

THE TRIBUNAL RESUMED AS FOLLOWS ON THURSDAY, 10TH FEBRUARY

2000, AT 10:30AM:

MR. HEALY: Ms. Margaret Keogh.

MARGARET KEOGH, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS

BY MR. HEALY:

CHAIRMAN: Thank you very much, Ms. Keogh, please sit down.

Q. MR. HEALY: Thank you, Ms. Keogh. Now do you have a copy of the statement that you made for the Tribunal with you at the moment?

A. No.

Q. We'll get you a copy. (Document handed to witness.) Now you recognise that document, do you?

A. Yeah.

Q. What I propose to do is to take you through the document and once we have taken you through the document, I then may go back on one or two parts of it to clarify one or two things. And as we go through, you can read it as I go through it and if there is anything that I am reading out that you disagree with or want to stop me on, you can tell me, is that acceptable to you?

A. Yeah.

Q. Now, the statement is one that you produced as a result of correspondence between the Tribunal and your solicitor in October and November of last year, isn't that right?

A. That's true.

Q. Arising out of matters that you brought to your solicitor's attention and that he brought to the attention of the Tribunal concerning certain documents which had been left with you, isn't that right?

A. That's true.

Q. By Mr. Padraig Collery?

A. Yeah.

Q. You say, "In relation to the recent dealings I have had with Mr. Collery concerning the documents which I have provided to the Tribunal, I spoke to Mr. Collery on either October 5th last or 6th last. He telephoned me at approximately 9pm at my home. He asked me would I do him a favour and asked could he call around to see me. I said he could and he called around to my house approximately half an hour later. When he arrived, he said he had a number of items and he needed to keep them in a safe place and asked would I hold on to them for him until he had an opportunity to visit his home place, which I know to be in Sligo," is that right?

A. Yeah.

Q. "He was with me for approximately fifteen minutes and we were discussing a number of social matters. He then asked me did I have an envelope and I gave him an envelope and he placed his items in the envelope and he then sellotaped envelope closed with the sellotape provided to him. He did not say specifically when he would call me again but

that he would be in touch with me. I have not spoken to Mr. Collery since then, nor have I been contacted by anybody on his behalf." Is that right?

A. Yeah.

Q. You then say you "have also been asked to provide and outline account of my dealings with Mr. Collery in the course of my work at Guinness & Mahon and elsewhere together with any other relevant dealings I may have had with Mr. Collery concerning matters within the Tribunal's Terms of Reference between the time when he ceased to be a co-employee of mine and the time when he handed me the items in October of 1999."

Then you say "I have worked in Guinness & Mahon for 28 years. I commenced working on 25th October 1971. When Mr. Collery was working in Guinness & Mahon from 1977 to 1988, I was employed as a general office worker and inputter." You mean inputting information into computers?

A. Data input, yeah.

Q. "Mr. Collery was an assistant director. I reported directly to Mr. Collery as did all the other staff in my section. My duties were routine. I was responsible for inputting lodgments and withdrawals on the bank's computers. I would be provided with batches of blue slips which represented withdrawals and pink slips which represented lodgments. Blue or pink slips meant that they were in-house transactions and were not transactions

involving members of the public. I dealt with all accounts, not just accounts in which Mr. Collery was directly involved. My function with Mr. Collery was very largely the entry of data onto the bank's computers. I was aware that there were accounts in the Cayman Islands and in Guernsey but I was not aware of any particular significance attaching to those accounts and I felt no concern in relation to them at the time.

"I was not aware of the names of any particular account holders. Some of the accounts were simply referred to by way of an account number or by way of certain letters such as A/A or J or S or other similar letters." Is that right?

A. That's true.

Q. "I never understood what these symbols meant or what they referred to. I have also been asked whether I had any further contact with Mr. Collery since the documents, the subject matter of this correspondence, were provided to me. I have not had any further contact with him nor have I had any contact with any person on behalf of Mr. Collery either directly or indirectly.

"As I stated above, Mr. Collery left the bank in 1988. He kept in contact with me during the intervening years as I am sure he did with other members of the bank and I would say that I would have met him once or twice a year since 1988 for a social drink." And you indicated that you'd be happy to provide the Tribunal with any further assistance

if they required it.

Now you say that you were a data inputter in Guinness & Mahon during the time that you worked in the section which was under the supervision of Mr. Collery, is that right?

A. That's true.

Q. And is that still the work that you do in Guinness & Mahon?

A. It is partially work that I do in Guinness & Mahon, yeah.

Q. And you say that most of the transactions that you were dealing with when you worked in the section under the control of Mr. Collery were in-house transactions and not transactions involving members of the public. Maybe you'd just explain that a little to me.

A. Well in-house transactions or withdrawals that the public would do, you would never see the public because we were in a back office situation.

Q. I understand. So that the transactions that you were inputting onto the computer will have been transactions involving the accounts of members of the public and dealings members of the public may have had with other staff of the bank but you weren't dealing directly with those members of the public?

A. No.

Q. How many people would have worked in your section at the time that Mr. Collery was in control of it, roughly?

A. I'd say about 10/12 people.

Q. 10 or 12 people. Now, I am sure that because of your involvement with Guinness & Mahon and the fact that you

still work there, you are familiar with some of the terms that have been used in the course of the controversies and the sittings of this Tribunal and the McCracken Tribunal concerning the system operated to record entries on Cayman accounts in Guinness & Mahon.

A. Well, they would be normal transactions. If they were on Cayman accounts, they could be per advice or as general as that. You didn't see any details at all.

Q. Are you familiar with the expression the bureau system?

A. Yeah.

Q. Do you understand, as I do, that that means a system operated in Guinness & Mahon to record data in relation to accounts that were not Guinness & Mahon accounts but that were Cayman accounts or Channel Island accounts?

A. Yeah.

Q. And to gain access to that system, you had to either use a separate code word or you had to use some method of accessing that system that was different to the system that was accessed to input information on to Guinness & Mahon's Dublin data base with its Dublin customers or Irish customers.

A. There was diskettes or tapes.

Q. That were purely for Cayman records?

A. Yeah.

Q. If you wanted to input information on those Cayman diskettes or Cayman tapes, would you get them from some special cabinet or some special office or what?

A. You would get them from Padraig Collery.

Q. You'd ask Mr. Collery for

A. Well he would produce the tapes and he'd give them to you to work on.

Q. Could I just take this more slowly. You'd ask him for the tapes

A. If he had work to be done, he would say, "You have to work on bureau", and he would give you the key to the cabinet and it would be opened then.

Q. He'd say to you, "I want to you to do some work on the bureau." He'd give you the key to the cabinet and in that cabinet would be to the diskettes and the tapes, is that right?

A. Yes.

Q. He'd give you some paper documentation which you would then, from which you would take information which you would put on those diskettes and those tapes?

A. Yeah.

Q. Is that right?

A. Mm-hmm.

Q. And to get access to that cabinet, was there a key or that he had?

A. A key.

Q. That only he had?

A. Yeah.

Q. And how frequently would you input information on to those diskettes and those tapes?

A. About once a month.

Q. About once a month. How long would it take you?

A. About two or three hours.

Q. Would it be just one person might do it or would several people be involved?

A. Mainly one person.

Q. Would it be mainly you?

A. Mainly me.

Q. Mainly yourself?

A. Mm-hmm.

Q. But it could also be somebody else might be asked to do that kind of information, that kind of work?

A. It was possibly mainly myself.

Q. I see. And when you had finished that work, inputting that information onto the separate computer system or onto the separate data base in any event, would you then put the diskettes and the tapes back into the cabinet and give the key back to Mr. Collery?

A. Yeah.

Q. And what would happen to the paper slips from which you would have obtained the information to

A. They would be given back to Mr. Collery as well.

Q. And you didn't receive any special payments for that or anything like that?

A. No.

Q. That was part of your ordinary work?

A. Day to day work.

Q. For which you were paid by Guinness & Mahon?

A. Yeah.

Q. And that is the work that involved some of the coded numbers or letters that you have referred to in your statement?

A. Yeah.

Q. And the pieces of paper that you'd receive from Mr. Collery, they'd simply refer to those codes?

A. Just account numbers and say A/A or just codes and either a debit or a credit and then amount.

Q. Were those handwritten notes or would they be typed notes?

A. Handwritten.

Q. Handwritten?

A. Yeah.

Q. Almost always handwritten?

A. Yeah.

Q. And whose writing would be on them?

A. Mr. Collery's.

Q. Always Mr. Collery's writing?

A. Yeah.

Q. And can I just ask you to be clear about this. Are you saying that you never ever received printed instructions?

A. No.

Q. Always handwritten?

A. Yeah.

Q. I see. And would they be on one page or would there be several slips?

A. There would be several slips, mainly a debit and a credit on one slip.

Q. Could you give me an indication of how much paperwork in general you might have to do on an afternoon's or three or four hours work on the diskette?

A. You could have maybe ten, twenty slips of paper. I can't really remember.

Q. But to input that information, would it take that length of time, would it?

A. Well, if you had to run end of days and take off statements.

Q. Take off

A. Statements. And that would take a bit of time.

Q. It's not simply inputting the information on the slips.

You have also then got to manage that information on the data base and perhaps produce statements, is that what you are telling me?

A. Yeah.

Q. If you produced a statement, would you produce the statement on the diskette or would you also produce a hard copy of a statement?

A. It would have been in hard copy.

Q. So you'd input the information, cause the computer to generate a statement on the screen and then have the statements printed off?

A. There was no screens in those days.

Q. You know more about this than I do.

A. So it would have been just hard copy.

Q. So you'd run off the statements in hard copy and hand them to Mr. Collery and did you have some form of continuous stationery for that purpose or was it individual sheets of paper?

A. It was continuous paper.

Q. Continuous paper?

A. Yeah.

Q. And that was presumably different paper to the paper that the ordinary Guinness & Mahon statements were printed on?

A. Yeah.

Q. And where would you get that paper?

A. Mr. Collery would hand it out to you.

Q. I see. And would that contain Guinness Mahon Cayman Trust or Ansbacher or some other name like that other than Guinness & Mahon Dublin on it?

A. I would say it was Guinness Mahon Cayman Trust, I can't really be sure.

Q. I don't think that Ansbacher in any case took over the Cayman operation till about '84 or '85, but it's possible you would have used some of that notepaper toward the end of Mr. Collery's association with Guinness & Mahon.

A. I am not really sure.

Q. You can't remember?

A. I can't remember if the name Ansbacher was on it at all.

Q. In any case you do remember that earlier on, you would have had Guinness Mahon Cayman Trust notepaper or printed

stationery in fact and that would be given to you by

Mr. Collery and from that paper you generated the statements?

A. Yeah.

Q. And did you ever use stationery for Guinness Mahon Channel Islands?

A. No, I don't think so.

Q. Do you know where that stationery was kept? Presumably you had a large stock of it somewhere?

A. I can't remember where it was kept. There was so much paper around at that stage, I honestly don't know where it was kept.

