

THE TRIBUNAL RESUMED AS FOLLOWS ON WEDNESDAY, 31ST MAY 2000

AT 10:30AM:

MR. COUGHLAN: Mr. Collery.

PADRAIG COLLERY, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS  
BY MR. COUGHLAN:

Q. MR. COUGHLAN: Thank you Mr. Collery. Now I think you furnished a number of memoranda to the Tribunal. I just want to explain what we intend dealing with today. We are not dealing with the memorandum relating to the S8 Account today.

A. Very good.

Q. And I think dealing with the other matters you furnished two memoranda, there was the first one and then the second one which is in the form of answers to questions.

A. That's correct.

Q. So I'll deal with the first one furnished first and then I'll go to the question and answers. Is that satisfactory?

A. That's satisfactory with me, thank you.

Q. And just to put it in context, what we are looking at in the particular evidence you are going to give now is a feature of the operation of an Ansbacher account, it may have other implications or features as well but that's one of the features, the operation of the Ansbacher accounts.

A. Okay.

Q. Now I think in this first memorandum, I think you indicate

from information which has been brought to your attention that the Tribunal has been informed that the lodgment of œ260,000 to Amiens Securities Account No. 1, account number 10407014 on the 23rd July 1987 was in respect of the repayment of a loan by Princes Investments to Guinness & Mahon, isn't that correct?

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

Q. Now you then go on, I think it appears from the bank's records that in 1975 the bank agreed to provide a facility of œ116,000 to Princes Investments, isn't that correct?

A. That's correct.

Q. And we have the facility letter on the screen at the movement. Now, the bank's records include this facility letter dated 10th April 1995 from which it appears that the facility had already been taken up, isn't that correct?

A. That is correct.

Q. The security for the facility was stated to be the joint and several guarantee of Mr. JJ Byrne, Mr. William Clifford and Mr. Thomas Clifford whom you understand were the directors of Princes Investments, isn't that so?

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

Q. I think the facility letter was signed by Mr. William Clifford and Mr. Thomas Clifford signifying Princes Investments acceptance of the terms of the facility, isn't that correct?

A. That is correct.

Q. That's fairly standard.

A. It is indeed, or it was.

Q. It was?

A. In those days, yes.

Q. Now I think the only Credit Committee Loan Memorandum on the relevant loan file is a memorandum dated 3rd May 1985 which includes a background note in the following terms, and you see at the bottom, "Guarantors are well-known to Guinness & Mahon, in this case the security is considered adequate." And I think you state that as already indicated in previous evidence from the Tribunal both from you and Ms. Kells, it appears that this formula was introduced in the early 1980s to describe loans which were secured by backing deposits held in Guinness & Mahon in the name of Guinness Mahon Cayman Trust or one of Guinness & Mahon's other offshore subsidiaries, that being the Channel Islands perhaps?

A. Correct.

Q. And I think that this in fact replaced an earlier formula which was "suitably secured"?

A. I believe that to be so, yes.

Q. Now, from the documents furnished, I think it appears to you that the loan continued to be outstanding up to 1985, is that correct?

A. That is correct.

Q. And the loan appears to have been a sterling loan with account number 05508002, is that correct?

A. That is correct.

Q. And the last statement for this loan account with Guinness & Mahon which Guinness & Mahon has been able to retrieve shows the closing balance that the loan as of the 31st December 1984 was sterling  $\pounds 172,138.16$ , is that correct?

A. I believe that to be so, yes.

Q. I think you can see the statement there?

A. I can indeed.

Q. I think you have informed the Tribunal again from the documents, it appears from the bank's records that the loan was paid off and cleared in full on the 4th September 1985?

A. That is correct.

Q. And we have been through these documents yesterday and I think you have seen the hard copies, isn't that correct?

A. They are not very clear on the screen.

Q. But that the bank's daily input log for that date shows that a sum of sterling  $\pounds 186,986.82$  was transferred from Guinness Mahon Cayman Trust/College Call account number 06040454 and was credited to Princes Investments Limited account 05508002, isn't that correct?

A. That's correct.

Q. And I think the debit or this debit is shown on the statement of the Guinness Mahon Cayman Trust/College Account and I think you can see that on the overhead projector and you have seen the hard copy of this in fact?

A. I have confirmed it, yes.

Q. And you have informed the Tribunal that Guinness & Mahon has not been able to retrieve a copy statement of the

Princes Investments loan account for the 4th September

1985, I think that's

A. I believe that to be so, yes.

Q. I think all of Guinness & Mahon statements were automatically microfiched and should now be available and as it appears that this statement is not available, it is reasonable to assume that the statement was removed from the automated statement run?

A. That would appear to be the case.

Q. You would think that is the case. Now, I think you have informed the Tribunal that the Central Tourist Holdings loan on which evidence has previously been given was also cleared on the 4th September 1985 with funds transferred to the same Guinness & Mahon Trust/College account?

A. I think it was indeed, yes.

Q. Guinness Mahon Cayman Trust/College Account, yes. Now I think you state that it appears from the bank's records that as was done in the case of the Central Tourist Holdings loan, two statements for a fictitious Princes Investments loan with an account number 05508045 were generated manually on the bank's computer system in 1986, is that correct?

A. That appears to be the case, yes.

Q. The first of these statements is dated the 30th April 1986 that document is on the overhead screen and there are three entries on the account statement and these entries were the 4th November 1985 showing a zero balance

carried forward; the second entry is the 5th November 1986 showing a debit of €228,032.71, described as a reverse entry and the third entry is dated the 10th April 1986 showing a debit of €13,145.46 described as interest. We might come back and ask you to explain that if you can.

A. Yes, of course.

Q. In due course. Now, I think you say that whilst the reference to the 5th November 1986 is "reverse entry" you understand that Guinness & Mahon has searched its records in account number order for all transactions processed across the bank's accounts on that date and there is no entry for an account 05508045 and that furthermore, an automated statement run to the 30th April 1986 being the date on which interest appears to have been charged shows an account in the name of Princes Investments Limited?

A. I believe that to be so, yes.

Q. Now I think you have informed the Tribunal that the second statement which appears to have been manually generated for an account 05508045 is dated the 31st October 1986, is that correct?

A. That's correct.

Q. And this shows the balance of €241,178.17 carried forward on the 10th April 1986 and a further interest application as of the 1st October 1986 of €12,158.02 which brought the debit balance to €253,336.19. I think that's apparent from the document on the screen?

A. It is, yes.

Q. I think again you understand from the bank's records that no interest charge in this amount or in any amount was made to a Princes Investments account number 055084045 on the 31st October 1986?

A. I believe that to be so, yes.

Q. And I think you know that the bank has produced to the Tribunal a document which details all interest both debited and credited to clients' accounts in the tax year to the 5th April 1987 and the report prints in alphabetical order the accounts to which interest was credited or debited and there was no interest entry for Princes Investments even though the statement purported to show interest of œ235,303.43 applied in the year to the 5th April 1987, is that correct?

A. That's correct.

Q. Now, again I think you can say that it appears from Guinness & Mahon records that the two statements for Princes Investments Limited printed on the 30th April 1986 and the 31st October 1986 appear to be manually generated from the computer system, from some computer system or from the computer system by processing manual entries, is that right?

A. That is correct.

Q. Now I think the IBIS software package which was used by the bank was developed on the principle of double entry?

A. That's correct.

Q. Therefore to process transactions of this account, it would

have been necessary to process entries across other accounts and presumably internal Guinness & Mahon accounts were credited with relevant transactions to keep the bank's records in balance until statements were printed and entries reversed. The entries on these two statements must have been reversed at a later date but you understand that Guinness & Mahon have been unable to trace loan details elsewhere in its records, is that right?

A. That would be the case, yes.

Q. Now I think you have informed the Tribunal that the manual generation forcing of these bank statements was necessitated, it would appear, by a desire to show a loan in the name of Princes Investments Limited even though such a loan did not exist in Guinness & Mahon's books and the loan to Princes Investments was repaid in September 1985 by the transfer of money from the Guinness Mahon Cayman Trust/College Call Account, isn't that correct?

A. That is correct.

Q. Now I think you have informed the Tribunal that you understand that the loan file for Princes Investments include copies of loan certificates which appear to have been issued by Guinness & Mahon in 1985 and 1986, certifying that at of the 31st October 1985 there was a debit balance on Guinness & Mahon's books in respect of Princes Investments of œ228,032.71 and that document is again the standard form of certificate which the bank would issue to a company's accountants or auditors?



A. That is correct.

Q. And I think it came to your department and it's signed by you, isn't that right?

A. It is indeed, yes.

Q. Now, the second one is as of the 31st October 1986 which shows a debit balance of €253,336.19, again it's the standard form of certificate issued coming to your department and signed by you, isn't that right?

A. That is correct.

Q. I think you informed the Tribunal that the manual generation of the accounts statements for Princes Investments Limited would have enabled these certificates to be issued, the certificates were addressed to Princes Investments Limited, C/O Business Enterprises Limited at 17 Clyde Road, Dublin 4, isn't that correct?

A. That's correct.

Q. And I think you informed the Tribunal as of the 23rd July 1987 when the sum of €260,000 Irish was credited to Amiens Securities Limited Account 10407014, Princes Investments Limited had, it appears, no liability whatsoever on the books of Guinness & Mahon and you understand that there was no transfer from the Amiens Securities Limited account in the sum of €260,000 or to any other account in Guinness & Mahon and it appears to you it is clear that on the basis of the evidence before you, that the only loan made by Guinness & Mahon to Princes Investments was paid off in full approximately two years earlier in September of 1985,

is that correct?

A. That's correct.

Q. Now, I think that was your overall view, having viewed the documents furnished by the Tribunal, isn't that right?

A. It was indeed.

Q. And then I think specific queries were raised by the Tribunal with you and that was you responded in a questions and answers format, isn't that right?

A. I did indeed.

Q. If you have those, Mr. Collery. Now I think the first query was that you were asked for your knowledge direct or indirect of the repayment of the debit balance on the Princes Investments loan account number 05508002 on the 4th September 1985 with funds which appear to have been transferred from Guinness Mahon Cayman Trust/College Call Account number 06040454 and I think your response to that is that you do not recall any knowledge, direct or indirect, of the repayment of the loan account in the name of Princes Investments Limited in Guinness & Mahon Limited; is that correct?

