

THE TRIBUNAL RESUMED AS FOLLOWS ON WEDNESDAY, 3RD FEBRUARY,
1999, AT 10:30AM:

CHAIRMAN: Mr. Dunne, please, would you mind coming back.

CONTINUATION OF EXAMINATION OF BERNARD DUNNE BY MR.

COUGHLAN:

CHAIRMAN: Good morning, Mr. Dunne. You are already
sworn.

Q. MR. COUGHLAN: May it please you, Sir. Mr. Dunne, if I
might just begin by recapping on a few small matters from
yesterday. I think it was your evidence that you always
had a clear recollection of the J. Furze payment?

A. That is correct, yes.

Q. You say that you had no recollection of the Tripleplan
payment but you accept that you authorised the payment to
Mr. Haughey?

A. Correct.

Q. And I think you accept that the issue of the you
remember, sorry, the J. Furze payment being discussed as an
audit issue?

A. I do, yes.

Q. And you remember that matter being raised in the context of
a conversation also between yourself and Mr. Fox, is that
correct?

A. I certainly remember it being raised in an audit issue
between Kevin Drumgoole and myself and I am sure Mr. Fox

and myself would have discussed it.

Q. And I think you accept, although you have no recollection, that you must also have discussed the Tripleplan?

A. With Mr. Drumgoole, definitely.

Q. And you informed the Tribunal yesterday that you didn't tell Mr. Drumgoole what the J. Furze payment was for?

A. That is correct, yes.

Q. And that one of the reasons why you didn't tell him was because of your belief that confidentiality surrounded that particular payment. That was one of the reasons, is that correct?

A. If I said that, yeah.

Q. And from answers you gave the Tribunal yesterday, can we take it that another reason was that it was your understanding that this was not your personal payment, but that it was payment made by the company?

A. Yeah, it wasn't my personal payment, no.

Q. And on the basis that this Furze payment had been sourced from Dunnes Stores (Bangor), which was the same source as the Tripleplan payment, can we take it that if you discussed the matter with Mr. Fox and Mr. Drumgoole, that the same considerations would have applied to your thinking in respect of the Tripleplan payment?

A. I would never have taken into consideration being personal money, but the considerations of it being, in the case of Furze, confidential and where it went, that would have I would have taken that into account, definitely, yes.

Q. But you referred Mr. Drumgoole straight back to Mr. Fox, isn't that correct, you said ask Mr. Fox?

A. I definitely said that, yes.

Q. I think what you said yesterday "I was never going to disclose to Mr. Drumgoole if anybody this was what I was thinking if anybody was going to disclose anything, I was putting the matter squarely back to Mr. Fox."

A. That's what I said, words literally, if that's it.

Q. Why did you believe or think that it was a matter that Mr. Fox could deal with?

A. Because from time to time things were put into the suspense account in the company where, I think I used the phrase yesterday, where things, a home couldn't be found for certain types of payments and Mr. Fox, most things put to the right situations. Sometimes there was situations where they just weren't they were put into suspense account and I always left that to Mr. Fox or, in some cases, it might have been Mr. Bowen. Even though they weren't the two

Q. We are just dealing with Mr. Fox at the moment now

A. Sorry, I just want to finish why it was a question of my contact with Oliver Freaney & Company and the other auditors was really through my main contact would have been through Mr. Fox and the other company.

Q. Now, although other matters which have been put into the suspense account, they would be resolved in due course?

A. I presume so. I mean there certainly was things in a

suspense account from my recollection, there was things in the suspense account for many years so...

Q. But these two issues remained in the suspense account for many years, isn't that correct?

A. Yes, they would have, yes, or they did in fact.

Q. And as far as you were concerned, this was never a burden which you were personally undertaking, isn't that correct, the payment of monies to Mr. Haughey?

A. Not I was undertaking to get it done.

Q. Yes, I appreciate that, but you were not

A. Not my personal money, no.

Q. It was not your personal money, as far as you were concerned?

A. As far as I was concerned.

Q. Because, can I take it that from your own personal resources, you could have as easily written a cheque to J. Furze yourself.

A. Well I could have, yes.

Q. In other words, that you had you would have had the personal resources to meet it?

A. No, I wouldn't have had the personal resources to meet the level of funds. I could say with I can say with certainty back in 1987, in liquid terms, in liquid cash, I certainly hadn't anything like €700,000 worth of liquid funds to my name.

Q. So, can we take it that the €282,000 sterling, that is €300,000 and odd Irish, was even by your personal standards

an extremely considerable sum of money?

A. By personal standards that would always be an extremely a lot of money, yes, as regards personal finance, yes.

Q. Would your personal finance have been known or the general state of them have been known to Mr. Fox?

A. My tax advisors at the time and who filled out my tax form and everything were Freaneys and because of my relationship with Mr. Fox, I would have assumed so, but I am not sure.

Q. But his firm would have been aware of your personal state of affairs as well as your company's state of affairs?

A. They fill out my tax form and everything.

Q. So can we take it that when Mr. Fox approached you about the payments to be made to Mr. Haughey, that you would never have been in a position out of your own personal resources to meet the level of commitment you decided should be undertaken?

A. Did I know that?

Q. Yes.

A. I knew it definitely, yes.

Q. Did Mr. Fox know it, do you know?

A. I can't answer that. If I was asked to give an opinion, I would say yes.

Q. So was there ever any doubt in your mind when you undertook to accept the burden that the sources of this money was to be from company funds?

A. Never any doubt in my mind, Sir.

Q. And as an officer of the company, you were undertaking this burden on behalf of the company, isn't that correct?

A. That's correct.

Q. So as far as you were concerned, the persons or the payer of the monies to Mr. Haughey was to be the Dunnes Stores Group or a Dunnes Stores company, is that correct?

A. That was my understanding, or Dunnes Stores generated funds.

Q. Dunnes Stores generated funds?

A. That's

Q. We might use the phrase Dunnes Stores generically to incorporate all interests, is that correct?

A. The funds would have originated from Dunnes Stores.

Q. But the payments were to be made from Dunnes Stores, not from you personally?

A. It couldn't have well it could have been made from me personally if I was to run up a debt, do you understand?

But the way I was thinking was that the funds would be generated by Dunnes Stores. Am I

Q. Yes, you are indeed. And I think, did you have discussions about this with Mr. Fox at the time as to where this money would be sourced? Perhaps in fairness to you

A. I think I said that, I am not sure whether I said it or not, I believe I did, it was going to take six or seven months to get the funds arranged or generated or I think I would have used the word arranged, but yes, I would

have my recollection is that Mr. Fox would have known, and I don't mean to be this is what I think Mr. Fox would have known what I meant by saying look, it will take me six or seven months and I will be able to arrange the funds and I don't think he would have thought I certainly didn't think he thought that I was arranging the funds through my own situation, or contacting a bank or I also believe that he would have known that I didn't have 7 to 900,000 pounds worth of liquid assets to my name. I might have had assets, but not the liquid assets.

Q. Will you just bear with me for one moment, Mr. Dunne, I want to put my hands on a document. I will come back to it. Now, you have informed the Tribunal that when the approach was made to you, you had it in your mind as to the potential source of that money which was to be generated out of a trading company in the Far East, is that correct?

A. Out of the Far East, yes, that's correct.

Q. Then something happened which caused a change of direction in respect of that, in respect of the J. Furze payment, isn't that correct? An emergency arose

A. I couldn't take I hadn't enough time to get it from the Far East, so something happened which was a request for it to be made earlier and so it came from Dunnes Stores (Bangor).

Q. Now, I know you authorised it and Mr. Price has given evidence I think about that cheque, that contact was made

by Mr. Fox, but that he rang you and got your say-so on

it. Is that your recollection of the sequence of events?

A. Of the that's my recollection, yes.

Q. You must have had a discussion with Mr. Fox about where this emergency money would come from, did you?

A. I certainly have a recollection of us deciding and at the end of the day I ultimately have to take responsibility, but whether we would take it from the southern company or the northern company. I certainly have a recollection of that.

Q. And that it was decided that it would be taken from the northern company, that it would have to be posted to the intercompany accounts?

A. That wasn't decided there and then, but I would think I certainly would have, thinking what would be in my mind, I would have known that it would come through, because Matt Price was such a meticulous man, that it would have come down and that it would have been put before me through Drumgoole, it would have had to have been handled on a very few occasions. Matt Price would send down the intercompany list, and I am talking specifically now from Northern Ireland.

Q. Yes.

A. And most of the intercompany, Matt would have put to bed, he'd be after finding this out... So it would certainly have been in my mind, that it would have gone from Matt Price to, I would think, Kevin Drumgoole, maybe Michael

Irwin, one of very few people, to me or Noel Fox, it would have where if it was down south, one of many people in accounts could pick the cheque up. It would have been easier to trace, in my opinion, if the payment had been made down south and what I mean by being traced, by people within the business.

Q. Yes. But it was decided by you, following your discussion with Mr. Fox, that the money would be taken from Dunnes Stores (Bangor), isn't that correct?

A. I have just a recollection of it, but I have a recollection of talking when Mr. Fox came to me and said the funds were required quicker and I remember, I have a thought in my mind that it would be down south or the north of Ireland and I certainly would have had to make the decision that it was going to come from the north of Ireland, without having a great detail of it but I have a recollection of it definitely.

Q. And you must have told Mr. Fox to get on to Mr. Price because the evidence is that the contact was made by Mr. Fox, isn't that correct?

A. Correct, yes, that has to be the case.

Q. But even though you were getting the cheque from the north of Ireland, nonetheless you knew it had would have to show up in the intercompany accounts somewhere, didn't you?

A. Absolutely no doubt in my mind, it had to flush out the other end, yes.

Q. And that in fact the payment was being made from the south

one way or the other, even though the cheque was being drawn in the north of Ireland, isn't that correct?

A. I wouldn't have thought about whether it was north or south. I would have said the payment was being made from Dunnes Stores. I never thought whether it was Northern Ireland or southern Ireland or England, so I knew the payment was being made from Dunnes Stores.

Q. Dunnes Stores and not you personally?

A. Absolutely not me personally. That's my understanding.

Q. Yes, that's your understanding. And whilst you don't have a recollection of the Tripleplan payment but accept that you authorised it and must have discussed it with somebody at some stage on the audits?

A. It couldn't it had to come before me. If it was in the suspense account, which has proven to be, it had to come before me, I would have to say yes.

Q. Can we take it that a similar type of discussion must have taken place between yourself and Mr. Fox about that cheque as took place about the Furze cheque?

A. The laws of common sense would say that is the correct.

Q. Because the cheque is sent with a compliment slip to Mr. Fox at Oliver Freaneys and the compliment slip says "As authorised by you."

A. That's correct, yes.

Q. And can we then take it that like the Furze cheque, that this cheque was being made or this payment was being made by Dunnes Stores and not by you personally?

A. That's my understanding, yes.

Q. Do you know why Mr. Fox is of the belief that these two payments in the intercompany accounts would have been resolved by you personally?

A. The first I heard of that was yesterday when I was sitting in the Tribunal here, so I don't know.

Q. Because if they were not resolved by you personally, they remained in the accounts of Dunnes Stores, leave aside the particular company, as a debit in the account of Dunnes Stores without any corresponding credit, isn't that correct?

A. That's the way it is, yes.

Q. So there was a half a million pounds approximately standing there with no explicable credit to correspond to it?

A. Yes, correct, yes.

Q. And of course there could have been no asset posted against it in terms of goods and services in the normal business sense because no goods or services corresponded to it, isn't that correct?

A. That's correct, yes.

Q. And this would have been known both to you and Mr. Fox when the issues were raised with you on the audit?

A. I wouldn't have I wouldn't have a recollection. There was a lot of things in the suspense account in the Dunnes Stores Group of companies. So I had knowledge I would have known it but I wouldn't have a recollection. I made reference yesterday the reason that I knew about the Furze

cheque because of the explosive nature, you said it was an explosive and I agreed but I knew it was, let's say, hot.

It was a hot cheque, or it's like stolen merchandise. You know what I mean, you can't forget certain things.

Q. I will put it to you this way, if there was €500,000 missing out of the one of the stores, you would have been very concerned about it?

A. If I knew, definitely, yes.

Q. But what I am trying to ascertain is what may have occurred between yourself and Mr. Fox in the first instance when you spoke about this.

A. About?

Q. You definitely recollect speaking about the Furze payment, isn't that correct?

A. Absolutely.

Q. And Mr. Fox has given evidence that he had no concerns because bearing in mind the fact that he was a trustee, he had no concerns about this because it was his belief that you would make good that money?

A. He said that, yes.

Q. You heard him say that?

A. I did hear him say that, yes.

Q. You say that it was never your intention to undertake the burden of these payments personally, that it would come from Dunnes Stores, isn't that correct?

A. That's what I said. I didn't even have the funds to my own credit at the time. I am talking about in my own

bank, I didn't have them.

Q. Well, what did yourself and Mr. Fox discuss about the Furze payment when it was raised as an audit issue?

A. What I think I would have said, I would have said Noel, you better deal with that, I don't want to be, not that

Kevin Kevin Drumgoole was the audit manager, so it

wasn't a question that he would put pressure on me, it was

more that you just wanted to avoid being asked a

question. I said Noel, you deal with that. That's what

I would have said and that's my recollection. It isn't

that Drumgoole or Mr. Drumgoole could have put any pressure

on me. There was no it wasn't out of fear or

anything. It was a question of just saying look, Noel,

will you get that thing out of my way and that's why I

remember it, because it was hot or an explosive issue.

Q. And Mr. Drumgoole was doing his job appropriately, he was

raising issues that he uncovered on the audit, isn't that

correct? He was seeking an explanation or an invoice or

something to explain

A. It was an ongoing it happened yearly.

Q. Yes. You were the director of the company who seems to

have had the affairs, the day-to-day affairs of the company

under your control, isn't that correct?

A. That is correct, but I also would say that other directors

were asked about cheques in other situations, do you

know? I mean

Q. Absolutely, in the normal course of an audit?

A. In the normal course of events. I am also not saying that other directors were asked about Furze or Tripleplan, but they would have been things that they would have known that I was involved in and they would have...

Q. Yes, the normal work of an auditor, he would be seeking explanations for certain things?

A. Correct.

Q. Where he didn't have backing documentation or whatever the situation?

A. It's normal.

Q. But we have a situation here where Mr. Fox was of the belief that this would be dealt with adequately in the accounts by you making good that sum of money, that's his evidence.

A. That's what he said, yes.

Q. Can you say, did you say anything to him that would have led him to believe that?

A. I can say that in again, I am taking responsibility for both cheques, but I am referring to the Furze cheque because I remember that in detail and I know it might sound strange to you that I can't remember the other one, but believe me, I am not a man who runs away from telling the truth. I have no recollection of it. But what I am saying I believe applies to both cheques and what he never said to me or I never discussed about it being a personal debt and I am speaking specifically about the Furze payment here. I had many, many, many a meeting with auditors out

of Dunnes Stores, people doing their jobs and certain things put down, where it was holidays, where they said look, we have to put it down in your current account. It never came up in that context and even since, having met members of my family on different business issues, it has never been said to me that this was a personal debt and the first I heard of it was yesterday, Sir.

Q. Because might I suggest to you that if it were to be undertaken by you personally, a mechanism whereby that might have been done, it would have formed part of your personal drawings in the company, that might be one way of doing it.

A. Oh of course, that would have been one way of doing it. I'd like to make one other point. I have done a lot of things over my years in Dunnes Stores for charity and otherwise. I would have done very few of them if it was on a personal basis. I would have got personal if somebody would have said thank you very much, I got something from Ben Dunne. But it was never from me personally. Anything I done, there were small deeds I done, but any big contributions I made to charity or otherwise were always company funds. I got the credit for it but it was never, you know, it have never my money, it was the company's.

Q. But you were doing it in the interest of the company?

A. I think anything I done was, you know, in the interest of a situation whether the company or if it was a charity I

thought needed help, yes, but not...

Q. It was as a director of the company making these expenditures. You were doing them in the interests of the company?

A. Yeah, I mean... I was doing them on behalf of the company, yes.

Q. On behalf of the company?

A. Yes. It was never there was situations it was my money but basically most times.

Q. Can I take it so it's your recollection and belief that these expenditures were also made on behalf of the company?

A. That was my understanding and belief, yes, Sir.

Q. And can you say why anyone else might have had a belief that you were doing this personally?

A. The first I heard of it was yesterday.

Q. Now I think, Mr. Dunne, you have always maintained that expenditures by you were company expenditures, isn't that correct?

A. Yeah and if they weren't there would have been situations which would have been put on to my current account, yes.

Q. And that was a position you adopted in your litigation against the trustees and against the company and against your siblings, isn't that correct?