Q. Do you remember was it paper would you get yourself or you would have to get from Mr. Collery?

A. I would have said Mr. Collery handed it to me, but I can't really be sure.

Q. I see. And in any case after you'd finish your work and generated any statements, you'd hand the diskettes, the tapes, the whole lot and the statements back to Mr. Collery?

A. Yeah.

Q. And would you just hand back the originals of the statements or would you produce duplicates as well?

A. I think there was duplicates on it all right, but the whole lot would go back to Mr. Collery.

Q. You'd produce an original statement or maybe one or more duplicates, can you remember?

A. I think in those days we had two copies of statements, but if it was the same stationery, I don't know, I can't really remember.

Q. I understand. But in any case you do remember producing an original and possibly some duplicates, maybe two copies?

A. Maybe two, I don't know how many copies.

Q. But the whole lot would go back to Mr. Collery?

A. Yeah.

Q. And where would that work be done in terms of your work station or your work space in Guinness & Mahon?

A. I'd say it was done in the computer room itself.

Q. And is that the room in which you would do your other non Guinness Mahon Cayman Trust your ordinary Guinness & Mahon Dublin work?

A. I can't really recall where it was done from. Like, we had terminals all right so I could have been sitting at a terminal, I am not really sure.

Q. But it wasn't done in any special place away from anybody else's view or anything like that?

A. Well, it was usually done in overtime.

Q. In overtime?

A. Yeah.

Q. So you'd do it after five o'clock or something like that?

A. Yeah.

Q. From five o'clock until eight or nine o'clock at night?

A. Mm-hmm.

Q. What I am trying to get at, was there anything secretive

about the way it was being done?

A. I wouldn't have said secretive. It might have been confidential, but

Q. I understand. You didn't keep it a secret from people around you that you were doing this?

A. It never came up in conversation at all.

Q. Would there be other people in the bank while you'd be doing it?

A. There probably would have been other people in the bank, but maybe not in the section I was in, I don't know.

Q. I see. And when you'd finish your work in overtime, would Mr. Collery be present to give him the material or would you have to give it to him the next morning?

A. No, he'd be there.

Q. He'd be present?

A. Yeah.

Q. And did you ever receive any instructions from anyone else in the bank, any other director, to make any entry at all on the bureau database or bureau system?

A. No.

Q. And the equipment that you used, the terminals you used, were they just ordinary Guinness & Mahon terminals?

A. Yeah.

Q. Did you have to use any special password or anything like that to get into them?

A. No.

Q. Obviously because the data was in the diskettes and the

tapes

A. Yeah.

Q. Once you loaded those up, that was the system that you were accessing, isn't that right?

A. Yeah, I would say so, yeah.

Q. And once you removed those, that information was then removed from the terminal?

A. Yeah.

Q. And was it like was the system operated like that up until the time that Mr. Collery left?

A. I'd say it had stopped a few, maybe a year or two before he had left.

Q. Maybe a year or two before he left?

A. Yeah.

Q. And up to the time that you stopped doing that work in Guinness & Mahon, was it always using the diskette or tape system? Did you have, you know, what we would now understand to be a floppy disk or some other way of storing that sort of information?

A. No.

Q. Was it always then what we would nowadays call an old-fashioned system?

A. An old-fashioned system, yeah.

Q. And as you say it stopped one or two years before Mr. Collery himself left the bank?

A. I would say so, yeah.

Q. And do you remember was there anything particular about why

it stopped? Were you told by Mr. Collery you are not going to be doing this work any more?

A. No. Just stopped.

Q. So nobody said to you, "I am not going to be giving you this additional overtime any more"?

A. No.

Q. So one week you were doing it and the next week you weren't doing it and the subject was never mentioned again?

A. Never mentioned.

Q. Did you find that strange?

A. Never thought about it.

Q. But I mean, it was a source of overtime

A. Yeah, but I didn't get paid for overtime, so like, it was just doing my days's work.

Q. I see. You were just doing it as part

A. Of my days's work.

Q. Even though it involved doing work over and above your day's work?

A. Yeah.

Q. And did you get any time off in lieu or anything like that?

A. If I needed time off, I could always ask Mr. Collery for time off and he was very easy going

Q. Understanding about that.

A. Mm-hmm.

Q. I see. And did any senior, more senior member of the staff of the bank draw this matter to your attention when you ceased to be doing this kind of work?

A. No.

Q. Obviously it may have been brought to your attention in recent years with all these Tribunals, but in the time that Mr. Collery was working in the bank and during the period when you were not doing this kind of work, nobody else in the bank mentioned it to you?

A. No.

Q. And nobody asked questions of you at any stage prior to the cessation of this activity?

A. No.

Q. Now, in 1999, sometime in October, you think it was either the 5th or the 6th, Mr. Collery made contact with you. He telephoned you at your home.

A. Yeah.

Q. And he asked you could you see him and would you be prepared to do a favour for him?

A. Yeah.

Q. He came around to your house about a half an hour later and he indicated that he had a number of items that he needed to keep in a safe place.

A. Yeah.

Q. Now, at that point did you know what items he was talking about?

A. No, I didn't see the items at all.

Q. Were they in a briefcase at that point or

A. They were in a briefcase.

Q. He said he needed to keep them in a safe place and asked

you to hold on to them until he had an opportunity of visiting his home place which you knew to be in Sligo.

Now, was that how many times had Mr. Collery been in contact with you, can you recall, in the previous year?

A. Maybe once, maybe twice.

Q. Just for a drink?

A. I am not really sure yeah.

Q. Once or twice?

A. Yeah.

Q. And the only matters you discussed during those social meetings

A. Would be how many people he knew that were still in G&M or just general chat.

Q. General office chitchat?

A. Yeah.

Q. And did he discuss any of the work he was doing involving the Tribunal?

A. No.

Q. You were aware that he was involved?

A. Yeah.

Q. With the McCracken Tribunal and with this Tribunal.

A. Yes.

Q. And had he ever discussed any of the matters that he was dealing with on behalf of this Tribunal or the McCracken Tribunal with you in the course of any social meeting?

A. No, he'd never talk about it. I would ask him a question and he'd say, he would not answer it.

Q. You'd ask him a question, "What's it like?" or "How are you getting on?"

A. Yeah, "How is it going?" But he'd never answer.

Q. He'd never answer.

A. No.

Q. In any case you were discussing social matters for about fifteen minutes and then he asked you did you have an envelope?

A. Yeah.

Q. And did you have an envelope?

A. Well I had an envelope that I had received in work, I had brought it home. It was addressed to myself. It was some, a leaflet about health insurance or something so I took the leaflet out of it and handed him the envelope.

Q. Was that a large envelope?

A. It was an A4.

Q. An A4-sized envelope?

A. Yeah, a brown one. It had a label with my name on it on the front of it and then he asked me if I had any sellotape and I went upstairs to get the sellotape and when I came back down, the envelope was full.

Q. So you never actually saw him put any documents into the envelope?

A. No.

Q. And you never saw what documents he had put into the envelope?

A. No.

Q. So when you came back down, the envelope was filled and he put the sellotape around it?

A. Yeah.

Q. And at that stage, did he give you any reason as to why he wanted you to have these documents?

A. No.

Q. Did you find that strange?

A. I didn't really think about it at the time, because I had been out for a meal and I had a bit of drink on me and it was just a friend phoning asking a favour and I never thought about it.

Q. All right. By the next day in any case, you had had a night's sleep, you had had your breakfast and now you know you had this envelope in your house. You don't know what the contents of it are and somebody has asked to you hold onto it. At that stage, did you think did you wonder what was in the envelope?

A. I never thought about the envelope again until I was out again celebrating with friends and it slipped out that I had an envelope at home given to me by Mr. Collery and at that stage, the person I was with said it was peculiar and then from there, we brought it to the solicitor.

Q. So some friend of yours, for the first time, suggested to you that it was peculiar?

A. Yeah.

Q. You began to wonder about it then?

A. Yeah.

Q. And you brought it you then contacted your solicitor?

A. Yeah.

Q. And when you brought it to your solicitor, did you open it before you brought it to him or did you

A. We brought it to the solicitor and we opened it there.

Q. Yourself and a friend of yours?

A. Yeah.

Q. And then you did you recognise the type of documents that were in it?

A. I wouldn't have recognised the documents at all.

Q. I understand that you mightn't have recognised the documents. You may never have seen those documents of course, I am not suggesting that, but did you recognise the type of document

A. They looked like statements.

Q. They were bank statements to begin with or at least statements of accounts in any case, whether a bank or not, and they had the name Ansbacher on them?

A. I never actually looked in detail at them, I must admit.

Q. And they had codes on them, isn't that right?

A. Well yes, they had codes on them.

Q. And there were also some handwritten documents, isn't that right?

A. Yeah.

Q. And did you go through the documents with your solicitor or did you let it to your solicitor to go through them?

A. I just had a quick look at it. I didn't look at it in

very much detail at all.

Q. But as a result of bringing it to the attention of your solicitor in any case, I presume you took his advice that this seemed to be relevant to the Tribunal's dealings?

A. Yeah.

Q. And on your instructions, your solicitor then made contact with the authorities and made contact with the Tribunal?

A. Yeah.

Q. Was that the only time Mr. Collery ever left any documents with you?

A. Yes.

Q. He never before then had asked you to do any such similar favour for him?

A. No.

Q. Did he ever ask you to do any favour for him in connection with your work in Guinness & Mahon or your work prior to that on the bureau system?

A. No.

Q. And specifically during the McCracken Tribunal, you had no contact with Mr. Collery which resulted in any queries concerning any work you ever did on the bureau system?

A. No.

Q. Thank you very much, Ms. Keogh. Thank you for your assistance.

MR. O' DUALACHAIN: Mr. Chairman, I appear for Ms. Keogh and there might be just one or two things.

CHAIRMAN: Of course, Mr. O' Dualachain. I was just checking because the usual practice was to leave someone's own counsel to the end. So I was just checking no one wishes to raise any matters. Very good.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. O'DUALACHAIN:

Q. Ms. Keogh, simply to confirm, you were giving evidence there in relation to the circumstances in which you became concerned about the documents and brought them to your solicitor and you indicated you were, the friend, it was in fact relatives of yours?

A. Yeah.

Q. I think they indicated to you very strongly that you should take a very serious view of this matter and he guided you in relation to this matter?

A. Yeah.

Q. And it was they that suggested that the matter be brought to your solicitor?

A. Yeah.

Q. Is that right? Secondly, simply going back to the 1980s, you gave evidence that you were employed in principally a clerical and administrative function in the back office the bank?

A. Yeah.

Q. And I think sometime late in the 1980s, you were promoted to the rank of an assistant manager?

A. Yeah.

Q. With an administrative function, effectively the same position?

A. Yeah.

Q. And the same daily routine?

A. That's true.

Q. And then in relation to what was referred to as the bureau accounts, you indicated that that was a monthly, usually an end of month exercise or

A. Yeah, round about about a week before the end of the month.

Q. Right. And that effectively whatever transactions had occurred in the previous weeks or whatever were dealt with as one batch?