A. That's correct.

Q. You were then asked your role, if any, in connection with the repayment of the Princes Investments loan on the 4th September 1985 or the transfer of funds from Guinness Mahon Cayman Trust/College Call Account to Princes Investments Limited and I think your response was that "in connection with the repayment of the Princes Investments loan on the

4th September 1985, I do not recall having a role in a) the repayment of the loan account in the name of Princes Investments account number 05508002 or b) the transfer of funds from Guinness Mahon Cayman Trust/College Call Account number 06040454; is that correct?

A. That's correct.

Q. The third query, you were asked for details of your dealings, if any, with the late Mr. Traynor or Mr. John Byrne, any other director of Princes Investments, any other officer or official of Guinness & Mahon and/or any other person whatsoever in relation to the repayment of the Princes Investments loan on the 4th September 1985 or the transfer of funds from Guinness Mahon Cayman Trust/College Call Account number 06040454 and your response to that is that you do not recall having any dealings with the late Mr. Traynor, Mr. John Byrne, any other director of Princes Investments Limited, any other officer or official of Guinness & Mahon or any other person whatsoever in relation to the repayment of the loan to Princes Investments Limited on the 4th September 1985, is that correct?

A. That is correct.

Q. Now the fourth query, you were asked for your knowledge, direct or indirect, of any debit made to any coded account on the bureau system to reflect the withdrawal of sterling  $\pounds 186,986.82$  from Guinness Mahon Cayman Trust/College Call Account number 06040454 and your response is as the amount of sterling  $\pounds 186,986.82$  was debited to the principal

account of Guinness Mahon Cayman Trust/College Call Account 06040454, it is most probable that the same amount was posted to an account in the bureau system. "While I do not recall posting the amount in the bureau system, I do accept that it is reasonable to assume that I did post it as was the practice at that time," is that correct?

A. That is correct, yes.

Q. The next query raised was your knowledge, direct or indirect, of the issuing of statements dated the 30th April 1986 and the 5th November 1986 from Princes Investments Loan Account number 05508045 and your response is: "I do not recall any knowledge of the issuing of statements on account number 05508045 in the name of Princes Investments Limited dated the 30th April 1986, I trust your reference to a statement dated 5th November 1986 should read the 31st October 1986, and in this regard, I do not recall any knowledge of the issuing of this statement."

Then the sixth query, you were asked for your role, if any, in connection with issuing of statements dated 30th April 1986 or the 5th sorry, I beg your pardon, the seventh query you were asked for details of your dealings, if any, with the late Mr. Traynor, Mr. John Byrne, any other director of Princes Investments, any officer or official of Guinness & Mahon or any other person whatsoever in relation to the issuing of statements of account 05508045 and your response to that is: "I do not recall any dealings with the late Mr. Traynor, Mr. John Byrne, any other director of

Princes Investments Limited, any officer of Guinness & Mahon Limited or any other person whatsoever in relation to the issuing of statements on account number 05508045," is that right?

A. That is correct.

Q. You were then asked for your knowledge, direct or indirect, of the issuing of certificates by Guinness & Mahon in November 1985 and November 1986 showing that balance certificates of Princes Investments to Guinness & Mahon and your response is that "the Department which I managed in Guinness & Mahon had as one of its functions the task of issuing balance certificates when asked by a client or the client's auditors. As can be seen in this case, the balance certificates were prepared and checked by my staff and signed by myself as was the routine exercised in the department. I do not recall anything specific relating to the issuing of these certificates in November 1985 and November 1986. I confirm this is my signature on these certificates." Is that correct?

A. That is correct.

Q. You were then asked your role, if any, in connection with the issuing of such certificates and your response is that "as outlined above, the issuing of balance certificates was done almost on a daily basis in this department in Guinness & Mahon. While I signed the certificates as part of my normal duties, I do not recall any specific role in the issuing of balance certificates on the account Princes

Investments in November 1985 and November 1986." Is that correct?

A. That is correct.

Q. Then you were asked for your details of your dealings, if any, with the late Mr. Traynor, Mr. John Byrne, any other director of Princes Investments, any officer or official of Guinness & Mahon, any accountant with the firm of Deloitte & Touche or any other person whatsoever in relation to the issuing of such certificates and you respond: "I do not recall any dealings with the late Mr. Traynor, Mr. John Byrne, any other director of Princes Investments Limited, any officer or official of Guinness & Mahon Limited, any accountants with the firm of Deloitte & Touche, any other person in relation to the issuing of such balance certificates. However, from the documentation supplied by the Tribunal in its inquiries into the repayments of Central Tourist Holdings, I seem to recall the copy of a letter from Deloitte & Touche requesting balance certificates for Central Tourist Holdings and Princes Investments." I think that's your

A. Yes.

Q. And I think that is so on the letter of the, the first letter of request when we dealt with the Central Tourist Holdings included a request for Princes Investments?

A. That's my recollection, yes.

CHAIRMAN: Is that Mr. Carty's letter?

MR. COUGHLAN: Yes. When we dealt with Central Tourist Holdings previously, we blacked out Princes Investments because we hadn't taken that matter up with Princes Investments at that stage.

A. That's as I recall it, yes.

Q. Now the next query you were asked for your knowledge, direct or indirect, of the lodgment of €260,000 on the 23rd July 1987 to Amiens Securities Limited No. 1 Current Account number 10407014 and you respond: "I do not recall any knowledge of the lodgment of €260,000 on the 23rd July 1987 to Amiens Securities Limited Account number 10407014."

The next query was you were asked for your role, if any, in connection with the lodgment and you respond: "I do not recall having any role in the lodgment of €260,000 on the 23rd July 1987 to Amiens Securities Limited, the same account number as I have previously stated."

The next query then, you were asked for details of your dealings, if any, with the late Mr. Traynor, Mr. John Byrne, any other director of Princes Investments, any officer or official of Guinness & Mahon, or any other person whatsoever in relation to the lodgment of €260,000 on the 23rd July 1987 and you respond: "I do not recall having any dealings with the late Mr. Traynor, Mr. John Byrne, any other director of Princes Investments Limited, any officer or official of Guinness & Mahon Limited, or any other person whatsoever in relation to the lodgment of

€260,000 on the 23rd July 1987 to Amiens Securities

Limited." Is that correct?

A. That's correct.

Q. And then the final query, you were asked for your knowledge, direct or indirect, of any credit made to any coded account on the bureau system to reflect the lodgment of €260,000 on the 23rd July 1987. And you respond: "I do not recall making a credit entry to any coded account on the bureau system to reflect the lodgment of €260,000. As I do not have the details of the disbursement of this lodgment from Amiens Securities, I am unable to assist the Tribunal with my opinion as to what may have happened in this instance. If the Tribunal is in the position to give me this information, I would be able to analyse the transaction to see if I could give my opinion as to what may have happened." Is that correct?

A. That's correct.

Q. Very good. There can be little doubt, I think isn't it so, Mr. Collery, that Princes Investments Limited had a loan granted by Guinness & Mahon which was evidenced in the facility letter of the 10th April 1975, isn't that correct?

A. That is correct.

Q. And again, can there be any doubt but that the reference in the background note of the Credit Committee Memorandum dated the 3rd May 1985 indicating that the guarantors are well-known to Guinness & Mahon and in this case, the security is "considered adequate", that this was backed by



offshore money?

A. That's correct.

Q. And again, there can be little doubt but that this particular loan which had, I suppose with the application of interest, stood at a debit balance of £186,986.82 as of the 4th September 1985 was cleared off the books of Guinness & Mahon by a payment from Guinness Mahon Cayman Trust/College Call Account, isn't that correct?

A. That is correct and the transactions that we just reviewed there support that.

Q. Yes. Now, I think you have been informed and Ms. Sandra Kells gave evidence that the bank have not been able to locate or retrieve a copy statement of the Princes Investments loan account for the 4th September 1985?

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

Q. But the evidence showing the money coming out of the Guinness & Mahon Cayman Trust/College Call Account would be reflected as a credit on the particular statement if it were available, isn't that correct, or should?

A. Well indeed, quite, and the daily transaction log which we referred to previously supports that. In fact, it did look at that account.

Q. We know it did go to that account but if the statement were available, it should show a credit to the account on that day resulting in a zero balance. Wouldn't that be what should be there if it could be retrieved?

A. Absolutely.

Q. And these account statements, the system was that they were microfiched for record purposes because obviously one couldn't keep paper around.

A. Well, my recollection at the time is that the stationery were three-part, one part just was held in its daily roll, one part was filed alphabetically on a yearly basis and a third part was sent out to the customer.

Q. That's how would it have been held at the time?

A. At the time and then well certainly when I was in the bank, it was my process whereby these were microfiched on a regular basis.

Q. They were microfiched on a regular basis. The purpose of microfiching is to facilitate storage, isn't that correct?

A. That is correct.

Q. And when they were being microfiched, were they sent out to be microfiched to a specialist firm or were they done in the bank itself, is it your recollection?

A. My recollection is they were sent out to a specialist firm.

Q. And they were stored or they were filed numerically, isn't that correct, the statements, alphabetically in the name of customer and numerically within the record of the customer, would that be correct?

A. Statement No. 1, 2, 3, yes, that is correct.

Q. And the microfiching process would follow the record as sent by the bank, isn't that correct?

A. It was like a leverarch folder which would be sent out in its entirety, yes.

Q. And would you agree with the view expressed by Ms. Kells that if it wasn't microfiched, the probability is that it was removed manually?

A. If it was removed and/or not filed back when it was taken out, something of that nature did occur.

Q. Now would you agree that there would be, there would have been an interest in removing it?

A. Not particularly, because its an inconsistency from what appears in front of me, to show a continuity from when the loan was paid off to the next generating manual loan so I am baffled as to why. I would see that as an inconsistency.