A. I don't understand the question.

Q. Payments were identified as being unusual payments, isn't that correct?

A. Yes.

Q. It was always your position that these payments were expenditures on behalf of the company, isn't that correct?

A. That's correct, during litigation, I made the point, yes, that is correct, yes.

Q. And that's a position you also adopted when you gave evidence to Mr. Justice McCracken I think, is that correct?

A. That is correct, yes.

Q. And I think just in fairness in relation to that, if I might refer you to the report of Mr. Justice McCracken, at page 73 I will hand you a copy (Document handed to witness.) It's paragraph 37. I think it says and I will read it to you;

"The large majority of the payments made by Mr. Ben Dunne which have been considered in this report were made without the knowledge or the approval of the board of directors of Dunnes Holding Company and without the knowledge or approval of his co-shareholders in the company, although such payments were made out of funds which were the property of one or more companies in the Dunnes Stores Group. It was clearly unwise that one person should be begin such unsupervised financial control of the affairs of a business the size of Dunnes Stores Group and as a matter of general principle, the company must have some responsibility for the actions of an officer to whom it delegates such wide powers."

A. That's what it says, yes.

Q. And it's confirmatory to some extent of the position adopted by you that payments were made on behalf of the company, isn't that correct?

A. That's correct, yes.

Q. Now the litigation in which you were involved I think was ultimately compromised, it was settled in November of 1994 or thereabouts, is that correct?

A. Yes.

Q. And was that settlement reduced to writing?

A. Sorry?

Q. Was the settlement reduced to writing?

A. Was the settlement reduced?

Q. To writing?

A. To writing? Was it written down? Oh it was of course, I didn't understand.

Q. Did the lawyers get together and write out the terms of the settlement is what I am asking?

A. Yes, there was an agreement which...

Q. Yes. And

A. In writing.

Q. Yes. And is there anything in that document which would reflect on any of the evidence which has been given on this particular subject now to the best of your recollection or is it something you may wish to discuss with your solicitor?

A. If I could understand the question, I will answer it.

Q. Is there anything in the settlement document which reflects on any evidence which we are giving on this topics, that is whether the payments were personal payments or Dunnes Stores payments?

A. I really can't I can't recall.

Q. I accept that. It's a matter of you have no objection to us taking up with your solicitor?

A. No. I think that if I think I remember, I can't say, if they were saying it was that it was I think I'd remember if they were saying in that agreement that it was my money. I think I would. But I don't remember. But I think I would remember if it was put that way that I owed the company or that I paid money to Mr. Haughey and that I was indebted, I think I would.

Q. Well it's a matter we can

A. I can check

Q. And you have no difficulty in dealing with that particular matter for the Tribunal. You'd have no difficulty in dealing with that?

A. I don't think so, no, no.

Q. Yesterday the Tribunal was pursuing a line of inquiry with both yourself and Mr. Fox about when the first approach was made to Mr. Fox by Mr. Traynor and in evidence previously given to the McCracken Tribunal, that seemed to have been fixed as sometime in the autumn or perhaps November of 1987, isn't that correct?

A. That's what the that's what was fixed yes, in the

McCracken Tribunal.

Q. And I think we pursued a line of inquiry that if the first approach predated the Tripleplan payment, that that pushed that timescale further back, isn't that correct, into 1987?

A. Definitely, yes.

Q. I now would like to pursue a line of inquiry as to whether more than one approach may have been made. Can you be of any assistance to the Tribunal and I should state, Mr. Dunne, the Tribunal is not making any case, nor is it defending any position. These questions are merely being asked to search as deep as possible to establish the truth in relation to the facts.

A. Of course. I would have only made one decision, I recall making the one decision to pay Mr. Haughey's debt. So taking that fact into account, I believe and I firmly believe, I would say only one approach was made to me. That's my firm recollection. I certainly recall making the one decision so, I believe, taking common sense into account, there was only one approach made to me. That's my firm belief.

Q. So it's your belief that two approaches were not made but only one?

A. To me, one approach was made. Common sense would make me think that way, Sir. I made one decision. So I would have had one approach. I'd say one other thing, I certainly would remember if I had been approached and said no and being re-approached and then saying yes.

Q. No, but were you approached and said yes and approached again and said yes, and the reason I want to ask you about that really and explore it, again it's really to try and establish the facts. The approach as disclosed to the McCracken Tribunal in the autumn of 1987 and the sum of money mentioned at that time seems consistent with the decision made by you as to how much money you would pay, isn't that correct, or would pay on behalf of Dunnes Stores?

A. The approach that was made that I said was made in the autumn of that year

Q. Yes.

A. Is consistent with?

Q. Well the figures mentioned at that time were figures somewhere in the region of €700,000 to €900,000?

A. That's correct.

Q. The J. Furze payment, the second payment made to J. Furze through Equifex and the two subsequent payments made seemed to approximate to that type of figure, isn't that correct?

A. That's the way yes, that's the way it seems there, yeah.

Q. Whereas if one takes into account now the Tripleplan payment, it seems to be substantially in excess of the type of figure mentioned on the approach, isn't that correct?

A. Yes, yes.

Q. And that's really the reason that I am asking questions to see if that might indicate that two separate approaches had been made.

A. Again, I believe you see I can't remember. I believe if I got two approaches that I would remember, but...

Q. I don't mean two approaches, one where you refused an another where you then changed your mind about the 700 to 900,000. But could there have been an approach which just asked you for the €300,000-odd in the first instance and then an approach about the larger sum of money?

A. I firmly believe that I couldn't, I couldn't forget an approach on such a hot topic. That's my firm belief. I have a very clear, and I know it's hard for to you understand this, but I have a good memory, but this, I firmly believe I got one approach. That's the only recollection I have. But when you say is it possible, of course it could have happened, but I believe firmly that if it did happen, I would remember and I'd be telling the Tribunal here or the McCracken Tribunal.

Q. Because if one adds the Tripleplan payment, and I am not taking into account at all the drafts which you had in your pocket which you say you handed to Mr. Haughey, I am just taking into account now the four payments that were made between December, and I am not sure exactly when, which seem to approximate to the sum of money you undertook to pay on behalf of Dunnes Stores and this sum of money now puts it far in excess of that, doesn't it?

A. That's correct, yes.

Q. Sorry, I beg your pardon, I said four payments. It was three payments I was talking about in relation to Mr.

Justice McCracken. The two payments to Furze and the subsequent

A. I don't know, I haven't got the record in front of me but I think we are both talking about the same facts that were established in the McCracken Tribunal.

Q. Yes. It would seem Mr. Haughey became Taoiseach in March of 1987, do you remember that?

A. Yes, I would. I mean the answer is yes.

Q. Is that of any assistance to you in trying to determine an approach might have been made to you?

A. None whatsoever.

Q. Well, could it have been before that or was it after it?

It's of no assistance to you I take it?

A. I think that's of assistance, that we have established or what the Tribunal has established as regards the Tripleplan cheque and I work backwards from there with common sense.

Q. Very good. Did anything significant occur in the affairs of the Dunnes Stores Group in 1987, to your recollection?

A. Well, I heard you asking the question yesterday to Mr.

Q. Again a question merely to elicit facts?

A. Yeah, and yesterday I would have been thinking in terms of maybe a store opening. Today I read one of the newspapers

Q. I haven't, I am afraid.

A. Well I have, and the where I would have answered it yesterday and said there was maybe a store opening, I would have said what do you mean? On the paper today I saw

about the trust and there was things happened in the trust in around that time. And I read that in one of the newspapers, I think it was the Irish Times.

Q. There is just a final matter I'd like to ask you about, that is you appended your statements to the McCracken Tribunal to the statement furnished to this Tribunal, isn't that correct?

A. That's correct.

Q. That was for the assistance of this Tribunal. And I don't know if you have a copy of your first statement to the McCracken Tribunal before you there, do you?

A. I don't, no.

Q. We will get you a copy. (Document handed to witness.)

If you'd turn to page 16, I think, of that statement.

It's paragraph 18, headed "Charles J. Haughey."

A. Yes, I have it.

Q. And I think you said in that, you set out the circumstances under which you paid monies to Charles J. Haughey. I am not questioning you about that. You said that these monies were paid on behalf of Dunnes Stores?

A. Did I say it here?

Q. No, sorry, just the statement. I am not questioning you about that. It is your evidence that these monies were paid on behalf of Dunnes Stores, is that correct?

A. That's correct.

Q. What I wanted to ask you about is that you said that;

"I have always had the highest regard for Mr. Haughey,

whom I believe to have had been an extremely effective minister and Taoiseach and whom I believe did a great deal throughout his... State. In 1987 I was approached by Mr. Noel Fox, who indicated to me that Mr. Haughey was in personal financial difficulties. Mr. Haughey was at this stage a close confidant of mine and a regular attender at meetings in relation to the affairs of the companies.

Mr.

A. Sorry, Mr. Fox.

Q. I beg your pardon, Mr. Fox, of course. "He furnished me with advice on a wide range of matters relating to the business and, in fact, had acted as an intermediary when I experienced a deeply traumatic kidnapping at the hands of the terrorists in 1981. Mr. Fox indicated to me that he was arranging to collect a fund in order to relieve Mr. Haughey's personal financial difficulties even on a temporary basis."

Now, I then want you to move on, in fairness to Mr. Fox, to page 17 of your statement, and it's the third paragraph there and you say

"The third payment detailed in the reply was made in May that's the Reply to Particulars in the proceedings "was made in May" sorry, I beg your pardon "was made in May 1989 and was made in the amount of €150,000. In April or May of that year, Mr. Fox approached me and indicated that Des Traynor, Mr. Haughey's

accountant, had again been in touch with him, Mr. Fox, and that he wanted to know if I would make some further payments to Mr. Haughey as he was still in some financial difficulties."

There is a slight difference and I just want to ask you is anything meant by that? In paragraph 18 you say that Mr. Fox informed you indicating to you that he was arranging to collect a fund.

A. To answer your question, I always understood that Mr. Fox had spoken to Mr. Traynor and it was Mr. Traynor was the man who was this was my understanding that Mr. Traynor was the man who Mr. Fox was dealing with to get the funds for Mr. Haughey. That was my understanding at the time I made the decision.

Q. So you were never intending to indicate that Mr. Fox was arranging the payment?

A. No.

Q. Do you have any knowledge as to how the Furze payment and the Tripleplan payment were ultimately dealt with?

A. The only thing I know is that they were in the suspense account and that was established in the McCracken Tribunal.

Q. So you don't know how they were resolved?

A. The answer is no.

Q. And can I take it that you never paid the money in to allow these to be resolved in the accounts?

A. I never

Q. Personally.

A. No, I never paid the money. I had an agreement with Dunnes at the end, when I settled, and I have never been told until I heard yesterday about that I was in any indebtedness to Dunnes, that I had debt in Dunnes. That was the first that I heard was yesterday from Mr. Fox.

Q. Thank you, Mr. Dunne.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. CONNOLLY:

Q. Mr. Chairman. Mr. Dunne, I want to ask you a number of questions on behalf of the Revenue Commissioners and first of all, I just want to raise a number of queries as to, which might assist the Tribunal in identifying what sort of documents might have been available at any of these relevant times that might have hinted at the existence or nature of these payments to the Revenue.

And firstly, a number of straightforward matters. Am I to understand that none of these discussions with Mr. Fox or records of any payments were kept by you in any diaries or memos of your own?

A. I didn't keep diaries, no.

Q. It wasn't written down by you or anyone on your behalf?

A. No.

Q. These were verbal contacts and you carried around your recollection of these completely in your head and the same with Mr. Fox as you understand it?

A. I don't understand the question.

Q. Nothing was put in writing by you or Mr. Fox about any of these payments to Mr. Haughey?

A. No.

Q. And in relation to your own personal affairs, your own accounts, was this reflected in any way in your own books of account? These payments to Mr. Haughey, do they appear anywhere in your own books?

A. In Dunnes Stores books.

Q. No, your own personal ones I am getting at.

A. No.

Q. No. I take it there was no receipt received from Mr. Haughey for any of these payments?

A. Not to me anyway.

Q. Or to Mr. Fox?

A. If he said the same, I believe not.

Q. He knew nothing... Not even a thank you note. Nothing in writing of that kind?

A. I never saw one anyway.

Q. You never saw one. Very well. Just to understand what they were, I know you identified various political contributions to the McCracken Tribunal. You didn't regard these as political contributions. They were personal matters, is that fair?

A. The

Q. This was for Mr. Haughey's personal use. It wasn't for a political campaign contribution?

A. I was never putting it for, to his party, no.

Q. I think at some stage you made a cheque out to Mrs.

Haughey. You identified that. That was clear cut.

That was a political contribution?

A. There was some election at the time, yes.

Q. It was for the election campaign. But these items, they were items for Mr. Haughey for himself?

A. That's correct.

Q. They weren't loans?

A. It was never my understanding that they were loans.

Q. You were giving him the money to keep as if it was his own?

A. Yes, I wasn't looking for it back, that's right.

Q. That's right. And he could use it as he saw fit. It was none of your business how he spent it?

A. None whatsoever, yeah. My understanding was that it was to pay that he was in financial difficulty.

Q. He had debts?

A. Debts.

Q. And you understood you were helping him out of debts to some financial institutions?

A. That's what I understood I was doing.

Q. And the monies which you paid to him, if I understand your answers to Mr. Coughlan, they were never treated as directors' loans, that's monies sorry, as you were concerned, that you had to pay back to the company, is that right?

A. That's correct, yes.

Q. Well now, perhaps I will just come back to it in a moment

but I just want to identify the nature of the actual payments. If we can just confirm the actual payments.

We have heard about the Tripleplan item. Then in November, 1987 there was the STG €182,630, that was again from Dunnes Stores (Bangor) Limited, isn't that right?

A. That's correct, yes.

Q. And then the next payment, I just want to, so that we identify what we are dealing with the next one was in July of 1988, we have that in the McCracken Tribunal. The STG €471,000, that came from Equifex.

A. That's correct, yes.

Q. And then the next one is in May of 1989, that's STG €150,000, that again came through Equifex, is that right?

A. Yes. I mean I haven't got it in front of me

Q. Just so you know which ones we are dealing with. I am just reminding you which ones we are dealing with. The next one is February 1990, the STG €200,000 from Tutbury, that's the next one?

A. Okay, yes.

Q. And then we have the next one which is the three bank drafts in November 1991, the source of those funds was again Tutbury, is that right?

A. I think so. I mean if they are the facts established, I agree, yes.

Q. I just want to understand what you are saying to Mr. Coughlan. Are you saying that all of these monies were Dunnes Stores monies? All of those or just the first

two?

A. Generated from Dunnes.

Q. All of them?

A. Yes.

Q. So although the first two come from Dunnes Stores (Bangor)

and were treated in a certain way in the suspense account

here in Dublin with Dunnes Stores Group accounts, you are

saying all of them were sourced from Dunnes Stores monies?

A. Correct.

Q. If I can just look at those items. Firstly, the Bangor

payment. We will start with those. Were you a director

of Dunnes Stores (Bangor) Limited?

A. Yes, I was.

Q. Were you a shareholder of that as well?

A. I think I'd have been a beneficiary. I don't think we

held

Q. The trustees held the shares in that?

A. That was my understanding, yes.

Q. But in any event, you felt that you were in a position to

direct Mr. Price to hand those two payments in the manner

we have heard about that. You felt you had that

authority?

A. Yes.

Q. Did you ever discuss that, those payments with any of the

other directors of Dunnes Stores (Bangor) Limited or Dunnes

Stores Group?

A. I wouldn't have discussed it with any family member. I

would have discussed it with Matt Price, who was a director. If you take I discussed it with no family member. No family director. Matt Price was a director.

Q. They would have learned of that much later, I presume, sometime coming up to the litigation, much later in years?

A. That's fair comment, yes.

Q. And then if I can just look at the next one. Equifex appears to be an overseas fund. You had access to these monies. It wasn't in the name of Dunnes, is that correct? It was in the name of some gentleman from the Far East, but it was his account?

A. In the late seventies, will I will I say yes or no? It was in the name of

Q. I don't want you to go into areas that you are uncomfortable with or others are. I just want to deal with specific items for the moment. The account of Equifex was in the name of gentleman in the Far East, isn't that correct?

A. It was a trust.

Q. And effectively, he had authority to direct payments but effectively you were the beneficiary from him. Once you gave directions to this gentleman, the monies were paid out in a certain way, is that right?

A. What in fact happened, I went to the Far East I think in the late seventies. We were buying merchandise from importers in England and I then started a source of merchandise from exporters in the Far East, particularly in

Hong Kong, and then I decided that we should, we could even buy cheaper again by setting up our own people and I discussed it at the time with my father, and we sent, I think, and Matt Price would be the man who could answer this because I think he would recall it, we sent 10 or €20,000 out to some people in the Far East, based in Hong Kong, started trading through this company which was Wytrex. Soon afterwards, it started, when I say soon, I am going back a good number of years, it started to make profit. I then got advice from Touche Ross in Hong Kong at the time, and they told me it should be done the correct way and that this company should be formed and pay taxes in the Far East and to form a trust of which certain people would be beneficiaries and I was one of those.

MR. COUGHLAN: I am sorry, Sir. I don't wish to cut across My Friend but it's just I am having a little difficulty and perhaps the difficulty is on my part of understanding exactly why My Friend is directing these questions at this stage of the inquiry. Perhaps he'd identify that.

CHAIRMAN: I acknowledge, Mr. Connolly, Mr. Coughlan's concern on behalf of the Tribunal. I think you did indicate to me in earlier days that your primary concern is to vindicate the actions of the Revenue against any suggestion pertaining to the relevant Term of Reference, that they may have been less vigilant than they ought to

have been in recouping taxes from Mr. Dunne and the Dunne interest generically and also, sorry, from Mr. Haughey and also from Mr. Lowry and I accept that the transactions pertinent to the Dunne interest are relevant to that.