A. Yeah.

Q. In a period sometime after five o'clock in the evening?

A. Yeah.

Q. And I think you indicated that the documents which you were supplied for the purpose of inputting details were handwritten documents?

A. That's true.

Q. And simply to confirm insofar as those documents required an authorisation for input, did any particular person sign those documents by way of authority to input the data you were requested to input?

A. Just Mr. Collery.

Q. And there were no other signatures or authorisations or indications?

A. No.

Q. Thank you.

CHAIRMAN: Ms. Keogh, without going into confidential correspondence, I know from the Tribunal's dealings with your solicitor that the months since these events happened have been quite stressful and troubling for you and I just want to state that what you did was correct, courageous and of no small importance to this Tribunal and I am very grateful for your cooperation.

A. Thank you.

CHAIRMAN: Thank you.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Ms. Kells.

SANDRA KELLS, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY

MR. COUGHLAN:

CHAIRMAN: Thank you again, Ms. Kells.

MR. COUGHLAN: I think on this occasion Ms. Kells, you are here to give evidence about matters relating to the late Mr. Hugh Coveney, isn't that correct?

A. That is correct, yes.

Q. And I think that in a memorandum which you have furnished to the Tribunal, you have informed the Tribunal that the late Hugh Coveney was, for many years, a customer of

Dublin, that is Guinness & Mahon, isn't that correct?

A. That's correct, yes.

Q. And that from the searches carried out, that the first reference to Mr. Coveney having an account outside Dublin but in a subsidiary of Dublin was a reference to the Coveney Trust dated the 9th July, 1973 which was established via Guinness Mahon Jersey Trust, is that correct?

A. That is correct, yes.

Q. And I think that particular document is now on the overhead screen.

A. Yes.

Q. And it is a statement of the account.

A. That's correct.

Q. A page of a statement of the account.

A. Yes.

Q. And what does it show?

A. It shows the name of the account being Guinness Mahon Jersey Trust and that the account is a trustees sorry, that the client is Guinness Mahon Jersey trustees or the account party and it's Coveney Trust and it shows the date obviously. It's slightly archaic, it's quite old. And it basically just shows some transactions relating to the account for the Coveney Trust.

Q. And it shows I think €100 being lodged, is that correct?

A. On the 9th July 1973, yes.

Q. Now, I think you have informed the Tribunal that there are

references to Mr. Coveney in bank statements of Guinness Mahon Jersey Trust on the 6th March 1975 up to the 19th August 1976. Is that right?

A. That is correct. There is one on the monitor at the moment.

Q. Now, I think that is a statement which would contain references to many other

A. Clients.

Q. Clients.

A. Yes.

Q. Isn't that correct?

A. Yes.

Q. And they have been excluded for the purpose of this particular exercise of showing it on the monitor. And I think that there is a reference which is very difficult to see, isn't that correct?

A. Yes, it is.

Q. In fact

A. It is on the original though, it is more legible and it is a reference to Coveney.

Q. Yes.

A. Just when I talk about clients, I mean clients of Guinness Mahon Jersey Trust, not of the bank.

Q. And it shows a cross a credit referable to that particular client?

A. That is correct, yes.

Q. Now, I think that, if we put up the next statement which is

the Guinness Mahon Jersey Trust

A. That's right. It's more legible.

Q. Statement. You can then put it up again. This is for August of 1976, is that correct?

A. That is correct, yes.

Q. And there is a reference to re: Hugh Coveney, under the words "Drawn", is that correct?

A. That's correct, yes.

Q. And there is a debit of œ1,500, isn't that correct?

A. Yes, there is.

Q. Now, I think you have also been able to inform the Tribunal that there are references to the late Mr. Coveney in bank statements of Guinness Mahon Channel Islands Limited on the 22nd May 1975, isn't that correct?

A. Yes, that is correct.

Q. And I think the statement is

A. on the monitor.

Q. And that is a reference to Mr. Coveney there. And this is showing, is it a credit in respect of that particular client?

A. It is, yes.

Q. Now, I think you have been able to inform the Tribunal that from the available bank statements of Cayman, which commence in May 1974, that the first reference HC is in a sundry sub account on the 31st March 1977, is that correct?

A. That is correct, yes.

Q. And this is a statement of Guinness Mahon Cayman Trust,

isn't that correct?

A. Yes, that is a statement.

Q. And there is if we could just point out the reference

I think it's being pointed out on the monitor now, there is the reference.

A. Yes.

Q. I think that the sundry sub account for Guinness Mahon Cayman Trust also has references HC on the first two entries on the 1st December 1977, is that correct?

A. Yes, you can see them there on the monitor. Fourth line down and sixth line down.

Q. Now, I think from your understanding, can you confirm that in the first instance the references to Coveney on the Jersey and Channel Islands was the manner in which they were recorded in those early days, is that correct?

A. That is correct, it's consistent with other clients.

Q. Then the references that you see on the Guinness Mahon Cayman Trust was the early type of coding that was used before it moved on to letters or a strict code, is that correct?

A. Yes, yes.

Q. Now, I think you have been able to inform the Tribunal that the sundry sub account sorry, I beg your pardon, that from the books and records, that an account in the name of Guinness Mahon Cayman Trust Limited HC bearing account number 51663/03/68 was opened on the 20th April 1978, is that correct?

A. Just for correction, it's 58, the last digits.

Q. I beg your pardon, 58.

A. Yes.

Q. That was opened on the 20th April 1978.

A. That is correct, yes.

Q. And I think that is the statement, is that correct, there?

A. The first statement, yes, it is.

Q. The first statement?

A. Yes.

Q. I think this was a US dollar account, is that correct?

A. Yes, the currency

Q. On the 25th April 1978 with a value date of the 20th April

1978, \$193,508.03 was credited to the account, is that correct?

A. It was actually credited on the 20th April, it was withdrawn on the 25th.

Q. I see. I beg your pardon. So it was credited on the 25th April to the account, is that correct? Am I right about that?

A. It was credited on the 20th.

Q. It was credited on the 20th?

A. Yes.

Q. And the value date was the 25th, is that correct?

A. No.

Q. The value date is also the 20th, is it?

A. The value date was also the 20th.

Q. Now, I think on the 16th August 1978, \$100,000 was drawn

from the account, is that correct?

A. That is correct, yes. It's actually the 17th.

Q. And that again shows the account Guinness Mahon Cayman Trust Limited HC, isn't that correct?

A. That's correct, yes.

Q. I think on the 9th November 1978, \$24,332.26 was withdrawn to purchase stock, is that correct?

A. That is correct, yes.

Q. That is the particular reference or description or particulars on the statement, isn't that correct?

A. Yes, it is.

Q. I think on the 10th April 1979, \$4,214 was withdrawn, STG œ2,000, which was transferred to the Midland Bank re: Hugh Coveney, is that correct?

A. Yes.

Q. And again that's shown, and the particulars are shown on the statement, isn't that correct?

A. Yes, yes.

Q. I think on the 11th December 1979, \$1100,543.40 was credited to the account?

A. Yes, it was lodged on the 11th December.

Q. Yes. And this left a credit balance of \$176,199.57, is that correct?

A. Yes.

Q. Now I think this was drawn in two sums, is that correct?

A. Yes, it is.

Q. On the 12th December 1979, \$119,925.44 was withdrawn, is

that correct?

A. That is correct, yes.

Q. And on the 30th December 1979, \$56,328.70 was withdrawn?

A. On the 13th.

Q. On the 13th December?

A. Yes.

Q. Yes, I beg your pardon.

Now, we haven't I think there are many pages of statements, isn't that correct?

A. Yes.

Q. In respect of this particular account.

A. Yes.

Q. And we haven't gone through every single one of those pages of the statements?

A. No, we are really just going through pages where there are transactions.

Q. Where there are transactions. And I think can you confirm that the other pages or other statements would show money going on deposit, coming off deposit?

A. There appear to be fixed deposit.

Q. Or fixed deposit?

A. Yes, and money seems to be put on and mature when it reached its maturity date, went into this account and re-fixed.

Q. Re-fixed for a period of time?

A. Yes.

Q. And would that particular operation of the account indicate

to you that this was system sort of an investment account?

A. Certainly it was, you know, when you fix a deposit, presumably it's with a view to guaranteeing income or securing your income, so yes, I think it's reasonable to assume that was an investment.

Q. Now, I think on the 9th October, you were able to inform the Tribunal that on the 9th October 1987, a cheque for £58,620.37 made payable to Hugh Coveney and drawn by Goodbody James Capel was lodged to Amiens Securities Limited account number 10407006, is that correct?

A. That is correct.

Q. First of all, is that correct, the cheque?

A. That's the cheque.

Q. I think it's Goodbody James Capel was a firm of stockbrokers, is that correct?

A. Yes.

Q. It's a cheque from them made payable to Mr. Hugh Coveney in that sum?

A. Yes.

Q. Now, I think if we look at the account statement for Amiens, that particular account number 10407006, can you show that particular sum being lodged to the account?

A. Yes. If you see lodged under the balance brought forward, three quarters of the way down, you will see the £58,620.37 there and that is the lodgment of that cheque to that account.

Q. Now, I think that you have said in your memorandum that the

Tribunal has furnished Guinness & Mahon Ireland Limited with various extracts from correspondence files with Cayman bank statements, is that correct?

A. That is correct, yes.

Q. And you wish to confirm something in respect of that?

What is that?

A. Well, the part of the books and records of Guinness & Mahon have been made available by the bank to the Tribunal.

Q. Now, I want to go over one or two documents in relation to the particular account we have been dealing with. Just bear with me for a moment, Ms. Kells.

In the first instance, if we could just put on the screen, a direction from Mr. Ru Leonard to Mr. John Furze dated 27th February, 1976. Now, I think it's from Guinness & Mahon in Dublin, isn't that correct?

A. Yes.

Q. This is a telex message or something telex message?

A. Sorry, yes, this is a telex message from Dublin to Mr. Furze in Cayman.

Q. And it's re: Guinness Mahon Cayman Trust HC, isn't that correct?

A. Dollar deposit, yes.

Q. And it's giving an instruction, isn't that correct?

A. That is correct.

Q. "That the above matures on the 9th March 1976 and it is intended to keep on call pending your arrival in Dublin."

That's Mr. Furze's arrival?

A. Yes.

Q. "Beneficiary may consider small investment portfolio in, say, six US dollar stocks of substance with growth..." and then something is crossed out "...potential. With approximate dollars \$60,000, so perhaps you would consider the above and we will discuss in due course." And it's Mr. Ru Leonard is sending the transmission, isn't that correct?