Q. Perhaps I'll come back to it again but what I am suggesting to you is that if a trail from the bank statement of Princes Investments Limited was traced back to Guinness Mahon Cayman Trust/College Call Account, it would expose the back-to-back nature of the loan and expose the system of offshore backing for loans?

A. Yes.

Q. And it would also expose, of course, the system whereby on Credit Committee Meeting, there was no adequate record being kept of this, it was done in coded form by "suitably secured" or "considered adequate"?

A. That's correct.

Q. And if anyone delved even further, it might even expose the existence of the bureau system within the bank?

A. It certainly could have, yes.

Q. But I think from what you have seen and from your experience in banking, you would be satisfied that as of the from the other traces that have taken place in the bank that as of the 4th September 1985, the loan was paid off, isn't that is right?

A. I believe there's no doubt about that.

Q. There's no doubt about that. Now, we know, don't we, that there appears to have then been created subsequently in the bank a fictitious record to indicate that Princes Investments were still indebted to Guinness & Mahon, isn't that correct?

A. That is correct.

Q. And we have this particular statement and to the best of anyone's knowledge at this stage, there is no indication that Princes Investments applied for another loan?

A. That would appear to be the case, yes.

Q. Now this particular statement in this fictitious loan, it's unusual, is it not, if one looks at the left-hand column and sees as of the 4th November 1985, isn't that right, there's a zero balance

A. Well I think

Q. carried forward.

A. I don't know I can't recall if all newly opened accounts had that reference on them or not, you know, but perhaps and perhaps not.

Q. Perhaps?

A. I don't know myself.

Q. And then the next entry is 5th November 1986 is what's described as reverse entry debit, is it?

A. No, I think you must treat that line as a debit interest rate change to a rate.

Q. I see. You must separate the lines, I see. Well the 5th November 1986, it says reverse entry. What do you believe that that may be referring to?

A. Well I believe if we are going from what we seen earlier of the loan being repaid but then a record being generated say well no money was transferred into the account from sterling to Irish pounds if this is what purports to be demonstrated here, I think that should have read the 5th November 1985 and if that were the case, then that would be the date on which the sterling loan closed and this new Irish pound loan purported to be opened and that is why I believe it is saying reverse entry.

Q. I see. And then that might be consistent so with the reference 30th April 1986 there's an application of interest?

A. That's the half year interest application date. That's my interpretation of it.

Q. Yes. Now, we know that this particular document was created and was found in Guinness & Mahon but this particular transaction never affected the bank, isn't that correct?

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

Q. Because there is, as you said yourself before, the bank,

the system in the bank, the IBIS system was designed to be a double entry system.

A. That is correct.

Q. So that if there was a debit balance showing there of œ220,000 odd, for the bank system itself, for the bank's own records to balance at the end of the day or at the end of any given period, there would have to be a credit balance showing somewhere else in the bank, isn't that correct?

A. That is correct.

Q. And on the application of interest, again there would have to be a record within the bank showing that to affect the position of the bank, isn't that correct?

A. That is correct.

Q. And we know that neither of those situations arose, isn't that right, from the evidence of Ms. Kells?

A. I believe that to be the case.

Q. So, all that we had taking place in relation to this particular document was the creation of a document?

A. Correct.

Q. It wasn't taking money from the bank, isn't that right?

A. Correct.

Q. And it wasn't giving money to the bank in the form of the application of interest, isn't that right?

A. That is correct.

Q. And whilst you have given a view of what the reference to reverse entry is there, that it may have been to create an

impression that there was the conversion of a sterling loan to an Irish loan, that was not happening within the bank at all, isn't that correct?

A. That is correct.

Q. So all it is is, this document was to try and create that view?

A. That's I believe to be the case, yes.

Q. And your own view is that there must have been a mistake, somebody typed in '86 perhaps rather than '85 because you couldn't create the impression adequately if you put in '86 as of November 1986 and apply interest the half yearly interest for April in 1986?

A. Correct, I should have pointed it out previously but it was only last night in preparing for today's evidence that I noticed that.

Q. Yes. Now, I suppose that brings us to the next question so, that the document could not have been generated in the ordinary operation of the bank's computer system, isn't that correct?

A. That is correct.

Q. Because the system itself was designed, as you say, as a double entry system and if you didn't have the double entry, the system wouldn't accept it, isn't that correct?

A. That is correct.

Q. And at the end of the day, the balance the bank's balance wouldn't be correct

A. If there weren't double entry.

Q. If interest wasn't double entry?

A. As you say yourself, the system wouldn't allow you input a transaction if it wasn't balanced.

Q. If you had a debit on one side, you had to have a credit within the system?

A. Or a combination of credits.

Q. Or a combination of credits and as this was not creating an actual debit, because to do so would have been taking the bank's money, isn't that correct?

A. Depending on where it was being paid away to.

Q. The money was going into the country, it was the bank's money, we had to try and understand so how this document could have been created to give the appearance that it was a Guinness & Mahon legitimate or should I say, a Guinness & Mahon legitimate and genuine bank statement, isn't that correct?

A. Correct.

CHAIRMAN: Just before Mr. Coughlan goes on on that, on the interest point that was made, Mr. Collery, and your own observation that you think the entry as regards the 5th November should in fact have been 1985, taking the statement on its face, therefore a gap of almost 18 months until the interest entry, it would mean that in fact the €13,000 levied in interest would effectively be at a rate of roughly 4 percent per year, roughly 6 percent over 18 months and quite plainly the borrowing rate at a stage if



this was an authentic document, would have been nothing like 4 percent?

A. We are talking about November '85 to April 1986 so we are talking about six months.

CHAIRMAN: But if it were 18 months?

A. Of course, well we have those figures reversed the reverse way around to it's obviously... yes, correct.

Q. MR. COUGHLAN: Now, somebody making the ordinary entries in the bank's computer system, this would be done by a number of operators, would it, in the course of their daily work?

A. Yes, a large number of people would have done that.

Q. Debits and credits in clients' accounts?

A. Yes.

Q. That is standard work?

A. Standard work in any bank.

Q. And statements are produced then sequentially, isn't that correct?

A. The statements are produced on a daily basis depending on the statement frequency.

Q. And the bank itself at the end of the day would know what interest was being applied, isn't that across the accounts?

A. Well again within modern computer systems, the interest is automatically generated and applied and depending then on the application date within the system.

Q. But at the end of the day the bank would know where it

stood or should know where it stood?

A. On a daily basis your accounting system you have daily accruals and then on the appropriate date, that interest is capitalised by, in this case, if it were a normal loan facility within the bank, the €13,000 as you stated would have been debited to the loan account and the bank's interest income account would have been credited.

Q. Now if you sat down at a screen as an operator might and made the normal everyday entries, the computer would accept those, they'd go on to the bank's records, isn't that right, and the computer would do things like apply interest, whether debiting or crediting, it would generate balances and it would do all of those functions?

A. Indeed, yes.

Q. Now, if you sat down at your screen and you attempted to access the system in the bank to produce for the purpose of producing a statement showing that there was a debit balance showing on this account of €220,000, just for the purposes of producing that, the computer wouldn't accept it, isn't that correct?

A. No, as we stated earlier, it would have to be a debit and a credit to that account.

Q. And we know from the various searches that have been done in Guinness & Mahon, that the computer did not spew these out on other checks, isn't that right?

A. Sorry, I don't understand.

Q. We don't see it coming out anywhere else in Guinness &

Mahon.

A. That I believe to be the case, yes.

Q. So somebody had to and there can be little doubt I think, Mr. Collery, that this particular statement is in the format and the typeface that the computer would produce, isn't that correct?

A. That is, I believe, correct, yes.

Q. So somebody had to access the computer in some manner to override the system to produce manually this statement, isn't that correct?

A. Well I think what would have happened is that the transactions would have been input, it appears what happens here is the transactions were input to reflect those two particular transactions.

Q. Yes.

A. And I seem to recall that as I explained earlier, you could, within the database you had automatic production of the statement but you could input a transaction that would say 'please generate an exceptional statement for me' and then a statement would be produced next day.

Q. I see, a statement would be produced but it would not, it wouldn't be reflected in the bank's own records, is that correct?

A. It should be, yes, it should be, in normal circumstances it should be.

Q. Well I want to take this very slowly now. There can be little doubt that the only thing, and I think you agree,

was the only thing produced here was this statement showing a debit balance?

A. At least two.

Q. Showing debit balances. There is no record and showing debits balances and the application of interest?

A. That's correct.

Q. There is no record in Guinness & Mahon on the printout from the computer showing interest being applied, isn't that right?

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

Q. Therefore, can there be any doubt but that these particular transactions were not in the system?

A. That is correct.

Q. Now what I want to know is this; the system was designed only to accept a double entry format, isn't that correct?

A. That is, I believe, I recall, correct, yes.

Q. So how could a statement be generated, produced? It's been described as being produced manually, I am trying to understand how could it be produced from the computer when there was no double entry taking place.

A. Well I believe, as Ms. Kells also said and from my recollection of the system, that there had to be a double entry and therefore there must have been another account that was credited here.

Q. Well there is no other account, there is no other account credited here in Guinness & Mahon. So I want to ask you this: The bureau system was within the Guinness & Mahon

system, isn't that right?

A. It was indeed, yes.

Q. And we know that the stationery for the bureau system was kept by you, isn't that correct?

A. Yes.

Q. Or kept under your control?

A. Yes, it was, yes.

Q. And either you or Miss Keogh got that out of the safe or the cupboard or whatever it was?

A. We changed the stationery, yes, as appropriate.

Q. And when the statements were being generated on the Cayman side, that stationery was introduced for the purpose of printing it off, isn't that right?

A. It was indeed, yes.

Q. On the Guinness & Mahon computer of course?

A. Yes indeed.

Q. And that would have produced Cayman statements but printed in like form by the computer?

A. That is correct, yes.

Q. Could Guinness & Mahon stationery have been used on the bureau system?

A. Of course. A statement, it's a printer that you load the stationery onto.

Q. Could a statement like this have been, could it have been generated on the bureau system?

A. If the relevant details were all entered about the account name and address and all of that, yes, it could.

Q. And we know we know that the Princes Investments Limited loan was paid off out of Cayman money, isn't that correct?

A. It was indeed, yes.

Q. And if it was paid off out of Cayman money, there had to be some entry on the bureau system at the time the loan was paid off, isn't that right?