But I think it is entirely clear and I think you would accept that you are not entitled to ask questions that may advance the Revenue's own investigation into these matters and this is my concern of you probing unduly into matters that Mr. Dunne may impart but have not been looked into at an earlier stage. You accept the distinction?

MR. CONNOLLY: I certainly do and perhaps I will just respond so that Mr. Coughlan and you, Sir, will be aware of the purpose of my line of inquiry.

I fully accept that my role is to defend the interest of the Revenue Commissioners under the Terms of Reference and part of this, we would say, is assisting the Tribunal in identifying what taxation was due for which the Revenue ought to have perhaps raised a liability as to tax. Not just the debt collection exercise, the detection procedure. Now, just to set the context here. I'd simply ask this witness for the purpose of identifying the source of these monies, perhaps pursuing a line of inquiry as to whether these were company monies or Mr. Ben Dunne's monies. The question you will recall was simply to ask him about Equifex, although he says was company monies, appears to be the name of the Far Eastern gentleman for the

benefit of Mr. Dunne and he proceeded further and I did interrupt him and say I'd rather you didn't get into matters which you mightn't be comfortable with or other persons. I simply want to identify the matter so that I fully intend to stay within my remit and the Terms of Reference and I note your concern.

But perhaps I and Mr. Coughlan might be vigilant about making sure the witness' responses stay within the confines of a particular question that's posed and in that sense, I think it's appropriate that I should pursue the line of inquiry as I raised it for the purpose of assisting you, Sir, identifying what items could have given rise to taxation due and it obviously, obviously as I indicated on a previous occasion, the labyrinthine nature of the paper trail speaks for itself as reasons why the Revenue ought not readily be chastised for failure to detect the actual payments which are under scrutiny here.

But the actual nature of the transactions, in my submission, also requires examination as to what was the item which might have given rise to tax, did it ever give rise to tax, and I appreciate that the ground has been covered to some extent by Mr. Coughlan in identifying whether this is company money or Mr. Dunne's monies that were made in the way of payments and it's this that area that I am exploring and I don't propose to trawl over this ground which I think Mr. Dunne may have thought I was

looking for historical background and my question was a very net question.

CHAIRMAN: But ultimately, my ruling would have to be, Mr. Connolly, that you are entitled to inquire and inquire carefully into what was done by your clients in the context of what was known or ought to have been known. It seems to me you would not be entitled under the Terms of Reference to probe unduly into matters which do not come under either category.

MR. HARDIMAN: Sir, I wonder

MR. COUGHLAN: Maybe I should respond before My Friend, Mr. Hardiman, about that. I understand Mr. Connolly's concern and his obligation to defend the interest of the Revenue under the Term of Reference dealing with the Revenue but some of these issues are matters which we have not informed people about yet. We have not obtained statements or furnished the general line of inquiry which will be pursued by the Tribunal. In due course, of course, this will be done and Mr. Connolly will then see the position and have every opportunity to defend his position in that respect and I don't think he will be cut off at all.

MR. HARDIMAN: Sir, I entirely support the position of the anxiety expressed by Mr. Coughlan and I would simply draw the Tribunal's attention, if I may, to what seems to us to

be a fundamental misapprehension in the position adopted by Mr. Connolly.

I entirely accept that Mr. Connolly is of course entitled to vindicate his clients against any suggestion, if such is made, of any failure or shortcoming on their part. But what I understood what he said correctly a few moments ago, it was to the effect that he wants to establish in this case, and presumably in all the cases, what tax was due, what was collected and so on.

If that were done, that would be a much broader exercise than simply vindicating his clients of any criticism which might be thought to arise. It would in fact involve a re-examination of the entire tax aspects of any particular transaction that might be discussed and that, it appears, is way outside the parameters of paragraph (j) and that does seem to me, it may not arise now, it may not require to be fully ruled upon now but it does seem to me to be a fundamental misapprehension that it's necessary for vindicating the position of Revenue Commissioners to examine in each instance what tax was due and what was done about collecting it.

It doesn't appear to us that any particular allegation or even any general allegation, whatever, has been made against the Revenue Commissioners and maybe that none is likely to arise. Certainly nothing has transpired which

would justify total re-examination of the fiscal aspects of all transactions described. Accordingly I strongly support the anxiety expressed by Mr. Coughlan in this regard.

CHAIRMAN: Well, I have heard that. I am minded to affirm the general nature of the ruling which I have given Mr. Connolly and I shall maintain some flexibility in the context of future sittings of the Tribunal, but as of this juncture, as Mr. Hardiman correctly argued, it would of course be utterly beyond the Tribunal's Terms of Reference if in any sense we were to embark upon what was tantamount to an appeal of liabilities that may have been declared or assessed and it seems to me that at this juncture, your remit should be confined to inquiring into what was disclosed or known or ought to have been known by the Revenue in the context of events at the time and should it be that at a future sitting it is necessary to have the issues argued further, that can be done but I am apprehensive of getting into the business of cross-examining, in effect, Mr. Dunne on matters pertaining to Far Eastern trusts and the like that plainly were not pertinent to any assessment or matters known at the time to the Revenue.

MR. CONNOLLY: Very well, Sir. I take your ruling, Chairman. What I was anxious to establish in the question I raised, I think the answer may have roamed further than I

would have intended. What I was anxious to establish was that the Equifex monies which Mr. Dunne has answered to me were, as far as he was concerned, Dunnes Stores monies, should be identified perhaps more clearly in some way as to why he says he is right and they weren't his monies and it was in that context I raised the question, Sir. I respectfully submit that that's that narrow line of inquiry is legitimate for me to pursue. Perhaps Mr. Coughlan and Mr. Hardiman have some observation on that.

CHAIRMAN: Does that concern you?

MR. COUGHLAN: Sorry, Sir, the question is directed to eliciting further information pursuant to the line of inquiry I was conducting on your behalf, Sir. And it doesn't seem to be advancing the position of the Revenue, at this stage. So it is really a matter which should be dealt with by the Tribunal and has been dealt with by the Tribunal, Sir.

CHAIRMAN: I feel you should be limited, Mr. Connolly, to the initial line that you proffered which I entirely accept, namely the absence of declarations or diaries or receipts of the lot, but I am very concerned that if I am to allow some flexibility in letting you inquire into the internal arrangements pertaining to Equifex or other matters, it may involve potential hazards that are undesirable from the Tribunal's vantage point and do not

seem to me essential from your vantage point in defending your client's position at this stage.

MR. CONNOLLY: Thank you, Chairman. Your intention was, if I understand it Mr. Dunne, was to treat the request on behalf of Mr. Haughey and the subsequent directions to comply with those requests as confidentially and as privately as possible, is that correct?

A. That's correct, yes.

Q. So in that sense, you would have been anxious that as few as possible number of people would have any knowledge of the request for payment or the making of the payment?

A. That's correct, yes.

Q. Well in that sense, in order to maintain your requirement for confidentiality, is it possible that for that reason, that certain recording of transactions on documentation was not all that it might have been in the Dunnes Stores companies, as far as you were concerned?

A. No, no.

Q. Obviously, because it was a company, the transactions as we will call them, the transactions would have been open to scrutiny by other directors, maybe executives, auditors or even the Revenue and you were anxious to keep matters as private as possible?

A. That would be correct, yes.

Q. And you may well have given the impression for that reason that you were dealing with this as your own money rather

than company money. That impression may have been given by you?

A. I don't think so, but it may have, but I don't think so.

Q. But you were anxious, nevertheless, that this would not be as documented as it otherwise might be if it was money which you were quite happy would be revealed as a payment elsewhere?

A. It was documented in Dunnes Stores (Bangor) okay. It was in the suspense account.

Q. We'll just take all of the generality of them.

A. The other ones

Q. I am not going to get into details on Equifex and Tutbury but you have told us they were Dunnes monies?

A. And it would have been documented in Tutbury or in Equifex, they would have been

Q. They would have been in those accounts but they weren't in Dunnes Stores Group books anywhere to be perused?

A. Which?

Q. Well the payments from Equifex and Tutbury, they are not to be found anywhere in the Dunnes Stores Group accounts, isn't that right?

A. Those payments came from outside the state, that's right.

Q. But they are not treated anywhere in the accounts, isn't that right? They are not in the Dunnes Stores Group accounts anywhere?

A. Is Equifex in the Dunnes

Q. No, I mean the monies that were coming to pay Mr. Haughey,

whether it was from Equifex or Tutbury, leave aside the Dunnes Stores (Bangor) item. Just leave that to one side. We have pursued those two very effectively through Mr. Coughlan's questioning. The other items, are they to be found anywhere in Dunnes Stores company records?

A. These, these were Dunnes Stores was trading with companies in the Far East and buying merchandise and selling it at a profit. So...

Q. I don't want to interrupt you but I am anxious because of the Chairman's ruling but they are either in the accounts or you don't know or they are not. But I don't want you to stray into something of the history of trading accounts because I want to be strictly in compliance with the direction that's just been given.

A. The answer is they are not. If you say could you find Equifex or could you find Tutbury in Dunnes Stores accounts, the answer is no.

Q. That's quite clear. And were you ever required to make repayment of the Equifex monies or the Tutbury monies to the Dunnes Stores Group?

A. I wasn't required, no.

Q. These weren't treated in any way as directors' loans or anything like that?

A. No. These were part of a trust outside of the state.

Q. Now in November of 1994, the litigation which you had commenced against the trust was compromised and Mr. Coughlan asked you something about that but all I want

to ask you, and it's a very strict and net question, at that stage, when the compromise was reached between you and the other members of the family and the company, effectively you each forgave each other all debts which may have risen up to that point, isn't that correct?

A. Yes, I done the deal

Q. But from that time, anything that you might have owed to either members of your family or to the Dunnes Stores company, that was wiped clean under that agreement?

A. Correct.

Q. Now, there was there were some monies passing between you and other members of the family from you and to you, that's by-the-by, but one way or the other, everything was wiped clean at that stage?

A. That's correct.

Q. And I know that there was you said to Mr. Coughlan that there was no mention of Mr. Haughey in that settlement agreement but there was a substantial sum of money passing from your side to the Dunnes group. That was to cover all sorts of debts of yours which might have risen at that time. I am not getting into the rights and wrongs of who was right at the time, but that was to cover everything?

A. There was an agreement reached.

Q. That covered everything?

A. Yes.

Q. If there was something in your current account that was covered or if the company had some question about you

paying monies to Mr. Haughey, that would have been caught as well?

A. Yes, it covered all things, yes.

Q. What was your concern when you were seeking to achieve as much confidentiality as possible concerning these payments to Mr. Dunne? Confidential from whom?

A. To Mr. Haughey?

Q. Yes, the payments. You wanted to keep these private. Who did you not want to become aware of these payments?

A. The media, publicity, I would have said. That's what was in my mind.

Q. Anyone else?

A. That's the only thought if I could I had two situations that I can recall when I wanted to keep things confidential. One was my kidnapping. Certain things happened there which have nothing to do with this Tribunal but to draw similarities, Sir, but the other was payments to Mr. Haughey.

Q. You are telling us that your predominant concern was media scrutiny?

A. No, it was publicity.

Q. Publicity generally?

A. Yeah.

Q. I think you are confirming that you made the five payments which are identified by the McCracken Tribunal, as well as the Tripleplan. You intended those for Mr. Haughey and you intended to make use of company monies, is that

correct, on those payments?

A. I intended them for Mr. Haughey and they were company monies, they were my understanding is they were company monies, yes.

Q. Now, yesterday Mr. Fox appears to have had the view that these items might be reconciled at a later stage with the company and for that reason he thought that you were making the actual payments. Is he wrong he was wrong in taking that view as far as you are concerned?

A. As far as I am concerned, yes.

Q. And in your earlier statements that you made, I think you had a look at it there earlier when you were dealing with Mr. Coughlan, it would appear that those it appeared that in the earlier statement to the McCracken Tribunal, which was confirmed in the statement here, you were taking a view that you were describing yourself as having made the payments. But I think you are anxious to emphasise that you were making the payments with company monies?

A. What I will say, what I meant by that is that I organised the payments. That's I organised them with company funds.

Q. And that also applies to the bank drafts which were paid in is that correct, the three bank drafts?

A. They would have been originally company funds, yeah.

Q. Now, the bank drafts which you held, just, they were in names of Mr. Montgomery and Mr. Scott and Mr. Blair, were they fictitious names?

A. Absolutely, yes.

Q. So those bank drafts, as far as you were concerned, could have been dealt with by whatever way you saw fit, if you had some if you went to a bank, if you had a friendly bank manager, he would treat that and put it through an account for you?

A. It could have been, yes.

Q. And likewise you passed them on to Mr. Haughey so that he could do as he pleased with those monies?

A. That's correct.

Q. Right. Thanks, Mr. Dunne.

CHAIRMAN: Thank you, Mr. Connolly.

MR. HARDIMAN: Sir, there are one or two matters arising in Mr. Dunne's evidence which are novel or which we weren't on notice. I am not saying that in a way of criticism. I recognise it's inevitable but the result is that there are a couple of documents we would require to look at and need to take instructions. Nothing at all may arise but I would ask you to reserve my position until later in the day.

CHAIRMAN: I wouldn't be prejudicing if I proceed with some of your colleagues?

MR. HARDIMAN: No, not at all.

CHAIRMAN: I will certainly do that. The provisional arrangements arranged yesterday would appear to indicate

that it would be Mr. Gordon would be next.

MR. GORDON: Thank you, Sir.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. GORDON:

Q. Mr. Dunne, I just want to see if we can clear up a matter which has emerged in the course of your evidence this morning and that is the apparent conflict between yourself and Mr. Fox on the matter of whether you were to take personal responsibility for these payments or not.

Firstly, Mr. Dunne, I must suggest to you that Mr. Fox's position on this issue is not new. It is entirely consistent with what he said in the course of his evidence to the McCracken Tribunal, isn't that so?

A. I can't recall him saying it.

Q. I see. Well we will revisit the transcript now in a few minutes, but in addition to that, I have to suggest to you that in the course of McCracken Tribunal, you yourself never sought to make the case that responsibility for these payments was to lie with the company rather than yourself.

A. It never arose, Sir.

Q. But I would suggest to you that the language that you yourself used, both in your statement to the McCracken Tribunal and in your evidence to the McCracken Tribunal, could only have been made that you regarded the matter as your personal responsibility?

A. If you use the word language, the company wrote to

Mr. Haughey looking for the funds back. My sister visited Mr. Haughey looking for the funds back. I doubt very much, using the word language, if she would have gone or the company solicitors would have gone looking for my money back.

Q. This was all matters which took place after your litigation was settled.

A. If that's the facts, I would say I don't know, whatever the facts are, I agree with whenever it took place is a fact of life.

Q. If I can turn, just at the beginning, for instance, to the first statement that was appended to the statement you furnished to this Tribunal which was referred to by Mr. Coughlan this morning. He referred to paragraph 18 of that statement at page 16.

A. That's the McCracken Tribunal, is it?

Q. Yes, it's your first statement to the McCracken Tribunal. I think Mr. Coughlan gave you a copy of that this morning.

A. I have it here, Sir.

Q. Thank you, Mr. Dunne. As I say, Mr. McCracken referred to paragraph 18 and he read the second paragraph. But if I can just refer you to the first sentence in the third paragraph there

A. Sorry, what page?

Q. It's on page 16 of the actual statement.

A. I have it here, yes.

Q. Thank you very much. It's a paragraph which Mr. Coughlan

did not go on to this morning but, in any event, the very opening sentence there is "Accordingly, I agree with Mr. Fox that I would make the payment myself."

A. That's what it says, yes.

Q. And then you go on to deal with the arrangement with Mr. Matt Price. You were dealing there with the Furze cheque, isn't that so?

A. That's correct.

Q. That would indicate to anybody reading it that this was your personal commitment, isn't that so?

A. As I have already said to you this morning, Mr. Fox would have known my financial situation, I believe, at that stage. If it reads that way, but I want to tell you what my understanding and Mr. Fox's, I believe, understanding as well. If it was I, in the pure sense, it was my funds, I believe that it could have been put on to my director's account, it would have been dealt with. In situations where it was definitely established that it was mine or other directors in Dunnes Stores, it was a very simple process, it was put on to our current or directors' accounts and this was put into the suspense account. So there was never any doubt it does say I and it says I agree, like it says I gave something for charity or I done this or I done that, yes. But it was never my money and I find it absolutely surprising, to say the least, that I have had, even recently with my sister I have had meetings on different matters. This never came up until yesterday

and even at the time of my settlement and we did have a full and final settlement, and that's a good many years ago, I would have expected, even if the company felt that way, that they would have told me, okay, look, there is something outstanding here that we didn't cover. I cannot accept for one second that I done my agreement with Dunnes Stores and the first that I hear about it was from a trustee of the company that he felt that I still had a debt to Dunnes Stores. I have paid my debts to Dunnes Stores. I have done a very good deal and I am satisfied with my divorce from the company but I didn't know until yesterday that somebody in Dunnes Stores felt that I still owed them money because if I owe money, I will take care of it. But I don't believe I do.

