeal as Mr. Healy has said?"

"Answer: It is unusual you should ask that question.

I think in all my years dealing with Fianna Fail, it was the only year Fianna Fail was in the black.

Traditionally Fianna Fail had been in deficit. We had cleared our debt in 1985 in advance of the 1987 election. We obviously went into that towards the end of 1986 in preparation for the 1987 General Election but in those particular times, it was one of the few short months to my knowledge of Fianna Fail that we were actually in the black." Then the question:

"Right, as far as you were concerned, from your analysis of the situation, there wasn't a need for a special appeal to ... depleted funds in an emergency situation?" "Answer: No depleted funds and no emergency in 1986."

A. Can I just point out he says here, "At those particular times it was one of the few short months," months, so I mean, what point are you trying to make to me?

Q. Mr. Fleming then goes on to deal with the two cheques made payable to Fianna Fail by the Irish Permanent

Building Society. They were not recorded as ever having been received by Mount Street. No special appeal went out for funds. What I am really wondering is if you could be of assistance to the Tribunal as to how these two cheques for  $\text{€}50,000$  could have been collected from the Irish Permanent Building Society or Dr. Farrell?

MR. McGONIGAL: Did Mr. Fleming give any evidence in relation to the  $\text{€}25,000$  on the 24th April or the  $\text{€}24,000$  on the 26th September or the  $\text{€}5,000$  on the 10th September of 1986?

MR. COUGHLAN: Not yet.

MR. McGONIGAL: Not yet. Well then these questions shouldn't be asked of this witness if Mr. Fleming is coming back in relation to 1986. It's premature to ask him about these matters. It appears there were other payments in 1986.

MR. COUGHLAN: There were other payments as having been recorded as being received by Fianna Fail in 1986.

These two payments were not received by Fianna Fail in 1986. There was no appeal.

MR. McGONIGAL: How did these payments come in in 1986?

A. I don't think anyone can say we didn't appeal for

funds. Appealing for funds is an ongoing business. There mightn't have been a General Election appeal because a General Election, even though it was in the offing, wasn't held until '87, but that's not to say there wouldn't be countless people appealing for funds all over the place all the time. In the straitened circumstances that Fianna Fail was in from the 1980s, onwards. Sean Fleming is, and I couldn't understand why he was saying what he was saying there, but now I see, just reading it more carefully, he says "At those particular times, it was one of the few short months to my knowledge."

Q. MR. COUGHLAN: But the specific matter that he gave evidence about was that there was no appeal in 1986.

A. I presume by that he means a General Election appeal.

Q. No, he means an actual appeal for funds which would normally go out by way of letter because Dr. Farrell gave evidence about how funds were paid by the Building Society that he believed, he has no recollection, but he believed it could only be as a result of receiving a request for funds.

A. Yes, an appeal for them.

Q. I see. That didn't go out from Fianna Fail, Mr. Haughey, according to Mr. Fleming.

A. I don't see I don't see how he could assert that. The most he could say that there was no general appeal, of a general election type nature issuing from Mount

Street. Now that's far from saying that there was nobody appealing for funds in 1986. Because in 1986 they knew there was going to be a General Election in '87 and everybody everybody from the constituencies to Mount Street to Party Leader's Fund, to everybody, would be looking to get funds, to raising funds for its forthcoming General Election.

Q. The only reason I am asking you if you can be of assistance to the Tribunal, Mr. Haughey, because these two payments of  $\text{€}50,000$  in that year amounting in total to  $\text{€}100,000$  was the largest contribution made to Fianna Fail until 1991 when 1992, sorry, I am corrected there, 1992, where there was  $\text{€}100,000$

MR. McGONIGAL: That's not so. That is absolutely not true.

A. That's not correct. Sure in 1989 there was very considerable sums of money.

MR. McGONIGAL: In 1981 there was  $\text{€}100,000$  paid on the 2nd March according to this document.

MR. COUGHLAN: No, 1981: that is a combination of funds.

MR. McGONIGAL: It's not a combination of funds. Fianna Fail, in 1981, received in excess of  $\text{€}5,000$ .

The third item listed 02/03  $\text{€}100,000$ , and again at the end of 1981 in October, there is another  $\text{€}100,000$ . So it's absolutely wrong for the Tribunal to allege that

the payments referred to by Mr. Coughlan were the largest at the time he said. Furthermore, it is equally wrong for the Tribunal, and Mr. Coughlan represents the Tribunal, to make a suggestion about requests for money in the absence of any evidence relating to the 24th April, 1986, the 26th September, 1986, 10th October, 1986, and indeed, every other donation which was made in 1986 and has not been recorded on the sheet which has been selectively furnished to us and that is equally, that argument applies equally in respect of every other year from 1980 up to 1986. If this Tribunal is going to be balanced and fair, then it should conduct a proper and fair inquiry. Not a selective one, which it is doing at the moment.

COMMISSIONER: That's noted

MR. COUGHLAN: It's now twelve o'clock. I won't respond to that outburst.

COMMISSIONER: Are we proceeding then, Mr. Coughlan, tomorrow?

MR. COUGHLAN: At eleven o'clock.

COMMISSIONER: What are we dealing with?

MR. COUGHLAN: Mr. Haughey has been notified in correspondence.

MR. McGONIGAL: I take it then we have finished with this irrelevant subject today?

COMMISSIONER: Mr. McGonigal, you know the position that I am in. I am not in a position to give rulings or debate that topic. As I understand it, the issue of the Leader's Allowance is, if not completed, virtually so and it is proposed then as I think you have been notified to move on to matters pertaining to Celtic Helicopters. Tomorrow at eleven o'clock. Thank you very much.

THE COMMISSION THEN ADJOURNED UNTIL THE FOLLOWING DAY, WEDNESDAY, 14TH FEBRUARY, 2001 AT 11:00AM."

DAY 9 OF THE DEPOSITION OF CHARLES J. HAUGHEY WAS READ INTO THE RECORD BY THE REGISTRAR AS FOLLOWS:

"THE COMMISSION RESUMED AS FOLLOWS ON WEDNESDAY, 14TH FEBRUARY, 2001 AT 11:00AM:

Q. MR. COUGHLAN: Now, Mr. Haughey, if I just may take up a matter we were dealing with at the end of the evidence on commission yesterday, and it was this question of donations of  $\frac{1}{2}$ 100,000 and I want the record to be accurate in relation to this. We have a table of the 1981 donations and there is  $\frac{1}{2}$ 100,000 donation which is attributed to an anonymous donor, it's a matter that we may come back to at a later stage but I just want to

bring it to your attention at this stage, and there is another one of  $\frac{1}{2}$ 100,000 in October of 1981 but that appears to be a consolidated amount from the Des Hanafin Fundraising Group.

Now, just before I depart from the Leader's Allowance Account, Mr. Haughey, can I take it that as regards any individual transaction on the Leader's Allowance account, you have no actual recollection?

A. Let me think about that. What's the

Q. If I could take it this way with you first of all. As far as that account was concerned, you knew that Eileen Foy brought bills and cheques made out to you and you signed those cheques and Mr. Ahern, in most instances would have pre-signed such cheques. You would have known that and have a recollection of that general operation of the account, would that be fair to say?

A. Yes. The procedure was that from time to time Eileen Foy would come into me with documentation, cheques to be signed and as far as I recollect, and I suppose common sense would indicate, that those cheques would be attached or on top of documents to which, say, like an invoice and a cheque and I would sign the cheque and that would be that. They would take the lot away again. That was, as far as I can recollect, as I say common sense would tell me that that was the standard practice.

Q. As regards, I am loathe to use the words 'drawings'

from the account, but as regards individual debits or credits to the account, can I take it that you have no recollection of any individual transaction of that nature?

A. No, not at this remove, no.

Q. Now, in relation to the information you made available to the Commissioner yesterday that there would have been a reconciliation between you and that account periodically in relation to your personal matters?

A. A reconciliation would be far too strong precise a word. I think what I was talking about was a balance kept for, pro and con, and it was a reasonably accurate balance but it was a loose type of arrangement. I mean, a reconciliation is the sort of thing you do with ticking things off and I think a reconciliation has a specific technical meaning in accountancy terms anyway.

Q. Yes, I am not using it as a term of art in that respect. I am using it in its broadest sense as you have described, a balance being kept. Now, did you always have recall about such a balance or reconciliation being achieved in relation to the account or is that something you just recalled of recent times?

A. Sorry?

Q. Did you always have recall of such a reconciliation or a balance being achieved between you personally and this particular account, or is it something that you

have only recalled recently?

A. That's a difficult question to answer. It certainly has been reinforced in recent times by my inquiring about it and being informed by Eileen Foy maybe principally and less directly by Catherine Butler, that that was the system.

Q. I see.

A. And as I said to you, it recalled itself to my mind because it was the same sort of on a parallel with any type of operation that I would have with the more or less official side of the Office which would be the private secretary and my transactions with him, pro and con, in other words, he would tell me occasionally from time to time, it wasn't very much involved, but there were some figures that he would say to me, I have good news for you. We have, we owe you money for travelling or subsistence allowance or whatever it was or some other thing or alternatively, he'd say, sorry, you owe us money, but that would be not considerable at all. It would be minimal and it would be at fairly long intervals.

Q. That, of course, probably would have been more formal in terms of a reconciliation?

A. That would have been, as I said yesterday, that would have been to the penny, because it would have to be.

Q. It would have to be, yes. Now, if I may just then, I think deal with a matter I think that you raised on Day

2 of these depositions when I asked you about the question of records and if you remembered Eileen Foy visiting you at Abbeville and asking did you have any records and any information and that she didn't get a reply or an answer and I think you informed the Commissioner that on Day 2 of these depositions, that "Ms. Foy came to me after she had given this evidence and we didn't discuss anything except the question of the records and I drew her attention to that and I said, you know, "that's not correct" and she said, "Yes, I know that, but I was confused and I thought I was answering a previous question." And I said to her, "Will you please therefore get your solicitor to write to the Tribunal and explain to them." Now, I don't know whether her solicitor has done that or not but that is a clear recollection I have because it was unusual that she would come to me that time because of the Tribunal and we didn't, tried not to have any contact in case implications would be read into that as they are read into most things and that's why that particular episode is clear in my mind that she said she was confused, she thought she was answering a different question and I said, "Well please write to the Tribunal and ask your solicitor to write to the Tribunal and tell them that."

Now, I think you are aware that we drew this particular

passage of the deposition to the attention of Ms. Foy's solicitors to seek to get her comment on that and I think you were furnished with a supplemental statement or memorandum of Ms. Foy in relation to that matter?

A. Yes, I have seen that.

Q. And again, so that you can deal with it as fully as you wish. I think, I don't necessarily need to go through the whole of this with you, Mr. Haughey.

A. I think we have been over it all before and I am clear, one of the things I am clear about is that Eileen Foy had given her evidence. I think she thought she was finished with the Tribunal at that time. It was in that context that she felt able to come and see me because she was finished. And she mentioned what an ordeal it was and that was the only point I took up with her because I read in the newspapers, I think, or maybe in the transcripts, I don't remember, that's the one point I took up with her. I said, look because I knew she was wrong in saying that she had asked me had I any records and I said I didn't give her an answer. I knew she was wrong in that little isolated piece for some reason, I remembered it and I knew she was wrong about it. And when she came, after having given evidence, she came out to see me socially and I think that's the only thing we discussed in relation to Tribunal matters and I said to her, "Eileen you are wrong about that." And she said, "Oh, I know I was

wrong about that," she says, "I thought I was answering the previous question." Now that's as much as I can tell you about it.

Q. Very good. I just want to explain this is not an adversarial proceeding and all I want to do is to draw to your attention

MR. McGONIGAL: I am not sure we'd agree with that, but now you say it...

Q. MR. COUGHLAN: I just want to draw your attention to the supplemental statement furnished by Ms. Foy [EXHIBIT 1] and it doesn't in any way alter your recollection or evidence on Commission in relation to the matter.

Particularly, I think, where she says on the first page, do you see under the heading of '1999', if you go to the second paragraph. "I called to see Mr. Haughey after I gave evidence at the public session in July 1999. In general the conversation was centred around the difficulty I had in being asked at the public session about matters that took place ten to twenty years ago and how glad I was that I was finished. In the course of the conversation, Mr. Haughey may have mentioned that I had made a mistake in saying I didn't really get an answer." That's the reference to the evidence she had given. "And that this might be clarified. I do not recall saying I was confused in this regard nor do I recall Mr. Haughey specifically

asking me to get my solicitor to write to the Tribunal and explain that to them."

A. Well, now sorry, with all due respects to Eileen, I am very clear on that business.

Q. Very good, Mr. Haughey.

A. Because I knew her solicitor, who he was, and he was I knew who he was and I said, I may have used his name, I said, "Will you get him please to write to the Tribunal and just correct that," just that much.

Q. Very good. That's your recollection in relation to the matter.

Just to cover everything, and I appreciate that your reply will be what you have just given us. If I might just finish that particular paragraph.

"I do not recollect that there was any degree of emphasis placed on this matter. It was just part of a broad conversation in view of the answer Mr. Haughey had given me in the first place. I did not see any real conflict with the reply I gave to the Tribunal and perhaps for this reason I didn't attach any significance to it at the time and failed to follow it up.

Regarding the fact that I said I was confused, my recollection of the conversation is that I made this remark while we were discussing in general terms of the questions I was asked at the Tribunal about the various

cheques."

But in any event, you have given your response in relation to the matter, Mr. Haughey, isn't that correct? I don't want to labour the point.

A. Yes.

Q. If I may at this stage, Mr. Haughey, turn to evidence which was heard at the Tribunal concerning Celtic Helicopters and I think we furnished you with a book of documents last September, it's entitled 'Mr. Charles J. Haughey, Evidence, Volume 3, Part 6 and 7'. I don't know if you have that. If you don't, I'll go through matters slowly in the first instance, Mr. Haughey.

A. Yes. I'd be grateful for that, Mr. Commissioner. I just would like to explain to you that when I leave these sessions and I return home, I am not really I suppose what you might colloquially know as a downer. I am not really in the afternoons, I am not really in a position to handle material and I got a book of documents yesterday or the day before dealing with Celtic Helicopters and a lot of it I recall evidence and so on, but I am not able to read from these documents in the afternoons. I will if they are put in front of me now, I'll do my best to deal with them but I just want to explain I, on a sitting day, as it were, I do feel pretty exhausted in the afternoons.