A. I believe that would be the reason to expect that there was, yes.

Q. And can I take it that the bureau system didn't operate for loan accounts normally, did it?

A. No, it did not.

Q. It was deposit accounts?

A. Well there was no necessity, there were no loans in the system.

Q. Would it not have been possible to set up a software on the bureau system to have a one-off loan account created, the system itself was designed to deal with deposit accounts and the application of interest, isn't that right?

A. No, to be very clear, the software was the same as was on the main Guinness & Mahon file, it was as I described earlier, a separate set of directories that had the information relating to the bureau so whether it was a debit or a credit, depending on the entry that was generated on the data input, it did its calculations, it didn't differentiate between is this the Guinness & Mahon or is it the bureau account? It just generated the transactions as given to it.

Q. The opinion you expressed earlier that the reference to reverse entry and that the date is just wrong, could be to create an impression that a sterling loan which had been cleared off had been converted into an Irish loan, isn't that correct, that's a view that

A. That's my view, when we were looking at what happened here is that we see the loan paid off genuinely from Guinness & Mahon College Trustees for whatever reason, somebody said that wasn't a good idea and then they purported to create these documents which seemed to indicate that the loan continued for another two years which they eventually paid off in 1987 for the £260,000.

Q. Is it not equally reflective of what happened, what actually happened on the Cayman side because the money came out of Cayman to pay off the loan on Guinness & Mahon, isn't that right?

A. I wouldn't accept that. You know, the loan or

Q. Let's take it step by step. The money came out Cayman?

A. The 260 came out of Cayman, yes.

Q. Now, I don't want to get into the detail of the exchange rate, I am not clear but that may or may not have been a somewhat similar reflection of what the exchange rate plus the application of some interest may have been, and whilst the money came out of Cayman, that Cayman account has been debited, isn't that right?

A. That's right and the overall balances therefore within the bureau system was reduced by 186,000.

Q. But this particular sum of money would have brought the balances back on the bureau system, this particular sum of money which is the amount of the loan?

A. But that's an Irish pound transaction which couldn't be posted in the bureau system because bureau was sterling.

Q. Yes. Well how do we know? It appears to us to be an Irish pounds transaction because Irish pounds is just written in at the top. There is no indication on the actual numbers itself.

A. No, I believe the IBIS system, when you created an account, you gave the currency of the account within the database that you were inputting there and then that automatically generated that description Irish pounds on the account.

Q. Well, to create that particular document, somebody had to know what they were doing, isn't that right?

A. Yes.

Q. And they had to know that this was not a real situation, that these entries were being made for the purpose of creating this once-off document or the subsequent document?

A. That is correct.

Q. And when you signed the certificates which were sought subsequently information would have been laid before you or sorry, let's take that slowly again. The certificates were typed by staff in your department, isn't that right?

A. That is correct.

Q. They were physically typed?



A. They were indeed, yes.

Q. And the information your staff obtained to type those up was from a record which had come out of the computer system, isn't that right?

A. That is correct.

Q. Now, the computer system itself could not have produced that particular document or generated it in the normal way, isn't that right?

A. No. As I say, these were manually generated documents.

Q. So somebody would have had to give those to whoever was typing up the certificates, isn't that right?

A. Sorry, I thought you were referring to the certificates being manually typed up.

Q. Yes and what are these?

A. Well as I described earlier, I believe the process would be whereby a member of my staff would either go to the screen or go to the statements and confirm the balances and then type them up accordingly.

Q. Now, neither the screen nor the files would have contained that particular document, would they?

A. Well the files must have contained that document because I believe that's where that document came from, is it not?

Q. Well let's go back so, Mr. Collery, no member of your staff, other than on express instructions from you, could have created the document in the first instance, is that right?

A. We are talking about the statement?

Q. This particular statement.

A. Or by somebody else within the bank inputting transactions to

Q. Who else would have known how to do that?

A. Well, as you said earlier, a lot of people passed transactions so, you know, I accept I may have done it and maybe other people in the bank that I am not aware of.

Q. Okay. Isn't it more than likely that you are the one who did it?

A. It's probable that I did it.

Q. And you would have done it at the request of Mr. Traynor I suppose, is that right?

A. I would have had to receive instructions and it is likely in the circumstances that we have reviewed that it was Mr. Traynor.

Q. Yes. And can we take it that again this was designed to avoid exposing the back-to-backs?

A. Well as I said earlier, my analysis of what has happened here is that there was the repayment of the loan, obviously somebody thought that wasn't a good idea and perhaps the idea was that it would expose the repayment of the loan from an external source, i.e. Guinness & Mahon College Trustees and then it was purported to show that that loan continued in existence up until 1987.

Q. Well, you say it's probable that you are the one who did this on the instructions of Mr. Traynor?

A. Yes.

Q. And we know that you signed the certificates which were sought showing the balances as at various times?

A. I did indeed, yes.

Q. And it's probable that when you signed those certificates, that you knew that the balances being shown were fictitious?

A. Yes, I most probably was working off these statements, yes.

Q. And I think you'd probably accept that the statements were generated probably around that time for that purpose?

A. Yes, I would believe that to be the case, yes.

Q. Now, I think you identified in the course of your evidence, I think correctly, that when a request came in from Deloitte & Touche or Mr. Carty in Deloitte & Touche for the certificate on Central Tourist Holdings, the letter was also headed Princes Investments, is that correct?

A. That was going purely from memory.

Q. I think you are absolutely right about that, we blacked it out. Now, could we just look at the certificates. The 31st October 1985 is the first one. Now, you can see that there that the address is Princes Investments Limited and it's C/O Business Enterprises Limited, 17 Clyde Road, Dublin 4, that's Mr. Stakelum's company?

A. Yes, it is.

Q. Now, do you know or do you have any idea why the address is given as Mr. Stakelum's company? I should say that Mr. Stakelum has no knowledge good, bad or indifferent of this he has informed the Tribunal, but do you know why the

address would have been Mr. Stakelum's company?

A. I have no idea but that surprises me because if we go back to the sterling loan

Q. Yes, we will go back to the sterling loan

A. I believe that the address was there and therefore the automatically generated statements would have gone out there on a regular basis.

Q. When you talk about the sterling loan, you talk about the real loan that was cleared off?

A. Absolutely correct.

Q. And the address on the computer, would that be on the computer record of Guinness & Mahon?

A. Correct.

Q. That address would have been printed out so the address in the records of Guinness & Mahon was Business Enterprises Limited, Mr. Stakelum's company?

A. It was.

Q. On the loan.

A. Correct.

CHAIRMAN: Did that apply to Central Tourist Holdings also?

A. I can't recall.

MR. COUGHLAN: No, I

CHAIRMAN: I seem to recall the same going to Deloitte & Touche.

MR. COUGHLAN: I beg your pardon, if I recall the evidence, I think that the actual bank statements for Central Tourist Holdings went to Mr. Foley in Tralee.

CHAIRMAN: Yes.

MR. COUGHLAN: And the request for the certificates came from Mr. Carty in Deloitte & Touche.

A. I think that is, that's the correct

Q. Now I think on the fictitious statement the address is also given as Business Enterprises Limited but you can't, that's as you understand it?

A. That is as I understand it, I have no opinion on it.

Q. Now, in July of 1987 €260,000 went by way of banker's payment from Allied Irish Banks and it was made payable to Guinness & Mahon. Just again to recap on that, a banker's payment is a payment from one bank to another, isn't that correct?

A. That is correct, yes.

Q. And we have been able to ascertain that this particular banker's payment originated out of the account of Princes Investments Limited in Kerry?

A. I believe that is the evidence, yes.

Q. And it was payable to Guinness & Mahon and seems to be the view of Mr. Byrne that this was a payment to Guinness & Mahon for the purpose of discharging a loan?

A. I understand that to be, yes.

Q. Now, if €260,000, any sum of money but €260,000 came in to

Guinness & Mahon payable to Guinness & Mahon, it had to go into a Guinness & Mahon account, wouldn't it?

A. It should have, yes.

Q. Now we know that this sum went in to an Amiens Account, is that correct?

A. That's correct.

Q. And the Amiens Account is not a Guinness & Mahon account, it was Mr. Traynor controlled the account, isn't that correct?

A. I understand your distinction, yes.

Q. Is that right?

A. Yes.

Q. And I draw the distinction particularly because this was July of 1987 and Mr. Traynor was no longer in the bank.

A. That is correct.

Q. Do you know how a banker's payment could have found its way into an Amiens Account?

A. I am going from the evidence because there was a process that had to be followed here that, and I think it's in the evidence of the Allied Irish Banks, is it?

Q. Yes.

A. That the process for obtaining a banker's payment is a cheque has to be presented for special clearance so the client, and presumably the client in this case was Mr. Traynor.

Q. No, the client was Guinness & Mahon

A. Well in as much as we don't know who presented the cheque

because it's gone into Amiens, we have to make the presumptions the cheque was presented to Guinness & Mahon or came to Guinness & Mahon and there must have been, for whatever reason, a special collection process initiated. I don't know if we have a copy of the cheque from Princes as to what that was payable to but in any case, the Princes cheque would have been presented to AIB Head Office and a payment received from it and then this banker's payment is the resulting effect of that.

Q. Well what we do have is the document from Allied Irish Banks, if we can just put it up for a moment. Sorry, this is what Allied Irish Banks

A. That's the banker's payment, the AIB bank payment itself so that would have been initiated by the bank as a result of the cheque from Guinness & Mahon being presented to them.

Q. Yes. I see. You think that if Guinness & Mahon were presenting the cheque to Allied Irish Banks, this document would then be created?

A. Would respond to that.

Q. So they are saying pay Guinness & Mahon the sum of...

A. 260.

Q. So we can see that Allied Irish Banks are certainly issuing instruction to pay Guinness & Mahon €260,000?

A. By giving that, they are giving value for that cheque immediately, they are saying "yes, this is a good cheque, yes, we will give value immediately for it and here is one of your own cheques to you in respect of that payment".