Q. I think, Mr. Dunne, if I can correct you on one thing, Mr. Fox did not say yesterday that he believed that you still owe money to Dunnes Stores.

A. He said that he felt that I would pay my debts. So that means that he must still think I have a debt. I don't believe I have and I am not a man who walks away from my responsibilities.

Q. I think, Mr. Dunne, you know exactly the context in which Mr. Fox was speaking. He was speaking in the context of the original transactions, not in the light of what transpired after your settlement in your litigation, isn't that so?

A. I can only comment on what I understand Mr. Fox said.

Mr. Fox said that he understood that I was going to put I think he used the word, my arm around this debt, that I owed the company money. That was never the way I interpreted it and the first I heard of it was yesterday, Sir.

Q. Let's go back so in a little more detail to the evidence given both by yourself and Mr. Fox to the McCracken Tribunal, because it may help to refresh your memory on this matter.

If I can turn you, Mr. Dunne to Day 1 of the hearing before Judge McCracken and it's your own evidence and you are answering questions I think from Mr. McCullough. I beg your pardon, from Mr. Collins. I don't know if there is a copy of the transcript available for you

A. I have a copy. No, well I am happy if you call it out.

Q. In any event at page 87, if I can just read a couple of questions. Mr. Collins is at this point asking you about the suggestion to Mr. Traynor that a consortium would be put together to raise funds for Mr. Haughey and he puts the question, question 173 as follows:

"What was your reaction to the proposal that a number of people should get together and contribute to this fund?"

And you answered have you got it there now, Mr. Dunne?

A. Yes.

Q. It's at the bottom of that page 87. And I think you answered as follows: "I think the morning it was said, it was left in that situation. My reaction soon afterwards,

it could have been a day or so or, following a day or a week or later, my reaction to Noel Fox was that if Noel had impressed on the confidentiality or how confidential this thing should be kept and I remember saying to Noel, and I remember saying to him, I think Haughey is making a huge mistake trying to get six or seven people together. I remember saying to him, Christ picked twelve apostles and one of those crucified him. So I said, sorry Sir, that's exactly what...

Question: That's what you said, that's fine. I want you to say exactly what you recollect.

Answer: I then went on to say that for confidentiality purposes, I'd do it myself for Mr. Haughey."

A. That's correct.

Q. Did that not convey to the Tribunal at that time that you were taking personal responsibility for this matter?

A. From the day I was started work, my only form of income was from Dunnes Stores. In 1987, when this decision was made by me, no matter what this conveys, my understanding and I believe Mr. Fox's understanding was that it was never my debt and I would find it incredible that if there was a debt that I have never received a note, a memo, a letter from anybody and don't forget, it's the trust that I would have owed the money to and I would have expected at least to receive a letter if it was a debt. I find it surprising that I was informed about it yesterday.

Q. Well if I can get back to my question, Mr. Dunne, do you

agree with me that your answer to that question before the last Tribunal would have conveyed that you were taking personal responsibility for this matter?

A. No. When I was running Dunnes Stores, I would say I would do a deal. I will build a store. I will give you a contract. I will give you employment. It was always on behalf of Dunnes Stores. I used the word "I" in lots of occasions.

Q. I want you to turn to Day 2 of the hearing before Judge McCracken, the evidence of Mr. Fox who was being examined I think by Mr. McCullough. Page 83. (Document handed to witness.)

A. Yes, I have got it.

Q. Question 352. The question there to Mr. Fox is "Again, doing the best you can at this time, can you remember now what you said to Mr. Dunne when you first broached this subject with him?"

Answer: I would have told him that I had been approached by Mr. Traynor. That he had the significant problem that he wanted to solve and that he had asked me to ask Mr. Dunne if he would join the consortium to contribute 150,000 towards it. That's what I would have spoken to Mr. Dunne about."

So Mr. Fox puts the matter clearly and unambiguously in the context of you personally, isn't that so?

A. That's the way it reads, that's correct.

Q. And if I can move on then to page 84, question 361. "But

when Mr. Dunne said to you that he would deal with the problem himself, which involved his undertaking and liabilities, as it were, having to pay something in the order of 900,000, were you surprised at that?

Answer: Well, I did say to him that, look, it's 150 they are looking for and he said look, I am prepared to do it all myself and I told him that was very generous actually."

A. That's what it says, yes.

Q. Doesn't that clearly and unambiguously convey to all concerned that Mr. Fox's clear and unambiguous understanding was that you were assuming personal responsibility for this?

A. Not to me.

Q. Doesn't it also indicate that counsel asking Mr. Fox was under the same impression?

A. I can't answer that.

CHAIRMAN: I don't think that's evidence, Mr. Gordon.

Q. MR. GORDON: Isn't it the case, Mr. Dunne, that at no time during the McCracken Tribunal, either in your statement or otherwise, did you ever seek to disabuse the Tribunal of the evidence of Mr. Fox that this was your personal responsibility?

MR. GALLAGHER: Chairman, I am very reluctant to intervene but I think this question is being put on a false premise

and while Mr. Gordon has referred to some transcript entries of both Mr. Dunne and Mr. Fox which he says supports the proposition he is now putting, he has overlooked drawing the Tribunal's attention to other transcript entries where the matter is put beyond doubt, I respectfully submit, both by Mr. Dunne and by Mr. Fox and certainly in regard to the Bangor payment that Mr. Fox dealt with, where he unambiguously accepts that it was a payment by the company and I don't think it's fair to Mr. Dunne that it should be conveyed to the Tribunal that there is an inconsistency between the evidence he has now given and the evidence he gave to the last Tribunal. That is emphatically not so and Mr. Gordon has not drawn the Tribunal's attention to other transcript entries, which I am in a position to do so, if the Tribunal thinks it appropriate I deal with it now or it's preferable that I leave it to my own cross-examination. I am willing to be guided by the Tribunal.

CHAIRMAN: I think it's preferable you defer it to your own examination, Mr. Gallagher. I don't think that my finding is going to be distorted because of particular aspects of transcript and I am certainly keeping an open mind on this important issue until I have heard all the evidence and considered all the relevant documentation that may point either way.

MR. GALLAGHER: I appreciate that, Chairman. Thank

you.

Q. MR. GORDON: If I can move onto the next transcript reference that I would like to bring your attention to, Mr.

Dunne. It's at page 98.

A. Yes, I have got 98 in front of me.

Q. Question 489 "Save in respect of first payment, which is a payment from the Dunnes Stores Group" I think that was the payment from Bangor, isn't that correct? That was the Furze cheque?

A. The first payment, sorry?

Q. Was the Furze cheque?

A. Well, the first payment has been established at this Tribunal are you making reference

Q. I beg your pardon. I don't wish to confuse you, Mr. Dunne. I am speaking in the context of the McCracken Tribunal. At that point in time, the Furze cheque I think was regarded as the first payment, isn't that so?

A. The Furze payment in the McCracken Tribunal was regarded as the first payment, that's correct.

Q. I just wish to be clear that that's the payment that's being spoken about at question 489. "Save in respect of first payment, which was a payment from the Dunnes Stores Group, that payment was to be dealt with by Mr. Dunne himself really. It was put in an expense account in Dunnes and actually never got around to dealing with it. It is still there to this day." Isn't that so?

A. When I read this, it was put in an expense account. What

actually happened is it was put in a suspense account.

Q. I understand that and of course that may be a problem with the transcript or otherwise but in any event what's quite clear there is that Mr. Fox is saying that the Furze payment was to your account ultimately?

A. You see, the first that if you are saying that... I find it hard to think that we are talking about something that took place in 1987 and from this transcript, it seems to be suggested that it was to be put down to Mr. Dunne and all the things that you are suggesting there and that six five, six, seven years later or four or five or six, it was to be put down to me. I don't believe Mr. Fox is an astute man and a trustee I don't think he'd give anybody four or five years' credit.

Q. Well

A. I am trying to just make my point, Sir. We are really I am I could read this transcript all day. My understanding always was that it was company funds. The first that it was clearly made the opposite way to me was at yesterday's sitting of this Tribunal.

Q. I understand that's your position, Mr. Dunne, but I think it's only fair to Mr. Fox that we highlight the fact that Mr. Fox's position has been consistent throughout both Tribunals.

A. Like, I don't mean to be going if that's Mr. Fox's position, so be it.

Q. Well, I think

CHAIRMAN: I think we see the issue and the division, Mr. Dunne, but perhaps if you could just address yourself to Mr. Gordon's particular queries.

A. Okay.

Q. MR. GORDON: You agree, Mr. Dunne, when you read question 489 and the answer, that Mr. Fox is clearly saying to that Tribunal that the Furze money was to your account?

A. That's what it says, yes.

Q. Do you agree, Mr. Dunne, that Mr. Fox was never challenged on any of that evidence before the McCracken Tribunal?

A. I don't think so, no. I can't recall it.

Q. Do you agree that Mr. Fox wasn't challenged yesterday either on what he said about these matters?

A. I don't know. I mean, I can't recall him being challenged, no, he wasn't.

MR. GALLAGHER: Chairman

MR. COUGHLAN: I am sorry, Sir, that I should intervene. I think My Friend, Mr. Gordon, is under the misapprehension in carrying the procedures of the Court in the Tribunal. The Tribunal will ask questions and continue to ask questions and may recall witnesses and may continue to put questions for the purpose of searching deep to ascertain the facts relevant or material to the Terms of Reference. This is not a forum where the challenging as one would expect in the court case would be relevant to your

considerations. It was stated on the opening the Tribunal is making no case nor is it defending any position, and I just make that observation, Sir, for Mr. Gordon's assistance as he cross-examines or examines Mr. Dunne.

MR. GORDON: I didn't intend to in any way suggest other than what Mr. Coughlan has said. I merely wished to put it to Mr. Dunne that he didn't seek to challenge Mr. Fox yesterday as he could have on this issue.

CHAIRMAN: Let's proceed with the factual matters, Mr. Gordon, which you propose to put.

Q. MR. GORDON: If I can bring you to one final quotation from the transcript, Mr. Dunne. It's on page 99 of that second day, question 496 and the question was "You knew, Mr. Fox, that Mr. Dunne had made up his own mind as you say it was a decision for him to make personally that he had made up his own mind that he was going to assist Mr. Haughey in this way, isn't that right?"

Answer: That is correct, yes."

A. That's what it says, yes.

Q. Now, if I can bring you to matters which you have said both yesterday and today on this particular subject, Mr. Dunne, can I just ask you first of all, as I understand it, you initially told Mr. Fox that it would take you some months to arrange the money?

A. That's what I said, yes.

Q. And I would suggest to you that a suggestion by you that it would take you some months to arrange the money would only be consistent with your taking personal responsibility for providing this money?

A. No. We, as a company or as we were doing I had this trust and there was beneficiaries and a distribution had already been made out of that trust to members of my family, so there was no funds available.

Q. Isn't it the case that if this was to be a company matter, there'd have been no delay at all?

A. If it was to be a company matter without the confidentiality, it would have been no problem, that's correct.

Q. I think you said in the course of your evidence this morning, I have a note of it, I hope I am correct in this, you were referring to discussions between yourself and Mr. Fox as to with whom liability to pay this money was to lie. And you said "He never said it to me nor I never discussed about it being a personal debt." My impression of that was that you were saying to the Tribunal that there was never an actual discussion between yourself and Mr. Fox as to where responsibility was to lie for this money?

A. My recollection of what I said this morning was I never distinguished between whether it was Dunnes Stores (Bangor) or Dunnes Stores Ireland, it was Dunnes Stores. That's what I believe I said without seeing a transcript. That's what I believe I said this morning.

Q. I think we are dealing with another part of the evidence and can we just revisit it again briefly, Mr. Dunne. My recollection is, and I could be wrong, but I believe I am correct, is that you said to the Tribunal this morning that you never actually had a discussion with Mr. Fox as to whether you personally or the company would be responsible for these monies?

A. I don't remember saying that. What I think I was talking about this morning is, I can't recall actually deciding and discussing with Mr. Fox whether it was Dunnes Stores Ireland or Dunnes Stores (Bangor) or but I knew it was Dunnes Stores. That's what I... without reading the transcript.

Q. I must suggest to you that you didn't have a discussion as to which entity would be responsible.

A. It was never a point to discuss in my mind, so... That particular point about whether it was my debt or the company that never was a point for discussion in my mind.

Q. So it was never a point for discussion in your mind. There was no discussion?

A. There was no need in my mind for a discussion, that's correct, Sir.

Q. Then could Mr. Fox be forgiven for being under the impression that this money was to be your personal responsibility?

A. As I said earlier, I find it hard to understand it but of

course he can be forgiven for thinking it.

Q. Thank you. If I can just revisit one other matter with you briefly, Mr. Dunne. You spoke yesterday of the confidentiality in relation to this matter and your desire to maintain that confidentiality, isn't that so?

A. That's correct, Sir, yes.

Q. And I think you agreed with Mr. Coughlan that that confidentiality was yours. It was your decision to keep the matter confidential?

A. Certainly, I agreed to do it, that's correct.

Q. And I think you didn't want, for reasons of confidentiality, to tell Mr. Drumgoole about it?

A. That's what I said, yes.

Q. If the matter was to be dealt with as part of the company's responsibilities or the group's responsibilities, ultimately the auditors would have had to be told about the matter?

A. Yes, or it goes into a suspense account if they decided if they couldn't get an answer which happened in lots of cases.

Q. Of course I think, as you know yourself, Mr. Dunne, if a matter goes into a suspense account, that's not the end of it. It's merely sitting there awaiting an explanation, isn't that so?

A. That is correct, Sir.

Q. So some day it was going to have to be explained?

A. That is correct, Sir.

Q. But no explanation could ever be furnished without your authority?

A. I couldn't agree with that. I mean, in the case of the Furze, it was a bond between Noel Fox and myself, that we agreed the confidentiality but either one of us could have accounted for it.

Q. Mr. Fox couldn't have told anybody else about it without your say-so?

A. That's what he said, Sir.

Q. But isn't that so?

A. Well that's what he said, Sir.

Q. But isn't that a fact?

A. I don't understand the question. That he couldn't have

CHAIRMAN: I think Mr. Gordon is saying whether it be a corporate or a personal responsibility, he was your confidential personal adviser, so he was therefore under duty not to disclose unless he got clearance from you?

A. That's right, Sir, yes.

MR. GORDON: Thank you.

CHAIRMAN: That brings us to a few minutes after half past, ladies and gentlemen, we will resume at ten to two.

THE TRIBUNAL THEN ADJOURNED FOR LUNCH.

THE TRIBUNAL RESUMED AS FOLLOWS AT 1:50PM:

CHAIRMAN: Good afternoon.

MR. COUGHLAN: I should say, Sir, so that the members of the public will understand what is happening, that when you do not sit immediately on time indicated by you, it is normally because I and other counsel instructed by you are resolving procedural matters with counsel for other interested persons before the Tribunal.

CHAIRMAN: I appreciate that, Mr. Coughlan. Mr. Dunne, would you mind coming back again please.

CHAIRMAN: Mr. Gordon?

MR. GORDON: I have finished, Sir.

MR. GALLAGHER: I don't know if Mr. McGonigal wanted to

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. MCGONIGAL:

Q. MR. MCGONIGAL: Mr. Chairman, first of all, Mr. Chairman, in relation to the €282,500, Mr. Haughey has seen the evidence and accepts on the basis of the evidence that he got the benefit of the €282,500, apart from that, there is just a couple of matters I wanted to ask Mr. Dunne about in relation to a matter which was raised by Mr. Connolly.

Mr. Dunne, Mr. Connolly touched on the issue of the €210,000, the three drafts of the €70,000 and you are aware from the McCracken Tribunal that Mr. Haughey's position has always been that he doesn't recollect the personal receipt by him of those three drafts. Now, I don't want to go

fully into that at this stage but if I could just ask you one or two questions in relation to Tutbury. Perhaps you could clarify something for me. First of all, as I understand it from Mr. Connolly, Tutbury and Equifex are companies which are outside the Dunnes Group accounts?

A. That's correct.

Q. And as such, they are separate legal entities?

A. That's correct.

Q. So that so far as any claim being made in respect of the money paid out by those legal entities, it would be for Equifex and Tutbury to sue for that money?

A. If that's the legal situation, that's correct. I don't know.

Q. Well, what I mean by that, Mr. Dunne, is you recollect that you were telling Mr. Connolly and Mr. Connolly was telling you that Margaret Heffernan and Dunnes Stores, after the settlement of the proceedings, pursued Mr. Haughey in relation to some of the monies.

MR. CONNOLLY: I don't think I made that, I just want to clear the record. I didn't say that Mr. Chairman.

MR. McGONIGAL: I think it was mentioned this morning.

MR. CONNOLLY: Yes.

A. I mentioned it that Margaret Heffernan wrote to Mr. Haughey or the company solicitors wrote to Mr. Haughey. That's my recollection.

Q. MR. MCGONIGAL: The only thing I want to be clear about insofar as the Equifex and Tutbury monies will be concerned, it will be for those two companies to write to Mr. Haughey.

A. I presume that's the case, yes.

Q. Now, just in relation to Tutbury, I understood you to say in your earlier evidence that Tutbury was funded by money from Dunnes Stores. Can I put this a different way did all of the money that went into Tutbury come from Dunnes Stores sources?