Q. I understand, Mr. Haughey. Well I'll take it at your

pace and if I am moving too fast, just tell me, Mr.

Haughey, and I'll take matters slowly.

COMMISSIONER: There are days, Mr. Haughey, the weight of papers depresses me also and I can appreciate something of what you feel.

A. Thank you Commissioner. Abbeville is a big house, Commissioner, and it's nearly full already.

Q. MR. COUGHLAN: If I could, and I'll try and break Celtic Helicopters up into a number of different areas by reference to time periods.

A. It's a very small company. You couldn't really break it up.

Q. Now, in the first place, there was initial capital raised to launch Celtic Helicopters around 1984/1985, that time. And from evidence given to the Tribunal, it was initially funded by borrowings from Guinness & Mahon and by funds provided by outside investors and those outside investors accounted for about  $\text{€}280,000$  worth of investments. Evidence was given to the Tribunal by Dr. John O'Connell that he provided  $\text{€}25,000$ ; by Mr. Joseph Malone that he provided  $\text{€}15,000$ ; by Mr. Seamus Purcell that he provided  $\text{€}12,000$  and that Mr. Cruse Moss provided just short of  $\text{€}25,000$ , it was  $\text{€}4,987$ . Now, there was also an internal Guinness & Mahon document which suggested that the late Mr. PV Doyle may have been an outside investor but the estate

of the late Mr. Doyle has no knowledge of any shareholding in Celtic Helicopters. And Mr. Malone gave evidence recently that he thought that Mr. Doyle may have been an investor as a result of a conversation he had with him coming back to town from Abbeville one day, but he has no direct knowledge or documentary evidence to that effect.

Now, do you have a recollection of those early days at Celtic Helicopters when they were trying to get off the ground figuratively?

A. The first thing I want to say about it is that we were Fianna Fail were in opposition at that time. I wasn't in government. Now, I have no problem in agreeing with you the figures you mentioned and if you like to accept that and leave it at that. I would be inclined to dispute some of the details of the conversations that are supposed to have taken place, but otherwise they weren't of any particular significance, but I am quite prepared to acknowledge that I approached the people concerned except PV Doyle, I am nearly certain that PV Doyle was not at all involved. I approached the other people, as I felt perfectly entitled to do because they were all friends of mine and asked them, I said, "My son is starting up this helicopter company and would you be interested? Helicopters are a thing of the future, Ireland is an

ideal country for helicopters but none of the distances are too long. It's more suited really for internal travel for helicopters rather than for fixed wing and would you be interested in putting a few bob into taking shares in it?" And they agreed and that was that.

Now, as I say, I quite accept that the various people you mentioned there and the amounts seem to me, in recollection, to be about right and if that's sufficient for your purposes, I fully acknowledge that.

Q. Now, just in relation to, and the various conversations that you may wish to express a view on. Would you agree with the evidence given by Mr. Malone that before he made the investment, that you had approached him and asked him would he be interested in becoming Chairman of Celtic Helicopters?

A. I don't remember, but it could be correct.

Q. And

A. You see, Ciaran Haughey and John Barnacle who are Celtic Helicopters, I mean, it's not, you know, from all the publicity that has been given to it, you'd think Celtic Helicopters was a giant aviation outfit. It's a very small little company. It's organised and run by the two director/shareholders/proprietors, John Barnacle and Ciaran, in effect, own the little company between them. It's a fledging little company in the aviation industry. It was it had to compete, it

had to find a place in the market place with the State-owned subsidiary, Irish Helicopters, a good company by the way and I often avail of their services myself. But they were the kingpins, they were the favourite son of the helicopter industry because they were wholly-owned by Aer Lingus and they got every major contract, and by the way, in the helicopter business, it's the big contracts that really matter, but Irish Helicopters got all the major contracts because they were Aer Lingus and had all that cash attaching to them. And poor little Celtic Helicopters had to try and shoulder their way in and really take up what Irish Helicopters weren't interested in.

Now, great deal has been made of all this Celtic Helicopters business and one particular newspaper cannot mention financial scandals without putting Celtic Helicopters at the top of the list. Now, Commissioner, a financial scandal is something that has to have some significant millions of pounds or thereabouts involved in it, but Celtic Helicopters is a small little minuscule operator in this market and if there were to be any scandal - I just want to put this to the Tribunal - it could have arisen in my, because of my connection with Celtic Helicopters, trying to direct government or official business towards the company, trying to get contracts from official sources for them. In fact, I never lifted a finger in that

regard for them, nor did I wish to or did I ever do it.

I am sure the Tribunal can investigate this to the nth degree and they cannot find any single isolated instance of where I endeavoured to favour Celtic Helicopters from official sources or contracts or bodies of any kind. Now, that's what might have been a scandal, if I had done that. But, I want to assure this Commission, that I never did or attempted to do it and, in fact, when the most lucrative contract of all came up, the Air/Sea Rescue contract, I was in office at the time and Celtic Helicopters didn't even attempt to tender for it because they knew, first of all, they were unlikely to get it, but secondly, if it did, there would be an uproar and a scandal and all sorts of outcomes. So they didn't even try and tender for it. And they had, as I say, practically no access to any sort of government business or official business sorry, I am wrong in that, they did occasionally get contracts from the ESB but that was on an open competitive tender basis. So that's the picture about Celtic Helicopters, Mr. Coughlan.

Q. I perfectly accept that they weren't a giant entering the market and that they were a small operation, but dealing with that initial

A. I'd also like you to accept that insofar as there was any possible business available to them from State sources, I didn't ever lift a finger in that regard.

Q. In the initial funding of Celtic Helicopters, there was evidence given to the Tribunal from Guinness & Mahon that with the exception of the sum of £25,000 provided by Dr. John O'Connell, the entire of the outside funds were transferred on the 29th March 1985 to Celtic Helicopters account from an account of Amiens Securities Limited, I won't give you the number, it was one of Mr. Traynor's accounts in Guinness & Mahon. And that in the two days prior to the transfer of £75,000, there were five lodgements to this Amiens Account amounting to £70,000 and if I could just pause there for a moment and ask you. I take it Mr. Traynor was involved in the initial advising of Celtic Helicopters also?

A. Oh I am sure he was, yes. Would he have been wouldn't he have been in Guinness & Mahon at the time?

Q. Yes, he was.

A. And weren't Guinness & Mahon advancing money?

Q. They were. They were indeed.

A. So ipso facto.

Q. Now, I think Mr. Malone and Mr. Purcell gave evidence that when you asked them to become involved in one way or the other, that you indicated to them that if they were going to become involved, that they should make contact with Mr. Traynor. Would that seem right to you?

A. If they I don't recollect that detail, but if that's what they say, there is no reason to doubt it.

Q. Now, evidence emerged at the Tribunal and I just wanted to ask you if you could be of any assistance to the Tribunal about this. On the 26th March 1985, there was a lodgment of  $\text{€}10,000$  to the Amiens Account which represented the proceeds of a cheque payable to Dr.

Michael Dargan and on the same date, there was a lodgment of  $\text{€}15,000$  which represented a transfer of funds from an Ansbacher account in Guinness & Mahon.

On the 27th March, there were two lodgements of  $\text{€}10,000$  and  $\text{€}25,000$  each of which was funded by a transfer from

an Ansbacher account and on the 28th March, there was a lodgment of  $\text{€}10,000$  which represented a transfer of

funds from an account in Guinness & Mahon under the control of Mr. Pairceir Mr. Purcell, I beg your

pardon, Mr. Seamus Purcell.

Now, we know about Mr. Purcell. We know about Mr.

Traynor. We know about the money going through an Amiens Account which was one of a series of accounts

controlled by Mr. Traynor. Did you know about any

monies moving out of any Ansbacher account which might have been used in relation to the initial funding for

Celtic Helicopters?

A. No, certainly not, no. My involvement was entirely on the basis of personal friendship, asking these men,

friends of mine would they be interested in. As I say, putting some, taking up some shares in this new company and after that, I have no recollection of the mechanics of the thing. But you mention Michael Dargan there.

Q. Yes, I was coming on to Dr. Dargan now.

A. I am as certain as I can be, that Michael Dargan never had anything to do with Celtic Helicopters. Never.

Q. Can we take it that you didn't approach him?

A. Hmm?

Q. You didn't approach him?

A. Oh no, no, certainly not. No.

Q. If I can just explain to you and the Tribunal is anxious for your assistance because in fairness to Mr. Dargan, Dr. Dargan and Guinness & Mahon and everybody in relation to this, the cheque which found its way into the Celtic Helicopters pool was a cheque made payable to Dr. Dargan which was the proceeds of stud fees which were due to him from a share that he had in a particular stallion or stallions, I am unsure of that, and that cheque seemed to have found its way into this pool somewhere or other. But you don't ever remember Dr. Dargan being mentioned?

A. No, no, and I can almost certainly tell you with hindsight and with Dr. Michael Dargan didn't ever have anything to do with Celtic Helicopters. I am certain of that as I can be about anything. I don't know what that rigmarole you are talking about, I don't

know what it's all about but I certainly have no knowledge of it, didn't have any knowledge of it at the time, I am sure I didn't have any knowledge about it at the time and it's some sort of confusion and I think it's a sort of confusion that's leading to a kind of a false trail, because Michael Dargan didn't, wouldn't have anything to do with Celtic Helicopters.

Q. Well, the Tribunal is anxious for your assistance on this, Mr. Haughey, and I'll tell you why: because it's a matter of significance obviously to Dr. Dargan and it's a matter that may have to be taken up with Guinness & Mahon as to how, if on your evidence, Dr. Dargan had no involvement at all with Celtic Helicopters, how his money could have ended up finding its way through some route into their account.

A. Well, I can tell, only tell you what I know myself or rather what I can recollect myself and, you know, it's hard to describe to you the sort of personal relationship situations but Michael Dargan was not the sort of person that I would approach in that sort of way. I just wouldn't do it. I mean, it wouldn't have happened. And he wouldn't, he wouldn't have been interested and insofar as I can contribute to your knowledge of the situation, that's my contribution. I am as certain as I can be that he did not ever subscribe to Celtic Helicopters and that I never approached him or spoke to him about it.

Q. Very good. Now, I think now, Mr. Michael Smurfit gave evidence to the Tribunal that you asked him would he be interested in investing and he wasn't. Do you remember that?

A. What time?

Q. This is the 1985 period now, in the initial formation of Celtic Helicopters.

A. I don't, I don't remember that. Though he did he was a customer of Celtic Helicopters.

Q. He was indeed.

A. Later on.

Q. Yes indeed.

A. A very good faithful customer.

Q. But in any event, he has given evidence that he didn't invest or make any contribution and you don't have a recollection of actually approaching him at that time?

A. No, no. Again, it would seem unlikely.

Q. Well, apart from Dr. O'Connell, Mr. Purcell, Mr. Malone, did you know anything about Mr. Cruse Moss yourself?

A. Yeah, he was an associate of I met him a couple of times. He was an associate of Joe Malone's.

Q. That's correct, yes.

A. I think Joe Malone may have been employed by him at the time.

Q. That's correct, yes.

A. That's all I know about him.

Q. And that's how you came into contact with him?

A. I think when Joe Malone was coming in actually Joe Malone, now I just remember something, when Joe Malone was coming in, he was really coming in for his son's sake. It was on behalf of his son. He wanted to have his son to have this interest.

Q. That's correct. His son was a friend of your son's?

A. Joseph junior and Ciaran Haughey were very close friends, school friends, and I think Joe Malone senior wanted to have Joe Malone junior to have, to be in Celtic Helicopters and to have that interest and then I think he also brought in Cruse Moss. Simple as that.

Q. Do you know if anyone else was approached by you or on behalf of Celtic Helicopters?

A. No, I don't know. I couldn't say there weren't other people, but I don't recollect anybody else.

Q. And you don't recollect yourself approaching anyone else?

A. No.

Q. Do you know where the balance of the money for the initial investment in the company came from then at this stage?

A. What initial investment? What balance are you talking about?

Q. There is about i;½80,000.

A. Oh I think that was advanced by Guinness & Mahon, was it not? Was that not an overdraft?

Q. Well, from our calculation at least, yes, there was money advanced by Guinness & Mahon, that is correct, and we have been able to identify and I think you agree the people we have been able to identify and the figures involved for those people appear to be correct. There is still about roughly  $\text{€}43,000$  that we can't account for. Do you know where that may have come from?

A. I would imagine that was advanced by Guinness & Mahon by way of overdraft.

Q. I don't think so, Mr. Haughey, but in any event, you don't have any

A. Have you any advance by Guinness & Mahon?

Q. Yes indeed.

A. What is it?

Q. It's a separate advance. It's a loan of  $\text{€}80,000$ . I don't think it was an overdraft, it was a loan, but that was how it was structured from Guinness & Mahon and then there was another  $\text{€}80,000$  put up by investors or contributors and we have been able to account for  $\text{€}37,000$ -odd of that, so there is about  $\text{€}43,000$  and I was just wondering if you could assist the Tribunal in any way about that?

A. No. And it mystifies me I must say. I thought that the people you mentioned there, with the exception of PV Doyle and Michael Dargan, were the only original contributors. Unless it was some other form of

advance.

Q. You are confident that Mr. Doyle wasn't a contributor, are you?

A. As confident as I can be, yes, yes, yes.

Q. Mr. Doyle was at the meeting sorry, perhaps it's a bit strong to describe it as a meeting Mr. Doyle was with Mr. Malone at Abbeville when Mr. Malone was asked would he be interested in making a contribution?

A. Well, there was no such meeting, no, there was no meeting of three people

Q. No. I said it was putting it a bit strong to describe it as a meeting. I think they were visiting you at Abbeville on a Saturday morning I think Mr. Malone said it was?

A. At one stage Mr. PV Doyle and Mr. Malone used Mr. Malone used to come over from America. In those days he was based in America and he would come over to Dublin for some, I think some sort of business of his own and he would always, well I think always stayed with Mr. Doyle in one of the hotels and frequently or not frequently, but from time to time they used to come out to have a walk around Abbeville. Mr. Doyle liked to get away from the whole frenetic hotel atmosphere and come out I wouldn't necessarily be with them. But himself and Joe Malone used to come out and just have a walk around in the grounds.

Q. But I think the way Mr. Malone described it and as you

say, his son and your son were close school friends.

In fact, I think Mr. Malone gave evidence that his son may have even stayed with your son sometimes during the holidays or something if Mr. Malone was away in America?