A. That is correct, yes.

Q. On behalf of Guinness & Mahon here?

A. Yes.

Q. And there is a correction, third line in the first paragraph should be "Investment portfolio in, say, six US stocks."

A. Yes, that's a clarification.

Q. And what's the reference then under the cross at the bottom, 305 Guinness CP, 5205

A. They may have been all telex code numbers, yes.

Q. So an instruction is being given in respect of this particular client's account from Dublin, isn't that correct?

A. Yes, to keep it on call is the instruction and to consider investment in six US stocks.

Q. The next document I'd like to you look at is an authorisation to open a new account.

A. Yes.

Q. What's this particular document now?

A. This is an internal document that

Q. Internal document where?

A. To Guinness & Mahon Dublin, I believe. And it is an instruction to open a new account obviously. Its heading is that. The name of the account is Guinness & Mahon and Co. Cayman Trust HC.

Q. There is a date on the left-hand side which seems to be the 11/6/76, is that correct?

A. That is correct, yes, and there is various boxes ticked that they have signing powers and the opening of the new account is authorised by Mr. Leonard. It's a US dollar deposit fixed deposit account with a maturity date on the 8/6/77. So it looks like a year deposit at seven percent with no instructions to be given over the phone or to auditors.

Q. Where is that specifically now?

A. C: Authority to supply information. Over phone: No. To auditors: No.

Q. Then there is a description of the account, isn't that correct sorry, under opening of new account, authorised by Mr. Leonard, is that correct, is on the next page?

A. Yes.

Q. Next line. Then there is a maturity date given under that.

A. That's correct, yes.

Q. And there is the rate, seven percent?

A. Exactly.

Q. And then description of account: US deposit fixed, is that correct?

A. That is correct, yes.

Q. Then is there any other writing on the if we just

A. There was an account number at the very top right hand corner, 12057 is the account number. At the very bottom, there is

Q. You can't see on the photocopy that easily.

A. You can take it Guinness & Mahon and Co. Cayman Trust HC, from my recollection, these were basically internal instructions that were retained on one copy.

Q. On what?

A. Internal instructions that were retained on one copy only regarding the instruction in relation to the account and obviously this shading area was to ensure that this would not come through to additional copies of the document.

Q. I see. Now, could I just ask you first of all about this authorisation form. Was that a standard authorisation form in Guinness & Mahon for the opening of any account?

A. I understand under the old system, yes, and that's purely now from reviewing and reading old files, but I haven't directly confirmed that with anybody.

Q. But it seems, or can you confirm whether or not it is clear from the document that the instructions were coming from Mr. Ru Leonard in respect of the opening of this account?

A. That is correct, yes, the instructions were.

Q. And that the instructions that the person, beneficiary

entitled to this particular account was here in

Ireland the beneficiary?

A. Well, the account is being opened in Guinness Mahon Cayman

Trust HC so from looking at the document, I'd say that's

the person that's the beneficiary. The GM HC relates to

Mr. Coveney, so yes, I think from that deduction.

Q. And Mr. Leonard was in Ireland also?

A. Yes, he was an employee of the bank.

Q. And was giving an instruction in respect of somebody who

was also in Ireland, isn't that correct?

A. Yes. Yes, it would appear so.

Q. So notwithstanding that the account was opened in the name

of GM or Guinness Mahon Cayman Trust, going behind it the

real client was HC, isn't that correct?

A. Yes.

Q. Now, I think there is a letter then from Mr. Leonard,

manager of the accounts, dated 20th December 1976, it's

addressed to Mr. Furze at Guinness Mahon Cayman Trust.

A. Yes.

Q. And it reads "Dear John,

The attached is reference HC.

Yours sincerely.

TR Leonard.

Manager accounts."

A. Yes.

Q. Can you throw any light to what that refers to?

A. What was attached was, I am afraid I can't say.

Presumably Mr. Leonard was sending Mr. Furze something and he wanted it associated with this account HC.

Q. This client HC?

A. Sorry, this client HC, yes.

Q. And I think we have had evidence, but can you just confirm that Mr. Leonard was the man who carried out the work that Mr. Collery subsequently carried out at Guinness & Mahon in respect of the bureau system or the offshore accounts?

A. I understand that to be the case, yes.

Q. Now the next document is a copy letter dated 25th March 1977 addressed to Mr. Furze in the Cayman Islands, isn't that correct?

A. That is correct, yes.

Q. And it's "Dear John, just a note to advise I have credited sundry sub account value 15th March 1977 with œ5,250 re: Hugh Coveney. Yours sincerely, Helen Kelly."

A. Yes.

Q. Sorry, re: H. Coveney.

Then you talk about the sundry sub account, that information has been given to Mr. Furze, what is that a reference to?

A. Well the sundry sub account was the general account that many funds, many people's monies were obviously lodged to, so obviously money was lodged to this account, but they were informing Mr. Furze on whose behalf this money was being lodged.

Q. And we are talking about the general account, we are

talking about Guinness Mahon Cayman Trust general account,

I just want to be clear?

A. Yes, just to qualify it.

Q. Now, the next letter or copy letter is one dated the 18th April 1977 and it's again addressed to Mr. Furze in Cayman and it heads. "Dear John, I enclose three copy contract notes in respect of purchase and sales made on behalf of the account H/C. We have passed the relevant entries to the sundry sub account.

Yours sincerely,

Helen Kelly."

What does that mean?

A. Again it's notifying Mr. Furze from Guinness & Mahon in Dublin of entries being processed across the GMCT sundry sub account, what they were processed across in relation to and who they referred to.

CHAIRMAN: What is Ms. Kelly's position in the bank, Ms. Kells, at the time?

A. I don't actually know Ms. Kelly.

Q. MR. COUGHLAN: Now, the next document is a telex message to Mr. Furze but sorry, and it's not sorry, I beg your pardon, it's a handwritten note, if we just turn it around could you possibly read that for us, Ms. Kells?

I can't

A. It's "GMCT account, HC", something "€94,000, 11 percent", I can't make it out, a total figure of €98,168.39 and then

additionally £95,000, 11 percent, with a date 1979. The previous date, sorry, seems to be 1978. The amount is £78,480.96 and there seems to be a figure due of approximately £315.29. "Please accept" I don't know, "stock exchange..." something, I just can't, I am sorry

Q. Sorry, in fact I think it is probably the draft it seems to be the handwritten draft of something which appears in telex message form then typed up about three documents on. It's dated the it's a telex message dated 13th May 1977 to Mr. Furze and it's re: HC.

A. Yes.

Q. "Reference your telex DD 12/5/77, I reply as follows:

Bought £98,480.76. Sold £98,165.49. £315.27 being debit to sundry sub" and then it's authorised. So it seems to be some transaction taking place, something, a draft or something being bought, is it?

A. Yeah, it appears to be. Some stock possibly.

Q. Something involved. Yes, in fact if we look at the previous

A. Yes, if you look at the telex dated 12th May 1977.

Q. Yes, there is a telex message then the previous page.

A. Yeah number 6.

Q. Number 6. If you go to number 6.

A. Yeah.

Q. It seems to be, yes a deal in respect of stock, is it?

A. That's right. And describing the debit to the account, what it relates to.

Q. Yes, I think Mr. O' Flynn, on behalf of the late Mr. Coveney, his family have been able to finish us with a clearer copy of the handwritten and has been able to include also a document which seems to indicate that it is that it seems to involve a sale and purchase of stock.

A. Yeah.

Q. And it looks like Government stock, but we can deal with that in due course. Now, I think the next document I'd like you to look at is a letter dated the 11th August 1977 from Mr. Leonard to Mr. Furze in the Caymans. And it's "Dear John, we enclose herewith copy of dividends in respect of funds for Hugh Coveney credited to the sundry sub company account.

Yours sincerely,

Ru Leonard."

A. Yes.

Q. Now the next letter is one dated the 5th October 1977, I think. It's very poor quality when it comes up on the screen or indeed in photocopy. Could you perhaps read it if you can?

A. It's addressed to Mr. Furze. "Dear John, I enclose herewith statement of the GMCT sundry sub company account reflecting the "H/C" entries.

Also value 4th October 1977, I have credited sundry sub company with œ1,000 on JDT's instructions.

Yours sincerely.

Ru Leonard."

Q. Now, I think there are a number of other documents which are difficult to decipher, isn't that correct?

A. A little bit difficult, yes.

Q. But they all seem to involve the code HC?

A. Yes, they do.

Q. And then there is a handwritten document which is on the screen now, which is sterling

A. 25,500.

Q. GMCT HC balance to what?

A. Sterling, STG and transfer to Midland Bank Regional Office, 45 Castle Way, Southampton, debit payee, and it seems to be re: Quay Worlds Limited.

Q. Now, going to the next handwritten document. Now, I think there are a number of entries on this particular document, isn't that correct?

A. There appear to be, yes.

Q. And the first the first first of all, what do you think it is this particular handwritten document, Ms.

Kells?

A. It possibly is an instruction from somebody internally in Guinness & Mahon to telex, to send a telex to somebody, so that this would be input into the telex machine and forwarded.

Q. Now the first thing, number 1 is "Cancel cash arrangement."

A. Yes.

Q. Number 2

A. £1,000 in one hundred notes and 50,000 S/L.

3: Transfer funds GMCT, HC, dollar, call 077516630368,
which was the HC account number.

Debit sterling equivalent, £54,243.68 to the Midland Bank
Regional Office, 45 Castle Way, Southampton.

Re: Quay Worlds Limited.

Attention: Mr. Paylin.

And on the left-hand side is a dollar figure of
\$119,935.44. Underneath 221, so that I would, very
quickly, be an exchange right.

Q. So it looks as if this whole transaction is being recorded
here in Dublin, is that correct?

A. That is correct, yes. It appears that way, yes.

Q. It appears that way, yes. Including the exchange, that
would appear to be the exchange rate, the amount of dollars
necessary to convert into sterling of that sum?

A. To generate the 54,000, yes.

Q. To generate the £54,000.

A. I think.

Q. If you look at the statement for the 13th December 1979,
there shows drawn on the Guinness Mahon Cayman Trust
Limited HC a debit of £119,935.44?

A. Which is the figure referred to earlier, yes, correct.

Q. And the handwritten document has reference to that
particular sum and the figure underneath seems to be the

exchange rate, 2.21.

A. Yes, that appears to be the case.

Q. Can I ask you this, Ms. Kells, from 1972 onwards, and perhaps prior to 1972, but we will take from 1972 onwards, would an Irish resident have needed exchange control approval to have a dollar external account for investment purposes in Cayman?

A. My understanding is yes, at that stage.

Q. Thank you, Ms. Kells.

CHAIRMAN: Nothing arises. Mr. Seligman? Mr. O' Flynn, I think you in fact appear for the late Mr. Coveney. Any matters you'd like to take up with Ms. Kells?