A. I think so, yes. I mean, I haven't got the records in front of me but I would, I have to say most of it.

Q. I was thinking in particular, Mr. Dunne, you recollect that when Mr. Noel Smyth sought the three drafts for €70,000 in the same letter he was sending indicating a lodgement of €450,000 sterling from Ansbacher Bankers Limited, would that have been Dunnes Stores money or would that have been another entity's money?

A. The money

Q. The 450,000?

A. The 45,000, it would have originated from Dunnes Stores due to trading but I mean, was it Dunnes Stores

Q. Can I put it another way, Mr. Dunne. Did Ansbacher Bankers Limited, did Dunnes Stores have an account in Ansbacher Bankers Limited?

A. Not that I am aware of.

Q. So then if it was Dunnes Stores money, presumably it was

coming from a company or person trading with Dunnes Stores?

A. That's correct, yes.

Q. Now, as I understand it, when you drew down the €210,000 from Tutbury, at that time it was not intended by you that that money should go to Mr. Haughey?

A. That is correct.

Q. And I think you appreciate that there is a difference between you and Mr. Haughey in relation to your recollection over the handing over of the 210,000.

A. Yes, I appreciate that.

Q. There are other matters, Mr. Chairman, which I may wish to discuss with Mr. Dunne on that issue at a later stage and I would like to reserve my position at this stage on that.

CHAIRMAN: Thank you.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. GALLAGHER:

Q. MR. GALLAGHER: May it please you, Chairman, I have a few questions, if I may, I would like to put to Mr. Dunne.

Mr. Dunne, I'd just like to ask you very briefly indeed about your role in the Dunnes Stores companies in 1987. I think at that stage you were joint managing director of the Dunnes Stores Group; is that correct?

A. That's correct.

Q. And you were very heavily involved in its day-to-day trading operations?

A. That's correct.

Q. And I think it's fair to say to you without disrespect to

any other member of your family, that in the public mind, you were very much associated with Dunnes Stores and Dunnes Stores very much associated with you at that time?

A. That would be my understanding, yes.

Q. In relation to the payments that you might be asked about or payments that you might make, I take it you would be involved in approving a large number of payments on behalf of, I think it was 31 Dunnes Stores companies at the time; is that correct?

A. Yes, I don't know how many but there was a lot.

Q. Approximately 31 I think were in the Group. And you would be involved perhaps not on a daily basis but certainly on a frequent basis being asked to approve payments by one or other of those companies on behalf of Dunnes Stores business?

A. Correct.

Q. Would I be correct in understanding from your evidence that items that would be posted to the suspense account on a yearly basis, that there would be a number of those items, not just two items a year but perhaps many items?

A. I would say many items.

Q. And would it be the practice for the auditors to raise with you any queries they might have about matters that remained in the suspense account?

A. Yes, it would, yes.

Q. And I take it what's included in the suspense account would be a number of what was being described as not normal

payments.

A. Yes, that's correct.

Q. And I think in respect of the year which we are talking about, that is 1987, there are a number of additional not normal payments that would have been included in the suspense account?

A. Yes, that's correct.

Q. Without being in any way unfair to you, would it be correct to say that your work with the companies at the time perhaps prevented you from having a great deal of patience with inquiries that might be put to you by auditors in regard to specific payments? Would that be a fair thing to say?

A. I was a patient enough man.

Q. I see. And you would deal with payments insofar as you could and identify them?

A. If I remember, I deal with them.

Q. And if you didn't remember, what was your practice?

A. If I didn't remember, I didn't remember.

Q. And would you refer the query to anybody else?

A. No. If I didn't remember, I am sure the auditors went to some others in the business, other people, other directors.

Q. In the preparation for the Tribunal headed by Mr. Justice McCracken, I think it is the case that you engaged accountants on your behalf to go over and examine the documentation that was then available to you to trace the payments that might have been made to Mr. Haughey; is that

correct?

A. That's correct.

Q. And is it correct to say that these accountants were given complete freedom by you and complete access to the documentation to assist you in identifying those payments.

A. Correct.

Q. And is it also correct to say that as a result of the investigations carried out by those accountants on your behalf, and investigations carried out by your solicitor, Mr. Smyth, you were able to identify additional matters, additional payments to Mr. Haughey that you hadn't previously identified?

A. To Mr. Haughey I hadn't identified, that's correct.

Q. And in the to go back to the litigation with your family for a moment, in that litigation, we have heard that in the replies to particulars, that you had identified a number of payments to Mr. Haughey?

A. Correct.

Q. And is it correct to say that it was as a result of these further investigations carried out on your behalf in connection with the McCracken Tribunal that the details that were included in the replies to particulars as to time of payment and amount were corrected?

A. Can you repeat that, sorry?

Q. Yes. As a result of the investigations that were carried out on your behalf in connection with the McCracken

Tribunal, you were able to correct some of the details both as to amount and time of payment that you had supplied in the replies to particulars?

A. That's correct.

Q. And, for example, in the replies to particulars, you had stated your belief as of that stage in 1994 that the first payment to Mr. Haughey was in July of 1988.

A. That's correct.

Q. And you were able to correct that for the Tribunal, the McCracken Tribunal and indicated that on the basis of the information then available to you, that the first payment had been made in December of 1987.

A. That's correct.

Q. And you were also able to correct and make precise the date and details of all those payments?

A. That's correct, yes.

Q. In addition, I think, on your own initiative and as a result of your own investigations, you were able to identify the additional payment comprising the three bank drafts?

A. That's correct.

Q. That was something that hadn't been mentioned in the replies to particulars and was known at that stage by nobody else other than you and Mr. Haughey.

A. The replies to particulars, that's correct.

Q. And at the time of the replies to particulars, you weren't aware of that and you had believed that those payments had

been made to other persons?

A. That's correct.

Q. Following the investigations carried out by your solicitor, it transpired that the payments hadn't been made to other persons and you recollected they had been paid to Mr. Haughey?

A. That's correct.

Q. Something that Mr. Haughey ultimately accepted to be true.

A. That's correct.

MR. MCGONIGAL: That's not so, My Lord.

MR. GALLAGHER: Well, something Mr. Haughey ultimately decided not to dispute.

MR. MCGONIGAL: That's not true. I apologize.

CHAIRMAN: I take it as a matter that is strictly evidence.

Q. MR. GALLAGHER: And am I correct to say in an attempt to help your recollection and identify the precise details of the payments which you ultimately gave evidence of to the McCracken Tribunal, that your solicitor, on your behalf, made contact with people in other countries, in Hong Kong, the Channel Islands and Isle of Man in order to obtain documentation?

A. That is correct.

Q. And that indeed prior to furnishing the replies to particulars, your solicitor had visited some of these locations in an attempt at that stage to obtain documentation that would assist you in your recollection.

A. That is correct.

Q. If I can move on, Mr. Dunne, to the question as to whether these payments were personal payments or payments made out of company funds. I'd like to just briefly deal with that. Am I correct in saying, being your position from the very beginning, that you have accepted personal responsibility for the decision to make these payments?

A. Correct.

Q. And you have not attempted to lay the blame on anybody else in relation to that. You have taken the responsibility for having made that decision?

A. I made the decision, that's correct.

Q. And when you refer in the statement that was put to you today that was provided to the McCracken Tribunal and you say you made the payment, I think you have explained that you intended to convey that you made the decision and took responsibility for it?

A. That's correct.

Q. In your evidence to the McCracken Tribunal on Day 2 of that evidence, on page 12 and page 27 of the transcript, you made it clear to the Tribunal that all of the payments were made out of Dunnes Stores funds.

A. That's correct.

Q. I think that perhaps in the light of your earlier ruling, Chairman, that it's not appropriate that I should open the details of the transcript, I will give the reference because of the suggestion that there was some difference in his evidence to this Tribunal from the previous Tribunal, that is not so but perhaps it's better to mention that anyway rather than open the transcript and start to deal with it in that way. I will be guided I you, Chairman, in relation to that.

CHAIRMAN: I think if you give me the reference, Mr. Gallagher, I have very recently read the particular day's transcript.

MR. GALLAGHER: May it please you, Sir. It's question 46, page 12, day 2, Sir. And question 118, page 27, day 2.

And can you recollect Mr. Fox giving evidence to the McCracken Tribunal and accepting unambiguously that the payment from the Bangor account to Mr. John Furze was a payment using Dunnes Stores money; do you recollect that?

A. Yes I do.

Q. And the reference for that, Sir, is the same day, page 91, question 431. If a payment was to be attributed to you personally as opposed to the company, would the payment go into or remain in the suspense account?

A. If it was going to be attributed to me personally, it wouldn't remain in the suspense account.

Q. Would it be moved from the suspense account into the current accounts or dealt with in some other way?

A. It would be charged to my current account, my director's current account.

Q. And I think we know from the evidence Mr. Gordon put to you this morning that the payment from Bangor to John Furze remained in the suspense account and continued to be in the suspense account up to and including the date of the McCracken Tribunal?

A. That is correct, yes.

Q. If it was your intention to pay the money from your personal resources other than the company resources, would you have been able to indicate to Mr. Drumgoole that the payment that he was raising with you was a personal and private payment that should be posted to the current account or was a payment that you would discharge personally?

A. I could have, yes.

Q. I think it's accepted that you didn't do that but instead referred him back to Mr. Fox?

A. That's the way it was, correct.

Q. The trust that mention was made of this morning, the Equifex trust, I think you gave evidence to this Tribunal this morning and evidence to the McCracken Tribunal that the funds in those trusts were funds generated by Dunnes Stores trading activities?

A. That is correct.

Q. In the light of the questions put to you by Mr. Gordon, can you tell the Tribunal whether Mr. Fox ever approached you at any stage and indicated to you that you were obliged to discharge any Bangor payment to Mr. Furze or otherwise from your personal funds and it should be removed to the suspense account. I think you have made it clear in your evidence that you treated the payments to Mr. Haughey with the utmost confidentiality?

A. That is correct.

Q. Can you convey to the Tribunal what Mr. Fox's attitude was as to the confidentiality or otherwise of those payments?

A. It's very similar to mine, in my opinion.

Q. When Mr. Drumgoole was referred to Mr. Fox by you, can you recollect whether you would have had any further conversation with Mr. Fox to alert him to the fact that you had referred Mr. Drumgoole back to him or to mention anything in connection with the payment?

A. I have a thought, something in my brain that says when Mr. Drumgoole came to me about the first payment, because it was such a hot thing, that I, I think I contacted Mr. Fox.

It's a thought. I can't be it would be common sense for me to do that. That's what I think I think the character I have, I would have maybe not have contacted him, I would have if Drumgoole had come to me, I was seeing Mr. Fox every morning basically, so I am sure I would have said it. I am sure I would have said it to him.

Q. Mr. Fox has explained he was a trustee of the settlement.

Would you meet him in connection with Dunnes Stores business on a frequent or daily basis?

A. On a daily basis.

Q. Was it the practice at the time to have what is being referred to as 8 o'clock meetings in Georges Street?

A. It was, yes.

Q. Were they held on a daily basis or less frequent basis?

A. Daily basis.

Q. And was it the practice for Mr. Fox to attend those meetings?

A. Yes, it was.

Q. And I think it's following one of those meetings, you say, that Mr. Fox approached you about making the suggestion in relation to payments for Mr. Haughey?

A. That's correct.

Q. That conversation, who else would be at those meetings? You needn't name them but there'd be other people at the meetings?

A. At the meeting themselves, the executives of Dunnes Stores would be at them.

Q. When Mr. Fox approached you about the payment to Mr. Haughey, was there anybody else present at that stage?

A. Definitely not.

Q. You indicated that I think from time to time that there was a reconciliation done in relation to matters that would be put to your current account by the auditors in dealing with

the audits; is that correct, put to your personal current account?

A. Yes, there would be, every year end, there would be things put to your current account, personal account.

Q. And the practice would be to deal with those at year end, either debit your personal account or discharge them or whatever; is that correct?

A. Put them into the personal account, that's right.

Q. And then they would be treated on a personal basis?

A. Correct.

Q. But matters such as these payments that remained in the suspense account were never treated on that basis?

A. That's correct.

Q. And there was never any suggestion by Mr. Fox to you that they should now be posted to your current account or dealt with in some similar way?

A. Never.

Q. And are you aware whether Mr. Fox mentioned to anybody else, the auditors or anybody else, that the matter should be so posted to your personal account?

A. I am not aware.

Q. What was the extent of Mr. Fox's involvement in the business affairs of Dunnes at the time?

A. He attended the 8 o'clock meetings and if I wasn't there, if I was travelling or just not going that particular morning, he would chair the meetings.

Q. And these would be meetings concerned with the business of

Dunnes Stores Group; is that correct?

A. Trade, sales, overheads, purchases, margins, normal trading situations.

Q. And would it be fair to say that Mr. Fox, in that capacity, or in his general dealings with the business of Dunnes Stores would have come into contact with various other directors or executives of Dunnes Stores from time to time?

A. Yes, he would have been in touch with the executives.

Q. Now, you made mention this morning that the settlement of your dispute with the family was a resolution of all outstanding matters at that time with your family; isn't that correct?

A. That's correct.

Q. And it was a full settlement of all claims at that stage?

A. That's correct.

Q. And you were aware that following that settlement, there was evidence before the McCracken Tribunal that solicitors on behalf of Dunnes Stores wrote to Mr. Haughey claiming a return of the monies paid to him?

A. That is correct.

Q. Now, Mr. Coughlan asked you this morning, Mr. Dunne, as to whether there was any significant matter that occurred in or around March of 1987 that you might mention to the Tribunal or whether you recollected any such significant matter. Do you remember that question?

A. I do.

Q. And I think you replied that at the time, your memory had

been spurred by what you saw on the newspaper but there was an issue at the time in relation to the valuation of the trust; is that correct?

A. Just to make one point, Mr. Coughlan didn't say March.

Q. Yes, I think he said around that time, in 1987, earlier than '87?

A. I think he just said '87.

Q. Well, am I correct in your reply to him, you indicated that there was an issue at the time in relation to the valuation of the trust?

A. Yes, I said I read something on the paper.

Q. And I think, in fact, there was evidence before the McCracken Tribunal from the Revenue Commissioners in relation to that issue and it was explained that the trustees were disputing the valuation of the trust and that it was a matter that was ultimately dealt with by way of settlement before the Appeal Commissioners by counsel on behalf of the trustees and counsel engaged on behalf of the Revenue?

A. That is correct.

Q. Did you yourself have any involvement in trust matters?

A. Not involvement but obviously I was kept up-to-date with trust matters.

Q. Yes. Mr. Dunne, you have already given evidence today that for the McCracken Tribunal, with the assistance of documentation that was obtained by your accountants and solicitors, you were able to recollect additional payments

to Mr. Haughey over and above the payments that you had identified in the replies to particulars.

A. That is correct.

Q. And you have accepted before this Tribunal that the documentation which has been produced indicates quite clearly that the cheque in May of 1987 for œ282,500 ultimately ended up as a payment to Mr. Haughey?

A. Yes, absolutely clear, yes.

Q. Is there any reason why, if you had had in the documentation or the recollection of that payment at an earlier stage, that you would not have brought it to the attention of the McCracken Tribunal?

A. None whatsoever.

Q. I earlier asked you as to whether there was an acceptance by Mr. Haughey in relation to the sum of œ210,000 and I don't want to get into an unnecessary argument with the statement made on Mr. Haughey's behalf to the last Tribunal on the 9th July of 1997 was that he accepted Mr. Dunne's evidence that he handed me œ210,000 in Abbeville in November of 1991. Mr. Haughey accepted that and that was following, I think, a long sequence of evidence and after your credibility had been put seriously in issue for sometime; is that correct, Mr. Dunne?

A. That is correct, yes.

Q. Thank you.

MR. HARDIMAN: Sir, I just wish to say we have no

cross-examination for Mr. Dunne on matters relevant to the Tribunal. I informed My Friend of that but I would just like to say that insofar as Mr. Dunne expressed opinions or insofar as he stated facts not relevant to the Tribunal's remit, my clients are not to be taking as agreeing with those matters simply because we don't cross-examine on them.

CHAIRMAN: I hesitatingly won't take that construction Mr. Hardiman. Mr. Coughlan?

MR. COUGHLAN: Sir, there are just one or two final matters I will dealing with in a moment with Mr. Dunne but I should indicate, Sir, that an issue seems to have arisen now which is particularly live and which the Tribunal will wish to pursue further in terms of obtaining documentation and pursuing lines of inquiry with investigation and that the Tribunal will need to have Mr. Dunne back in relation to this Tripleplan payment and in fairness, also, Mr. Fox to deal with matters. So I just indicate that at this stage, Sir, and I think that in those circumstances, it might be just appropriate if I allowed Mr. Dunne to leave the witness-box at the moment. There is documentation which I am discussing with my colleagues about obtaining and we may need to revisit this matter again.

CHAIRMAN: There are one or two matters I contemplated raising myself Mr. Coughlan. Just on the particular divergence of evidence whether Mr. Dunne's actions were

corporate or personal, perhaps in the circumstances that you tell me of, it might be preferable I defer these until both the parties have had an opportunity to investigate the position further.