A. Oh yes.

Q. So the Tribunal understands that it was a close family relationship?

A. Oh yes. And I think our children, certainly Ciaran, would probably go out and stay with the Malone family in New York.

Q. Now, I think the way he described it was that he was at Abbeville one Saturday morning with Mr. Doyle and that probably is likely, would you agree, that he would be there with Mr. Doyle?

A. Certainly, yes.

Q. And he said that I think they were having a chat or a cup of tea with you or something, and Ciaran came in and you asked Ciaran to explain the business he was interested in starting up and that was how the conversation came about?

A. I don't remember that. I don't remember. I certainly don't remember asking, putting a suggestion to Joe Malone that he would subscribe to Celtic Helicopters in the presence of PV Doyle. I doubt if that happened. I am not sure, I don't know what evidence Joe Malone has given about that, but it

wouldn't be, in my view, it wouldn't have happened.

Does much hang on it, Mr. Coughlan?

Q. Not much. I was just wondering if it accorded generally with your recollection of matters.

A. Not that particular thing, no. I mean, I definitely spoke to Joe Malone about subscribing and I think, I think you are right in that I may have asked him at one stage to be Chairman. Because Ciaran Haughey and John Barnacle were pilots, but corporate administration wouldn't necessarily have been in their portfolio. So it mightn't have been any harm to have somebody who knew the business world and knew about companies and running companies as Chairman. So that's a possibility all right. I wouldn't rule that out.

Q. Now, the next area of the activities of Celtic Helicopters which gave rise to evidence being led in public related to the share structure and Mr. McDarby of Deloitte & Touche and Mr. Ciaran Ryan who was auditor to Larchfield Securities Limited gave evidence about this. Is this is something you feel you could deal with at this stage or would you prefer to review that overnight?

A. The only thing I can say immediately is that Ciaran Ryan only came into the picture very recently.

Q. Absolutely.

A. So I mean, he would know what the present structures are

Q. And he might have an idea of the historic structures from information which he was provided?

A. He certainly wouldn't have been participating.

Q. No, absolutely not. Absolutely not. And I think that Haughey Boland and then Deloitte & Touche looked after the affairs insofar as it was necessary to look after the affairs from the accounting side and the Company Law side of Celtic Helicopters, would that be correct?

A. I think, yes, that's correct, yeah, I think they more or less took control of the bookkeeping and accounting and I suppose, the things that are necessary from the point of view of company administration. I think they did all that.

Q. Secretarial side?

A. Yes, I think they ran sort of an omnibus service. I never came across Mr. McDarby.

Q. He heads up the secretarial side of the practice.

A. It was Paul Carty who really was the

Q. Contact?

A. Well, he was also very much speaking in a business sense, in locus parentis of Celtic. He was their accountant and adviser and helper and in the early days of the company I think he was

Q. I think Mr. Carty gave evidence of having such an involvement. Do you ever remember having any discussions with Mr. Carty or anybody from Haughey

Boland or Deloitte & Touche about any share structure of the company or anything like that?

A. No, not specifically, no.

Q. Because

A. If you mentioned something

Q. I'll just read you a summary of the evidence.

A. If you mention something, I could tell you whether I remember it or not.

Q. From the evidence given, it appears that B shares were issued in respect of the outside capital subscribed and they were placed in the name of Mars Nominees Limited. That was the nominee company of Guinness & Mahon?

A. What are we talking about now?

Q. This was late in the eighties. The initial share structure was that B shares were issued in respect of the outside capital subscribed and they were placed in the name of Mars Nominees.

A. That doesn't I am not too clear on it but it doesn't make sense to me.

Q. Well, Mars Nominees, there is nothing sinister to do about that

A. I don't know anything about Mars Nominees. But I am talking about the original shares, as far as I remember, were issued in As and Bs.

Q. That's right.

A. And I thought they were issued either to Ciaran Haughey, John Barnacle

Q. They were the A shares, yes.

A. And then the B shares would have been well I think,

I don't know, did I have to ask you this question:

did not Joe Malone et al have A shares?

Q. No. B shares.

A. No A shares?

Q. No A shares.

A. I see. Yes. And you say they were?

Q. They were placed in the name of Mars Nominees which was

just the nominee company of Guinness & Mahon. You

don't have any

A. No, I wouldn't be akin to that.

Q. Now, the shares issued in respect of the funds provided

by Mr. Cruse Moss, that was just shy of  $\frac{1}{2}$ 5,000, were

acquired by Larchfield Securities Limited on the 17th

August, 1990 for  $\frac{1}{2}$ 7,802.70, in other words, to the best

of our knowledge, Mr. Cruse Moss's shares were bought

back and they were acquired by Larchfield Securities on

the 17th August, 1990. Did you know anything about

that?

A. I must have known about it at the time. I may have,

yes. I don't

Q. Now, it gets a bit complicated and the evidence got a

bit complicated here. That with the exception of

shares issued to Mars Nominees in respect of the

capital subscribed by Mr. Malone, all of the other

shares appear to have been held by Mars Nominees for

the benefit of Larchfield Securities Limited. Did you know anything about that?

A. No. I mean, as I say, at that time all those matters would have been handled by Deloitte & Touche and in particular, by Paul Carty and I mean, whatever he says about it would be correct.

Q. Larchfield Securities, I suppose, if I could just explain what Larchfield Securities are?

A. Oh I know what Larchfield Securities are, it's a family company.

Q. Yes. Now, there was evidence given by Mr. Carty, Mr. McDarby and some other members of the firm of Deloitte & Touche and evidence of course was given by your son Ciaran and Mr. Barnacle. Now, as you say, perhaps the understanding and running of a company might not have been their strongest suit, their interest was in the flying side of the business.

A. Well, you know, to give you a picture to return to the picture that I was painting for you earlier on, they were a very small under-capitalised company.

They

Q. What was your what I really wanted to ask you was this?

A. You were saying that Deloitte & Touche were supplying the company expertise.

Q. That's what I am asking you. There is no doubt Deloitte & Touche were doing this particular work.

A. Mm-hmm.

Q. Accountants will always tell you that the work is carried out on the direct instructions of the client.

A. That's a bit of rubbish really, isn't it?

Q. What I want is your comment or your view in relation to this. Your son Ciaran and Mr. Barnacle have given evidence about receiving certain documentation already drawn up by Deloitte & Touche and resolutions and minutes of meetings and in the normal course of most ordinary people, signing where the place was for their name?

A. That's the way it would have been, yes. As I say, Paul Carty in, particular, in Deloitte & Touche were their mentors, their advisers, their helpers, which more or less what any good firm of accountants do for a client. They give them an all round package, as it were, of service.

Q. And your son and Mr. Barnacle gave evidence, I believe, that they wouldn't have had the degree of expertise to issue specific instructions to draw up documents

A. I have already said that.

Q. I want to ask you, did you give such instructions to anyone in Deloitte & Touche?

A. Oh no. No, no, certainly not.

Q. And would you have any knowledge as to who they might have been taking instructions from, if they took specific instructions?

A. I don't think it would be a question of taking instructions. They would know what had to be done by the company to keep itself right with the Companies Office and everything else and they would do what was necessary. Ciaran and John would be flying.

Q. I think it's twelve o'clock now, Sir.

COMMISSIONER: I think it's probably a good time to break now. Tomorrow at 11:00 and that will conclude the week. Thank you very much Mr. Haughey.

THE COMMISSION THEN ADJOURNED UNTIL THE FOLLOWING DAY, THURSDAY, 15TH FEBRUARY, 2001 AT 11:00AM."

CHAIRMAN: Before we adjourn for lunch, I might perhaps just clarify one very small procedural matter that emerged in part of the readings this morning and also in a small portion of yesterday's reading, and that was as regards some limited portions of legal argument that emerged in the course of the hearing when I am reported as Commissioner as having stated that I cannot give rulings on particular differences between counsel. This, to some extent, reflects the fact that obviously there was an anxiety to maximise the use of the hour to actually hear from Mr. Haughey and to have any rulings dealt with perhaps by correspondence or by rulings made fully afterwards, but more accurately, it was because I was bound by the general law in relation to Commissioners.

The ordinary law as regards the appointment of a Commissioner is that these situations, 90% of the time, arise in actions in the courts where perhaps some accident victim or some elderly person is too unfit to come to court, and the lawyers on both sides will go perhaps to the bedside or hospital ward of the person and there will, almost invariably, be a very young junior barrister appointed as Commissioner and the law has established that he or she is not entitled to give rulings on matters that arise and that was a form of law I felt applied to me in the circumstances of the Commission. Accordingly, such matters of objection or discussions as took place were noted and dealt with and subsequently ruled on by the Tribunal.

We will resume at five past two.

THE TRIBUNAL THEN ADJOURNED FOR LUNCH.

THE TRIBUNAL RESUMED AS FOLLOWS AT 2.05PM:

MR. HEALY: Now, I think it has been explained that in the course of the examination of Mr. Haughey on commission, references may have been made to, or what we now know were, in fact, made by Mr. Haughey to various other people and to his dealings with them. Or references may have been made to dealings Mr. Haughey had with witnesses who have already given

evidence to the Tribunal. Those other persons or those other witnesses did not have an opportunity of taking up matters with Mr. Haughey in the course of the Commission because the Commission was held completely in private, nor did the Tribunal have an opportunity, in the course of the Commission, of putting to Mr. Haughey, or putting to any other witnesses, material those witnesses might have wished or which the Tribunal might have wished to draw to Mr. Haughey's attention concerning his evidence.

Now, in the course of evidence given, or in the course of Mr. Haughey's examination on Day 6, references were made to a contribution or payment by Mr. Smurfit and it's in the context of what Mr. Haughey said concerning dealings he had or which, as it happens, Mr. Traynor may have had with Mr. Smurfit on his behalf, that Mr. Michael Smurfit is now coming back to the Tribunal to give some further assistance.

I gather, Sir, that Day 6 has already been dealt with in the course of the reading of the transcript. So if I call Dr. Smurfit please.

DR. MICHAEL SMURFIT, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY MR. HEALY:

CHAIRMAN: Thank you for return to go give evidence Dr. Smurfit. You are already sworn.

Q. MR. HEALY: You will be aware, Dr. Smurfit, that, Mr. Davis, solicitor to the Tribunal, wrote to your solicitors, Messrs. William Fry, on the 30th March 2001, drawing to your attention certain aspects of Mr. Haughey's Examination on Commission. And in particular, the responses to questions 22, 24, 61 and 102 on Day 6. And I think it might be of assistance to you and also to the public if I were to read out the relevant portions of the letter so that your response can be put in context.

Mr. Davis said:

"The Tribunal wishes to bring to the attention of your client the following aspects of Mr. Haughey's examination:.

1. Day 6, questions 22, 24 and 61. Mr. Haughey stated that the late Mr. Traynor never collected funds for the Fianna Fail Party. Mr. Haughey further stated that he can not say whether the 1989 contribution made by your client may have been a personal contribution. To the best of Mr. Haughey's recollection, he did not approach your client himself. If the late Mr. Traynor dealt with your client, Mr. Haughey is fairly sure that the donation would not have been political. The Tribunal wishes to obtain your client's comments on this matter. Having regard to the contents of Mr. Haughey's deposition, the Tribunal wishes to know

whether your client has any further information that he wishes to bring to the attention of the Tribunal or whether there are any aspects of the evidence which he has already given which he wishes to amplify, to clarify or to vary.

Secondly, the Tribunal drew to your attention

Mr. Haughey's response at question 102. Mr. Davis said in the letter:

"Mr. Haughey stated that your client and the late Mr. Traynor were close associates. That they were confidantes and that your client highly respected the late Mr. Traynor.

The Tribunal wishes to obtain details of all of your client's associations with the late Mr. Traynor in whatever capacity and whether or not connected with Mr. Charles Haughey."

And the Tribunal asked you for any relevant documents.

Then I think your solicitors, Messrs. William Fry responded on the 10th April, 2001. The response dealt with a number of other matters unconnected with Mr. Haughey's evidence, purely perfunctory, matters of no huge consequence and then went on to deal with the queries concerning Mr. Haughey's examination.

And it says:

"I have obtained Dr. Smurfit's instructions with regard

to the extracts from the examination of Mr. Haughey which you sent to me. Dr. Smurfit has given his evidence to the Tribunal with regard to this matter. He stands over this evidence and has nothing further to add to it.

With regard to Mr. Haughey's statement that Dr. Smurfit and Mr. Traynor were close associates, Dr. Smurfit feels that Mr. Haughey's evidence overstates the position. It is correct that Dr. Smurfit did have a number of business relationships with Mr. Traynor as already outlined to you, but the relationships were always strictly business relationships. Dr. Smurfit cannot recollect every business relationship that he might have had with Mr. Traynor over an extended period of time and so many years ago. Dr. Smurfit has already informed you that to the best of his recollection, he has made no political contributions in his personal capacity and you have also been given the details you requested of the Jefferson Smurfit Group political contributions requested by you. Other than the requests for payment in respect of which Dr. Smurfit has already informed you, Dr. Smurfit, to the best of his recollection, does not believe that he had any other dealings with Mr. Traynor which related either to Mr. Haughey or Mr. Lowry."

Do you recall, Dr. Smurfit, that you gave evidence

concerning an approach made to you in 1989 for a political contribution?

A. Yes, that's correct.

Q. I think when you last gave your evidence, you thought that since you had no record of having received the usual type of letter you'd get from a political party, that the approach must have been by telephone or personally?

A. Yes, that is, I think, what I said to you before.

Q. And that the approach, whether personal or by telephone, must have been from Mr. Haughey?

A. Yes, that's correct.

Q. And again, just to clarify the matter, you didn't have any further dealings with Mr. Haughey, but you believe that on the basis of the contact you had with him, arrangements were then made through Mr. Traynor to pay the money?

A. That is correct.

Q. And you issued instructions in relation to the payment of the money, you think, through Mr. David Austin, the late Mr. David Austin?

A. Yes, that is to the best of my recollection of how it occurred.

Q. And we now know from the evidence that has been given, that the instructions involved the payment of the sterling equivalent of  $\text{£}60,000$  Irish to an Ansbacher account in London, if I can put it as shortly as that.

They were slightly more convoluted than that, I think the instructions, but they came from Mr. Traynor in any case, isn't that right?

A. I presume they did, because he instructed Mr. Austin on it.

Q. You wouldn't have decided off your own bat or Mr. Austin have decided to pay money into an account in London?

A. No.

Q. Now, when you last gave evidence, the Tribunal had certain documentary evidence, I may say provided by you, and I think other documentary evidence provided by Fianna Fail Party, which showed the route that this money took, isn't that right?