MR. O'FLYNN: Just two matters of clarification.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. O'FLYNN:

Q. Ms. Kells, one payment in the manuscript notes, the handwritten notes there was STG €25,500. Would you confirm that that figure converted to dollars came to the second payment mentioned in the statement of December '79, the \$56,328.70?

A. I haven't got you know, it seems reasonable.

Q. If I told you that Mr. Cathal McCarthy had confirmed it to me in a letter of the 10th January this year that the sum of STG €25,500 is equivalent to \$56,328.70.

A. Okay. That's fine. It seems reasonable with the exchange rate of 2.20 earlier.

Q. That would be drawn down, the two withdrawals in December 1979 which closed the account in effect to those two sums that are mentioned?

A. Yes.

Q. And would you confirm that there is no record in Guinness & Mahon of any Cayman Island trust deposits of Mr. Coveney subsequent to December of 1979?

A. Yes, I can confirm that.

Q. Thank you.

CHAIRMAN: Thank you very much, Ms. Kells.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Mr. O' Flynn is going to give evidence on behalf of the late Mr. Coveney.

CHAIRMAN: Very good.

FRANK O' FLYNN, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS
BY MR. COUGHLAN:

CHAIRMAN: Thank you very much, Mr. O' Flynn.

MR. COUGHLAN: Mr. O' Flynn, I think you are a solicitor in Cork, isn't that correct?

A. That's correct.

Q. And I think that you have prepared a Memorandum of Evidence and general information on behalf of the late Mr. Hugh Coveney?

A. That's correct.

Q. And I think that you have informed the Tribunal in that memorandum that the Coveney family, the personal representatives of the late Mr. Hugh Coveney and their respective legal and other professional advisers have no information whatsoever in relation to the late Mr. Coveney's involvement in the Ansbacher accounts other than that furnished by Guinness & Mahon Limited, all of which is also believed to be in the possession of the Tribunal, is that correct?

A. Correct, yes.

Q. I think in that regard you have made extensive inquiries of all members of the family, isn't that correct?

A. That's correct, yes.

Q. And of various professional advisers who were used by Mr. Coveney to the best of your knowledge, over the years?

A. Yes, his accountants, his tax advisers and his lawyers.

Q. Now, I think you have informed the Tribunal that any explanations of the Hugh P. Coveney Ansbacher transactions, other than the 1987 transactions, and I'll come to those at a later stage, Mr. O' Flynn, can only be given by way of informed or semi-informed guesses based on either family knowledge of the late Mr. Coveney's business and social affairs during the periods related in the Ansbacher account or from hearsay information delivered from the extensive inquiries which have been made to date.

A. Correct.

Q. And I think you have informed the Tribunal that Hugh P.

Coveney was not at all in politics until the Cork local

elections of June 1979, that is correct?

A. Yes, that's right.

Q. He was first elected to Dail Eireann in June 1981, is that

correct?

A. Yes.

Q. And became Lord Mayor of Cork in the summer of 1982, is

that correct?

A. Yes.

Q. Mr. Coveney was first appointed to ministerial status when

on the 15th December 1984

A. 1994.

Q. I beg your pardon, 1994, he was appointed to be Minister

for Defence, is that correct?

A. Correct.

Q. You say that this was over 15 years subsequent to the time

when he held any of the so-called Ansbacher deposits, is

that correct?

A. Correct.

Q. In 1987, he had one transaction with Guinness Mahon Cayman

Trust but this was not an Ansbacher deposit and this has

already been documented to and clarified with the Tribunal?

A. Yes.

Q. Now, I think you go on and from your extensive

investigations, you deal as best you can with the Ansbacher

deposits, isn't that correct?

A. That's right.

Q. And I think you have informed the Tribunal that by letter dated 12th October 1999 to you, Mr. O' Flynn, Mr. Cathal McCarthy, group chief legal officer of Guinness & Mahon Ireland Limited, stated that the reference to account HC appears to commence in 1976 and to cease on the 20th December 1979.

A. Yes.

Q. And I think that is also confirmed by the documents which have been put up by Ms. Kells in the course of her evidence.

A. That's right.

Q. That on this is continuing Mr. McCarthy's letter to you; "On previous occasions, I pointed out that the correspondence files regarding Ansbacher for 1978 and 1980 cannot be located. From a review of the files in the bank, there is no further reference to Mr. Coveney in relation to Amiens or Cayman until the lodgment to the Amiens account in 1987." Is that correct?

A. That's correct.

Q. I think you continue then with your memorandum. Subsequently, Mr. McCarthy identified a further Ansbacher account transaction representing a lodgment on the 9th July 1973 of €100 and its withdrawal on the 18th September 1973, isn't that correct?

A. Yes, that's right.

Q. Now, the lodgment to the Amiens account in 1987 is what you go on to deal with then.

A. That's right.

Q. I think you have informed the Tribunal that the 1987 transaction adverted to in Mr. McCarthy's letter of the 12th October 1999 had been fully explained and documented by memorandum prepared by and furnished to the Tribunal by the late Mr. Coveney in January 1998 under the heading US property venture, isn't that right?

A. That's right, yes.

Q. In January 1998, Mr. Coveney also furnished the Tribunal with copies of a letter dated 29th October 1987, relating to the US property venture which he had received from Mr. John A. Furze of Guinness Mahon Cayman Trust Limited which "acknowledged receipt of your payment of €52,699.71 that's Irish, €58,620 in full satisfaction of your commitment under the guarantee plus incidental costs." If we just look at that letter, or the copy. It's addressed to Mr. Coveney, isn't that correct, and it's re: Eclipse Holdings Limited. "I write to acknowledge receipt of your payment of €52,699.71, IR €58,620, in full satisfaction of your commitment under the guarantee plus incidental costs.

Many thanks indeed for dealing with that matter so promptly. Recognising the substantial... which had been due to your personal commitment to AIB, I know that you would agree what promised to be an agreement producing substantial returns has turned out to be disastrous.

Kindest regards.

Yours sincerely, John Furze."

There can be little doubt it was a disaster.

A. It cost him half a million dollars I think.

Q. And I think you then make reference in your memorandum that Mr. Coveney in a memorandum which he furnished to the Tribunal himself, relating to the US property venture, informed the Tribunal "That Guinness Mahon Cayman Trust called on my œ50,000 sterling guarantee by letter dated 14th August 1987 and I paid it in Irish pounds in October 1987."

I think we can put up the letter from Mr. Furze to Mr. Coveney where he is calling in on the guarantee, isn't that correct?

A. That's correct, yes.

Q. In respect of Eclipse Holdings Limited. And I think you continue then with the memorandum of Mr. Coveney furnished to the Tribunal by himself. "To do so, I had to sell 50,000 shares in Aran Energy. I endorsed the Irish pound cheque from stockbrokers Goodbody James Capel and sent it to Desmond Traynor with a covering letter both for transmission to GM Cayman Trust. Receipt was acknowledged by letter from GMCT dated October 29th 1987."

Now, what I propose doing when I have been through your memorandum with you, Mr. O' Flynn, is to read out the full

content of the memorandum furnished by the late Mr. Coveney to the Tribunal solicitor himself in respect of the US property venture.

A. Yes, Sir.

Q. Does that meet with your approval on behalf of the client?

A. Yes, certainly.

Q. Now, I think you state in your memorandum that the documentation furnished by Mr. Coveney to the Tribunal included the Goodbody James Capel sold notification verifying the sale of the Aran Energy shares and the amount due to Mr. Coveney of £68,620.60 arising from that sale, isn't that correct?

A. Yes.

Q. And we will just show that on the screen at the moment.

Now, I think that if I might just pause there. All you have been able to ascertain then is that the monies went to Guinness & Mahon and you have no understanding of why they went into the Amiens account, is that correct?

A. No. Mr. Coveney, I think, said that he handed the letter he had a letter addressed to John Furze which he handed with the endorsed cheque to Mr. Traynor and that was the end of it until he got a letter back from Mr. Furze saying your guarantee has cancelled it

Q. Acknowledging receipt of it.

A. Yes.

Q. Now, turning to deal with the earlier Hugh P. Coveney Ansbacher account records provided by Guinness & Mahon

stretching from 1973 to 1979, I think you have informed the Tribunal in your memorandum that the 1973 transaction was the isolated transaction involving the investment of £100 on the 9th July 1973 to an account entitled G&M Jersey Trust Coveney Trust, is that correct?

A. That's correct.

Q. And the withdrawal of that sum on the 18th September 1973, is that correct?

A. That's right.

Q. And I think you have informed the Tribunal that it would appear that it was an isolated transaction and may have been intended to be an initial trust fund for a trust which would not appear to have gone ahead subsequently?

A. That's correct. I have made fairly extensive inquiries from all members of the Coveney family and their solicitors and there is no record of any trust ever having been there and none of them I think they have confirmed that none of them ever received any benefit from any such trust.

Q. And I think you go on in your memorandum that there is not any subsequent reference to a trust on the records of Guinness & Mahon or elsewhere and the Coveney family and/or their professional advisers have no knowledge at all from the inquiries you have made, is that correct?

A. That's correct.

Q. Now, I think your memorandum goes on that during the period 1975 to 1979, Mr. Coveney was involved extensively in international yachting. Initially in the United States in

1975 with a boat called "Silver Apple" and subsequently in the Admiral's Cup campaign of 1977 in a boat called "Big Apple" and in 1979 in a boat called "Golden Apple of the Sun", is that correct?

A. That's correct.

Q. And that after the conclusion of the 1975 campaign, Mr. Coveney is known to have sold the very successful "Silver Apple" in Newport, Rhode island, is that correct?

A. That's correct, yes.

Q. And this was sold to a Spanish person, as far as you know

A. That's right.

Q. For a very substantial sum of money, believed to be in excess of \$100,000 or thereabouts?

A. The family believe it was \$125,000.

Q. \$125,000.

A. That's what the family believe.

Q. I think you have made efforts to contact the purchaser or to obtain verification of the sale price but you have not been successful to date but you point out this happened over 24 years ago.

A. That's right, yes.

Q. Now, you have some idea, or there has been an indication to you of who the purchaser was?

A. Yes, it have a Spanish person

Q. I don't want to you mention anyone's name at the moment.

A. No, no. They have ascertained actually that the person is

still alive but they haven't been able to make contact with him.

Q. Very good. Now, I think you go on in your memorandum that the sale of "Silver Apple" itself and also separate sales of surplus equipment in the United States are believed to have been the principal source of Mr. Coveney's Ansbacher deposits and the first mention of US deposits other than the 1973 deposit of £100 commenced in February of 1976, is that correct?

A. That's correct.

Q. And you go on in your memorandum, "It is apparent from the records furnished by Guinness & Mahon that Mr. Coveney's Ansbacher funds increased to £103,650 Stg by early 1978."

A. That's right.

Q. And that "It is clear that Guinness Mahon Cayman Trust were engaged on Mr. Coveney's behalf in trading in Irish Government gilts between February 1976 and the opening of deposit account number 51663/03/58 in April of 1978", is that correct?