MR. COUGHLAN: Yes, sir.

CHAIRMAN: Yes, you have been quite a long time in the box Mr. Dunne so thank you for your attendance today. I hope you will come back again at a suitable opportunity. Thank you.

MR. MCGONIGAL: May I just say one thing, Mr. Chairman, in relation to Mr. Gallagher's quotation from the statement at Page 106. I just want to draw your attention to the fact that there are two payments, one of the 9th July, 1997, one on the 15th July, 1997 and paragraphs 5 and 6 of the statement on page 107 also seem to be relevant to the issue Mr. Gallagher raised on the question of the 210. I wouldn't like to have it overlooked at this stage, Mr. Chairman.

CHAIRMAN: You can be rest assured Mr. McGonigal that obviously what must concern me first of all is what takes place here and insofar as reliance needs to be placed on what transpired in the McCracken Tribunal, I will make sure that I examine the whole record before I take anything material.

THE WITNESS THEN WITHDREW.

MR. HEALY: Just one more short witness in relation to this matter, that's Mr. Patrick O'Donoghue.

PATRICK O'DONOGHUE, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS BY MR. HEALY:

Q. MR. HEALY: Mr. O' Donoghue, you are a chartered accountant and you are a director and company secretary of the Dunnes Stores Group?

A. That's correct.

Q. And how long have you been in that position?

A. Company secretary for three years and director for under a year.

Q. Four years is it?

A. No, under a year.

Q. I see. And that the full extent of your association with the Dunnes Stores Group using that term generically, it may mean that the company now has a different corporate configuration from what it had some years ago but is that the extent of your association with Dunnes Stores in the sense which we are using that expression here in this Tribunal?

A. Yes.

Q. Thank you. Now, I think you have made a statement to the Tribunal and if you have a copy of it, I will take you through it. Now, I think that in about 1996, in December of 1996, you say that the issue of payments to Mr. Michael

Lowry and politicians in general was being highlighted by the media and being debated in the Dail and that's now past history. At that stage, you decided to assemble such facts as were available to you and material to the allegations that payments had been made to Michael Lowry and other politicians; is that right?

A. That's correct.

Q. And I don't want to say too much about Mr. Lowry at this stage because we are not dealing with Mr. Lowry at this point in the Tribunal's business. Now at that time you say that you were aware of the allegation that a payment had been made to Mr. Haughey by way of a cheque payable to a Mr. Furze?

A. That's correct.

Q. And can I just ask you how you were aware of that allegation at that time?

A. I can't recall exactly. I do recall our legal advisors, the matter had surfaced on some occasion, some things had come to light and we were advised that payment was made to a Mr. Furze.

Q. Right. Could I suggest to you it may have been because that issue had come up in litigation involving members of the Dunnes family?

A. It may well have been.

Q. Right. Well, who was it informed you then, if you didn't become aware of it as a result of your own independent efforts, who was it that informed you about it?

A. My recollection is our legal advisors.

Q. I see. Well, at that time you decided to ask Mr. Matt Price, a director of Dunnes Stores in Northern Ireland, if there were other payments from Dunnes Stores (Bangor) Limited to Mr. Furze at any time in earlier years. Again I take it you were directed in that direction perhaps by the company's legal advisors, would that be right?

A. My recollection is I was concerned if there was any other payments to Mr. Furze that the company should be aware of it.

Q. Why did you go to Mr. Matt Price?

A. The original payment to Mr. Furze was sourced from the Northern Ireland company so I decided to check with Mr. Price if there was any other payments to any Mr. Furze.

Q. You say that you telephoned him in the second week of December of 1996; is that correct?

A. That's correct.

Q. And he told you that there were no other payments to Mr. Furze and you then asked him were there any other payments similar to the payment to Mr. Furze?

A. Correct.

Q. And he said that payments requested by Mr. Bernard Dunne were charged to the intercompany account of Dunnes Stores and he went on to tell you that he would send a list which he did do on the 13th December of 1996; is that right?

A. That's correct.

Q. Now he sent you a letter containing a list. Now I don't

want to refer to all of this letter but for the moment, if I can just ask you to turn to the copy of the letter that you have with your statement. It's a letter dated the 13th December, 1996 from Dunnes Stores Bangor addressed to Mr. Pat O'Donoghue, Dunnes Stores Limited, Upper Stephen Street, Dublin 2 and it says;

"Dear Pat, as requested, I encloses herewith a list of payments made on behalf of Dunnes Stores Ireland company account."

Now I take it that what we are referring here is to the intercompany account; is that right?

A. Correct, that's right.

Q. These are payments made by Dunnes Stores Bangor unrelated to Dunnes Stores Bangor business but made by Dunnes Stores Bangor on behalf of the larger group?

A. Made by Dunnes Stores Bangor and charged into the larger group.

Q. And charged into the large group. Now, of the items on that list, the second item is described as Tripleplan, the 20th May of 1987, and it's referred to as an item in respect of €282,500 sterling and it's described as being authorised by Mr. Bernard Dunne; is that right?

A. Correct.

Q. Now, I think you go on in your statement to say that you telephoned Mr. Kevin Drumgoole of Oliver Freaney to whom you say Mr. Price had sent a copy of the letter and that

when you telephoned Mr. Drumgoole, he stated that he was aware that these payments had been accounted for through the intercompany account.

A. That's correct.

Q. And that's just confirming a lot of what we have heard in the course of this Tribunal so far, isn't that right, that the Tripleplan payment, being one of those payments, had been accounted for through the intercompany account?

A. Correct.

Q. By accounted for, did he mean that it had been posted to the intercompany account?

A. Yes.

Q. You say that you "therefore concluded that there was no new information on the list and accordingly I did not proceed any further with any investigation of these payments noted on the list." Is that correct?

A. Right.

Q. You say "Although I now know the nature of the Tripleplan payment in December of 1996, it meant nothing to me when I first saw the list. I had no idea or reason to believe that the payment was connected to Mr. Haughey or any politician for that matter. It was only when I was contacted by Messrs. Oliver Freaney in early 1998 that I learned the significant of the payment."

A. Correct.

Q. Could I take you back to one of the things you say in your statement that when you spoke to Mr. Kevin Drumgoole, he

stated that he was aware that these payments had been accounted for in the intercompany account meaning they had been posted to the intercompany account. Now in fairness to Mr. Drumgoole who is not here today, at least I don't think he is, I can't imagine that Mr. Drumgoole was telling you that he was satisfied that all of those payments had been accounted for as in other words explained away or clarified on the intercompany account. What did you understand him to be saying?

A. Well, I understood him to be saying was these payments as identified by Matt Price had actually been accounted for through the intercompany account, therefore were fully visible with the southern group and accordingly, there was no new information that I was receiving from Matt Price.

Q. If you look at the statement, it has a lot of ticks on it, sorry if you look at the letter, it has a lot of ticks on it opposite various entries. Was this letter examined at the time and did somebody go through it and account for each item?

A. It was discussed, as I said, with Mr. Drumgoole who confirmed with me these payments were dealt with through the intercompany account. At some later state, each item was gone through item by item in detail but not at that time.

Q. Did you know at that time these items were awaiting clarification on the intercompany account?

A. I can't recall exactly.

Q. Well, we know the Tripleplan item was awaiting clarification, is that right, so that at that time when Mr. Drumgoole spoke to you, as far as he must have been concerned, the Tripleplan item, whatever about any other item, was awaiting clarification, isn't that right?

A. Correct.

Q. And in fact it had been awaiting clarification by the time you wrote to him for some nine years, isn't that right?

A. I believe so.

Q. And when did you next take up the matter?

A. The next time I became aware of the matter was when it was identified in early 1998 in terms of its true significance as I have stated arising out of company searches undertaken by Oliver Freaney.

Q. When you wrote to Mr. Price and asked him to send you a list of other payments similar to the payment to Mr. Furze, what had you in your mind by a similar payment?

A. I didn't write to him, I asked him over the telephone.

Q. When you asked him over the phone, I am sorry.

A. What I meant was payment effectively put through the intercompany account and requested by Bernard Dunne.

Q. Yes.

A. On the basis that the Furze payment was requested by Bernard Dunne.

Q. And you wanted to know what other payments

A. I specifically wanted to know the Furze, that's my primary concern, to which he replied there were no further Furze

payments.

Q. You asked him for further similar payments?

A. Yes.

Q. What was the point in getting other similar payments to the Furze payment?

A. Well, one, to establish if there was any other payments that may not have been previously identified. Looking for perhaps new information which hadn't previously been identified prior to this which turned out to be not the case.

Q. But the Furze payment had always been identified on the intercompany account, hadn't it?

A. But the nature had only been identified in, I believe, 1996.

Q. Of course that's correct but it was one of the payments, if Mr. Price had given you a list of the intercompany account payments prior to the identification of Mr. Furze, his name would have been on the list that Mr. Price gave you, isn't that right?

A. I presume so.

Q. The only difference between Mr. Furze's payment and the Tripleplan payment is that you knew who Mr. Furze was at this time?

A. At that time, yes.

Q. For some considerable time prior to that, you had been awaiting clarification in relation to Mr. Furze. You didn't know what the payment was, there was money out of

the account and you didn't know who it was for and wasn't

Tripleplan in the same position?

A. Yes.

Q. And nobody knew about it?

A. I certainly didn't know about it.

Q. Right. I am just wondering why you would want that extra information and then not act on it?

A. Well firstly, the information I originally sought was in relation to Mr. Furze. Secondly, I looked for payments of a similar nature as requested by Mr. Dunne. When those payments then transpired to be already dealt with in the intercompany account

Q. But they weren't dealt with, isn't that the problem?

A. They were accounted for in the intercompany account.

Q. Wasn't the first payment also accounted for in the intercompany account? It was up there, here is the Furze payment, it's money due by Dublin to Bangor and underneath it or wherever on the same list you have Tripleplan, money due by Dublin to Bangor. There was no difference between the two payments, isn't that right? They were both accounted for on the intercompany account?

A. They were both posted for on the intercompany account, yes.

Q. Yes. I just can't understand what you mean by saying that you didn't proceed with the matter any further after you were told that it was posted on the intercompany account.

There was no distinction between the information you had in relation to Furze and the information you had in relation

to Tripleplan. Do you follow me?

A. What my original objective was to find any new information we didn't already have and we didn't find any new information. All the items weren't fully explained.

There was still no new information.

Q. Did you have any concern at that time in 1996 to clarify what these items were?

A. My uppermost concern obviously was clarify any unidentified items.

Q. Substantial sums of money?

A. Yes.

Q. And the company had, at that time, an explanation in relation to Furze arising presumably out of litigation?

A. Correct.

Q. But were no steps therefore taken to clarify what happened the \approx 300,000, a substantial sum of money, in 1987 that went out to a company called Tripleplan?

A. It was finally investigated in earlier 1998, that's when the final position of Tripleplan became clear, following many searches.

Q. I am aware of that but you didn't institute any searches in 1996?

A. I didn't, no.

Q. Wouldn't that have been the obvious thing to do to find out who had your money?

A. I am aware that searches were undertaken by the auditors of no avail.

Q. They were of no avail after?

A. Eventually, yes. It took about 11 weeks and they got the answer eventually, you could have done those searches in 1996.

Q. Isn't it the case that somebody in 1998 or late 1997 decided I am going to find out who Tripleplan is and they made a search and as a result of the search, they found out who Tripleplan was; is that right?

A. It was a culmination of many searches.

Q. Yes, it was the culmination of a series of searches conducted over a period of time, February of 1997 and February of 1998. Couldn't it have been done in 1996?

A. My understanding is that the auditors did do searches.

Q. It's not the auditors. I am wondering why you you are the financial controller, you are the company secretary, sorry, you were a member of the company executive. There was €300,000 gone. Did you or anybody in the company think you should identify where this €300,000 went to?

A. We didn't instigate any direct investigation.

Q. You took no step beyond asking Mr. Price?

A. And confirming with the auditors whether these amounts were posted through the intercompany account and obviously we had some knowledge of the steps they were taking.

Q. But the auditor's job in looking at your accounts is to say whether the accounts present a true and fair picture of the overall affairs of the company, isn't that right?

A. True.

Q. And if there are matters that require clarification, they highlight them for you but it's up to you to sort out those inquiries raised by the auditors, isn't that right?

A. They were assisting us and they eventually did highlight.

Q. But if there's money missing from the company, that should be your concern, not the auditor's concern. It may be the auditor's concern as well but it should be your primary concern, yes?

A. If money is missing, yes.

Q. I am just intrigued you had a payment to the company you didn't know anything about, €300,000, a huge sum of money and you didn't follow it up.

A. Well, the only knowledge we had was that it was authorised by Bernard Dunne.

Q. Were you the only person who decided to go no further than that?

A. At that point in time, I was the one that received the list, I was the one that made the inquiries of Mr. Drumgoole and I was the one that decided because there was no new information in what Mr. Price was telling me, there was no further action required on my part at that moment.

Q. You didn't take it to anybody else in the company?

A. No.

Q. You didn't take it back to the legal advisors?

A. No.

Q. Did you take it to the board of the company?

A. No.

Q. Were you involved in the subsequent discovery of what Tripleplan was?

A. No.

Q. Did that occur independently of any action on your part?

A. Well, in late '97, early '98 we were looking to finalise some of our accounts and I think that probably ran parallel to the auditor's efforts to try and finally identify what Tripleplan was.

Q. What prompted either well let's give it the company in any case since you are the company as opposed to the auditors, what prompted the company to look into the matter in 1997 and 1998 when they hadn't looked into it in 1996?

A. We had one set of accounts that needed to be finalised and clearly we wished to bring any outstanding matters to a conclusion in that company.

Q. But you hadn't, those set of accounts were waiting to be finalised in 1996 as well, weren't they?

A. They were, yes.

Q. And let's face it, the two items you can never track down were Tripleplan and, well Furze originally but you got rid of Furze. Was there something else that prompted you to try to get rid of those two items in 1997 and 1998 that hadn't prompted you to do anything about them in 1996?

A. The company was very anxious to bring its accounts to a conclusion, particularly one company that was outstanding.

Q. Wouldn't I be right in saying if you went through the entire list given to you by Matt Price in 1996, almost

everything could have been accounted for except Tripleplan, isn't that right?

A. I think most of them could, yes.

Q. So if you were looking for a payment to a politician, you would have been looking for a payment associated with Mr. Bernard Dunne at that time, that's why you went to Mr.

Price; is that right?

A. I only followed that line because of the Furze payment.

Q. Yes. So there was only one payment outstanding in 1996, only one really troublesome payment and no attempt was made to pursue it on that occasion. That's the position?

A. The position is the auditors

Q. I am leaving the auditors out of it. I am asking you that Dunnes Stores did nothing about it?

A. I certainly didn't advance it in 1996 until late 1997, early 1998.

Q. Thanks very much.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. CONNOLLY:

Q. MR. CONNOLLY: Just one or two matters, Chairman, I want to ask you some questions on behalf of the Revenue Commissioners. Mr. O' Donaghue, first of all I want to understand the Dunnes companies structures. If I understand it, at the relevant times there were some 30 or so regional companies which operated effectively as satellites of one central holding company here in Dublin; is that correct?

A. There would have been less than ten.

Q. In '87?

A. I wasn't there. My recollection is that it became a small number of companies in '87, '87/'88.

Q. It had been a larger number reduced to about ten but in any event, whatever number, I want to understand there were a number of regional companies which effectively, as I say, operated as satellites controlled by one central company here in Dublin of which you were secretary?

A. Yes.

Q. I think it changed its name but at some stage it's Dunnes Stores Ireland or Dunnes Stores (Georges) Ireland's but in any event, that was the central company in the Group?

A. Which company?

Q. Of which you were secretary. Were you secretary of all the companies?

A. I became secretary of all the companies.

Q. Well, the situation then is we understand from Mr. Matthew Price that the procedure he followed what was not to be regarded by him as normal trading was passed on to be reconciled in the, if you like, the accounts of the central company, the holding company, that was a procedure he was following as a standard procedure.

A. Sorry, what's your question?

Q. He was following a procedure in relation to Tripleplan and Furze, that these items were to be dealt with in the accounts of the holding company; is that right?

A. He charged up the amounts into an intercompany account.

Q. Yes.

A. Which eventually came to the Dunnes Stores Ireland account.

Q. The central one. What I was getting at he was doing more than following standard procedure in doing that?

A. I can only assume so.

Q. Was that a practice prevalent throughout the various regional companies? It wasn't just peculiar to what was happening in Bangor, that was the normal procedure throughout the regional companies?

A. The regional companies in the Republic would have been controlled from Central Head Office so Bangor was the only company outside the state in the UK as two separate companies.

Q. It was the only one in Northern Ireland?

A. The UK was dealt with in Northern Ireland as well.

Q. I see. Well then just to look at the situation in relation to other payments besides the Furze and Tripleplan payments. I think you would be aware of the other payments which had been identified in the McCracken Tribunal. Is there anything in any of the accounts of the Dunnes Stores Group which is in any way referable to the payments of the €471,000 sterling, €150,000 sterling, €200,000 sterling or €210,000 sterling that Mr. Justice McCracken identified in his report?

A. I would need to look at that. I can't answer off the top of my head.

Q. Well, would you not have looked at this prior to the McCracken Tribunal to be able to give evidence as to what wasn't in the accounts?