Q. And that's made payable to Guinness & Mahon?

A. Yes, it is.

Q. And that would have to go into or should go into a Guinness & Mahon account and then be, or is that necessary?

A. Well, you know, it went into an account within the bank and the account within the bank was Amiens Investments.

Q. Well, yes. Yes. Guinness & Mahon are collecting it for the client?

A. For the client, yes.

Q. So what we don't know is the initial cheque which came from Tralee to whom that was made payable?

A. I haven't seen that, maybe you have.

Q. No, no we don't know, we haven't got the actual document itself.

A. Okay.

Q. But just trying to understand this, Mr. Collery, the cheque from Princes Investments could have been made payable to Guinness & Mahon or it could have been made payable to something else?

A. Yes, it could be, yes.

Q. And when Guinness & Mahon received that cheque for €260,000, it approaches Allied Irish Banks, is that correct?

A. That's the process for special collection within the bank, yes.

Q. Why would there have been need for a special collection, do you think?



A. It's not an unusual practice for large amounts to get special collection, you will get value straightaway, and it's a confirmation by the bank itself that there's no stop on the cheque, that there's good value being given etc., there are a number of criteria that are adhered to in that circumstance and in this instance, it's AIB confirming that all of these criteria have been fulfilled and they are in a position to give good value immediately.

Q. So the reference to Guinness & Mahon is not necessarily a reference to whom the special clearance has been given to.

It's not reflective of the client of the bank, is that right, when it says "to Guinness & Mahon"?

A. That's my interpretation, I may not be strictly true in that but that's my interpretation.

Q. Certainly it went into an Amiens Account?

A. It certainly did, we have seen that very clearly from the transactions.

Q. Now, we know that the Central Tourist Holdings cheque for œ46,000 odd which we have dealt with on the previous occasion was made payable to Guinness & Mahon?

A. That is correct, I believe that

Q. And I suppose there was no reason not to believe that this particular cheque wasn't made payable to Guinness & Mahon?

A. No, no.

Q. There's no particular reason.

A. Not that I am aware of.

Q. But even at that stage, if it was Mr. Traynor's business

that was being conducted, was the view taken that a cheque made payable to Guinness & Mahon, if it concerned Mr. Traynor's affairs, and I mean by that his broad affairs, was dealt with within Guinness & Mahon as if it was just Mr. Traynor's affairs?

A. I think Mr. Traynor's relationship, such was his relationship with Guinness & Mahon that it would be accepted, if he said "credit that to my account," it would have been taken in good faith and credited.

Q. Even if it was made payable to Guinness & Mahon?

A. I believe that to be the case.

Q. And that was after he left the bank?

A. Correct.

Q. And there seems to be no record of this œ260,000 being applied to discharge any loan in Guinness & Mahon?

A. That's as I believe to be the case, yes.

Q. And you are unable to say from recollection as to whether you passed any entry on the bureau system reflecting this particular payment into Amiens?

A. Well, you know, I I don't know, I would have to look at Amiens. As I said in my last paragraph of my replies to what happened here, how that 260, presumably because I haven't got the statement, presumably over a period of time, and I don't know what the period was, the 260 was paid away.

Q. It was used on the Amiens side as Irish money, isn't that correct, or it would have been?

A. I assume that is what happened and now, however that was distributed or paid away, one would have to look at that and see, because in previous experiences, we have seen where there was Irish money was used and switches were done.

Q. Yes, I know that?

A. And I don't know whether that's the case here.

Q. You don't know?

A. I don't.

Q. And if it didn't go back in sorry, it would have to go back into Ansbacher in some way even if it was being used as a switch?

A. Not necessarily, back to the individuals or Mr. Traynor. I presume if Mr. Traynor had it, he accounted for it back to somebody.

Q. Yes.

A. In some manner or way and because I don't have the information, I don't know how that accounting was done. I could give you an opinion if I saw the entries.

Q. Yes.

A. If those records were made available to me.

Q. Now, I think you very fairly, Mr. Collery, in the witness-box, expressed the view that the probability is that you were the one who created the fictitious statements or caused them to be created on the instructions of Mr. Traynor?

A. Yes, with my relationship with him, yes.

Q. And that was in the case of Princes Investments Limited and in the case of Central Tourist Holdings?

A. Most probably.

Q. And it's most probable, isn't it, that the fictitious statements for the two companies were created around the time that the request for the balance certificates were sought from the account?

A. Before or around.

Q. Yes. And you would have signed the certificates, again on the instructions, isn't that right?

A. I did indeed.

Q. Now, Mr. Traynor is no longer in the bank but did you feel on the first occasion that you signed the certificates, I think Mr. Traynor was still in the bank, is that right, it would have been November of 1985 or

A. If that is the date

Q. That is the date. He was still there until 1986. And then the second occasion he had just recently moved out but at that stage was still around the corner in Trinity Street with a very close relationship and proximity to the bank?

A. That's correct.

Q. I suppose you must have felt uneasy during this?

A. I would have done, very much so, because of my capacity within the bank.

Q. Because you were being asked to create fictitious statements and to furnish information to accountants which just wasn't true, isn't that

A. Yes, it was purporting to show a different reflection of a transaction, yes.

Q. And these certificates were for the purpose of an audit, I know that they weren't used for an audit ultimately in the Central Tourist Holdings situation but that's what they were being sought for initially?

A. I am not aware whether they were used or not, yes, that's the reason for the issuing, yes.

Q. Thanks, Mr. Collery.

CHAIRMAN: Mr. Shipsey?

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. SHIPSEY:

Q. MR. SHIPSEY: Mr. Collery, I appear for Mr. John Byrne, I think you are aware from previous occasions here. From the information that has been provided to you by the Tribunal and from your own recollection and experience in working in Guinness & Mahon, am I correct in saying that there is no record in the bank to indicate that Princes Holdings [sic] was made aware that a loan which it had taken out in the 1970s had been cleared in 1985?

A. I believe a statement that shows that is not available now but I would have expected that it was available at some time and the records as we have just reviewed do support that.

Q. You see, I think you are aware, and I think you probably have been furnished with a statement of Mr. Byrne to the effect that he was not aware in 1985 that the Princes

Investments loan had been cleared, are you aware of that?

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

Q. And insofar as 1987 is concerned, I think you are aware that a cheque was written by Princes Investments to clear its loan?

A. We have just reviewed a cheque for €260,000 which is purporting to clear that loan, yes.

Q. And just in relation to that cheque, you I think suggested to Mr. Coughlan that the cheque written on the Princes Investments account from within the Tralee branch of AIB would have been made out to Guinness & Mahon or some other entity. I am just wondering if you can be correct in that? Is it not the case that the cheque written on the AIB Tralee branch on the account of Princes Investments would have to be written out to Guinness & Mahon if Guinness & Mahon were able to go to AIB to get a banker's payment?

A. Not necessarily. It could well be made payable, I know, to itself because it was in fact or I believe the company would be understanding that it was repaying its loan there in Guinness & Mahon so it could have either been repayable to Guinness & Mahon or to Princes Holdings [sic] so Guinness & Mahon would receive that and in normal circumstances, that would be lodged into the loan account of that client.

Q. Yes. It wouldn't have been to another entity, it would either pay self or pay Guinness & Mahon?

A. Correct.

Q. And then it was somebody within Guinness & Mahon who went to AIB Bank Centre to get a banker's payment?

A. Yes. As I said, the cheque had to come to Guinness & Mahon and then some request initiated to go and get a special clearance as we have referred to earlier.

Q. That request for the special clearance is something that would come from within Guinness & Mahon?

A. That is indeed correct.

Q. If I am a customer of Guinness & Mahon and I am asked to clear my loan and I send you a cheque to clear my loan, I don't have to get special clearance on that cheque ordinarily speaking, wouldn't that be correct?

A. No, but the banks, in circumstances particularly like that, would want to ensure that it gets a repayment of the cheque, a cheque in repayment of a loan, that it presents it immediately and is guaranteed that it has got value, i.e. that in the course of the cheque being presented and it being cleared, that a stop or whatever hasn't been put on it so as I explained earlier, the process by which you go around to the Head Office, in this case AIB and get a banker's payment, they have confirmed all the criteria has been met and therefore you get value straightaway.

Q. I appreciate that's been done but is that a regular occurrence within Guinness & Mahon that they would go and get special clearance in respect of cheques which were paid to them?

A. For repayment of loans, I would say it was not an uncommon thing to do for a normal credit person's account, obviously unless the customer specifically requested, you would not do that.

Q. And in the case of Princes Investments or indeed any other customer paying a cheque in to clear their account, would they necessarily be informed that the bank, in this case Guinness & Mahon, would be seeking special clearance on the cheque?

A. No.

Q. And the probability is that they would be unaware?

A. Absolutely.

Q. Now in relation to the €260,000 which was paid in in July of 1987, insofar as there is documentary evidence to show who it was has made out to, we have the banker's payment which shows that it was made out to Guinness & Mahon?

A. That's correct.

Q. And that would be consistent, as it does originate from Princes Investments, with Princes Investments repaying an indebtedness to Guinness & Mahon?

A. Yes, it would.

Q. And for that to make its way into an account in Guinness & Mahon in the name of Amiens SL, would require somebody within Guinness & Mahon or without Guinness & Mahon with authority over those within Guinness & Mahon to ensure that it went in to a particular account?

A. Yes. I think the account is Amiens Investments, not Amiens



SL. But yes, somebody had to give, I would have thought, specific instructions in relation to where that cheque should be lodged.

Q. Yes. I think in fact just from the records we have, it is suggesting it was Amiens SL No. 1 Account for €260,000.

Are you aware of that?

MR. COUGHLAN: That's correct, No. 1.

Q. MR. SHIPSEY: Now, you have said at the very end of your statement in reply to query 14

A. Sorry, Amiens Securities is the name of the account.

Q. That's what SL stands for, is it?

A. There was another account called Amiens SL but I think we can put it up on the screen there

MR. COUGHLAN: It is the SL.