A. Yes. The confusion you had earlier about that account was there were, in fact, two accounts and one opened on the 20th April and was closed on the 25th and the account mentioned here opened on the 25th with the same amount of money. That's the explanation.

Q. I see. Now, I think you go on in the memorandum that the opening investment in Guinness Mahon Cayman Trust account number, the 58 account, was US \$193,308.03.

A. Yes.

Q. On the 25th April 1978.

A. Yes.

Q. And you go on to say that it would appear that this deposit comprised the proceeds of around œ103,000 Stg representing the proceeds from the final disposal of Irish Government gilts held for the account of Mr. Coveney at that time, is that correct?

A. That's correct, yes.

Q. Account number 516630/03/58 ran from, as you say and from the 20th April 1978 to the 13th December 1979, is that correct?

A. Nearly correct. It was 58

Q. Sorry, I beg your pardon.

A. It was 58 from the 20th to the 25th and it became 68

Q. That's the confusion. That the only new money added to the account during that period was \$100,000-odd lodged on the 11th December 1979 immediately before the account was closed, is that correct?

A. That's correct.

Q. And you continue that "It will be noted from the account that \$100,000 had been withdrawn from the account on the 17th August 1978 for some purpose now unknown to the Coveney family and it is presumed that the lodgment of the \$100,503 on the 11th December 1979 related in some way to that withdrawal", is that correct?

A. Yes.

Q. I think the overhead projector, the statement shows the sum being drawn, isn't that correct, that's the 100,000 in August.

A. Yes.

Q. Of '78. And then the lodgment on the 11th December 1979.

A. Yes.

Q. Well, could I ask you perhaps if I just pause there for a moment, Mr. O' Flynn. I know you are trying to piece all of this together and you have carried out extensive investigations and inquiries to assist the Tribunal.

A. Right.

Q. Why is there some belief that the withdrawal of the 100,000 dollars in August of 1978 had a connection with the lodgment of \$100,000-odd in December of 1979?

A. It's only a guess really from part of the family, no more than that.

Q. They don't have any knowledge?

A. They don't know of anywhere else it could have gone. He didn't buy a boat in that period. He didn't do anything. And he wasn't engaged in business at that stage in the States or anywhere.

Q. Yes. So they can't pin it to anything?

A. No idea, no, it doesn't seem to relate to anything. There was money going in and out at that time in the purchase and sale of Government stocks. That's the only thing they could think of, but there isn't any memorandum in the

papers we got from Guinness & Mahon which would show that that 100,000 related to a purchase or sale of stock.

Q. They can't think of any other big transaction, like the purchase of a boat or anything like that?

A. They can't, no, no.

Q. And likewise, I take it they have no knowledge of any disposal of anything giving rise to the lodgment in December of '79?

A. No. The only disposal that there might have been sometime was the sale of the "Golden Apple" in 1979

Q. Well that

A. That was sold in England, I think, to a Japanese person, as far as I know.

Q. The monies going in in December I am just asking you for your comment really, Mr. O' Flynn but the monies going in, the 100,000-odd going in in that period of December 1979 seem to have been necessary in respect of the debits which occurred soon thereafter, isn't that correct?

A. That's correct.

Q. Or they are connected to it?

A. The two payments which were made there went to Quay Worlds Limited, who were the builders of "Golden Apple" of the sun and that boat had been on charter to Hugh Coveney. You will come to that later on. It had been on charter during 1979. It was caught in the Fastnet disaster of that year and, in fact, the crew, I think, were winched off it by helicopters at that time and there was an insurance claim

and salvage and all sorts of things happened. So the \$100,000 there could have been the proceeds of an insurance claim. We just don't know. But he obviously bought the boat at the end of the season and resold it.

Q. Well, I take it that it's possible that it could be the proceeds of an insurance claim to do with salvage, that sort of thing?

A. It could.

Q. But there would be documentation in relation to that probably?

A. There wasn't any documentation.

Q. There wasn't?

A. There was none, no.

Q. Now, I think you go on to say that it may be that the 100,000 withdrawn in August of 1978 was also invested in Government gilts and that the lodgment of 100,000-odd in December 1979 related to the realised proceeds thereof, but this is merely speculation?

A. Merely speculation, yes.

Q. In fact, would it be fair to say that nobody knows anything about it really?

A. Absolutely, yeah.

Q. But there can be little doubt, I think, from your inquiries that he did have substantial investment in Government stocks?

A. He did, yes, yeah.

Q. And he did have substantial income as well personally?

A. Oh he did, yes.

Q. And he would certainly have had the type of money to generate the type of money which was being effectively invested in Cayman, isn't that right?

A. Yes. Oh, he was a wealthy man, yes.

Q. And I just want to be clear about this, we are talking about his own investments in Government stock and monies generated from his own business, is that correct?

A. Yes indeed, yes.

Q. Now, you come to deal with withdrawals from the Ansbacher account 516630368 and you then deal with the following amounts were withdrawn in December 1979 from the above-mentioned account to close the account. The 12th December: \$119,935.44, and the 13th December 1979: \$56,228.70:

A. That's right.

Q. And I think that you were able to say in your memorandum that among the papers furnished by Guinness & Mahon to the Tribunal, there are two undated and unsigned manuscript memoranda which you attempt to deal with separately?

A. That's correct.

Q. And the first memorandum was two payments of œ25,000 sterling to Midlands Bank re: Quay Worlds Limited, isn't that correct?

A. That's right, yes.

Q. And the memorandum indicated that the first of such payments to Quay Worlds Limited of œ25,500 Stg was to be

debited to the HC account while the second payment was
€25,500 was to be debited to the GMCT "M" account, is that
correct?

A. That's correct.

Q. In his letter dated 12th October 1999, Mr. Cathal McCarthy
has confirmed that the "M" account related to another
customer and by further letter dated 10th January 2000,
Mr. McCarthy has confirmed that the sum of €25,500 Stg
equated to \$56,328.77.

A. That's correct.

Q. And you say that it would therefore appear clear that the
payment of \$56,328.70 from Mr. Coveney's Ansbacher deposit
account on the 13th December 1979 was a payment to Midlands
Bank for the account of Quay Worlds Limited on
Mr. Coveney's instructions.

A. Yes, that's right.

Q. And can I take it that at this time, as at the 13th
December 1979 or thereabouts, Mr. Coveney was a resident of
this state?

A. That's correct.

Q. Now, the second undated and unsigned manuscript memorandum
provided by Guinness & Mahon related to a transfer of funds
from GMCT, HC dollar call account, 516630386 of \$119,935.44
which was the equivalent of €54,243.68 sterling. And this
was to Midland Bank regional office, 45 Castle Way,
Southampton, re: Quay Worlds Limited and you say again it
would appear that this payment could only have been made on

Mr. Coveney's instructions, is that correct?

A. That's correct. You gave the reference incorrectly there. 86 instead of 68 for the account.

Q. Very good. 68, the account is 68. 58 and then 68.

A. It is, it's the same account.

Q. And you then say in your memorandum that from the foregoing, it is reasonable clear that the entire proceeds of the Ansbacher accounts were transmitted to the accounts of Quay Worlds Limited at Midland Bank, Southampton in December 1979, and that Mr. Coveney did not have any subsequent deposit with Guinness Mahon Cayman Trust.

A. That's correct.

Q. I go on to deal with Mr. Coveney's dealings with Quay World in a moment and yacht chartering. But just that particular view expressed by you in your memorandum, that from the foregoing, it is reasonably clear that the entire proceeds were transmitted from the Ansbacher deposit account to Quay Worlds and that Mr. Coveney did not have any subsequent deposit with Guinness Mahon Cayman Trust.

That is your speculation based on the absence of any documentation in Guinness & Mahon in Dublin, is that correct?

A. That's correct. And as was confirmed by Sandra Kells, that there is no record in Guinness & Mahon

Q. In Guinness & Mahon in Dublin?

A. Yes.

Q. You have no contact with Guinness Mahon or Ansbacher in

Cayman, is that correct?

A. I have contact in that I wrote to them and they I had to write a couple of times and they replied ultimately.

Q. When was this, Mr. O' Flynn?

A. I will tell you now. I first of all wrote to Mr. Pdraig Collery on the 11th October and I asked him for, on behalf of Hugh Coveney, deceased, and the Coveney family, Ansbacher deposits and associated matters and I asked him for any information he had and I got a letter back from Sheehan & Company solicitors on the 19th October.

Q. Is that 1999?

A. 1999, yes. Telling me that I should apply to Ansbacher Bank in Cayman PO Box 887, Georgetown, Grand Cayman, which I did on the 26th October '99. I didn't get any answer. And I wrote again on the 5th January 2000 and I got an answer back dated 12th January 2000 stating "Thank you for your letter of the 5th January 2000. The bank is not in a position to provide you with any information unless required to do so by order of the Cayman Islands court. Yours sincerely, Brian Bothewell, managing director."

Q. So, you have quite properly tried to obtain information from Cayman. When you wrote to Mr. sorry, when you wrote to Mr. Collery and received the letter from his solicitor

A. Yes.

Q. Were you given a particular name or anything or just told to write to you Ansbacher Cayman.

A. I will tell you now. "... We have consulted with senior counsel and regret that our client... does not hold the relevant documentation in his own capacity but rather on behalf of Ansbacher Bank. He is therefore not at liberty to disclose same... he respectfully suggests you might wish to contact the bank directly at PO Box 887, Georgetown, Grand Cayman. Yours faithfully, Sheehan and Co."

Q. And

A. I will take it further. The first letter is to the Manager, Ansbacher Bank, PO Box 887 and so on. I said "I attach copies of the following correspondence. My letter of the 11th October '99 to Pdraig Collery letter dated 19th October 1999 from Sheehan and Co. You will note the position. I would appreciate if you could let me have the information requested in the letter of the 11th October.

I am aware from documentation received from Guinness & Mahon that there was an account GMCT, HC number 51663/03/068 in existence up to 20th December 1979 although Guinness & Mahon point out that the correspondence files regarding Ansbacher for 1978 and 1980 cannot be located. From view of the files in the bank, there is no further reference to Mr. Coveney in relation to Amiens or Cayman until the lodgment to the Amiens account in 1987. I am fully aware of the Amiens account 1987 transaction and what was involved in that. What I am trying to ascertain is what reference is made in Mr. Gerald Ryan's report

Q. Sorry, I don't want you to

A. It was just we were told there was some reference and we didn't know anything about it.

Q. I see.

A. So "Additionally I am trying to ascertain whether there are any records available from Mr. Coveney's dealing with Guinness Mahon Cayman Trust between 1976 and the closing of the account in or about the 20th December 1979. We appreciate any assistance you could give on the matter."

Q. Could you just repeat the last request there, sorry. You would appreciate

A. "Additionally I am trying to ascertain whether there are any records available from Mr. Coveney's dealing with Guinness Mahon Cayman Trust between 1976 and the closing of the account in or about the 20th December 1979. I would appreciate any assistance you can give in the matter."