A. Could you just repeat what you asked me?

Q. Can I take it that there's nothing in any of the Dunnes Stores accounts that's referable to these payments of money to Mr. Haughey that have been identified by Mr. Justice McCracken

MR. NESBITT: Mr. Chairman, it seems that Mr. Connolly has again strayed off what is material to this particular investigation. These far reaching questions on clearly what is a desire of the Revenue to learn information outside the terms of this Tribunal. And I would ask simply he stick to the issues before this Tribunal.

CHAIRMAN: Well, Mr. Connolly, we come back to the dichotomy perhaps between your potential roles as policeman and guardian, defender and attacker, so to speak, and I would have thought it had emerged fairly unequivocally in the evidence thus far there did not appear to be overt evidence that would have led a revenue official to automatically infer the making or purport of the payments uncovered by Mr. Justice McCracken.

MR. CONNOLLY: Chairman, I understand your view. That was the view of the auditors when I questioned them and I was anxious that apart from the auditors, that the company secretary might have expressed a view on the matter but if

you think I am straying, I respectfully submit I am not.

It's within the remit of defending my client's position. I am simply asking him what wasn't in the company books at a given time. I will abide by your ruling.

CHAIRMAN: Mr. Donaghue, we have heard from the auditors it does appear it was never in the accounts that pertain to the various things to Mr. Haughey. Can you take issue with that?

A. To my knowledge it's nothing.

CHAIRMAN: Let's leave it.

Q. MR. CONNOLLY: Finally, do you know how any of these items have been treated, the Tripleplan and Furze items in the accounts?

A. They have both been fully provided for, effectively written off.

Q. Written off in which company?

A. Dunnes Stores Ireland Limited.

Q. In which year were they written off?

A. To my knowledge, in the period up to January, 1994.

Q. Well, I take it there's nothing in the way of itemised directors' loans or directors current accounts referable to any of these payments?

A. Which payments?

Q. Furze and Tripleplan.

A. No.

CHAIRMAN: Anything you want to ask, Mr. Gallagher?

MR. GALLAGHER: No thank you Sir.

MR. GORDON: I wonder, Sir, if I could just formally reserve my position. I have just got the statement of Mr. O' Donaghue this afternoon and we haven't had an opportunity to consult with Mr. Drumgoole. I think it's most unlikely I have any questions but just in case, I would like to an opportunity to consult with Mr. Drumgoole overnight.

CHAIRMAN: Well, on the basis that you think it's a relatively limited possibility, Mr. Gordon, I will of course adopt that course.

MR. GORDON: Sir, I think it is unlikely but just possible there was something I would wish to clarify.

CHAIRMAN: Mr. Nesbitt?

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. NESBITT:

Q. MR. NESBITT: Just a few questions, Mr. Chairman. Just in relation to the letter that you received from Mr. Price on the 13th December of 1996, I think if you turn the page, there's a series of notes attached to the letter, isn't that right? I think the very first letter there's a simple statement there's no other cheques payable to J Furze?

A. Remember that's my primary question.

Q. And you then took the liberty of confirming with Mr. Drumgoole what you were reading in this letter was not giving you any new information?

A. That's correct.

Q. Now, in relation to the Tripleplan cheque, I think you learnt a lot more about that cheque with the events that have brought about this particular Tribunal, the investigation, but as I understand it, the position in relation to that cheque was very clear in the minds of Dunnes Stores. When it first arrived as a statement out for which there wasn't a counter balancing reason to pay it, inquiries were made and there was no successful answer available, isn't that right?

A. That's correct.

Q. And the investigation went to the extent that the auditors of the company having searches made not only in this jurisdiction but England and other places?

A. Yes.

Q. And those investigations didn't tell you anything?

A. Not until 1998.

Q. When those investigations were made, had you any reason to believe that the inquiries made outside Ireland didn't include companies that had been struck off the register or otherwise failed?

A. None whatsoever.

Q. Very good. It was only when somebody discovered that and an investigation was made by the auditors that matters

changed, isn't that right?

A. That's correct.

Q. Now, I assume when dealing with the accounts of the companies in the Dunnes Stores Group, there are very, very many payments that require to be looked at and checked off against a reason to make the payments, isn't that right?

A. It's a very substantial group indeed.

Q. Now, when you saw the payment to Tripleplan on the list on the 13th December, 1996, did it ring any bells with you that this might have been something you had seen in the past?

A. No. The name meant absolutely nothing to me.

Q. Thank you very much.

THE WITNESS WAS FURTHER EXAMINED AS FOLLOWS BY MR. HEALY:

Q. MR. HEALY: One or two matters, Mr. Chairman, unless there's I just want to take you over, Mr. O' Donaghue, one of the answers you gave to Mr. Nesbitt a moment ago. You said you were asked the question now in relation to the Tripleplan cheque. I think you learnt a lot more about that cheque with the events that have brought about this particular Tribunal, the investigation, but as I understand the position in relation to that cheque is very clear in the minds of Dunnes Stores. When it first arrived as a statement out for which there wasn't a counter balancing reason to pay it, inquiries were made and there was no successful answer available, isn't that right, and you said

"that's correct". And then you were asked about the investigation went on to the extent the auditors of the company having searches made not only in this jurisdiction but in England and other places and you said "yes" and those investigations didn't tell you anything as you correctly stated, not up until 1998.

Now, I just want to take you back over something you said to me a moment ago in answering questions I was putting to you on behalf of the Tribunal.

You say that you carried out inquiries but amn't I right in saying that you didn't carry out any inquiries until 1997, late 1997 up to early 1998, no inquiries were carried out in 1996; is that right?

A. By whom?

Q. By you.

A. That's correct.

Q. And in 1996, you knew and when I say you and I mean both you personally and the company, knew that this was an intercompany account matter for which there was, as Mr. Nesbitt put it, no counter balancing reason to pay out, isn't that right?

A. There was no clear explanation, that's correct.

Q. So here you had a payment authorised by Mr. Bernard Dunne from the Bangor branch in the name of a company that you knew nothing about whereby œ300,000, in excess of œ300,000 Irish went out of the company and was unaccounted for at

that stage nine years, sorry seven years, is it, nine years, so that no inquiries were instituted. That's as I understood your answers to me to be, that inquiries were instituted at that point?

A. I think what I was referring to was the inquiries undertaken by Oliver Freaney & Company in doing their searches.

Q. That was much much later, that was 1997?

A. I understand there was searches prior to 1996.

Q. There were searches prior to 1996?

A. That's my understanding.

Q. We were told there were searches in 1994?

A. That's my understanding.

Q. But you didn't put any inquiries in train yourself?

A. There was little point in duplicating the effort.

Q. You mean to say you would have been did you know what inquiries in 1996 had been instituted in 1994?

A. I think I had some knowledge that they had made some company searches.

Q. So in 1996 when you answered, when you were given this list and this company came up on the list, the Tripleplan company, your attitude was there was no point in pursuing this, searches were instituted in 1994 and they produced nothing?

A. Correct.

Q. That was your frame of mind at that time?

A. Yes.

Q. So at that time, as far as you were concerned, did you know what the searches were? Did you know what they had shown up?

A. I didn't see the searches, no.

Q. Who told you about the searches?

A. My understanding would be the auditors would have mentioned it.

Q. Which auditors?

A. Oliver Freaneys.

Q. When I say who in Oliver Freaney would have mentioned it to you?

A. I can't recall who exactly.

Q. Well, do you know who was dealing with the audit?

A. Paul Wise.

Q. Did Mr. Paul Wise say it to you?

A. I can't recall who said it, but my recollection is there were some searches under way.

Q. So at that stage in 1996, you were aware that this was an item that couldn't be resolved and that the company or the auditors had got to the point of making a search?

A. That's my recollection of it, yes.

Q. What prompted the company to pursue the matter further in late 1997?

A. As I said, in late 1997, we decided to finalise the one remaining company that needed to be finalised which was Dunnes Stores Ireland so we made every effort to bring that company to a conclusion.

Q. Why, at that stage, did you, as you put it yourself a moment ago, duplicate something that you had decided there was no point in duplicating earlier?

A. Well, the auditors still carried out the searches, we didn't carry them out.

Q. What inquiries did you make? You were describing earlier to me how you pursued parallel inquiries to the inquiries that the auditors, the auditors carried out a search?

A. They made inquiries, there were no other inquiries.

Q. Was it you directed the auditors to carry out the search or did they come to you?

A. I think we met and decided to bring the company to the conclusion, that was one point to be concluded and they followed through on it. I didn't carry out any independent search.

Q. So just to recap when Mr. Price came to you in 1996 to give you the additional information. The additional information he gave you was there were no other cheques payable to Mr. Furze, there were a number of items awaiting clarification on the intercompany account and one of those items was Tripleplan that you knew wasn't worth pursuing?

A. Correct.

Q. So it was in your mind at that stage the Tripleplan cheque?

A. Only in the sense that there was no immediate answer to the clarification of its nature. It's not something I dwelt unduly on after that.

Q. And you made that decision entirely on your own, you didn't

bring it to anyone else's attention?

A. I want to be clear on this. Having got the payment from Matt Price and having discussed it with Kevin Drumgoole, at the same time, I was clearly of the mind these matters he raised, no new information was available to us. I satisfied my main inquiry which was there was no additional payments to any J Furze and number two, the information Matt Price had given me had already been posted albeit completely dealt with, certainly posted in the intercompany account and was in full visibility of this other company.

At that point in time I said look there's little point in me progressing it any further.

Q. Did you say to Mr. Drumgoole there's no point in pursuing Tripleplan?

A. I didn't say anything to Mr. Drumgoole. I just discussed with him and drew my own conclusions.

Q. Just one last question. When was this list of items first analysed to the point where the matters on it that could be resolved were ticked off and the matters couldn't be resolved were left outstanding?

A. How do you mean ticked off?

Q. Well, at some stage somebody must have gone through these items and you would have been left, as we know now, with the benefits of hindsight, you would have been left with Tripleplan. When was that exercise carried out? Somebody must have carried that out, mustn't they?

A. Mr. Drumgoole was aware of the items posted to the

intercompany account from December, 1996. There was some clarity of that point of view, if somebody had checked them later, in Dunnes Stores Ireland remember, we were aware in December, 1996 this was merely a repeat of information we already had that really had little value in that sense.

Q. You knew this was a payment similar to Mr. Furze's payment and you knew it was the only one you couldn't track down, you knew that?

A. Yes, but the name didn't mean anything.

Q. But Matt Price, you had asked the question can I have a list of other payments similar to the Furze payment and you knew this was one and this was the only one you couldn't track down?

A. Correct.

Q. And you didn't track down, you made a decision not to track it down because you knew you couldn't find out?

A. I made a decision not to proceed any further in the knowledge it was fully accounted for in the intercompany account.

Q. That's not the point I am trying to get at. I don't want to press you too much on it, Mr. O' Donaghue, but you knew it was a payment similar to a Furze payment?

A. Any payment requested by Mr. Bernard Dunne would be similar to the Furze payment. I am sure there were hundreds.

Q. I think the question you asked and I don't want to hold to the every word in your statement but you said you asked Mr. Price were there other Furze payments and he said no, there

were no other Furze payments and you said were there any other payments similar to the payment to Mr. Furze and you gave you a list of intercompany account matters or payments that were authorised by Mr. Dunne and maybe other members the family so at the end of that process of you asking Mr. Price for assistance, you would have known that certainly the Tripleplan payment was a payment that was similar to a Furze payment and it was a payment that you felt nothing could be found out about?

A. Correct.

Q. And you decided you wouldn't take it any further at that point?

A. Correct.

Q. Now at any later stage did you not think that that payment should have been brought to somebody's attention because it was a payment similar to a Furze payment and one that you couldn't, you knew nothing about it, inquiries had proved blank, did you ever think of bringing that to anyone's attention?

A. No, I didn't. Not at that point.

Q. Thank you.

MR. NESBITT: Two questions arising in relation to

MR. GALLAGHER: I am terribly sorry, I am concerned by one remark, it may have been unintentional by Mr. O' Donaghue and perhaps it's appropriate I raise it with your permission prior to Mr. Nesbitt.

MR. COUGHLAN: I am just, I appreciate, Sir, that you will allow a degree of flexibility. I am wondering what the procedure people think applies to the Tribunal? If people do have queries they can tell us about them and we will, of course, raise them but it can't be a game of ping pong.

CHAIRMAN: All right, well I would, in general terms, like to see implemented the provisional arrangements notified on the first day on this occasion, Mr. Gallagher.

THE WITNESS WAS FURTHER EXAMINED AS FOLLOWS BY MR.

GALLAGHER:

Q. MR. GALLAGHER: Thank you, Sir, I wouldn't like the Tribunal to think I would lightly engage there was a matter Mr. O' Donaghue mentioned in reply to a question to Mr. Coughlan I wanted to clarify. He said a moment ago any payment requested by Mr. Dunne would be similar to a Furze payment and that's not something that had been previously said and I didn't want to let that go unclarified. Mr. Donaghue, I think said in this document, there were a number of payments some of which were requested by Mr. Dunne and some by another member of his family; isn't that correct?

A. That is correct.

Q. And these payments which had been sent to you by Mr. Price as being unaccounted for at that time were gone through and the various payments were reconciled and ascertained what

the purpose of them was for except for the Tripleplan payment; is that correct?

A. Could you just repeat that?

Q. Yes. All of these payments were gone through by you, I take it, when you received them from Price?

A. When I received from Price, as I said earlier, I discussed them briefly with Kevin Drumgoole who I knew would be familiar with these matters, probably more than I would.

He confirmed with me they were dealt with in the intercompany account and therefore I concluded there was nothing new in the information.

Q. But the only payment similar to the Furze payment in all this was the Tripleplan payment; is that correct?

A. Except for the other similarity would have been requested by Bernard Dunne.

Q. Some of these were also requested by other members of the family?

A. Yes, Matt Price made that decision with those payments.

Q. I want to clarify the only payment similar to the Furze payment was a Tripleplan payment and that was the one that has now been clarified; is that correct?

A. That is correct, yes.

THE WITNESS WAS FURTHER EXAMINED AS FOLLOWS BY MR. NESBITT:

Q. MR. NESBITT: Mr. Chairman, I am not here to play ping pong as has been suggested. In relation to the additional search, Mr. O' Donaghue, before you leave the witness-box,

leaving any misapprehension behind you, you had no reason to believe until you had a discussion with Oliver Freaney personnel in 1998 that there had been any uncertainty that there had been other than a full search against that company?

A. Correct.

Q. And I think as soon as you learned of the connection, Dunnes Stores set about notifying this Tribunal of the events you have outlined?

A. As soon as we learned of the true significance of the payment, we issued it to the attention of the Tribunal.

Q. Thank you very much.

CHAIRMAN: Thank you, Mr. O' Donaghue.

THE WITNESS THEN WITHDREW.

MR. HEALY: Mr. Chairman, Sir, it may be necessary to come back to this matter at a later point but the Tribunal, subject to your direction, would now envisage going on to the items that have been referred to in Mr. Coughlan's opening statement as the Dunnes 1987 cheques. And I don't know whether you want to proceed straight on to them or break for five minutes. I am quite happy to proceed as you see fit.

CHAIRMAN: There isn't that much left in the sitting day Mr. Healy unless you are taken at a disadvantage

MR. HEALY: I am not at a disadvantage. It's just Mr.

Donaghue would have to go back into the box and take on a new matter and it might be no harm to have a minute to recover himself because he is the first witness dealing with this matter.

CHAIRMAN: Perhaps in fairness to Mr. Donaghue, he better be given five minutes but we will start in five minutes.

THE TRIBUNAL THEN ADJOURNED FOR A SHORT BREAK AND RESUMED AS FOLLOWS:

CHAIRMAN: Mr. Healy. Mr. Donaghue, if I could ask you to come back to the witness-box please.

CONTINUATION OF EXAMINATION OF MR. O' DONAGHUE BY MR. HEALY.

Q. MR. HEALY: Mr. Donaghue, very briefly I want to ask you about a number of cheques drawn on various Dunnes Stores accounts in January of 1987. Now you recall that in fact you wrote to the Tribunal about those cheques in January of 1998, drawing them to the attention of the Tribunal, isn't that right?

A. That's correct.

Q. And very briefly, I just want you to I just want to take you through them just to identify each one of them as they are put up on the monitor.

Now the first cheque that you drew to the attention of the Tribunal is a cheque dated the 28th January, 1987. Now,

you can see it's drawn on the Ulster Bank, the account of Cornelscourt Shopping Centre Limited in the amount of €4,600. It's payable to bearer, signed by Mr. Bernard Dunne and it's dated the 28th January of 1987. .

Now the next cheque you drew to the attention of the Tribunal was a cheque for €5,400 drawn on the account of, it's a cheque drawn on Ulster Bank, College Green branch, payable to bearer and the amount is €5,400. And it's signed by Mr. Bernard Dunne and dated the 28th January 1987, the same as the last cheque.

Now, I should also draw to your attention that in relation to this cheque, there's a stamp on the cheque of the 2nd February, 1987 and it's a Guinness & Mahon stamp; is that right?