A. It is the SL?

MR. SHIPSEY: I am not sure if it's necessary to put up the one

A. Yes, it is SL

Q. MR. SHIPSEY: So it's a different account to the one you are talking about?

A. It's a name, it is SL.

Q. But that would, you agree, require to get that banker's payment of €260,000 made out to Guinness & Mahon into that account would require a direction from somebody in Guinness

& Mahon or outside Guinness & Mahon with authority over those within Guinness & Mahon, isn't that correct?

A. That's correct.

Q. And in this case, you believe it was Mr. Traynor who gave or would have given a direction in that regard?

A. As the credit eventually ended up there, I would think it's reasonable to expect that that is the case.

Q. Now you mentioned in response to query 14 in the questions and answers that were directed to you by the Tribunal referring to the lodgment of €260,000, you say, "as I do not have the details of the disbursement of this lodgment from Amiens Securities, I am unable to assist the Tribunal with my opinion as to what may have happened in this instance. If the Tribunal is in the position to give me this information, I would be available to analyse the transactions to see if I can give my opinion as to what may have happened."

What in general would you need or what information would you need to conduct that analysis?

A. I would need the bank statements of Amiens SL for that period.

Q. And in order for it to be possible to determine from the bank statements what disbursements were made and where the particular disbursements went in that account

A. Well I can't tell where they went to, only Guinness & Mahon from the records will be able to give that information but we, you know, what I would be looking for there is a trend

and then perhaps any descriptions that may be on the debits to the account.

Q. And in that context, you mentioned something and I was somewhat mystified about, a reference to some switching which had occurred. Did you mention the word 'switching'?

A. Well we have seen in the past that Mr. Traynor has used, when he has had a surplus of Irish pounds funds, that he has used those domestically to pay people here so if Joe Bloggs has, say, a Cayman account and he wanted some funds out of that account, say €20,000, that the domestic funds would be or that account would be used to pay that amount here and then on the other side, his account would have been debited but the person who would have paid money into Amiens would have got value externally.

Q. Thank you.

MR. DEVITT: I have no questions.

THE WITNESS WAS FURTHER EXAMINED AS FOLLOWS BY MR.

COUGHLAN:

MR. COUGHLAN: Just one or two matters, Sir, I think as regards switching, the famous Dunnes money that went through the Carlisle Account, some of that ended up in the an Amiens Account, isn't that correct?

A. That's correct.

Q. And it was used for switching purposes?

A. That's yes.

Q. Now, just to come back again to the cheque for €260,000 which was made payable, which appears to be made payable to Guinness & Mahon by Princes Investments Limited, special clearance was sought on that for a banker's payment?

A. That's the process that happened.

Q. But there was no loan outstanding in Guinness & Mahon?

A. There was no loan outstanding.

Q. So it had to be for some other reason specifically if clearance was

A. Yes.

Q. Now, I take it that that being the case, somebody had to be expecting the money, isn't that correct?

A. Not necessarily, you know, customers walk into even banks today with a large cheque and request special clearance and the banks would accommodate that.

Q. People don't walk into the bank and hand them €260,000 in the belief that they are paying off a loan without the bank informing that they don't have a loan. That's what I am trying to understand here. Guinness & Mahon knew. Let's just take it this way. Guinness & Mahon knew or should have known there was no loan outstanding, is that right?

A. That's correct.

Q. They received a cheque for €260,000?

A. Correct.

Q. From a company which had no indebtedness and didn't appear to be putting this in any deposit account in Guinness & Mahon, isn't that correct?

A. That's where the cheque initiated, originated from, like what I said earlier indeed in cross-examination, who gave the cheque to Guinness & Mahon and asked them to do this special collection?

Q. Sorry, and I misunderstood you. If the cheque arrived in the post from Princes Investments and it arrived in Guinness & Mahon and it said "here is €260,000 to pay off our loan in Guinness & Mahon," the cheque would have been returned immediately, wouldn't it, and said "you don't have any loan"?

A. Absolutely, yes.

Q. Right. So we can rule out that it arose perhaps in the ordinary, over the ordinary course of business and correspondence between the bank

A. That's correct.

Q. and the company. So if Mr. Traynor walked in with the cheque and handed it in and asked for special clearance, that would have been done?

A. It would have.

Q. And of course special clearance would have had some benefit therein on securing the trail, wouldn't it? You see I ask you this because we had a witness from Allied Irish Banks yesterday to ascertain the source of this €260,000 which came through a special clearance from Allied Irish Banks. They had to conduct an exercise of reviewing the records for the whole state to try and identify sums of that magnitude and transactions of that magnitude taking place

on a particular day and they eventually narrowed the search down to three transactions so it was a massive undertaking by Allied Irish Banks to ascertain the source of this.

A. I wouldn't accept that. You know, and again I am going from recollection of the process, I think there was a fairly well, from I recall, a fairly well defined process where, because it had to be the word "special" it had to be logged in a particular book within the bank, I think we, in Guinness & Mahon or Guinness & Mahon at that time would have recorded the fact that a cheque was being presented because that cheque was physically leaving the control of the bank by somebody walking to or presenting the cheque. I also think that, you know, as was the custom in Guinness & Mahon at that time, that that cheque and the supporting document was microfiched at that time.

Q. Well I can tell you this, they are not available from the microfiche.

A. Okay. Well the log

Q. And the log is not available. There are no records in Guinness & Mahon.

A. That would surprise me, you know, because

Q. Other than to obscure if Allied Irish Banks had to undertake such a massive exercise to ascertain the source of it and there were no records in Guinness & Mahon to give a pointer

A. Well, you know, I think a number of things would have had to happen. The bank, AIB would have had to have and I

think from recollection it was a pre-presented form saying "here, we, Guinness & Mahon are making a special presentation to you, could you make this cheque payable to

Q. Yes?

A. Because that is the document from one bank to another and AIB would not pay out a banker's payment just to anybody so they would have had to have a request from Guinness & Mahon to say this is a special presentation.

Q. I understand that.

A. So I am surprised they don't, you know, that it's probably because of time because I would be surprised if there weren't records a) in Guinness & Mahon to say we made this special presentation and b) in AIB that we received this special presentation from Guinness & Mahon and therefore the two link up and the payment went back to Guinness & Mahon.

Q. Well the exercise that AIB had to undertake such an extensive search was because there was no documentation in Guinness & Mahon and it should have been recorded or microfiched?

A. There must be documentation in AIB.

Q. Let's take it there's no documentation in Guinness & Mahon but what the Tribunal were able to identify was œ260,000 going into Amiens, that's all, and then the search began. There was no documentation in Guinness & Mahon to indicate where to go.

A. Well I find that extraordinary because as I say, the process was whereby

Q. It's truly extraordinary, isn't it? And it could only, would you accept, it's extraordinary there's no documentation which probably leads to the conclusion that somebody must have removed the backing documentation?

A. I wouldn't well if they removed it from Guinness & Mahon, somebody must have removed it from AIB.

Q. I am asking you on the Guinness & Mahon side. We have lots of evidence of the apparent removal of documentation in Guinness & Mahon or the non microfiching of documents, there's lots of evidence of that, isn't there?

A. I can only explain the process to you which I have done so, Mr. Coughlan, and that would be my expectation.

Q. Well I take it you would accept that it's probably consistent with an attempt to obscure everything relating to these transactions, that is the creating of fictitious bank statements, the issuing of certificates which did not reflect the true situation, the seeking of special clearance, sorry, the seeking of special clearance on a cheque which, on the evidence which we are about to hear, appears to have been or purported to pay off a loan which didn't exist, the documents not existing in Guinness & Mahon, that all of this is consistent with somebody attempting to ensure that it was never discovered, is that right?

A. If that is the case, then that would be a fair assumption.



Q. Thank you very much.

CHAIRMAN: Thanks, Mr. Collery.

A. Thank you.

MR. HEALY: I think rather than start for five or ten minutes with Mr. Byrne, it might be more

CHAIRMAN: We will bring forward the resumption, we will start again at a quarter to two.

THE TRIBUNAL THEN ADJOURNED FOR LUNCH.

THE TRIBUNAL RESUMED AS FOLLOWS AT 1:45PM:

MR. HEALY: Mr. John Byrne, please.

MR. JOHN BYRNE, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS  
BY MR. HEALY:

Q. Thank you, Mr. Byrne. I want to deal with a number of matters in the evidence which you intend to give today, Mr. Byrne. Firstly I want to deal with a cheque written on an account of Skellig Investments for €50,000 and then I want to deal with the €260,000 Princes Investments payment that has already been mentioned. Now, the first item I want to deal with, the Skellig cheque for €50,000, concerns the account that has been mentioned during most of the evidence for the past two days, the Amiens No. 1 account 10407014, and you may be aware, I am sure you are aware that this cheque was brought to your attention by the

Tribunal resulting from the fact that the Tribunal noticed that the cheque had been lodged to an Amiens account and in particular, in circumstances in which that account appeared to have been used to route a lot of payments which have attracted the interest of the Tribunal. You are familiar with that background?

A. I am, yes.

Q. You are familiar with the fact that, for instance, the Tripleplan cheque that has been mentioned time and again went through that account?

A. Yeah.

Q. The bearer checks that came from Dunnes Stores in 1987 went into that account, do you recall some of that evidence being mentioned or brought to your attention?

A. I do, yeah.

Q. Now, you have provided the Tribunal with a Memorandum of Evidence in relation to the cheque and I hope you have a copy of that in front of you, do you?

A. I have, yeah.

Q. I think I will just read through that and get you to confirm the contents of the memorandum.

What you have indicated is that the Tribunal has requested certain details in respect of a cheque for €50,000 written on the account of Skellig Investments and you say while it is over twelve years since this company operated, I will endeavour to assist the Tribunal as best I can with the details required.

Skellig Investments Limited is an unlimited company which was incorporated in 1981. You say, I purchased this company as a shelf company from Management and Investments Services Limited at the end of 1985. It was arranged that the directors of company would be Joseph Kenny and Brendan Hogan who worked for Management and Investment Services and the secretary would be Chartered Secretarial Company of Trinity Street, Dublin 2.