A. I think so.

Q. And at that time, I think it was brought to your attention that the €50,000 payment that you had intended for the Fianna Fail Party and which was sent to an Ansbacher Account, did not, in fact, go to the Fianna Fail Party?

A. That is my understanding of what happened, yes.

Q. And that what, in fact, happened was that somebody else's money, Mr. Mark Kavanagh's money, was used to purchase two bank drafts which were sent to Fianna Fail under the guise of a contribution from you?

A. That appears to be the case, yes.

Q. Now, the additional information that the Tribunal has

on this occasion is Mr. Haughey's own evidence concerning the circumstances in which, according to Mr. Haughey, Mr. Traynor might have been involved in collecting money for him, or for anybody else for that matter, and Mr. Haughey has said that, I think if I can quote it, I think he said that "Mr. Traynor never did and never would seek a political contribution on behalf of Fianna Fail."

Mr. Haughey has confirmed that Mr. Traynor was involved, at least to some extent, in collecting money for his personal finances and it would seem to follow from what Mr. Haughey has told the Tribunal, that if Mr. Traynor was involved in collecting money or in seeking money, it must have been for Mr. Haughey's personal finances?

A. (Nods).

Q. Now, does that in any way alter the evidence or prompt you to alter any of the evidence you gave? I don't mean to change it, but does it give you any different view of it?

A. Not at all.

Q. You do recall that when you were giving evidence on the last occasion, when you were asked about the somewhat unusual, or at least involved, route that the money took, your response, at page 74 in answer to question number 240 was: "I think part of it was to cloud it, maybe to make it as discreet as possible," referring to

the route suggested by Mr. Traynor. And then I think I brought to your attention that the Smurfit Organisation, if I can use that expression, had made a number of payments to political parties and none of them seem to have gone along a route like that.

A. Well, I wasn't involved in the details of the routing unfortunately

Q. I appreciate that, but what I am saying is that they all appeared to the Tribunal, from the inquiries it carried out, to be perfectly straightforward. You sent a cheque; you either sent it from one of your companies or from the Foundation and it was sent to Fianna Fail. It's as simple as you might have expected it to have been done. And this was the only one that involved this strange route.

A. That would be correct.

Q. And would you agree that it is possible that the clouding, to use your word, of the route was designed to protect, or at least to keep confidential, a personal payment to Mr. Haughey?

A. Absolutely incorrect.

Q. You gave evidence, on the last occasion you were at the Tribunal sittings, of an approach to you which Mr. Traynor made, I think, in response to an approach you had made to him to join the K-Club. That was a direct approach to you for a personal assistance, isn't that right?

A. That was correct.

Q. You weren't absolutely sure of the date of it. You were dating it by reference to your promoting the K-Club?

A. That's right, yeah.

Q. Could there be any possibility that there was only one approach to you in relation to Mr. Haughey's personal finances, the one that prompted this payment?

A. I don't recall. I think I have stated that before. That's the only one I can actually remember distinctly.

Q. Just one or two final matters.

Do you recall discussing an amount of money with Mr. Haughey in connection with this contribution?

A. With the contribution, the one that actually ended up that we paid?

Q. Mm-hmm.

A. I presume it must have, because it's I would have instructed Mr. Austin that that's what we agreed.

Q. So you, I think, that after your conversation with Mr. Haughey he would have known how much money you wanted to, or were prepared to contribute?

A. Yes, he probably looked for some more and I wanted to give somewhat less.

Q. And you took his reference, which I think I am right in summarising your evidence on the last occasion is what you said, you took his reference to Mr. Traynor as simply being a way of routing the money?

A. He just said to me, as far as I can remember, 'Mr.

Traynor will handle the matter for me on behalf of

Fianna Fail'.

Q. I see. And subsequently, there was the contact between

Mr. Traynor and your office to confirm that the money

had reached his intended destination?

A. I don't recall that.

Q. I think you discussed it with me the last day; there

was a subsequent contact with Mr. Traynor to confirm

that the money had, in fact, arrived. I'll find it in

the evidence if you like?

A. If that occurred, it slipped my memory. It's

whatever it must have been something like that.

Q. Can you now see in retrospect and in the light of what

Mr. Haughey has said, that whatever conversation you

had with Mr. Haughey, it seems that Mr. Traynor's

involvement was with a view to obtaining money for Mr.

Haughey personally and not for the Fianna Fail Party?

A. Well, that wasn't my understanding, and my conversation

with Mr. Haughey was on the basis that a General

Election was looming, I believe, and they were looking

for Party funds.

Q. Now, in fairness to Mr. Haughey, I should say, I think

it's in the transcript, he claims to have no

recollection or to the best of his recollection, he

said he had no contact with you.

A. That's not correct.

Q. Thank you very much.

CHAIRMAN: Thank you very much indeed for returning to give evidence, Dr. Smurfit.

THE WITNESS THEN WITHDREW.

CHAIRMAN: Well, we will resume then for certainly, if possible, two transcripts, the pattern of reading the content of Mr. Haughey's evidence on deposition. I think we are now up to Volume No. 10.

DAY 10 OF THE DEPOSITION OF CHARLES J. HAUGHEY WAS READ INTO THE RECORD BY THE REGISTRAR AS FOLLOWS:

"THE COMMISSION RESUMED AS FOLLOWS ON THURSDAY, 15TH FEBRUARY 2001 AT 11:00AM:

Q. MR. COUGHLAN: Now, Mr. Haughey, yesterday when I asked you about the initial investors in Celtic Helicopters, I think you agreed that Dr. John O'Connell was approached, Mr. Seamus Purcell, Mr. Malone and Mr. Cruse Moss would have come in through Mr. Malone, that you yourself did not approach Mr. Cruse Moss, nor to the best of your recollection, did anyone on your behalf, would that be right?

A. Yes, yeah, I think that's correct, yes.

Q. I think that is also the evidence that Mr. Malone gave to the Tribunal, that it was he who introduced Mr. Cruse Moss, he being a business associate of

Mr. Malone's.

Now, just to ask for your comment on it, and I'll just deal with a few of the individual investors and in general, the terms the evidence that he gave. Dr. John O'Connell, in evidence, said that he was approached by you I am not referring to a full transcript, I am just dealing with it in general terms at the moment, if I may. He said that in March of 1985 he was asked by you to make a contribution to Celtic Helicopters and you also asked him whether he had any friends who would make a contribution. Do you remember that?

A. In an attempt to move things along yesterday, Mr. Coughlan, I think I said to you that I acknowledged the fact that these different people had contributed, had taken up shares in Celtic Helicopters to the extent that you had elaborated and that while in order to move on as much a possible from that situation, that while I would disagree perhaps with the details of some of the conversations that may or may not have taken place, that I didn't think there was any great significance in the overall scheme of things. That is still my position, but if you want to go over each one of them individually, I suppose we'll have to do that.

Q. Well, I am not doing it in any great detail at all, because in fairness to you, and in ease of you, if I might just deal with matters as they unfolded when Dr.

O'Connell gave his evidence, he gave evidence that in the first instance, that he was unaware that he was buying shares in 1985, but it was put to Dr. O'Connell by your counsel, Mr. Gardiner, that your recollection was that you had informed him that the money was an investment in the company. Was that always your understanding, that you approached him for an investment in the company?

A. Did I say that?

Q. Mr. Gardiner put this on your behalf to Dr. O'Connell, that that was always your understanding and your belief that you approached him on the basis that this was an investment in the company?

A. I would think that is so, yes, but I mean, at this remove, I don't particularly want to get into a sort of dispute with Dr. John about what I said or what he said, but it would certainly, my recollection at this stage would be that I would have said to him that my son was starting up this little helicopter company and you know, would he be interested in taking up a shareholding in it? It wasn't a big deal, let me say. It was I mean, it was a personal thing between myself and Dr. John and the money involved wasn't staggering and it wouldn't have been a sort of riveting conversation that I would remember vividly over the years, you know. It was just a casual thing and I think it wouldn't have meant much to me one way or

another if he hadn't done so.

Q. Now, just to enable you just to comment on it, because Dr. O'Connell was eventually paid money back and I'll deal with that in a moment, but Dr. O'Connell may have given the impression, when he was giving his evidence, that he understood that this was some sort of a once-off contribution because he was joining Fianna Fail?

A. Well, that wouldn't be correct.

Q. Yes, but I just wanted you to have an opportunity to make comment on that.

Now, Mr. Seamus Purcell described the meeting he had with you when you asked for a contribution or an investment in Celtic Helicopters and it was his understanding that there were to be no shares made available in respect of that. Would you have any recollection of that?

A. No, I don't recall that. I don't recall actually the details of my conversation with Seamus Purcell.

Again, he was a personal friend. I knew that he was very much a travelling, not a travelling man, but in his business he had to travel a great deal all over Ireland, back and forward, up and down, he was also a racing man and I suppose I would have thought at the time that it would have been a natural sort of a reasonable sort of thing to be taking a share in a

helicopter company.

Q. That would be to - he might have an interest in it and it might be hoped in the future to make use of it.

There is nothing wrong with that of course because he was travelling around the country and he went to race meetings and what have you.

A. He was a cattle man and he probably, he was probably at the time, maybe still is, Ireland's leading live cattle exporter. The family were very big, probably the biggest traders in the cattle business, in the live business, so it would have been a sort of reasonable proposal to put to him on a friendship basis.

Q. Now, I think Mr. Ciaran Ryan, the accountant, was engaged with particular reference to Larchfield Securities, I think, isn't that right, at some stage?

A. Quite recently.

Q. Yes, in recent times I mean, because he was engaged with particular reference to Larchfield Securities I think.

A. Ciaran Ryan was a practicing chartered accountant and he was brought in to try and sort out the affairs of Larchfield Securities. The administrative, if I call it that, affairs of Larchfield Securities as a company, nobody had bothered very much about them over a period of years, and we felt, the family felt that, you know, they should be put on a proper corporate basis, shareholding and all that and also accountancy basis

and Ciaran Ryan was, as I say, quite recently, brought in to look into that whole situation and try and sort it out and put it on a regular footing.

Q. And I think he has given evidence and he prepared a report about Larchfield Securities and I think it is correct to say that the shareholders in Larchfield Securities are your children, isn't that correct? The company is

A. It's a family company. The four children are equal shareholders, four equal parts, and they are the four directors and it never traded.

Q. That's right. Yes.

A. It was always just intended to be a property holding

Q. A family holding company. That's what it was.

A. To holding for family property, yes.

Q. And I think you are quite correct that it didn't trade.

For what it's worth, it had registered offices which would have been the firms of either a secretarial service or a firm of accountants, probably Deloitte & Touche or Haughey Boland before that or other secretarial companies, but it didn't have a bank account, it didn't have a cheque-book, it didn't conduct business, isn't that right?

A. It was just there to hold property.

Q. Now, I think that he told the Tribunal, both in his report and in evidence he gave, that in trying to bring things together, as you say, he spoke to the

shareholders, he spoke to people like Deloitte & Touche, and he spoke to you. Would that be your understanding of things also?

A. I think that would be yes, I am sure that's what happened, yes.

Q. And I think that he informed the Tribunal that having spoken to your children, they didn't make any investment in Larchfield Securities by way of the injection of any capital. I think that would be correct as well, wouldn't that be correct?

A. I don't think anybody did. I mean, the shareholding was  $\frac{1}{100}$ , which was which they held  $\frac{1}{25}$  each and presumably they put that in a way back at the beginning, or I may have put it in for them, but it was, it was a very informal business because it was a family company and as I say, it wasn't trading, and it was just there for the purpose of holding property.

Q. I just want to ask you about this in fairness to you, Mr. Haughey, when he inquired about how some assets may have been acquired and he inquired of your children and they didn't know obviously and he inquired of you that your response was, "you better put that down to me." Would that be fair?

A. I don't know whether I used those words or not, but in fact I think that phrase was used in a totally different context. I don't know if he wrote to you about that, because I asked him to.

Q. I see. It's something

A. He was confused about, I forget what it was now, but I apparently used that phrase to him but it was in a totally different context and I said to him "well you better write to the Tribunal and put that right with them".

Q. Very good. We'll take that up with him so.

A. Please do.

Q. May I just inquire anyway, in a situation where he might have been making inquiries

A. Behind the phrase would be that if there were assets in the name of Larchfield Securities which obviously Larchfield hadn't itself paid for, because it had no funds, the likelihood was, in some cases, that I would have acquired those assets, put them into the name of Larchfield Securities, and been owed the cost. In other words, I would put them into the name of the company and then the company would owe me for the appropriate amount needed to acquire them.

Q. If I could just ask you this way: like many of the assets were properties and that which were there from when the time your children were young and it's obvious that they couldn't have bought these or got them in any way and they were acquired by you and you put them into Larchfield Securities. I think that's a fair way of putting it?

A. And then I would be credited notionally with the amount

so that the books of Larchfield Securities would be in order, in other words, there'd be an asset and then there'd be a debit for that asset.

Q. Now, there were shares, and well what I want to ask you about here is that there were shares in Celtic Helicopters which were held by Mars Nominees and the beneficial owner in Mars Nominees was Larchfield Securities?

A. I don't know that.

Q. You don't know that. Very good.

A. I see, at that time, as I say, all that business of the company administration and the holding of shares would have been done by Deloitte & Touche or Haughey Boland.

Q. Yes, I understand that, Mr. Haughey, but from the time that Mr. Ryan became involved in recent time, I think it's a matter you may have discussed with him and attempted to put a shape on it if I might describe it as that?

A. Well, I left it to him.

Q. And he was able to identify certain shareholdings in Celtic Helicopters which were either in Mars Nominees and subsequently in MS Nominees which were designated as being beneficially owned by certain people. The Joseph Malone junior shares, for example, are readily identifiable. Obviously John Barnacle's and Ciaran Haughey's shares are and were always readily identifiable of course in their own name and then there

were other shares which appeared to be kept separately which were beneficially owned by Larchfield Securities and one of those was a block of shares which were effectively purchased or bought in by Larchfield Securities from Mr. Cruse Moss when Mr. Cruse Moss was paid  $\frac{1}{2}$ 7,000-odd or thereabouts in 1990?