Q. And the response to that?

A. The response was that they "are not in a position to provide any information unless required to do so by order of the Cayman Islands court."

Q. Now, I think

CHAIRMAN: I think, Mr. Coughlan, in ease of Mr. O' Flynn, who has come from Cork, if we were very close to concluding his evidence, I will sit on for a bit. I think plainly there is another half hour, perhaps a little more

MR. COUGHLAN: Mr. O' Flynn is anxious to get on the plane this afternoon.

A. I have a board meeting of a public company of which I am chairman at six o'clock, so I am trying to get down.

CHAIRMAN: We will sit on and see what progress we can make.

A. Thank you.

MR. COUGHLAN: Can I take it that you will make this correspondence available to the Tribunal?

A. Oh yes, I will hand in the file.

Q. Of course, you are operating on the belief that the account was closed in 1979.

A. Yes.

Q. But you don't know that?

A. Except that Guinness & Mahon here have no records of it subsequent to that.

Q. No, because matters moved on to a far more, just in general terms, I am not saying that it didn't close, they were inquiring as to whether it did or it didn't, but matters moved on to a more secret form of coding after that. But as far as anyone knows, you know nothing about what went on in Cayman other than the 1987 business?

A. That's correct.

Q. And you have not been able to obtain any information from Cayman?

A. No, none. Which is extraordinary why they won't tell a customer, you know, but

Q. That's a matter for inquiry as well, that you just cannot

get information.

CHAIRMAN: It's of little surprise to this Tribunal, Mr. O'Flynn.

MR. COUGHLAN: And could I just ask you, Mr. O'Flynn, like, as an experienced solicitor and a man who has been involved in business over the years, do you find it extraordinary that such information cannot be obtained by a client or a customer?

A. Oh I do, yes.

Q. Now, I think dealing with Mr. Coveney's involvement with Quay Worlds Limited, you have informed the Tribunal that in late 1978, early 1979, Mr. Coveney was involved in making arrangements for the construction with Quay Worlds Limited of Southampton, England of two yachts to the design of Mr. Ron Holland which is available for charter from Quay Worlds Limited for the Admiral's Cup season 1978/1979.

A. There was two yachts. One was for Mr. Coveney .

Q. Mr. Coveney arranged with Guinness & Mahon Limited to give a guarantee for Quay Worlds to Midlands Bank Limited for œ50,000 sterling.

A. That's correct.

Q. Guinness & Mahon gave this guarantee but required that it be counter indemnified by Mr. Coveney, is that correct?

A. That's right.

Q. And you say it was presumed that the payments or the larger one of them made to the account of Quay Worlds Limited of

Midlands Bank, Southampton were made inter alia to secure the release of the Guinness & Mahon guarantee?

A. That's right.

Q. The Midlands Bank duly released Guinness & Mahon Limited from the guarantee by letter dated 31st December 1979?

A. Yes.

Q. And I think copies of following documents have been produced or are already in the possession of the Tribunal in relation to the Quay Worlds transaction and you deal with by letter dated 9th January 1979, the Midlands Bank Limited to Guinness & Mahon Limited.

A. That's right.

Q. You say "We refer to recent telephone conversation of Mr. Schutte and apologise for sending the incorrect guarantee forms and the confusion this has caused. We now enclose a fresh form of guarantee in the sum of £50,000 and should be pleased if you would kindly arrange for this to be completed by two directors and duly witnessed and the necessary resolution passed. May we thank you in anticipation of your kind assistance.

Yours faithfully."

Signed by somebody on behalf of Midland Bank.

I think the next document then is an executed undated guarantee by Guinness & Mahon Limited to Midlands Bank Limited for £50,000, is that correct?

A. Yes, to the account of Quay Worlds Limited.

Q. Now the next document then is a letter dated 15th January 1979 from Mr. O'Dwyer, loans officers at Guinness & Mahon Limited to Mr. Coveney, isn't that correct?

A. That's right.

Q. Sorry, just in this regard, could I just ask you whether or not you have been able to ascertain whether Mr. Coveney had resident accounts in Guinness & Mahon which would have satisfied the needs of that guarantee at the time?

A. He would have had, I think at that time in Guinness & Mahon I haven't got copies. I have asked and I haven't been able to get them yet. There was some earlier correspondence I think whereby the guarantee was going to be given by AIB I think in Cork first of all, and then it was changed to Guinness & Mahon.

Q. Well we will deal with the correspondence first and I will ask for your views then.

A. The exchange control wasn't in, if that's the point you are making at that stage.

Q. I am not asking you about exchange control at all. We were in the sterling area

A. We were, yes.

Q. But not in relation to dollars. That's another issue.

A. Yeah.

Q. But it's beginning to take on the appearance of the way the whole transaction unfolded or would you have a view on it, of being in the classic form of a back-to-back?

A. This guarantee?

Q. The guarantee is given by Guinness & Mahon.

A. Yes.

Q. To Midlands Bank. And you are of the view that the ultimate withdrawals from Cayman were to secure the release from that guarantee, isn't that correct?

A. Well because Hugh Coveney had given what they call a counter indemnity, which is coming up now next

Q. We will deal with that so. There is the letter from Mr. O'Dwyer, loans officer with Guinness & Mahon Limited to Mr. Coveney, isn't that correct?

A. That's right.

Q. That's dated 15th January 1979. It's very, very poor and I don't think that much turns on that particular letter.

A. No.

Q. And then there is a letter dated 17th January 1979 from Mr. O'Dwyer to Mr. Coveney again, isn't that correct?

A. That's right.

Q. And it encloses a counter indemnity, is that correct?

A. That's right.

Q. Or a form of counter indemnity for Mr. Coveney's signature, isn't that correct? And the next document then is the specific counter indemnity foreign dated 23rd January 1979, Mr. Coveney to Guinness & Mahon Limited.

A. That's right.

Q. And that's the counter indemnity. And that's signed by Mr. Coveney, isn't that correct?

A. That's correct.

Q. And "This counter indemnity should be in addition to any other indemnity which you now or hereafter may hold".

A. Yes.

Q. Now, then the next document which you refer to is an undated memorandum from Mr. Traynor's file re: payment of the US \$119,935-odd, isn't that correct.

A. Yeah.

Q. And that is we have already seen the document. And it shows the, what appears to be a foreign transaction deal being at least noted or totted up in Guinness & Mahon, isn't that correct?

A. Yes.

Q. In Mr. Traynor's file in respect of monies held in Mr. Coveney's deposit account in Cayman in dollars, isn't that right?

A. Yes.

Q. It's being converted into sterling, that would appear to be the transaction that's recorded there.

A. Yes.

Q. And it's for transmission to Quay Worlds Limited at Midlands Bank, isn't that correct?

A. That's right.

Q. And then there is an undated memorandum from the Guinness & Mahon file re: the payment of œ25,500 Stg from the GMCT that's Guinness Mahon Cayman Trust, Hugh Coveney account to Midland Bank regional office at 45 Castle Way, Southampton, Mr. Paylin, and it's re: Quay Worlds Limited,

isn't that correct?

A. That's correct.

Q. Then there is a letter dated 31st December 1979, Midlands Bank Limited to the secretary of Guinness & Mahon.

A. That's right.

Q. Could we just see that letter from the Midlands Bank Limited "and we refer to guarantee of £50,000 given by your company on the 19th January 1979 as security for the above account. We now write to advise you that your liability in respect of this guarantee has been terminated from the date of this letter."

A. That's right.

Q. So whilst Guinness & Mahon were not furnishing any loan, they were giving a guarantee. They were themselves exposed to a guarantee for £50,000, isn't that correct?

A. It is correct. Midland Bank sought a bank guarantee for the account of Quay Worlds and Hugh Coveney procured that guarantee from Guinness & Mahon who required him to give a counter indemnity, which he did. Now, to unravel that at the end of the day, Hugh Coveney arranged for the transfer of money from his deposit account in Guinness Mahon Cayman Trust to Midland Bank. Midland Bank got the money and they then released Guinness & Mahon from their guarantee and Hugh Coveney's guarantee would have automatically fallen then as well. So that's the

Q. That's the factual?

A. That's the factual situation.

Q. That's the factual situation?

A. Yeah. But it's not unusual for if a bank gives a guarantee, in fact it's normal if they give a guarantee, that they'll seek a counter indemnity from the people who procure the guarantee from them. It's a normal commercial

Q. I understand that, of course, and they'd also need to be satisfied that there were sufficient funds there if they were going to be exposed on the guarantee.

A. And that the person is a good mark, you know, yes.

Q. And of course, it would have been known through Guinness & Mahon or Mr. Traynor, or somebody in Guinness & Mahon, that Mr. Coveney had this money in Guinness Mahon Cayman Trust.

A. Yes.

Q. I don't think there is any suggestion that Mr. Coveney would have been any way defaulting on his responsibility in respect of it, but the whole thing, would you agree, appears to have been designed to obscure the presence of the foreign deposit in dollars.

A. I wouldn't agree at all.

Q. You wouldn't agree?

A. No, I wouldn't.

Q. Well, if Mr. Coveney had no account in Guinness & Mahon at the time, a resident account, would you have a different view?

A. He had been engaged in business with Guinness & Mahon in a

number of other matters over the years and he was well-known to them. I think, I am fairly certain it has been confirmed to me that he was a customer here in Ireland. Sandra Kells or Cathal McCarthy could probably confirm that.

Q. Yes, it's something we can deal with.

A. Yes.

Q. But you have no difficulty in understanding the factual situation?

A. No, none at all. No.

Q. Now, I think dealing with the yacht chartering, you informed the Tribunal that on the 1st March 1979, Mr. Coveney forwarded to Mr. Michael A. Suiter, director, Quay Worlds Limited a booking form dated 27th February 1979 for a yacht which was to be called "Golden Apple of the Sun".

A. That's correct.

Q. The yacht was subsequently chartered by Mr. Coveney from the South of Ireland Yacht Brokerage and Charter Company.

A. That's right.

Q. The proprietor was a Mr. David Walsh?

A. Yes.

Q. Who had in turn chartered the yacht from Quay Worlds Limited?

A. That's correct.

Q. The yacht "Golden Apple of the Sun" was a casualty in the ill-fated 1979 Fastnet race, is that right?

A. That's right.

Q. I think you state that there is nothing to show what happened subsequently but it would appear that the withdrawal of the \$119,935.44 from the 68 account in Cayman was made to fulfill Mr. Coveney's liability under the specific counter indemnity for STG €50,000 which in turn enabled Guinness & Mahon to secure the release of the guarantees for €50,000 to Midlands Bank in late 1979.

A. That's correct.

Q. However, you say this is merely supposition that it is supported by the documents referred to, the documents you have referred above.

A. That's right.

Q. And unfortunately, Midlands Bank have been unable to provide any records of its dealings with Mr. Coveney, is that correct?