Now, Managements and Investment Services Limited is a company operated by Mr. Sam Field-Corbett and by Mr. McCann, is that right?

A. That is right.

Q. Both of whom have given evidence already. And I think their company or companies with which they were associated did a lot of work for you or for companies with which you were connected, is that right?

A. That is correct.

Q. You say that your purpose in purchasing this company was to use it for non-trading purposes relating to your horse racing interests. You say it was an unlimited non-trading company and no accounts were prepared. You say Bank of Ireland have confirmed to you that they do not hold copies of any paid cheques and you say that you have not retained the chequebook stubs. You say that the late Mr. Traynor was a cheque signatory on the account as it was standard practice for you to appoint Mr. Traynor as a cheque

signatory on all your companies. Mr. Traynor never signed any cheques for this company and he had no direct involvement with Skellig Investments.

You say that you have no specific recollection of drawing the cheque for €50,000 payable to Guinness & Mahon but you are satisfied that you did draw this cheque made payable to Guinness & Mahon. You are also satisfied that as you had drawn this cheque payable to Guinness & Mahon, you would have given it to Mr. Traynor. You go on to say, I cannot at this stage more than twelve years after the event recollect what the cheque was for. You say, I accept from information supplied by the Tribunal that the cheque for €50,000 of transferred into the account of Amiens Securities Limited but I was not aware of the existence of that company until advised by the Tribunal.

Do you have a hard copy of the cheque in front of you, Mr. Byrne, a photocopy of the cheque?

A. No, I don't have it.

Q. I will get you one. (Document handed to witness.) Now that's a copy of the documents that's also on the overhead projector and it's a cheque for €50,000 dated 18th February of 1987 payable to Guinness & Mahon and drawn on the account of Celtic Investments Limited which is shown on the right-hand side Skellig Investments Limited, sorry, on the right-hand side. It's your handwriting as well as your signature that is on the cheque, is that right?

A. That's right.

Q. Can you clarify just one matter, one hopefully purely technical matter, Mr. Byrne, I think I am right in saying that the name of the account holder on the cheque shown just under the €50,000 is Skellig Investments Limited, would you examine the copy that you have?

A. There seemed to be

Q. Would that be a mistake? You are certain the company was an unlimited company?

A. Unlimited.

Q. You say it was a non-trading company and that therefore no accounts were prepared for it and in any case, as an unlimited company, you wouldn't have been obliged to lodge any returns to the Companies Office with regard to accounts, isn't that right?

A. That is right.

Q. When you say that your purpose in purchasing the company was to use it for non-trading purposes, what do you mean by that?

A. Well, it's mainly to do with my racing activities and of course other non-trading other non-trading things came into it as well.

Q. Well, do you mean private or family matters concerning yourself and your family?

A. Family matters.

Q. You say that Mr. Traynor was a cheque signatory on the account because it was your practice to appoint him as

signatory to all of the accounts operated by your companies, but that he didn't actually write any cheques on the accounts, the bank accounts of this company, is that right?

A. Yes, that is what I understand.

Q. Well, when you say you understand, is that your belief or is that your recollection?

A. That is my belief.

Q. Was it an account therefore that was operated mainly from an account book that you kept yourself either at home or in your own personal office or that you kept on your person maybe?

A. It was exactly that, a cheque that I kept at home.

Q. And you'd be the only person that would be dealing with the bank account of this company?

A. That is right.

Q. And when you say that you'd be using it for non-trading purposes relating to your horse racing interests, do I take it therefore that you might be paying a trainer or you might be paying someone for the purchase of a horse for paying fees connected with racing horses, would that be the sort of expenditure?

A. That would be correct.

Q. And therefore there would be no reason, in the ordinary way, for you to be writing cheques to Guinness & Mahon and the account of Skellig Investments, that would be right?

A. That would be right.

Q. So that would be an out-of-the-way or an unusual cheque to write?

A. It would.

Q. And Skellig Investments presumably as it was, as you say, a non-trading company, didn't have any loans?

A. None, no.

Q. And there would have been no need therefore for Skellig Investments to pay Guinness & Mahon œ50,000, for instance, in repayment of a loan?

A. No.

Q. And Skellig Investments would have had no dealings with Amiens Investments?

A. No.

Q. Or Amiens Securities, I beg your pardon.

A. None whatever.

Q. Nor would it have had any dealings with Mr. Traynor himself, I don't think he was a racing man?

A. No, he was not, but I am very sure that it was Mr. Traynor who was asked me for the cheque.

Q. I quite understand that as you say because it ended up in an account which you believe to be associated with Mr. Traynor and because it went to Guinness & Mahon, it must be because Mr. Traynor asked you for it. I understand that. But you weren't involved with Mr. Traynor in any horse racing or similar venture?

A. No.

Q. And would it be therefore more likely that Mr. Traynor

would have asked you for the cheque because he wanted it for some purpose, some other purpose altogether?

A. With Mr. Traynor, he was inclined to ask it could be for fees, it could be for some other item that I really can't recall.

Q. But if you were paying Mr. Traynor fees for work he might do for you, then that would be an item that you would claim either against your own personal income tax or against the income tax of one of the companies for which the work or any work done Mr. Traynor might have carried out, is that right?

A. That would be right, up to a point but he obviously asked me to make it out to Guinness & Mahon.

Q. But again, if you owed Mr. Traynor money for fees, wouldn't it seem rather odd to make out a cheque to Guinness & Mahon and not to Mr. Traynor himself?

A. Well it would be, but that's how it was, that's how the cheque was signed.

Q. You may not recall all of the details of Mr. Traynor's career, Mr. Byrne, but in February of 1987 Mr. Traynor had left Guinness & Mahon.

A. He could have, yes.

Q. Well, in fact he had done.

A. Yeah.

Q. If Mr. Traynor had asked you for to make a contribution to an election in 1987 or to the election expenses for instance, of Mr. Haughey, would you have made a



contribution because he had asked you?

A. Well, if it was if he had asked me for a contribution to the election at the time, I would have made a contribution but certainly if it was for Mr. Haughey, no.

Q. Why not if it was for Mr. Haughey?

A. I never gave Mr. Haughey a penny in my life or a pound either.

Q. But isn't Mr. Haughey the only person Mr. Traynor would have been asking you for a contribution for in February of 1987?

A. Not really. He might, but normally speaking I'd be canvassed by somebody else in the party.

Q. Mr. Haughey had asked you or at least you had become involved in helping out Mr. Haughey's son, Ciaran, in setting up his helicopter company, isn't that right?

A. That is right, yes.

Q. And that was in 1992, isn't that right?

A. That could be, mm-hmm.

Q. And that was about €50,000 which you handed over quite willingly, isn't that right?

A. Not willingly.

Q. You never followed it up in any case? You never got what you were supposed to get?

A. This is true, it wasn't a good investment.

Q. Can I suggest, Mr. Byrne, that it wasn't really an investment at all. Once you paid over that money you seemed to pay no more attention to it after the money was

paid over.

A. Well, I wouldn't say that. I had I always had an interest in helicopters, I used to fly one myself, so I thought it was a very that it had potential and it so happened that

Q. We won't go over that ground again. On this particular occasion, if you had been asked for a contribution by Mr. Traynor to the political expenses of some person you feel you might have responded, provided it wasn't to Mr. Haughey?

A. I might have, but I wouldn't be sure.

Q. If this company was used for your private or non-trading purposes only, can you throw any light at all on why you would make out a cheque to Guinness & Mahon for €50,000 when you didn't owe Guinness & Mahon any money, when you didn't owe Mr. Traynor any money and you didn't owe Amiens Investments any money? Why would you make out such a cheque and give it to Mr. Traynor?

MR. SHIPSEY: In relation to that last question, I am not sure that Mr. Byrne said he didn't owe Mr. Traynor any money. I think he said that it could have been for fees for Mr. Traynor.

MR. HEALY: Yes, that's correct. I will rephrase that. Leaving aside the question of fees, if you didn't owe Guinness & Mahon any money, and you didn't owe Amiens Investments any money, is there any reason, apart from

fees, that you might have given œ50,000 to Mr. Traynor?

A. I can't recall, but it could be fees to Mr. Traynor, or it could be other incidental expenses that might be incurred on my behalf, I just can't recollect.

Q. But is that the type of expense that you would have been catering for out of your own private non-trading company?

A. It could be.

Q. Realistically, could it be, as a matter of probability, would you not have paid those expenses out of the companies by whom the expenses were incurred?

A. Not necessarily.

Q. Isn't that what

A. If I was asked by Mr. Traynor to that he had certain expenses which he had, then I would have either given him the cheque straight away in his own name but he asked me to make it out to Guinness & Mahon, whatever reason, I just can't tell.

Q. Well, what you are now saying is he asked you to make it out. Are you saying to the Tribunal that you think he would have asked you to make it out to Guinness & Mahon or that you remember him asking you to make it out to Guinness & Mahon?

A. I said that he asked me, I am sure, to make it out to Guinness & Mahon.

Q. I see. œ50,000 by way of fees or expenses would have been a very substantial sum of money in 1987, wouldn't it?

A. It would.

Q. Was Mr. Traynor doing that much work for you in 1987?

A. He was, yeah, very much so.

Q. If you were to examine the accounts of any of your companies, would you find bills from Mr. Traynor for €50,000?

A. No.

Q. Well, then how would you think it likely that you might have paid him €50,000 in fees then?

A. Well, I suppose he asked for it.

Q. And that was enough to make you draw the cheque?

A. It would have been, yeah.

Q. How many other times did you give Mr. Traynor €50,000 or a similarly large sum for fees?

A. I don't remember.

Q. Would you have done it more than once?

A. I can't recollect.

Q. We will just deal as briefly as we can with the work that Mr. Traynor might have done for you. Would he have done work for Carlisle Trust?

A. He would have, yeah.

Q. Would he have done work for Skellig Investments, I take it that's he wouldn't have done any work for Skellig Investments, I take it that's

A. No.

Q. Would he have done work for other companies you would have had?

A. He would have done, yes.

Q. How many other companies would he have done work for, do

you think?