A. I am not sure, but I think what would have happened there would be, would have been that Cruse Moss he might have been looking for his money back, I don't know, he wasn't very much in touch with the situation here. And he was, as I say, I think he had been Joe Malone's boss and I'm maybe drawing on memory now, I think that Joe Malone may have left, I mean they may have parted company, not in any difficult way or anything like that, but just they may have parted company and Joe Malone may have suggested to me that he should be, you know, he should be repaid for his, or his shares should be taken back and I don't know what Ciaran Haughey said about this, but my recollection of it is that what would have happened would be Cruse Moss would have been paid his money back and the shares would have been put in the name of Larchfield Securities, they were shares were there shares are we talking about shares in Celtic now or

Q. These are Celtic shares which were beneficially

A. Shares in Celtic Helicopters, right. So that they

would have been paid he would have been paid back by me because I was probably the only person around to pay him. And then I would have transferred the shares, or the shares would have been put in the name of Larchfield and I would have been credited with the money. That seems to be the logical

Q. Yes, well really all I wanted to ask you about was really, who would have supplied the money to buy in the shares like that and it was probably you?

A. Oh yes.

Q. Now, there is another block of shares which were held by Mars Nominees and then subsequently MS Nominees which were beneficially held for Larchfield Securities and they amounted to 55 Ordinary Shares and 54,862 B Shares. Now, that block of shares may well include the contribution or the investment made by Mr. Seamus Purcell if you understand me. That would be

A. I don't, but

Q. It may be because we can't see his as being identified anywhere else. We see another block of shares which was 5 Ordinary Shares and 4,988 B Shares which again were beneficially held for Larchfield Securities by the nominee company, but they were kept separately and they may be the shares which were they may be the ones attributable to Dr. O'Connell?

A. When you say Ordinary Shares, were they A Shares?

Q. Sorry, I beg your pardon, B Shares.

A. Because I was asking you about this yesterday.

Q. 5 A Shares and 4,988 B Shares?

A. You confused me yesterday, because I was asking about this and you said apart from Ciaran, I think you said apart from Ciaran and John Barnacle, that nobody else held any shares.

Q. I am sorry if I said that.

A. Isn't that so?

Q. I don't know. I am sorry if I did and I'll just explain. As we understand the share structure?

A. I am confused enough but that confused me yesterday.

Q. I am sorry if I did and I'll just explain. What appears to be the situation on the A Shares, 60 A Shares were held by Sean Barnacle, 60 A Shares were held by Ciaran Haughey. Then the block of shares which were bought in, the Cruse Moss shares, if I might describe them as that, there were 5 Ordinary Shares and then 4,987 B Shares there. Then there is a block of shares that I was just talking about there, held for the beneficial ownership of Larchfield Securities and that was 55 Ordinary Shares and 54,862 B Shares. Then there is a clearly identifiable Joseph Malone shares, and that was 15 A Shares and 14,963 B Shares. And then this other small tranche of shares which was 5 A Shares and 4,988 B Shares which may be the Dr. O'Connell investment. It's kept separately and the size of it may equate with the amount of money that

went in there.

Now, really what I wanted to ask you about this was that in that other large block of shares held for the benefit of Larchfield Securities of 55 A shares and 54,862 B Shares, that may include the contribution made by Mr. Purcell, because we don't see him ring fenced or identified separately anywhere else.

A. I can't comment on that.

Q. Very good. Well what I wanted to ask you then is, you are unaware that you approached anyone else for investment or that you know of anyone else who made an investment and would you agree that the probability is that if they were held beneficially for Larchfield Securities by the nominee company, that Larchfield Securities must have purchased those shares in Celtic Helicopters?

A. I don't follow that and I can't agree with it.

Q. I see.

A. I can't agree with it because I don't follow it.

Q. Well, we don't know of any outside investors. What I am asking, did you yourself, through Larchfield Securities, make any investment in Celtic Helicopters?

A. Not that I can recall. I may have made. This is when now? This is in '85, is it?

Q. Yes, initially, '85/'86, that initial period.

A. Was Celtic in operation at this stage? I mean, are they gone into actual operation?

Q. No, this was the actual initial funding.

A. You see, what I am trying to think of is if they were operating and they needed money and they may have come to me to tide them over and we may have given I may have put money into at that stage no, if I was putting money in Celtic Helicopters and operating the company, that would have been credited to me as block hours, no. I can't

Q. The only reason I am asking you is that in June of 1986, a Mr. Curneen, who worked for a bank, Smurfit Parieba, had a meeting with Ciaran Haughey and John Barnacle, and he made a note or prepared a report as a result of that meeting. I think they were looking for some financing from that bank. And he noted that he was informed that the company had three main shareholders, Mr. Ciaran Haughey 30%; Mr. John Barnacle 30% and Mr. Charles Haughey TD 12.5%.

A. He was mistaken. I don't know how he got that impression. Has he given

Q. He gave that evidence and

A. Publicly?

Q. And it's a report he prepared obviously for submitting to somebody higher up I suppose in his organisation?

A. There must have been some mistake or misinterpretation somewhere along the line, but that couldn't have been said. I mean, 12.5% doesn't add up to any of the figures you have been given there.

Q. I don't know. I was just asking for your comment, and again your son Ciaran, and John Barnacle, I believe, don't have any recollection of making such a statement?

A. It couldn't be right. He is mistaken.

Q. Now, in relation to approaching people to invest in the company in 1985, did you undertake any exercise with Mr. Traynor of attempting to identify who might be approached?

A. Not at all.

Q. Well, did Mr. Traynor, to your knowledge, approach anybody?

A. I doubt it. He would have didn't we agree yesterday that he would have handled, when people would agree to subscribe, he would take it from there? No, you see, Mr. Coughlan, this is another of these situations where so many years after the event, whatever number it is, 20 or whatever, you come along and you focus on a particular episode and you isolate it and you elevate it into the spot light and you look at it up side down and inside out and it evolves into something that was never such at the time of the event.

It only looks, in a retrospective wrong end of the scope point of view, it becomes all full of significance and importance and all sorts of things like that. In fact, these would have been quite casual conversations by me and looking back on it now, it could very well have been the first person that I met

or came into my office or was talking to in some connection and I said, "Oh by the way, Ciaran is starting up a little helicopter company. Would you be interested by any chance in putting some money into it?" It was that sort of situation and it was personal. The people involved were personal friends, acquaintances and it was no more than that. You know, I didn't make up a list of potential people and go through them and tick them off and in fact, you wouldn't know this, Mr. Coughlan, but you know, as I am looking at this list of people, they were a disparate group. They didn't really have very much in common. The only thing they had in common is that they were personal friends of mine and reasonably well off and people who could be potentially able to put up 5 or 6 or  $\frac{1}{2}$ 10,000 or figures thereabouts. And it was as simple as that.

But what I am saying to you is, it was a very casual and haphazard business. As I say, it was probably, I might have met Seamus Purcell at the races because he was a very great racing man and really that was, it was in that context that I knew him best. I would have met Joe Malone socially in friendship, friendly circumstances from time to time. John O'Connell at that time was, I mean, he was very concerned about my health. John O'Connell was a very good doctor and I

think he was concerned about my health and I would meet him fairly often in that context, and again, purely casually and haphazardly and on a friendly basis, I would say, "Ciaran is thinking of, or is starting up this little helicopter business, and would you be interested in investing in it?" because John O'Connell, at that time, was also a racing man. He would, as far as I can recollect now, he would buy and sell the odd horse. So it may be that because he was that sort of an individual, that I would have thought of asking him, but again he wasn't selected for any particular specific, as a member of some specific category of persons. I hope I made that clear.

Q. Yes indeed, and I didn't think for a moment that there would have been a meeting between yourself and Mr. Traynor where you'd have sat down formally and prepared a list of people you might approach or that, but I was just wondering

A. You were wondering if it was organised?

Q. I wondered if you discussed it with Mr. Traynor?

A. I am trying to explain to you that it was far from being organised.

Q. I see, I see.

A. As I say, the people had nothing particularly in common except they were friends and the sort of people that I could casually ask. It wasn't a normal I mean, I don't think I asked them for any specific amounts. I

left it to themselves.

Q. The only reason I am asking for your assistance, Mr. Haughey, is that we can't account for  $\text{€}1,243,000$ .

A. You want to paint a picture and I am trying to help you paint the background to it and if I am doing anything, I am trying to diffuse any sort of specifically thought out plan of action at the time. I mean, I wasn't in Office. I think that's maybe an important consideration, but apart from that, I was Leader of the Opposition and very, very heavily engaged in opposition, leading the Party in opposition and preparing it for government and therefore, this would have been very much a side issue, Mr. Coughlan. It wouldn't I mean, it wouldn't have been centre stage, it wouldn't have been on my desk all day every day. It would have been the sort of thing that I would as I say, thinking back now I am almost certain that it was as I would happen to meet people, I would mention it to them. And in that context, therefore, I can't be all that sure, in reply to your other line of questioning, I can't be all that sure therefore, that there wouldn't have been other people that I would ask and have asked and they said, "No, no, I am not interested in that, wouldn't be interested in that".

Q. Now, I think if I might move on a little, that there was evidence given to the Tribunal by Mr. John Barnacle and your son Ciaran Haughey, that in February 1992 a

sum of  $\text{€}153,868.54$  was provided to Celtic Helicopters and was credited to the company's account at Bank of Ireland, Dublin Airport branch on the 14th February 1982 1992, I beg your pardon.

A. Valentine's Day.

Q. Yeah. These funds appear to represent the proceeds of three separate cheques provided by Irish Intercontinental Bank and those were in the sum of  $\text{€}100,000$ ,  $\text{€}50,000$ , and  $\text{€}3,868.54$  respectively which appear to have been funded by debits to the principal Ansbacher Sterling Account. And those funds were used by Celtic to repay a loan to Irish Intercontinental Bank and that loan had been secured on a back-to-back basis by an Ansbacher deposit.

Now, on the evidence which was given by Mr. Barnacle and Ciaran Haughey, it appears that the cheque for  $\text{€}50,000$  was a prepayment for services by you in a name that they used for you which was Gary Heffernan, they used that for confidential reasons. And it also appears from their evidence that the sum of  $\text{€}3,868.50$  was a payment by you for services rendered. Now, do you know anything about that?

A. I don't recollect the thing at all. But naturally, I have been, in the last few years, I have been reading about these things, they have been surfacing in different places. The  $\text{€}50,000$  makes sense, if Celtic Helicopters were looking for money or were short of

money, as they very often were, this is February

Q. February of 1992.

A. 14th was that the day I left Office?

Q. It was either then or probably the day after. I think that's right, yes.

A. Well, I hope you wouldn't expect me to remember too much of external matters in those days, but it's quite possible that I would have, or it would have been done on my behalf, provided  $\frac{1}{2}$ 50,000 for them as block, they are called block hours. That was where you paid in advance. They often I think I don't know if your research has produced this, but maybe Ciaran Haughey or John Barnacle have told you, but they would often, not often but a lot times sell block hours, sell hours in advance, say it was Michael Smurfit or somebody, he would pay them so much, a round sum and then he would fly that off, as it were, as they use their service that balance would decrease. That  $\frac{1}{2}$ 50,000 may have been of that order, that sort of thing, probably was.

The 3,000, I don't know how that I don't know how that

Q. I think their understanding it may have been to pay for flying hours which had already been used?

A. It would be flying hours, yeah, flying time. But I don't know anything about the  $\frac{1}{2}$ 100,000. I am telling you I don't know anything about it because I have seen it surface before and I have read various things about

it about an insurance claim, but

Q. That's what I am coming to. We get into a complicated area then of

A. I wouldn't have been involved in that at all.

Q. an insurance claim and assignment of a chose in action purportedly, and matters of that nature. Did you know anything about an insurance claim or did Mr. Traynor ever have any chat with you about that?

A. No. But I am just, I do remember very vividly Celtic Helicopters going down.

Q. It was on a film I think, isn't that correct?

A. Yes, because I remember it - being in my office, the Taoiseach's Office at the time and my private secretary coming in to inform me that the guards down in Dingle had telephoned to say that unfortunately a Celtic Helicopters machine had gone down into the sea and how I remember it was, it was 20/30 minutes before we got any further information and then it was to the effect that even though it was a Celtic Helicopters machine, neither Ciaran Haughey or John Barnacle were flying it at the time, because it was engaged in film business and the film people insisted on their own pilot flying it, but it was a very traumatic 20, 30 minutes for me sitting waiting to hear, knowing that a Celtic Helicopters machine had gone into the sea, and not knowing anything more about the details. So if that's the incident, I remember that part of it very vividly.

Q. Well, that is what we understand the insurance claim and the subsequent transactions in relation to it related to all right. But

A. I don't remember anything the only follow-up I had, I have recollection of, is that John Barnacle actually was in another helicopter there at the time, another Celtic Helicopters helicopter and he went to the aid of the first helicopter and subsequently got a bravery award for what he did. So I remember that much of it.

Q. Well, unfortunately I have to deal with the money side of this in the questions I ask. Celtic Helicopters, at the time, had a loan outstanding to Irish Intercontinental Bank for  $\text{€}100,000$ . Sorry, I beg your pardon, it was  $\text{€}150,000$ -odd, I can't remember whether it was 152 or 53?

A. I don't know about that and I don't I mean, I don't recollect it and I don't think I knew about it at the time.

Q. And that loan was secured by way of a back-to-back on an Ansbacher Account and then  $\text{€}153,000$  came out of Irish Intercontinental Bank from the main Ansbacher Account with the bank and it found its way to Celtic Helicopters and it was used to discharge the loan that they had with Irish Intercontinental Bank?

A. Well, you are saying that, Mr. Coughlan. And I mean, I don't know it, and I am not in a position to either contradict you or confirm.

Q. That's the evidence.

A. I am only saying this lest you think by my silence I am acquiescing with everything you say, I just don't know.

Q. That's the evidence. First of all, do you know did you ever secure a loan for Celtic Helicopters with Irish Intercontinental Bank?

A. No. I think I have given evidence somewhere else about that, that I wasn't involved in that transaction at all.

Q. And do you know how the  $\text{€}50,000$  and the  $\text{€}3,868.54$  which were attributed to you in the books of Celtic Helicopters could have come out of the main Ansbacher Sterling Account with Irish Intercontinental Bank?

A. Well, I mean, Des Traynor would have arranged that. Des Traynor was still alive at that time, wasn't he?

Q. He was indeed.

A. That would have been his arrangement.

Q. Now, there then occurred a transaction which we heard about in evidence at the Tribunal, that Celtic Helicopters had initiated proceedings in respect of the helicopter which went down off Dingle and that those proceedings were assigned for, purported to be assigned for  $\text{€}100,000$ ?