A. That's correct.

Q. And if I can take you back to the last cheque for a moment, the cheque for €4,600, there is a similar stamp, isn't that right?

A. Correct.

Q. Dated the 4th February, again it's a Guinness & Mahon stamp?

A. Correct.

Q. Now the third cheque that you drew to the attention of the Tribunal is a cheque drawn on Dunnes Stores (Wexford) Limited account with Ulster Bank. Again, the date of the cheque is the 28th January, 1987. It's signed Bernard

Dunne and it bears the stamp of Guinness & Mahon dated the 2nd February, 1987. Is that right?

A. Correct.

Q. The next cheque that you drew to the attention of the Tribunal is a cheque drawn on Dunnes Stores Newbridge, No. 2 account with Bank of Ireland. It's called No. 2 Account Private; is that right?

A. No. 2 Account Private, correct.

Q. Like the last cheques that I have mentioned, it's payable to bearer, it's dated the 28th January, 1987, signed by Mr. Bernard Dunne and this time the amount is €5,600. And the date of the stamp is the 4th February, 1987, Guinness & Mahon.

Now, the next cheque that you drew to the attention of the Tribunal was drawn on Ulster Bank again on Dunnes Stores Athlone Limited account with Ulster Bank. The date again is the 28th January, 1987, the cheque is payable to bearer. It's signed by Mr. Bernard Dunne, the amount of the cheque is €6,600 and again, it's stamped Guinness & Mahon and again the date is the 4th February.

Now, I think in your letter, you mentioned that your contact with various bankers had indicated to you that there were six cheques involved and that there was a further cheque for €4,600 of which you didn't have a copy but subsequently the Tribunal's own investigations located a copy of this letter and this cheque, sorry, and the

cheque in question which you knew to be a cheque for €4,600 is the next cheque I want you to refer you to and that's a cheque drawn on the Bank of Ireland, 43 Ayre Square on the branch of Dunnes Stores Hedford Limited No. 2 account but like the other cheques it's dated the 28th January, 1987, payable to bearer and it's for €4,600. And again it contains a stamp of Guinness & Mahon dated the 2nd February of 1987, isn't that right?

A. That's correct.

Q. Thanks, Mr. O' Donaghue. Unless somebody else has any question arising out of that?

MR. CONNOLLY: I have no questions.

CHAIRMAN: Thank you very much, Mr. O' Donaghue.

THE WITNESS THEN WITHDREW.

MS. O'BRIEN: May it please you, Sir. The next witness will be Ms. Sandra Kells.

SANDRA KELLS, ALREADY SWORN, WAS EXAMINED AS FOLLOWS BY MS.

O'BRIEN:

Q. MS. O'BRIEN: Thank you, Ms. Kells. Ms. Kells, you already appeared before the Tribunal on Friday last, you gave evidence to the public sittings. I think on that occasion, you explained to the Court that you are a financial director of Guinness & Mahon Ireland Limited?

A. Yes, I am.

Q. And I think you also explained you joined the bank in 1989 as a management accountant; is that correct?

A. That is correct, yes.

Q. In 1992 you were appointed financial controller?

A. Yes.

Q. And in 1995, you were appointed company secretary to the bank?

A. That is correct, yes.

Q. Now, I think you have provided assistance to the Tribunal, Ms. Kells, and that you prepared a memorandum of evidence and if you wish that can be before you, a copy of it.

Paragraph 14, Ms. Kells, of that memorandum in relation to lodgements of cheques to the bank. I think you informed the Tribunal that when a cheque lodgement is made to a customer's account, the details of the lodgement are entered on the bank's computer system; is that correct, Ms. Kells?

A. Yes, that is correct.

Q. I think you also informed the Tribunal that as part of the cheque clearing process, the cheques are collated for microfiche and records are retained on microfiche; is that correct?

A. For Irish pounds cheques, yes.

Q. I think you also informed the Tribunal providing assistance it is usually possible to trace the source of the cheque lodgements to customer accounts in the bank; is that correct?

A. Yes.

Q. I want to refer you, Ms. Kells, to an account you referred to in the course of your evidence on Friday last and that's an account of Amiens Securities Limited No. 1 Account with Guinness & Mahon in Dublin and perhaps if we could have the statement of that account on the overhead projector. Now I want to refer you to it, Ms. Kells, the statement for the 5th February of 1987?

A. Yes.

Q. I think the statement shows it's in the name of Amiens Securities Limited No. 1 Account?

A. Yes, it is.

Q. It's an Irish account and it's an account number 10407014; isn't that correct?

A. Yes.

Q. I think that's the same account, Miss Kells, which you referred to in your evidence on Friday last to which the proceeds of the foreign exchange transaction were credited; is that right?

A. The proceeds of the 282,500, yes.

Q. That's right. And I think it was from that account also that the sum of €285,000 was transferred to the account of Mr. Haughey, isn't that correct?

A. Yes, that is correct.

Q. And I think that was on the 29th May, 1987 and I think subsequent to that also, on the 2nd June and the 9th June, there were withdrawals from that same account in cash; is

that correct?

A. That is correct.

Q. I think also you gave evidence on Friday last that the Amiens account, this Amiens account also was one of a series of accounts maintained by the late Mr. Traynor in Guinness & Mahon; isn't that correct?

A. That's correct, yes.

Q. And that Mr. Traynor and Ms. Joan Williams, his private secretary, were both signatories on that account?

A. Yes.

Q. Now, if I can just refer you to two transactions, Miss Kells, which are shown on that bank statement. The first of those is the 2nd February, 1987. I think that shows that on that date, if we get it closer, I think it shows on that date a sum of £15,400 was credited to that account; is that correct?

A. That is correct.

Q. And I think the particulars alongside that entry show that the entry was in respect of a lodgement; is that correct?

A. That is correct, yes.

Q. And I think then the next entry which is shown on that statement, Miss Kells, is for the 4th February of 1987?

A. Yes.

Q. And again, I think that's a credit entry for £16,800?

A. Yes.

Q. And again it's described also described as a lodgement; is that correct?

A. Yes, yes.

Q. I think it shows there an additional entry on the statement value date 5th February and what does that signify?

A. That would signify that although the lodgement was made on the 4th February, 1987, the value date, the client would not be entitled to use the monies, strictly in accordance with cheque lodgements, until the next day. The bank would not give value of the money until the next day.

Q. Thank you, Miss Kells. I think we will move on to the next document I want to refer you to. It's the daily input log of the bank by transaction for the 2nd February. I don't know if we can get the contrast on that better. I think a copy of that should be before you?

A. Yes.

Q. I think just very briefly that's an extract from a document which shows each transaction across the bank's book on each day; is that correct?

A. Yes. It's a computer log of all entries made or entered into the computer system on a particular day. This is the 2nd February.

Q. And I think this shows a transaction on the 2nd February which reflects the lodgement to the account which we have just referred to, that's the lodgement of £15,400; is that correct?

A. The first entry reflects the lodgement to the Amiens Securities Limited account.

Q. I think it shows on the 2nd February the account to which

it was lodged was 10407914?

A. Yes.

Q. The next three entries below that, the first one I think signifies that it was a cheque number 986440; is that correct?

A. That is the sorting code of the bank upon which the cheque was drawn.

Q. Right. I think that cheque was in the amount of œ5,400?

A. Yes.

Q. And I think it was drawn on the account 90040090. I think that's an internal Guinness & Mahon account, is it?

A. It's an internal clearing account we use for processing our daily clearing across.

Q. So all cheques lodged to an account will be shown as debited to that account in Guinness & Mahon; is that correct?

A. Yes.

Q. And in the next entry I think is cheque no. 985010 and that's œ5,400. Again it's shown as debited to the bank's clearing account and also the 2nd February?

A. That is right, again it's the deal number identifies the related transactions.

Q. The final entry on that transaction just been extracted from the daily input log is the cheque no. 903808 for œ4,600, again drawn on the bank's internal cheque clearing account on the 2nd February?

A. That's correct.

Q. And I think because the numbers on the left-hand side of that entry are all identical, it establishes that that's all one and the same transaction; is that correct?

A. It is and the debits and credits equal so it is the one transaction.

Q. I think you indicated earlier on that where cheques are lodged to accounts, they are microfiched?

A. For the Irish pounds cheques.

Q. So that it's possible for you to ascertain which of the cheques that are lodged to the accounts from the microfiche records; is that correct?

A. That's correct, yes.

Q. And I think we can put each of the cheques referred to in that analysis document up in turn and I think the first one is the cheque for œ5,400. I think that should be on the overhead projector now. That's dated the 28th January 1987. Drawn on the account of Dunnes Stores Wexford Limited with Ulster Bank Limited, Wexford, payable to bearer in the sum of œ5,400 and signed by B. Dunne, is that correct?

A. That is correct, yes.

Q. I think that has the stamp of Guinness & Mahon on it dated the 2nd February 1987.

A. That is correct, yes.

Q. And that signifies it was kept by Guinness & Mahon, I take it?

A. We presented it through for clearing, yes.

Q. The next cheque I think from that record is a cheque drawn on the account of, it's No. 1 Account with Ulster Bank Limited, College Green, Dublin and that's also dated the 28th January 1987 in the sum of €5,400 payable to bearer and signed by B. Dunne.

A. That is correct, yes.

Q. And that also has the bank's stamp, the 2nd February 1987.

A. Yes.

Q. And then the third of those cheques which I think should be no, the next one is a cheque drawn on the account of Dunnes Stores Hedford Road Limited, No. 2 account with Bank of Ireland again dated the 28th January 1987, payable to bearer in the sum of €4,600 and signed by B. Dunne.

A. Yes, that is correct.

Q. Thank you. So they are the three cheques which your computer records show constitute the lodgement on the 2nd February to the account of Amiens in the total sum of €15,400, is that correct?

A. That is correct, yes.

Q. Now if I just move back to the account statement one more time, the one that you referred to initially, Miss Kells, I am just going to move on to the credit entry for the 4th February and that is the sum of €16,800.

A. Yes, it is.

Q. If we just move on to the bank's daily input log for that transaction, I think that should be up now and that shows there the first entry is the lodgement of €16,800 which

shows that it's made to account 10407014 that it's a credit transaction and it crossed the bank's books on the 4th February 1987.

A. Yes, it did.

Q. And the next three entries I think identify the source of that lodgement, is that correct?

A. That is correct, yes.

Q. And I think the first one shows there was cheque no. 985010 in the sum of œ4,600, again it was debited from this internal Guinness & Mahon account 9004900 which is your cheque clearing account and it shows that was drawn from that account and credited to the Amiens account on the same date.

A. That is correct, yes.

Q. And there are similar entries again I think for cheque for œ6,600 and it a cheque for œ5,600.

A. Yes, that is correct.

Q. And each of those entries is the same and shows that those two cheques were drawn from the bank's internal cheque clearing account and credited to the Amiens SL?

A. That is correct, yes.

Q. And I think you have been able to extract those three cheques as well from your microfiche records and again we will have those up on the projector and the first one is cheque for œ4,600 drawn on account of Cornelscourt Shopping Centre Limited with Ulster Bank Limited dated 28th January 1987 payable to bearer and signed by B. Dunne and also

bearing the bank's stamp with the date 4th February 1987.

A. Yes, that is correct.

Q. And then the next cheque is for €6,600 drawn on an account of Ulster, unnamed account with Ulster Bank Limited Athlone in the sum of €6,600 dated 28th January 1987 and also payable to bearer and signed by B. Dunne.

A. Yes.

Q. And again, that bears the bank's stamp with the date 4th February 1987.

A. That is right.

Q. And then the final cheque I think which goes up to make up that lodgement was a cheque also dated 28th January 1987 payable to bearer in the sum of €5,600 drawn on the account of Dunnes Stores, I think it's Newbridge on the Bank of Ireland, Main Street, Newbridge, is that correct?

A. That is correct.

Q. And I think that's also signed by B. Dunne and it bears the Guinness & Mahon stamp with the date 4th February 1987.

A. Yes.

Q. And I think on the basis of those documents, you can confirm that those three cheques go up to make the lodgement, the second lodgement on the 4th February of €16,800 to the account of Amiens SL, is that correct?

A. Yes, they do, that is correct.

Q. Now, I think the account statements for that account for the period January to July 1987, to take the first one first, they show that there were drawings from that same

account in favour of Haughey Boland & Company, is that correct?

A. That is correct, yes.

Q. And I think there the statement for the 29th January 1987 shows that on the 26th January 1987, there were two debits of €7,000 and €3,000 respectively and each of those was in favour of Haughey Boland & Company, is that correct?

A. That is correct, yes.

Q. And I think then on the next page of the statement which we have extracted, there's an entry for the 5th February 1987

A. 5th March.

Q. Sorry, 5th March 1987, the debit there is €1,100 and again that appears to be in favour of Haughey Boland & Company.

A. Yes.

Q. And then on the next statement page, I think there's an entry for the 15th April 1987

A. 14th April.

Q. 14th April, showing a debit of €10,000 and payable to Haughey Boland & Company again.

A. That's correct.

Q. The final page of the statement you have extracted, I think there are two entries on the 29th July 1987, both of them being debits in the sum of €20,000 and each of them payable to Haughey Boland No. 3 Account, is that correct?

A. Yes, that is correct.

Q. So that on the basis of those statements, you are in a

position to confirm that there appeared to have been drawings from that account in the first seven months of 1987 in favour of Haughey Boland & Company, is that correct?

A. Yes.

Q. I have no further questions. I don't know if anybody else wishes to ask Miss Kells ?

MR. McGONIGAL: Just a small matter, Mr. Chairman.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. McGONIGAL:

Q. Miss Kells, in relation to the bearer cheques, I am able to see where they go into the Amiens account, are you saying that those bearer cheques are reflected by the drawings on the Haughey Boland account?

A. No, I am not, I am just saying they were lodgements to the Amiens account and there are drawings from this Amiens account in favour of Haughey Boland.

Q. Yes. Because I think in fact when we look at your accounts more clearly, in fact if we go back to the 26th January of 1987 which deals with the €7,000 and the €3,000, do you have that?

A. Yes, I do.

Q. Do you see below that, there is a lodgement to that account of €10,000?

A. I am sorry, I don't have that on my statement.

Q. Do you not have the full statement before you?

A. No.

Q. I see. (Document handed to witness). I think the Tribunal probably has the full Guinness & Mahon account because we got them from them.

MS. O'BRIEN: We do have the full account but we simply extracted these entries rather than putting the entire account on the overhead projector.

CHAIRMAN: Perhaps we will make what progress we can, Mr. McGonigal.

MR. McGONIGAL: Absolutely, I have given it to the witness, Mr. Chairman. Now Miss Kells, I right in saying that on the same day that these two withdrawals took place, that's the 7,000 and the 3,000, that there was a lodgement of 10,000?

A. Yes.

Q. Am I right in saying that on the same day there was a further lodgement to the account of 27,000?

A. Yes, you are right.

Q. And what is the balance in the account as of that day?

A. After the lodgements and with drawings?

Q. Yes.

A. œ29,750 overdrawn.

Q. Now, going to the one of the 2nd March 5th March where there was a withdrawal on the 5th March and I will hand it up to you now of œ1,100. (Document handed to witness.)

Could you just read out to me Miss Kells the details on that page?

A. The statement is statement No. 21, it's dated 5th March 1987. Balance brought forward on 26th February 1987 is €83,746.70 credit. There's then lodged on the 27th February 1987, €20,000. New balance €103,746.70. On the 2nd March 1987, there's a further lodgement or lodged €2,000, giving a new balance of €105,746.70. On the 5th March, there is withdrawal described as drawn, €10,000 debit and also on the 5th March, there is a payment in favour of Haughey Boland & Company of €1,100 leaving a closing balance of €94,646.70.

Q. And then I think the next one you dealt with was on the 14th April of 1987. (Document handed to witness.) Could you just take us through the details on that?

A. Okay. Same account, statement No. 27. This time opening balance, 9th April 1987, €100,000 credit. Lodged on the 10th April, 1987, value 13th April 1987, €26,700, new balance 108,267 credit. 13th April 1987, withdrawn, €2,000 debit, and also withdrawn, €267 debit giving a new balance €106,000 exactly credit.

14th April 1987, payment to Haughey Boland & Company for €10,000. Also on the 14th April 1987, withdrawn or withdrawal of €10,000, new balance €86,000 credit and on the 15th April 1987, drawn €10,000, new balance €76,000 credit.

Q. It would appear just listening to that, Miss Kells, that the account appears to have been operated independently of

the lodgements.

A. Yes.

Q. In the sense that while lodgements went in, the lodgements that went in didn't necessarily go to, for example, Haughey Boland.

A. No.

Q. Thanks.

CHAIRMAN: Thank you very much, Miss Kells.

THE WITNESS THEN WITHDREW.

MR. HEALY: I had intended to call another witness, Sir, but he appears to be unavailable and if I were to call the witness the Tribunal envisaged calling after the next witness, I might be putting somebody in a position where they would have to answer questions in a somewhat unfair context and it's preferable to

CHAIRMAN: For the sake of five minutes, Mr. Healy, we will adjourn until half past ten in the morning. Thank you very much.

THE TRIBUNAL THEN ADJOURNED UNTIL THE FOLLOWING DAY, THURSDAY, 4TH FEBRUARY 1999 AT 10:30AM.