A. That's correct. I was in correspondence with them but

CHAIRMAN: That's their policy, rather than any lack of willingness.

A. No, they said they didn't maintain records back that far.

CHAIRMAN: I see.

MR. COUGHLAN: Just normal destruction policy of documents, unlike your experience of dealing with Cayman.

A. Yes.

Q. Now, I think the proprietor of Quay Worlds Limited, Mr. Michael Suiter, is still involved in the boating

business but efforts made by Mr. Simon Coveney to contact him have been unsuccessful until December just gone by.

A. That's right.

Q. I think Mr. Suiter informed Mr. Simon Coveney that he remembered the transaction with Mr. Hugh Coveney over 20 years previously, but he had no documentation at that stage relating to it because Quay Worlds Limited had become insolvent and went into receivership or liquidation in or about 1986, is that correct?

A. That's correct.

Q. Now, I think you furnished to the Tribunal then a lot of documentation. I don't believe it's necessary to go through it at this stage, is that correct? It's yachting documentation, isn't it?

A. It's all relating to the chartering of the yacht and magazines, extracts from magazines about the sailing involved at that time.

Q. Now, I think you go on then to say that as to the reason for the further payment of STG œ25,500 to Quay Worlds Limited in December 1979, it is thought that Mr. Coveney would have purchased "Golden Apple of the Sun" in late 1979 from Quay Worlds Limited following its salvage and a subsequent insurance claim and that the two payments made to the Midlands Bank Limited for Quay Worlds Limited would have represented the purchase price.

A. That's right.

Q. I think you informed the Tribunal that Mr. Coveney's family

are aware that Mr. Coveney subsequently sold "Golden Apple of the Sun" shortly thereafter but they don't have any details about it?

A. That's correct.

Q. Now, I think you set out in your memorandum the efforts made by the Coveney family and the advisers to obtain information regarding the Ansbacher accounts, isn't that correct?

A. That's right.

Q. And I think, in fact, you have, in the evidence you have given, dealt with the efforts which have been made, isn't that correct?

A. Yes.

Q. So unless you wish to make specific reference to any other effort, I don't propose necessarily dealing with it in detail, if that is all right with you?

A. I will just mention a couple of things maybe.

Q. Yes indeed.

A. Item 2 there in my statement, or evidence I said I had correspondence with Midland Bank for information in relation to Mr. Coveney's dealings with that bank in 1979, the bank replied by letter dated 18th May 1999 to the effect that "The bank does not keep records of customers' accounts and transactions as far back as the 1970s."

Q. Item number 3?

A. Item number 3.

Q. You corresponded with Deloitte and Touche and Mr. Joseph

McEvoy, tax adviser to Mr. Coveney in relation to Mr. Coveney's financial dealings with the Ansbacher accounts and that neither source could discover anything in their records relating to the funds or accounts which are the subject of the Tribunal's inquiries?

A. That's correct. Everything else was mentioned.

Q. I think you researched Mr. Coveney's own files for any information as well, isn't that correct?

A. Yes.

Q. Now, I think what is in your memorandum under the heading conclusion, might I suggest is more a submission rather than a conclusion and it's a matter that could be dealt with at a later stage by the Tribunal, if that's all right with you?

A. That's perfectly all right.

CHAIRMAN: I think you indicated you were going to put the memorandum of Mr. Coveney

MR. COUGHLAN: I think Mr. Coveney himself furnished to the solicitor to the Tribunal a document which is headed sorry, he furnished a number of documents but the memorandum relating to US property venture is the significant matter which was furnished to the Tribunal, isn't that correct, Mr. O' Flynn? I think you are aware now what he furnished to the Tribunal?

A. Oh I am fully aware, yes.

Q. I think in the memorandum furnished by Mr. Coveney I see

no reason why it shouldn't go on the overhead screen as I read it.

CHAIRMAN: That doesn't concern

MR. COUGHLAN: Does that cause you concern, Mr. O'Flynn?

A. There are names mentioned in it. I don't know

MR. COUGHLAN: Very good. I will read it in and if there are any names which shouldn't be referred to in the Tribunal, they can be excluded but it will form part of the record of the Tribunal.

CHAIRMAN: Subject to protecting the persons who

MR. COUGHLAN: The identity of the persons.

A. Yes.

Q. I think I will make a copy available to the stenographer for assistance at a later stage.

"In 1980, a Mr. Jim Cummins, an Irish American who lived part of the year in County Cork and who was well known to two friends of mine" and the two friends are mentioned "approached them about a possible property investment in Arizona. This was being promoted by a real estate colleague of Mr. Cummins, a Mr. Keith Smith. There was a third American involved as well, a Mr. Harry Bidwell.

The initial property investment related to the development near Phoenix, Arizona of a 90-acre residential trailer park

(mobile homes) and associated amenities. These types of developments in a 'sun belt' location like Phoenix were particularly attractive at that time to seasonal retired residents from the colder Northern States.

The three American investors were advised, for US tax planning purposes, to seek out 50 percent non-US partners and to operate from an acceptable and established offshore location. I was asked by either" and two people are mentioned "if I would be interested in looking at the merits of the proposal. They asked a few other business friends as well."

Then Mr. Coveney goes on to describe the group who would have been asked.

"At that time" and I do not mention the name, but a person "had extensive business interests in the US and had established a close banking relationship with a bank in New York. Accordingly, he approached them about putting up the bulk of the funds for this property investment. A detailed assessment of the project was undertaken for the bank and for the proposed Irish participants by the New York office of property consultants Jones Lang Wootton. They visited the site in Arizona and reported positively on the development and profits projection which was to be around \$10 million.

Guinness & Mahon, who were well known to most of the Irish

group, were also contacted. Mr. Desmond Traynor of that bank advised about the kind of structure required to meet the demands of the project. The structure envisaged the establishment of an entity known as the Lynbrett Trust. Guinness Mahon Cayman Trust Limited was the trustee for the Lynbrett Trust. The beneficiaries of Lynbrett Trust were to be five registered Cayman Island companies. I would be given an option to acquire one of these companies, Eclipse Holdings Limited, on terms which I shall outline later.

Under the arrangements negotiated with the New York bank" I don't see any reason why I shouldn't mention the bank, it's Allied Irish Bank?

A. Yes.

Q. "AIB would lend \$2.775 million to Lynbrett who in turn would lend it on to Mr. Keith Smith's company Roadhaven Resorts Inc. This was an Arizona corporation responsible for carrying out the developments. Legal and tax advice was obtained to confirm that the proposed structure was in conformity with US tax law.

Personal, joint and several guarantees were required by AIB from the five Irish participants. I signed the guarantee at AIB, 66 South Mall, Cork on the 23rd June 1981.

Lynbrett was to participate in 50 percent of the profits from the development (after the repayment of loans). The US investors were entitled to the other 50 percent. It

was envisaged that the group would involve itself in other similar property opportunities and a second project, Bullhead City, was under active consideration.

In addition to the AIB borrowing of \$2.775 million, the Lynbrett Trust was also required to put up \$950,000 in the initial development. My share of that amount amounted to \$212,500 (22 percent). I negotiated a venture capital-type arrangement with Des Traynor acting for Guinness Mahon Cayman Trust Limited. That arrangement involved GM Cayman Trust providing a loan facility of up to \$500,000 to Eclipse Holdings Limited for the purpose of investing in the Lynbrett Trust.

Eclipse Holdings was entitled to its share, (approximately 22 percent) of Lynbrett's profits. Eclipse was owned by GM Cayman Trust and it had to repay GMCT the amount loaned together with 40 percent of Eclipse share of Lynbrett's profits. This 40 percent profit share was in lieu of interest. In exchange for my personally guaranteeing €50,000 Stg of Eclipse borrowings, I was given an option to acquire all of the shares in Eclipse at paragraph (€50) as soon as the amount loaned to Eclipse had been repaid together with the 40 percent profit sharing. This structure made good commercial sense for me in that it limited my financial exposure while entitling me to 60 percent of Eclipse profits. Unfortunately, events conspired to ensure that I never acquired Eclipse

Holdings.

Despite the attractive projections and extensive due diligence carried out by AIB and ourselves, the enterprise ultimately turned out to be an unmitigated disaster and an absolute nightmare for the other participants and myself.

Roadhaven filed for bankruptcy in 1985; the securities put in place against our borrowings from AIB by AIB's lawyers proved to be defective and practically worthless and we were left fighting a number of actions to try to minimise our losses. AIB New York called on the guarantors by letter dated 18th February 1986 to pay, within 30 days, the sum of \$2,527,730. A protracted and publicised dispute followed between AIB, their lawyers and ourselves which was ultimately settled out of court late in 1993. That settlement involved each of the five of us in net payments of practically \$400,000 (spread over six installments).

To add to our misery, one of the five was unable to meet his commitments under the terms of the guarantee and the other four have had to pay his share as well, which brings the overall cost for each of the four up to practically \$500,000 (€2.4 million to AIB, less \$425,000 from lawyers).

GM Cayman Trust called on my €50,000 Stg guarantee by letter dated August 14th 1987 and I paid it in Irish pounds in October 1987. To do so, I had to sell 50,000 shares in Aran Energy. I endorsed the Irish pound cheque from

stockbrokers Goodbody James Capel and sent it to Desmond Traynor with a covering letter, both for transmission to GM Cayman Trust. Receipt was acknowledged by letter from GMCT dated October 29th, 1987."

The documents which accompanied this particular memorandum and were furnished by Mr. Coveney to the Tribunal solicitor personally were term loan agreement with Allied Irish Banks, bank guarantee 23rd June 1981, AIB project memo 6th January 1982, AIB demand for payment February 18th 1986, settlement agreement, the Lynbrett Trust deed, correspondence between GMCT and myself regarding Eclipse Holdings."

And that memorandum was dated January 1998.

That is the evidence available for today, Sir. And as we sat late to facilitate Mr. O' Flynn, there will be no further witnesses available in the afternoon. So in the circumstances, I would suggest that it would be appropriate that the Tribunal will adjourn until 10:30 in the morning.

CHAIRMAN: That will be the case, Mr. Coughlan. I will just check that Mr. Quinn or Mr. McCarthy or anyone else may not wish to raise any matters with Mr. O' Flynn.

Mr. O' Flynn, thank you very much for all the work that you have helped to do from incomplete sources to put together

the detailed memorandum and documents that were submitted to the Tribunal. I am more than happy that the concluding part of your memorandum which, as Mr. Coughlan said, is somewhat in the nature of a submission, will be taken fully on board and considered and of course if you want to add anything to that in writing at your leisure, or if anything has transpired today which makes you wish to add further matters, I'd be more than happy to take those without troubling you to come back forthwith. Thank you very much. Adjourned till tomorrow at half ten.

THE TRIBUNAL THEN ADJOURNED UNTIL THE FOLLOWING DAY,
FRIDAY, 11TH FEBRUARY 2000, AT 10:30AM.