A. I have to ask you, are you right about that? Because I do recollect Celtic Helicopters, a Celtic Helicopters machine being involved or being injured on the ground at Waterford Airport as a result of which there was an

insurance claim. Maybe that's what I am just

Q. Well, Mr. Haughey, we are interested in any information that comes to our attention.

A. I don't know, I am sure Ciaran Haughey and John Barnacle will have given you this, but there was definitely, because it was in the papers at the time, that's how I recollect it. There was a machine, a Celtic Helicopters machine on the ground at Waterford Airport and some truck or other backed into it and damaged it and there was a claim, an insurance claim. Perhaps that's what you

Q. I don't think so, Mr. Haughey, because well, Mr. Barnacle and Mr. Ciaran Haughey gave evidence that proceedings were initiated against a US company for damage to the helicopter down in Dingle.

A. Sorry, I know now what my train of thought was. You say damaged the helicopter. The helicopter in Dingle was written off, bottom of the sea. Whereas the one in Waterford was damaged. When you used that phrase, that's what made me think of the Waterford situation.

Q. I see.

A. But I am not I don't know what the dates were or

Q. Well, they say that they initiated a claim against the US company for the helicopter that was written off in Dingle. And then they say that that claim was assigned, it wasn't proceeded with, but it was assigned at full value to Mr. Traynor, and that the i;½100,000

that came out of the Ansbacher sterling account in Irish Intercontinental Bank to pay the loan to Irish Intercontinental Bank was the consideration for the assignment of that action. That was their evidence.

Did you know anything about that?

A. No, I didn't know anything about that. That would be their own day-to-day business.

Q. And just to complete matters, the estate of Mr. Traynor doesn't know anything about this, Mr. Gerard Keane who was the solicitor dealing with the claim on behalf of Celtic Helicopters was not aware of such an assignment and Mr. Michael Murphy, who was the insurance broker who was processing the claim on behalf of the company, wasn't aware of it either. Did you ever hear of it before?

A. No. Did I sorry?

Q. Did you ever hear of it before matters may have developed at this Tribunal, that the action was assigned for  $\frac{1}{2}$ 100,000 to Mr. Traynor?

A. I think I have heard about it before, but it was probably in this Tribunal context. I wouldn't have any direct knowledge of it.

Q. Well, if that be the case, do you know whether or not you were the source of the  $\frac{1}{2}$ 100,000 that came out of the Ansbacher Account in Irish Intercontinental Bank?

A. No. I mean, I am saying no

Q. Just to be clear, you are saying you don't know?

A. That's what I am saying. I think I am saying both insofar as I understand them, I think I am saying no to both questions.

Q. Now, you weren't involved, on your own evidence, in the conduct of your financial affairs, isn't that correct?

That it was left to Mr. Traynor?

A. Yes, of course, but I see you have a letter there in your hand, Mr. Coughlan. I think this is a time I should mention it when you are asking me all these questions about Celtic Helicopters. In one of Mr. Davis's letters to me, I can't recall the exact wording, but he states something to the effect that I was centrally involved in the affairs of Celtic Helicopters and/or the operations of Celtic Helicopters. Now, I want to categorically refute that, particularly the latter part. I was never involved in the operations of Celtic Helicopters. I mean, I wouldn't be suited, fitted to do it. And Ciaran Haughey and John Barnacle were quite capable of looking after their own affairs with the aid of their professional advisers. I mean, the idea that I would be engaging myself in the operations of a helicopter company with all the technicalities and everything else involved is just nonsense. And I just want to avail of this period to rebut Mr. Davis's contention in that regard.

Q. Well, in fairness to Mr. Davis, it was not a contention

perhaps. It was informing of a line of inquiry that the Tribunal may have been intending to pursue, Mr. Haughey.

A. Sorry, what is that?

Q. It may have been informing you of a line of inquiry the Tribunal wished to pursue.

A. It's sometime ago now. I remember at the time resenting it, that's why I am mentioning it now.

Q. I see, very good. I don't know whether there is any suggestion that you would have been involved in any technical aspect of Celtic Helicopters business or the day to day running of it, of course not.

A. Or if I say so, or flying a helicopter.

Q. Or flying a helicopter absolutely or maintaining a helicopter, anything of that nature, absolutely. The Tribunal's interest relates to your involvement on certain financial aspects of Celtic Helicopters' business. That's the interest of the Tribunal. I was going to move on to something else in relation to Celtic Helicopters and it's twelve o'clock now, Sir, so...

COMMISSIONER: Well we might as well adjourn for the week then accordingly. Thank you very much indeed, Mr. Haughey.

THE COMMISSION THEN ADJOURNED UNTIL TUESDAY, 20TH FEBRUARY 2001 AT 11:00AM."

DAY 11 OF THE DEPOSITION OF CHARLES J. HAUGHEY WAS READ  
INTO THE RECORD BY THE REGISTRAR AS FOLLOWS:

"THE COMMISSION RESUMED AS FOLLOWS ON TUESDAY, 20TH  
FEBRUARY 2001 AT 11AM.

Q. MR. COUGHLAN: Mr. Haughey, if I might move on to around  
1992, when there was a further injection of capital  
into Celtic Helicopters, but first of all, just in that  
regard, before I move to the question of the injection  
of capital, Dr. John O'Connell gave evidence to the  
Tribunal that sometime in late 1991 or early 1992 he  
had a discussion with you and you said to him words to  
the effect that, "We have been looking at the share  
register of Celtic Helicopters and you don't seem to  
have got your shares for the money you put in earlier,"  
that was back in 1985, do you remember having any  
discussion like that with Dr. O'Connell?

A. No.

Q. He says that in the course of a discussion anyway he  
indicated he wanted money and said that you spoke and  
that he suggested that a figure of  $\frac{1}{2}$ 15,000 be paid.

Do you remember that?

A. I remember, I don't know when it was, but I remember  
him raising with me I think he came to me about it,  
saying that he had put his money into Celtic  
Helicopters and he had never got any return for it and

he, in effect, wanted it back and it went on from there and I think, from memory, I think the figure of  $\frac{1}{2}$ 15,000 may be right, I am not too sure. If you'd ask me, I would have thought it was 12 or something like that, but if you say 15.

Q. It was, because 15 was eventually paid in fact.

Now, he believes that that conversation took place the day you resigned as Taoiseach, which was the beginning of February of 1992. Do you remember that?

A. No, I don't remember that and I doubt it could have happened. I have certainly no recollection of meeting Dr. John on that day. I remember that one of the people who was with me most of the morning was Brian Lenihan. I don't remember Dr. John O'Connell or meeting him that day, but I don't remember - whether it's important or not - but I think the story is that he was looking, I think he told me his accountants were on to him about this non-performing investment and that he needed to have his money back and that rather than have any unpleasantness with him, because he was a personal friend, I agreed that he should get his money back and as Larchfield Securities had no way of and the shares I think were, you pointed out were in the name of Larchfield Securities because they had no way of paying him, I paid and got credited for that in Larchfield's account. I think that's my recollection of it, if it's of any particular significance.

Q. It's something that I have to inquire into. Can you help the Tribunal? Dr. O'Connell says that he didn't know anything about shares at the time and that it was you brought the issue up with him and if that be so, do you know whom you would have discussed the question of the share register with?

A. It wouldn't have been me, because I knew nothing about share registers or anything of that sort. All I knew was he had put money into Celtic Helicopters, got no value for it and wanted his money back and he got his money back. Not just that he got his money back, but he got it back  $\text{€}15,000$  for  $\text{€}5,000$ . Simple as that.

Q. Now, Mr. Gardiner, on your behalf, asked Dr. O'Connell some questions when he gave evidence and I am not specifically holding you to anything that Mr. Gardiner may have put, Mr. Haughey, but from the line of questioning which was put by Mr. Gardiner, he didn't seem to challenge Dr. O'Connell that it was you raised the subject but that's neither here nor there perhaps, but that you had a clear recollection that back in 1985, that you had mentioned the  $\text{€}5,000$  as being an investment, although Dr. O'Connell always understood it to be a contribution and the first time he became aware of the question of shares existing was when you spoke to him in 1991/1992?

A. I can't say anything definite one way or the other. If it were my recollection, I would adhere to what I

said that I asked him to invest in Celtic Helicopters.

What else would he do except invest? If I asked him to support them, that would be the way he'd do it and the obvious thing would be he would take shares and then when it came to getting his money back, whether it was shares or not was irrelevant. He wanted he put in  $\text{€}15,000$ . He thought over a period of time he should have got some benefit, some increase in the value which would be more indicative of shares than anything else.

And he got, he said he would have expected  $\text{€}15,000$  and I agreed to that. Rather than have any altercation with a friend and he got his money back and that's the end of the story, as far as I am concerned. There was nothing particularly convoluted or difficult about it.

Q. Well, he didn't hear anything after he had a discussion with you, whoever initiated the discussion, and he got his solicitors to write to Ciaran Haughey as the secretary of Celtic Helicopters by letter dated 5th March, 1992 [EXHIBIT 1] and the letter read:

"Dear Sir,

We act for John O'Connell who subscribed some years ago the sum of  $\text{€}15,000$  for shares in Celtic Helicopters"

A. For shares.

Q. For shares, yes, he gave evidence about this and I'll explain to you in a moment.

A. It seems to me self explanatory. The solicitor wrote talking about shares.

Q. I'll complete the letter.

"Our client tells us that despite many requests he still has not received the share certificate for his shares. We would be grateful if you could send this certificate to us as soon as possible.

We would appreciate a response not later than Wednesday the 11th March."

Now, Dr. O'Connell said that he instructed his solicitor to write that letter and to mention the question of shares really for the purpose of putting pressure on to get payment. That's the evidence he gave. And what transpired subsequently was that there was a convention in Donnycarney

A. Artane.

Q. Artane. Well he says - Dr. O'Connell of course wouldn't have known the north side that well - and that you telephoned him in October of 1992 and at that convention, you handed him a cheque for i;½15,000. Do you remember that?

A. Yes. I am not too sure of the exact detail but I do know that there was a meeting, I am not sure, I thought it was earlier in the year. A meeting in Artane

Q. Well, just to assist you there, Mr. Haughey. The cheque is dated 2nd October, 1992 [EXHIBIT 2] so

A. Yes

Q. It may well be that there was some political meeting.

A. That begins to make sense. It was an election meeting I think and Dr. O'Connell would have been a minister, Minister of Health by then.

Q. I think you are right. And I think the evidence, as emerged when Mr. Gardiner asked him questions, was that Mr. Reynolds was there at the meeting

A. I think he was there at that meeting as Minister for Health and I was at it because it was in my constituency and it's possible that I may have given him the cheque that evening. I couldn't recall that, but certainly I think I remember talking to him that evening.

Q. Now, between the time of the letter being received by Celtic Helicopters, that's the letter from Beachams it was Dr. O'Connell's solicitors dated 5th March, 1992, Mr. Barnacle and Mr. Ciaran Haughey gave evidence to the Tribunal about this and neither of them knew anything at the time when he received the letter about Dr. O'Connell's contribution/investment or investment/contribution to the company earlier on.

And Mr. Barnacle said that he, his partner, Mr. Ciaran Haughey, said that he'd take the matter up with you because Dr. O'Connell was in the political arena and Mr. Barnacle left it at that and as far as he was concerned, that's how the matter was dealt with and Ciaran Haughey gave evidence that he had brought it to your attention and you said to him to leave it to you.

Would that sound correct to you?

A. In retrospect, it sounds correct, yeah.

Q. Now, who would you have discussed the matter with then, do you think?

A. I don't know.

Q. Do you know how it was decided that an investment of  $\frac{1}{2}$ 5,000 was going to yield a threefold profit?

A. No. I just, as far as I remember, Dr. O'Connell said to me that his accountants were, not his solicitor actually, his accountants were looking for an account, an accounting for this investment and that he valued it or they valued it at  $\frac{1}{2}$ 15,000. That in the normal course of events, he said, over the fluctuation of time he should get about  $\frac{1}{2}$ 15,000 in return and as I say, rather than have any argument with him, I said "Okay," and gave him, I gave him the  $\frac{1}{2}$ 15,000.

Q. Well, was the agreement to give  $\frac{1}{2}$ 15,000, was that for the purpose of just avoiding an argument as opposed to an examination of the commerciality of the transaction?

Would that be a fair

A. There is no question of that, no question of that. I mean, again, this is an example, Mr. Coughlan, of where I think this Tribunal and other bodies like this make a fundamental mistake. They look back on an incident which at the time would be of no particular significance or importance to the people concerned, it was just a routine every day matter and you elevate it

into something different and you look at it from all sorts of angles and you read things into it that were never there in the minds of people at the time. This is a typical example of that. John O'Connell was a personal friend. I was very, in a way, quite close to him because he was very concerned about my health and as a doctor, he was interested in it and helpful and it just so happened that he was one of the people I asked would he be interested in putting a sum of money into Celtic Helicopters? He agreed he would. And then later on, he raised I think he was pretty impressed by his account, is what he told me, and after some years, he was getting no return from Celtic Helicopters. He wasn't interested in flying because he hated flying. He really had a phobia about flying, I don't know if your investigations have elucidated that fact or not, but he would get no value out of his participation in Celtic Helicopters and he just wanted to get his money back. He thought he should be entitled to an accumulation. You see, in those days, money interest rates were extraordinarily high and he said he thought or his accountants told him he should get  $\frac{1}{2}$ 15,000 back and it was as simple as that. I said, "Okay, Dr. John, if that's you were good enough to invest way back when your investment was important and you are perfectly entitled to your money back and some appreciation and if  $\frac{1}{2}$ 15,000 is what you

say, or your accountants say, then that's all right by me." Simple as that, Mr. Coughlan.

Q. Very good. All I was trying to establish is it was on that basis rather than some attempt to do an analysis of the company and justify something

A. Not at all.

Q. on a commercial basis?

A. Nothing like that, no. It was all on a basis of friendship.

Q. And the cheque he was given was a cheque drawn on the account of Irish Intercontinental Bank with the Bank of Ireland at its branch at College Green in Dublin 2.

Now, I take it it was through Mr. Traynor that this cheque was obtained?

A. Well, I don't know anything about this cheque. I mean, except that what I have here in front of me.

How do we know that's the particular cheque? Is it just because it's  $\text{€}15,000$  payable to Dr. John O'Connell?

Q. Dr. O'Connell actually gave us this cheque.

A. Oh, did he?

Q. Dr. O'Connell actually gave us this cheque and Celtic Helicopters, through Mr. Ciaran Haughey or Mr. John Barnacle, knew nothing of it, of course, and the money to fund this  $\text{€}15,000$  came out of an Ansbacher Account in Irish Intercontinental Bank.

A. If you say so. I don't know.

Q. That's the evidence that has emerged. Do you know how you might have got that cheque?

A. I don't remember it at all. I just remember giving him €15,000. It could have been, as far as I know at this remove, it might have been my own personal cheque. I have no recollection of it.

Q. In fairness to yourself, Mr. Haughey, and I'll take it slowly because I am not trying to confuse or bamboozle you. It couldn't have been your own personal cheque because you have given evidence you didn't have your own bank account.

A. I think at that stage I might have had a bank, a little account, a farm account or something in Malahide. I am not too sure, but shortly after I left office I think I had

Q. That may have been with National Irish Bank I think, is it?

A. Yeah.

Q. But just looking at it, if you can assist the Tribunal. Would you agree that the probability is that you got this from Mr. Traynor?

A. I am very reluctant to engage in probabilities Mr. Coughlan, but I'd have to agree with you that that is a probability.

Q. Can we take it that you did not go to Irish Intercontinental Bank yourself?

A. No. I had no account in

Q. Irish Intercontinental Bank?

A. No.

Q. In your own name of course, that is?

A. No. I had no account in anybody's name.

Q. Well, I'll come back to deal with that when I deal with some other accounts?

A. It's a fact, Mr. Coughlan. You can deal with it now.

I never had an account in Irish Intercontinental Bank or during the period we are concentrating on and I didn't have a bank account anywhere.

Q. Or accounts for your benefit?

A. I am not saying I mean, that is a kind of a very ominous sort of phrase and I don't quite know what you mean by it but I am telling you that it's a question of fact, but I think this Tribunal is concerned with, a question of fact that I did not have an account in Irish Intercontinental Bank ever.

Q. I'll deal with that, Mr. Haughey, in due course. But if I may just concentrate on this at the moment. On that basis, you did not approach Irish Intercontinental Bank and nobody on your behalf, I mean, secretaries or people who would have been handling the ordinary day to day administration for you would not have approached Irish Intercontinental Bank for this money, would that be fair to say?

A. No, I wouldn't think so, no.

Q. Now, the instructions for this came from Mr. Traynor.

That's the evidence. The actual instructions to draw this money down and how it was to be drawn down, came from Mr. Traynor. That's the evidence from Irish Intercontinental Bank.

A. Well, that's that.

Q. And can we take it therefore, that you must have discussed the matter with Mr. Traynor?

A. Again, on your grounds of probability, it would seem probable that I must have asked Mr. Traynor could he get me  $\frac{1}{2}$  15,000 with which to reimburse Dr. John and as a result of that, he produced this cheque and I gave he gave me the cheque or sent me the cheque or maybe yes, Dr. John says I gave him the cheque, did he, personally?

Q. Yes.

A. Well, then I must have got the cheque and given it to Dr. John, yes.

Q. For what might, on the face of it, appear to be a normal commercial transaction between an investor and a company he was investing in, I must suggest to you that this was shrouded in secrecy.

A. Not commercial, Mr. Coughlan. Friendly.

Q. Very good. But if it was straightforward, it was shrouded in secrecy, wasn't it?

A. No, I don't think so.

Q. Well, the money

A. There may have been a casualness about it insofar as

there was very little recording of anything anywhere, but I mean, I think Dr. John O'Connell and myself knew exactly what was involved and he subscribed because I asked him to do so and then he wanted his money back and he got his money back.

Q. Well, his money, when it went in, went in through an Amiens Account in sorry, Dr. John O'Connell's went in. It came out through an Ansbacher Account. Do you know why that should have been?

A. Don't know anything about that.

Q. The evidence given by Mr. Ciaran Haughey and Mr. Barnacle is that Celtic Helicopters didn't have an Ansbacher Account or an account in Irish Intercontinental Bank other than money they had borrowed at one stage. Do you know anything else that would assist the Tribunal in understanding this?

A. If they say so, I accept that, but I don't know where it's all leading to. I mean, I think the gist of the thing is known that Dr. John O'Connell subscribed, got his money back and that was that.

Q. Sorry, I beg your pardon?

A. That was that.

Q. Yes. Now, around the time this payment was made to Dr. John O'Connell, Celtic Helicopters was having some cashflow difficulties, if I might describe it that way, and they sought the injection of further capital. Do you remember that?

A. I am not too sure of the times, but I think it was obvious to their accountants, well presumably to themselves, that they were very under capitalised. As I said again, they were a very small fledgling company, up against a very powerful State monopoly and they felt a need to strengthen their position and raise some more capital from private sources.

Q. Mm-hmm. And did you have any discussions with anybody concerning Celtic Helicopters around this time? And I am talking about now, from October/November 1992 or thereabouts, into the middle of 1993 perhaps?

A. I probably did, but you see I'd like to remind you that I left office in February '92 and the law of the land at that time anyway, I was a free citizen and perfectly entitled to do anything I liked and if I felt like helping or trying to assist Celtic Helicopters in raising some capital, I see absolutely no possible objection by anybody to my doing so retrospectively or currently or whatever other way you like to look at it.

Q. And I think in fairness, Mr. Haughey, when you gave evidence before the McCracken Tribunal, I think you did indicate that after you left office, you might have involved yourself a bit in the affairs of Celtic Helicopters for the purpose of assisting your son naturally and

A. No. Well if I did, it was only, I am sure, it was restricted to this aspect of the capitalisation of the

company and of course, from time to time, being a customer of theirs, but again I'd like to say that I certainly had no part in the detailed or the day to day routine operations or the running of the company.

None whatever.

Q. Ah yes, that's clear, Mr. Haughey, I think.

Now, were you aware that Mr. Xavier McAuliffe made available  $\text{€}1/250,000$  at that time? That was in November of 1992?

A. I'd have to think about that, Mr. Coughlan. I can't quite remember, but I do know, I do know that Xavier McAuliffe was a friend of both myself and of Ciaran. That he was a helicopter man. He had helicopters himself. And that he would, in the normal course of events, he would be a natural person for either Ciaran Haughey or even John Barnacle to approach with a view to taking some, investing in Celtic Helicopters. It would be the natural sort of sequence.

Q. And Mr. McAuliffe gave evidence to the Tribunal that over the years that he was friendly with Ciaran Haughey, that they had a mutual interest in helicopters and over the years Ciaran Haughey would have discussed Celtic Helicopters with him. So he had some degree of familiarity with it, but he says that on this occasion he was approached by, he believes, Mr. Traynor, who sought an investment in Celtic Helicopters and that he agreed to make an investment and that the payment of

£2,500 represented the investment and that was sterling, £2,500, that translated into £50,000 Irish money at the time, and the evidence to the Tribunal is that a cheque dated 3rd November 1992 for £50,000 payable to Bank of Ireland and drawn on Bank of Ireland Account in Irish Intercontinental Bank Limited directly funded by a debit to an account of Ansbacher Cayman Limited and indirectly funded by a transfer of £2,500 from Allied Irish Bank Jersey to Credit Suisse London Account Zurich Ansbacher is how the money came into Celtic Helicopters. If I could take that slowly.

A. It doesn't matter, Mr. Coughlan. I haven't the slightest recollection of it.

Q. I see. But I'll just tell you. Mr. McAuliffe drew down £2,500 from an account of his with Allied Irish Banks in Jersey and that was to the credit of Credit Suisse London, which in turn was for the account of Ansbacher in Zurich. There then came out of the Ansbacher Account in Dublin and Irish Intercontinental Bank the same sum of money which was drawn then on Irish Intercontinental Bank's account in Bank of Ireland and that was the money that went into Celtic Helicopters. In other words, it went around the world and the money that came into Celtic Helicopters at the end did not appear to be Mr. McAuliffe's money. Did you understand me?

A. I don't understand a word of it.

Q. It took us a long time to try and understand it as well, Mr. Haughey. But would you have any idea why

A. No.

Q. an investment in a company should take such a circuitous route?

A. No.

Q. Other than, apparently, to shroud it in secrecy, but can you understand why that should have been done?

A. No. As I say, I have no recollection of it. There is no point in asking me.

Q. And would you accept the evidence of Mr. McAuliffe that it was Mr. Traynor who did approach him for the investment?

A. Well, let me put it to you, I don't know whether he did or he didn't, but I have no reason to doubt it. Somebody must have approached Mr. McAuliffe.

Q. And do you remember having any chat with Mr. Traynor in general terms about the injection of capital into Celtic at around that time?

A. No, I have no recollection. I am not saying that it mightn't have happened, because no, I am not saying it mightn't have happened, but I have no particular recollection of it.

Q. Mr. McAuliffe did say that well he wouldn't have made this particular investment if he hadn't been asked for it by Mr. Traynor and if it didn't involve your family. Now, that was his only suggestion, that he

knew the family. He was making this investment and he was asked by Des Traynor to do it?

A. That sounds reasonable.

Q. Now, Mr. John Byrne invested a sum of  $\text{€}47,532.82$  and this came into Celtic by way of a cheque dated 2nd November 1992 payable to the Bank of Ireland drawn on the Bank of Ireland Account of Irish Intercontinental Bank and it was funded again by a transfer from Ansbacher Cayman Limited, an account that they held, the main Ansbacher Cayman Account in Irish Intercontinental Bank. Did you know that Mr. Byrne had made an investment at this time?

A. No, I have no recollection of it.

Q. Now, the late Mr. Patrick Butler, I think that's of Butler Engineering or Butler Steel as they were at the time, made an investment and that was a Bank of Ireland draft for  $\text{€}25,000$  made payable to Celtic. Did you know that Mr. Butler

A. No, I just knew that

Q. made an investment?

A. I recollect that Pat Butler, as I think he was called then, was quite close to Celtic Helicopters. I think he did work for them.

Q. I think he was doing the steel work at the hangar at Dublin Airport. I think that's right.

A. So I suppose it wouldn't be unexpected or unusual that he, if they asked him to subscribe to shares, that he

would have done so.

Q. Now, a Mr. Michael Murphy, who was an insurance broker, gave evidence of investing  $\text{€}100,000$  in Celtic. Did you know anything about that?

A. No. I mean, I have seen it all since and it seemed to have been a big matter for the Tribunal. It took a lot of time

Q. Yes, to unravel.

A. And I mean, I was learning all about it that time *de novo*.

Q. Well, and I'll just speak in broad terms about the unravelling of it, but Mr. Murphy gave evidence that this was, in fact, an investment by Mr. David Gresty, who was another insurance man he did business with in Monaco, did you know Mr. David Gresty by any chance?

A. No, I didn't, no.

Q. And Mr. Murphy's money went through London, out to Zurich and into an account of Ansbacher Cayman in Zurich and that money came back into what's known as the, came into Hamilton Ross and was credited to what's known as the S8 accounts and three cheques amounting to  $\text{€}180,000$  drawn on Dunnes Stores went into the bank account of Carlisle Trust.  $\text{€}100,000$  was taken out of the Carlisle Trust bank account and went to Celtic Helicopters to represent a, or purported to represent Mr. Murphy's investment. That's what

A. I don't follow that at all.

Q. Well, I'll take it slowly because it took us a long time to try and understand what was going on here.

A. Mr. Coughlan, take it as slowly as you wish and I am very grateful for your consideration but really, I have no recollection of it whatsoever.

Q. Now, the routing of Mr. Murphy's money out to Switzerland and into the Cayman Account and back into an S8 Account was all done on the direction of Mr.

Traynor. The Dunnes Stores money which went into Carlisle Trust's bank account and came out again, was again all done by Mr. Traynor, and Mr. Barnacle and

Mr. Ciaran Haughey were told by Mr. Traynor that the  $\frac{1}{2}$ 100,000 coming out of the Carlisle bank account was Mr. Murphy's investment, so that was their

understanding of who was investing. Did you ever have any discussions with Mr. Traynor about movements of money around this time? I don't mean in the detail that we eventually unravelled, but in general terms?

A. Certainly not, no. But all those circuitous things you have been talking about, I wouldn't have had any knowledge whatsoever of those.

Q. Bankers refer to or have referred to that type of transaction at this Tribunal as a switch. Did you ever hear Mr. Traynor talk about such a thing?

A. No, I did not, and I don't know that I am in any way familiar, as I have already described it, with the mumbo jumbo of banking, the banking fraternity.

Q. In fact, what it is is, or would appear to be

A. Why wouldn't they just call it a transfer, just as a matter of interest between you and I?

Q. Oh yes, it's a transfer, but I think it appears to be, of course it's a matter for the Tribunal to understand later, it seems to be to cloud the whole transaction.

A. Why exotic phraseology like switches?

Q. Sorry, that's what bankers call it: a switch. I am not a banker, I am only using their language, Mr. Haughey, but the whole purpose of it seems to be to obscure the transaction. Do you have any knowledge as to why that should be necessary?

A. No, I am not too sure that I can't say to you categorically that that's the first time I have ever heard the word "switch" used in a finance context.

Q. Well, did Mr. Traynor ever discuss with you transfers or transactions which might make it difficult to ascertain the initial source of funds?

A. No. I think, Mr. Coughlan, it's well-known and I think it's probably apparent to your good self at this stage that Mr. Traynor was a man who carried out his own financial transactions and kept very much his own counsel. I think most people would confirm that that was his method of doing things.

Q. He operated in a secret manner, would you agree?

A. Well, that's your phrase, Mr. Coughlan, I wouldn't necessarily

Q. I am just asking for your view on it.

A. I would say that he kept his counsel to himself. He was a very confidential person.

Q. Now, just in the normal way of doing business, as far as anyone in the world was or is concerned, Celtic Helicopters was, like any other business, it was operating to try and make a profit and a living for the people involved in it. It wasn't engaged in illegal activity. There was no reason why an investor couldn't be up front about making an investment in it, would you agree?

A. Well, except from the investor's own personal point of view. But you are quite right about Celtic Helicopters, they were a straightforward aviation company, small, really run by the two principal proprietors who did everything, the managing, the flying, everything. And they were very much a straightforward little operation in that regard.

Q. Two men trying to make a living. Nothing wrong with it.

A. I hope not. Not even in today's Ireland.

Q. But does it seem extraordinary to you that Mr. Traynor would have gone to such lengths in getting an injection of capital into the company by routing investors' money as he did?

A. Well, I have no view on that.

Q. You don't have any view?

A. No.

Q. Now, the Tribunal has heard evidence that a Mr. Guy Snowdon invested \$100,000 and that in Irish money was  $\text{€}67,796.61$ . Did you know anything about that?

A. No. Until these Tribunals started, I don't think I ever heard, I am sure I never heard of the name Snowdon. Don't know anything about him. No recollection. Never met him. Don't know anything about him.

Q. Did you ever hear from Mr. Traynor he was involved in a company which had been successful I think in bidding for the National Lottery in the United Kingdom and they were a fairly big American company. Did you ever hear Mr. Traynor talk about them?

A. No.

Q. Getec, I think, was the name of the company?

A. No, I didn't.

Q. Do you have any knowledge or understanding now as to why an American, who didn't have any knowledge of the family or the business, would invest that sort of money?

A. No. I have no view on it at all. As I say, I never heard of this man's name or knew anything about him and I only know about him through the work of the Tribunal. I have no idea how he became involved. Perhaps he was an associate or a connection of Mr. Traynor's in some way, but otherwise I can't suggest where he came from.

Q. I see. Mr. McAuliffe and Mr. John Byrne would have been family friends, would that be a fair way of describing it? They'd have had a connection at least that an approach might be contemplated?

A. John Byrne was certainly, as I think I have said to you before, a family friend for decades. Mr. Xavier McAuliffe was also a friend. He was a Dingle connection and through his, he was a friend of Ciaran Haughey's through his helicopter, his interest in helicopters. He was actually a pilot.

Q. That's correct.

A. So that that's their context.

Q. And Mr. Patrick Butler was doing business with Celtic at the time, isn't that right?

A. Correct.

Q. So that's understandable in that context. Mr. Michael Murphy was the insurance broker for Celtic. There was a connection. He handled their insurance affairs, isn't that correct?

A. Yes.

Q. You don't know anything about Mr. Gresty. That was the machine

A. Who?

Q. A Mr. David Gresty out in Monaco. That was the man Mr. Murphy brought into the equation?

A. No, never heard of him again until his name surfaced in Tribunal contexts.

Q. And you never heard of Mr. Snowdon. He certainly wasn't a family friend, you didn't know him and you never heard Mr. Traynor talk about him?

A. Definitely not.

Q. Now, you said that after you left Office, you had some involvement or a general involvement with Celtic perhaps in relation to the injection of capital around 1992/1993. What role did you play?

A. I don't know that I played any specific role. What I was really dealing with there, Mr. Coughlan, was my own personal position. And that was, I want to make it clear to you because you seem to be attaching a great deal of importance to Celtic Helicopters and their finances. That as far as I was concerned, after 1992, after February '92, I was perfectly free to take any sort of paternal interest that I wished in Celtic Helicopters and indeed in any other company, because I never did it but quite a number of parliamentarians from all sides, when they left office, ministerial office or indeed the Taoiseach's Office, felt perfectly free to take up directorships and become shareholders in all sorts of various commercial corporations and looking back, I feel that it would be totally invidious if I were to be singled out in looking paternally at the affairs of a small fledgling aviation company in which we had a family interest. I think the whole thing is absurd, to be honest, to be quite frank with

you, Mr. Coughlan, and I know very well that Celtic Helicopters would never have figured in any Tribunals or anything else were it not for the fact that Ciaran Haughey is my son. And this pernicious doctrine of connected persons throws up this sort of anomalous situation where he is pilloried in newspapers, himself and his partner John Barnacle, day after day, week after week for no other reason, not for anything, the way they fly their helicopters or the way they do anything, but for no other reason that Ciaran Haughey is a son of mine and I really, maybe I am going a bit too far in saying this, but I sort of feel perfectly entitled to resent all of that, to resent the way one unfortunate little Irish aviation company, doing their best and indeed providing a very good service, a very, very good service to the tourist industry and otherwise, racing industry, should be dragged before a Tribunal the way they have been.

I am sorry about that, Mr. Coughlan. Sir.

Q. Well, at this time, Mr. Haughey, in late 1992, the company was incapable of borrowing from banks and they had to raise money from somewhere and we know of the people who made the investment, I was just wondering if you were able to assist us of what interest you took in Celtic Helicopters at that time which may have assisted them? That's all.

A. I couldn't be specific about it, but I certainly would

have had an overall interest in what they were doing but I have no particular recollection of speaking specifically to any of the people involved.

Q. Well, can we take it that

A. But I am sure some of them, anyway, would have been approached either by the company itself or by Mr.

Traynor or somebody else on the basis that

Q. Did you approach Mr. Malone around this time and he wasn't interested in making a further investment? Do you remember that?

A. I don't remember that, no. I thought, I am fairly clear is there evidence to that effect?

Q. I think he gave evidence that he seems to remember that around this time in 1992, you may have asked him whether he was interested in making a further investment. Can you remember that?

A. Sorry, as they say, you have me there, Mr. Coughlan. I would have been fairly definite. If you haven't had evidence to the contrary, I would be fairly definite that his only involvement would have been back in '84 or whatever it was.

Q. He was away for a lot of the intervening period, of course?

A. He lived in America.

Q. But you don't have a recollection of asking Mr. Malone in 1992?

A. No. I have no recollection of it, but I can't I

cannot definitely say that it didn't happen. But I

have no recollection of it.

Q. Isn't it likely of course that you would have discussed

the matter with Mr. Traynor?

A. Not in detail. I might have said, "Celtic need

capital. If you can be of any assistance to them,

please do so."

Q. And Mr. Traynor

A. Again, Mr. Coughlan, I have no specific recollection of

a particular conversation, but I am prepared to say to

you that I would say to you that it could have

happened, could have happened.

Q. And I think Mr. Traynor was still handling your own

personal financial matters?

A. Oh yes, yes.

Q. And was that from the offices at 42 Fitzwilliam Square,

to the best of your knowledge?

A. Oh, I don't know.

Q. I think it's twelve o'clock now, Sir.

COMMISSIONER: Yes. It's as good a time as any to

adjourn. Thank you very much, Mr. Haughey. Tomorrow

morning.

THE COMMISSION THEN ADJOURNED UNTIL THE FOLLOWING DAY,

WEDNESDAY, 21ST FEBRUARY 2001 AT 11:00AM."

CHAIRMAN: Well, we'll make a start on Volume No. 12,

as I think there is, at page 7, a convenient change of topic which will be a suitable stopping off point, bringing it up to about two hours for the sitting and perhaps for information, I might mention that the reference at the start of this volume is in fact to a medical report that had been submitted to the Tribunal shortly before the particular sitting on that morning and there was reference to this and there was subsequent dealings on foot of which the medical consultant in question met with the various members of the Tribunal legal team and myself so that Mr. Haughey's medical condition could be monitored, as I had said on a number of times previously would be done in the course of the Tribunal.

BEGINNING OF DAY 12 OF THE DEPOSITION OF CHARLES J.

HAUGHEY WAS READ INTO THE RECORD BY THE REGISTRAR AS FOLLOWS:

"THE COMMISSION RESUMED AS FOLLOWS ON WEDNESDAY, 21ST FEBRUARY 2001 AT 11:00AM:

COMMISSIONER: Before we start, I should mention that I have received a letter from Ms. Courtney and some brief enclosures in it which in the short time available I have read and very quickly considered, along with members of my legal team. I propose to proceed as carefully and delicately as possible today on the basis of Mr. Coughlan's ongoing questions and to

address the matters referred to in the enclosures at the conclusion of the sitting.

Q. MR. COUGHLAN: Mr. Haughey, if I might just deal briefly with Celtic Helicopters before I move on to what I would describe as the bill-paying service aspect of the evidence. We dealt yesterday with the injection, or the fresh injection of capital into the company in 1992. Now, when, that capital went into the company, it was carried on the balance sheet as being loan capital. Were you aware of that?

A. No.

Q. And it continued to be carried on the balance sheet of the company up to around 1996 as loan capital. Were you aware of that?

A. No.

Q. In 1996, the company sought to raise further funds from a bank in the course of its business. And when the financial institution, in its approach, saw this sum being carried as loan capital on the balance sheet, it informed the company that in order to facilitate the company by way of making funds available in the form of a loan, that that loan capital would have to be removed from the balance sheet one way or the other. Were you aware of that?

A. No.

Q. And what transpired then was that Celtic Helicopters,

Deloitte & Touche as their accountants, and Larchfield Securities engaged in a process of restructuring of this particular sum and the  $\text{i}\frac{1}{2}$ 290,000 loan capital was restructured as being 7 percent preferential shares in the company. Were you aware of that?

A. No.

Q. And the new preferential shares in the company were held by a company called MS Nominees. Were you aware of that?

A. No.

Q. And the  $\text{i}\frac{1}{2}$ 100,000 which had been considered or invested by Mr. Murphy of Mike Murphy Insurance was held as one block of preferential shares by the nominee company and the preferential shares represented by the investment, a contribution of Mr. Snowdon, Mr. McAuliffe, Mr. Butler and Mr. John Byrne, were held by MS Nominees as preferential shares for the benefit of Larchfield Securities. Did you know anything about that?

A. No. That would all have been handled, I think, by Deloitte & Touche as the accountants, financial advisers, etc. to Celtic. I mean they would have been that would be very technical stuff

Q. Yes, I agree, there were technical resolutions had to be engaged in and matters of that nature.

A. And that would have been, for want of a better word, masterminded by Paul Carty of Deloitte & Touche.

Q. Now, the conversion of the loan capital into

preferential shares in the company was done without reference to the people who had made the investment or contribution in 1992. Were you aware of that?

A. No.

Q. And they knew nothing at the time and when they gave evidence to the Tribunal, knew nothing of the fact that they were preferential shareholders in the company.

Did anyone have any discussions with you?

A. No. I mean, I think the last time I would have been in touch with that situation, in a general sort of way, would have been in '92. I don't think I was involved, I am sure I wasn't involved, certainly not directly personally involved in any of those technical transactions.

Q. Now, and I can understand that, of course, that there were many technical transactions occurred and documents had to be prepared and were prepared by the secretarial services of Deloitte & Touche. But one of the documents which was prepared was a document headed 'Larchfield Securities, Kinsealy, County Dublin' [EXHIBIT 1] and that was signed by, signed I think by your son Conor as one of the directors of Larchfield Securities. I just wonder is that Conor or Ciaran's signature? I am not sure. I think it was Conor. I think the evidence sorry, I can assist you. The evidence was that it was Conor who signed this.

A. On the basis of it, it could be either of them.

Q. Well, I'll just explain. Both Ciaran Haughey and Conor Haughey, I think, gave evidence to the Tribunal that these documents would have been prepared for them by Deloitte & Touche and minutes would have been written up and they were told to convene a meeting of the directors and sign necessary documents and one can understand that. Deloitte & Touche say, of course, this would have come on specific instructions. But you can see that letter reads:

"Dear Sir, we refer to a loan in the amount of  $\text{€}290,329$  which we advanced to the company in 1991." It's addressed to the directors of Celtic Helicopters. And they say, "We now give irrevocable instructions that the loan be converted into preference share capital as soon as possible."

Did you know anything about that?

A. No.

Q. On the face of it, looking at the document, it would appear to represent a position that the  $\text{€}290,000$ -odd which went in 1992 and which was recorded on the balance sheet as loan capital was advanced by Larchfield Securities, wouldn't it?

A. I have no view on that. This is there is not much point, Mr. Coughlan, asking me questions about these matters, because I am not cognisant of them. I am not I wasn't in touch with the situation then and as far as I know, Deloitte & Touche would have been

drafting all these things, giving effect to whatever was decided upon.

Q. And to the best of your knowledge, who would have decided on these technical matters converting loan capital into share capital?

A. Deloitte & Touche.

Q. But in any event, as things currently stand with the exception of the Mike Murphy investment or contribution, the balance of the money which went in in 1992 is still held beneficially for Larchfield Securities. Were you aware of that as of now?

A. No. I know that sometime ago Larchfield, the directors of Larchfield Securities called in a solicitor, legal adviser specially qualified in the corporate area, let me put it that way, and asked him to put all this sort of thing in order and sort it out.

Q. I see.

A. And I think that work has been ongoing since then. Larchfield, the directors, shareholders of Larchfield wanted all this cleared up and put on a proper footing. And I suppose, that would be done in conjunction with Deloitte & Touche.

Q. Now, looking at this as an outsider, one would have to ask the question based on the documents at least, as to whether or not the money that went in in 1992 was, in real terms, a contribution to the family company. That was Larchfield Securities. And it was only for

technical reasons subsequently it was converted into preferential share capital.

A. No, not at all. No. It was from what I remember of it, the '92, the whole operation was raising share capital for, raising funds for Celtic Helicopters.

Nothing to do with Larchfield Securities. I mean, it was Celtic Helicopters who needed the money. And it was Celtic Helicopters who needed the finance and it was, as I understood it at the time, these people were approached to take up shares in Celtic Helicopters.

Q. And is it your evidence then that any, if I might describe them as, technical adjustments which took place arose on the advice of Deloitte & Touche?

A. Totally.

Q. I don't want to press you on this, Mr. Haughey, but if you can readily assist the Tribunal about what involvement you may have had in 1992, it would be appreciated.

A. Did I not deal with that yesterday? I again emphasise that in 1992 I was out of Office.

Q. Of course.

A. I was no longer holding public office until. November '92 I was still a member of the Dail Eireann but that was only serving out my time, as it were, until the General Election of November '92. And I mean, I would have been aware of the fact that Celtic were still short of were still under-capitalised and that an

effort was being made to raise, to use your own phrase, to inject some further capital into Celtic. I would have been aware of that locus parentis, as it were, and apart from that, apart from knowing about it and maybe speaking to some people about it, I wouldn't have any specifically direct involvement in that operation which was, well I think you know how the various different approaches were made and who contributed.

Q. And evidence has been given, and I know you said yesterday that you don't actually recollect it, but Mr. Malone gave evidence of being approached by you. Do you remember if anyone else may have been approached by you yourself?

A. No, I don't even remember Mr. Malone."

CHAIRMAN: I think at this point Mr. Coughlan moves on to ask certain questions in relation to what has been called the bill-paying service and as it's just four o'clock, it's a suitable time to adjourn until eleven o'clock tomorrow morning.

THE TRIBUNAL THEN ADJOURNED UNTIL THE FOLLOWING DAY,  
FRIDAY, 25TH MAY, 2001 AT 11AM.