A. Half a dozen.

Q. Half a dozen. What would that work have involved?

A. Well, he was my financial adviser and that brought him into almost every facet.

Q. So what he was doing was providing with you general advisory work, Mr. Traynor had long ago left off being an ordinary day-to-day accountant, isn't that right?

A. This is true, yeah.

Q. Are you saying that the accounts of those companies wouldn't show any fees being paid to Mr. Traynor?

A. I just don't know.

Q. If Mr. Traynor wasn't paid out of the companies but was paid in this unusual way, wouldn't that make you slightly uneasy about the manner in which the payment was going to be treated by Mr. Traynor in his own books, if at all?

A. I really don't know. If he asked me for €50,000 to be paid in the name of Guinness & Mahon, well that's what I would have done, but I can't recollect the reasoning for it.

Q. And the fact that it was close to an election leaves you in no doubt that you still wouldn't have contributed to an election fund of Mr. Haughey's, for instance, at the request of Mr. Traynor?

A. I would not. I think I contributed to an election, I am sure I contributed to every election, but it never came from Mr. Haughey, it came from somebody else in the party,

whatever party it was.

Q. And if you made payments on foot of requests from persons other than Mr. Haughey, would those payments always have been made to the Fianna Fail party?

A. Would have done, yeah. And other parties.

Q. And other political parties of course, yeah. So if the Tribunal were to check the records, which it can do, of the political parties and examine contributions made by you, they would be made out directly to the political party?

A. They would.

Q. Mr. Traynor was advising you on a fairly regular basis, I take it, around this time?

A. Not necessarily.

Q. How often would you meet him?

A. Once a month maybe.

Q. Once a month?

A. Something like that, I cannot recollect how often you would have met him, but he wasn't a great socialite, he very rarely went out.

Q. But I take it you are aware that he had become, or was on the way to becoming chairman of CRH?

A. I wasn't aware of it until he became.

Q. Were you aware were you not aware that he had left Guinness & Mahon in 1986?

A. I would have been aware of that.

Q. You would have been aware at the time. You mightn't remember the precise date now but you would have been made

aware at the time that he had left Guinness & Mahon,  
wouldn't you?

A. I would have whenever he left, I would have been made aware of that, yeah.

Q. We have seen in the Tribunal a standard form letter that Mr. Traynor wrote to people around the time he left Guinness & Mahon. It would be surprising if he didn't send one of those to you, isn't that right?

A. He probably did, I can't recollect.

Q. So that in 1987 when he was asking you to make out a cheque to Guinness & Mahon, that would have been quite a surprising thing to do, isn't that right?

A. Well, he asked for it that way and I obliged.

Q. Without thinking there was anything unusual about it?

A. Exactly.

Q. Is that because you'd be asked to do lots of unusual things by Mr. Traynor?

A. Not really, no.

Q. Surely you must have thought

A. Well, I assumed that Mr. Traynor was still involved in Guinness & Mahon in some shape or form.

Q. I think he wrote to people around the time he left saying that he had left Guinness & Mahon and that he now had an office around the corner.

A. I don't recollect getting that letter.

Q. I want to go to deal now with the Princes Investments cheque, Mr. Byrne.

Now, the Princes Investments cheque that we are talking about, Mr. Byrne, has been mentioned in evidence over the past two days, I think you may have been here for some of that evidence and I think your advisers were here for most of it. If we can just put the document that has come to the Tribunal's attention on the overhead projector for a moment just so that you will understand that it is the evidence given this morning in connection with that document and other evidence that we are going to be dealing with. Do you recognise that document that was mentioned in evidence this morning?

A. Yes.

Q. And I think you were given a copy of that document and other related documents some time ago, is that right?

A. That is right.

Q. You were given, with the Tribunal's request for information, a schedule of queries and you have responded to those queries and I will go through the queries and your responses now. Do you have a copy of your responses with you?

A. I have, yes.

Q. You were firstly asked, the letter is addressed to your solicitors, so it says that the Tribunal requires your client's meaning your knowledge for the purpose for which the loan, that is the Princes loan, was made by Guinness & Mahon to Princes Investments and the date on which the loan was drawn down, and your response is, "The



purpose of the loan was for carrying out additional works in the hotel kitchen and other renovation work. The loan was drawn down in 1975."

Now, that's work to be carried out in the Mount Brandon Hotel, is that right?

A. That's right.

Q. Your second query is, your knowledge, direct or indirect, of the repayment of the loan on the 4th September 1985.

Your response is, "I have no knowledge of the repayment of the loan on the 4th September 1985 and to the best of my knowledge, the loan was repaid in July of 1987. However, I have asked my solicitor to make further inquiries."

The next query is, your knowledge, direct or indirect, of the repayment of the loan with funds transferred from an account in the name of Guinness Mahon Cayman Trust/College, and your response is:

"I have no knowledge, direct or indirect, of the repayment of the loan with funds transferred from an account in the name of Guinness & Mahon I am sure you probably mean Guinness Mahon Cayman Trust/College but as stated above, inquiries are being made."

The next query is for details of all of your dealings with the late Mr. Desmond Traynor, Deloitte & Touche, and any other person regarding the repayment of the loan on the 4th September 1985 and the manner of repayment and you say "I have no dealings with the late Mr. Desmond Traynor or with

Deloitte & Touche in relation to this matter and I have already said that I was not aware of the transaction."

The next query is as to the purpose for which the payment of €260,000 was made by Princes Investments in July of 1987. You say "The payment of €260,000 by Princes in July of 1987 was for the purpose of repaying the loan due to Guinness & Mahon."

We then asked for your knowledge, direct or indirect, of the manner in which the funds were applied, namely the lodgment of the funds to an account of Amiens Security Limited 10407014. You say "I have no knowledge of the lodgment of the funds to account of Amiens SL or indeed as to how the funds were applied by Guinness & Mahon but have asked the Tribunal to assist me by providing any information that they may have as to the application of the funds."

Query number 8 is for details of your dealings with the late Desmond Traynor, Deloitte & Touche, your fellow directors and any other person regarding the repayment of the €260,000 in July of 1987, and you say: "I arranged for Carlisle Trust Limited to pay €100,000 towards the repayment by Princes of €260,000 to Guinness & Mahon in July of 1987. While it is likely that I spoke to the late Mr. Traynor about this, I cannot recollect any details of this conversation."

Query number 9 was for details of all your client's dealings regarding the manner in which the payment of €260,000 was funded, namely the €100,000 provided by Carlisle Trust, the €100,000 provided by C. Clifford and Sons and €60,000 from funds of Princes Investments.

And you say that you have already responded to that by indicating that you provided €100,000.

You were asked for your knowledge, direct or indirect, of the issuing of certificates by Guinness & Mahon in November of 1985 and November of 1986 certifying that there was a debit balance on an account of Princes Investments in Guinness & Mahon and you say that you have no knowledge of any certificates issued by Guinness & Mahon in November of 1985 or in November of 1986.

You were then asked to give details of the manner in which the advance of €100,000 provided by Carlisle Trust Limited to Princes Investments Limited was treated in the books of Carlisle Trust Limited and your response is "This was treated as a loan by Carlisle Trust Limited to Princes."

You were then asked whether the advance of €100,000 by Carlisle Trust had been repaid by Princes and you say "It has been repaid and I have asked Princes to provide the details."

You were asked for your knowledge, direct or indirect, of the use of any part of the funds for what appeared to have

been for the benefit of Mr. Charles Haughey. You say "I have no knowledge of any use of funds for the benefit of Mr. Charles Haughey and, as I have already said, I have no knowledge of how Guinness & Mahon applied funds which had been paid to them by Princes to repay the loan."

Now, in addition to the information contained in your response to the queries sent to you by the solicitor to the Tribunal, you provided, through your solicitors, further information by way of a letter of today's date, isn't that right?

A. That is correct.

Q. Do you have a copy of that letter?

A. I have.

Q. And I will read it out. It's addressed to the solicitor to the Tribunal. "Dear Mr. Davis, further to my letter of the 3rd May when I undertook to further investigate the question of a back-to-back loan arrangement in respect of the Princes Investments loan, I have now reviewed all the documentation furnished to us by Guinness & Mahon which I understand was also furnished to the Tribunal.

"It does appear from a Guinness Mahon internal memorandum dated 30th August 1978 from a Mr. Pat O'Dwyer to a TRL that seems to refer to a Mr. Ru Leonard that as far as the bank were concerned, there were funds backing the loan. My client however, has no record or recollection of being requested to provide some or all of a

backing deposit in respect of the Princes loan but accepts that such an arrangement may have been put in place by the late Mr. Traynor on his behalf.

"My client was not aware that the loan had been repaid in 1985 as already stated in earlier correspondence. My client, together with his fellow shareholder in Princes, arranged to discharge the balance of the loan account in 1987 through the payment of €260,000. Mr. Byrne understands from the company's auditors that the €100,000 loan by Carlisle to Princes in 1987 was subsequently repaid.

"I trust that this clarifies the situation and I confirm that my client will be available to give evidence."

I want to go through some of the documentation in relation to this matter first, Mr. Byrne, and then we can go over some aspects of your statement.

The first document is a loan facility letter of the 10th April of 1975 from Guinness & Mahon in Dublin to the secretary of Princes Investments Limited, 60/62 Amiens Street and it refers to a loan of €160,000 sorry, €116,000, a loan of €116,000, you can see that in the

A. Yes, I can.

Q. In the first item on the loan facility letter. It goes down through the term, the draw down, the interest, the security is described as a form of guarantee signed by

"you, by Mr. William Clifford and a Mr. Thomas Clifford"

and the form of guarantee is enclosed with the letter.

And that document is from reference POD which, from previous evidence given to the Tribunal, would appear to be a reference to Mr. Pat O'Dwyer, the man mentioned in your solicitor's letter to the Tribunal of today's date.

A. Yeah.

Q. Now, the next document is a credit committee memorandum and if you go to the bottom of this document, bottom right-hand side, you will see that it's dated sometime in May of 1985 and it recommends the extension of the facilities to Princes Investments Limited and if you go up to the top of the page now, you will see that the amount outstanding at that point is €180,000. If you go down to the heading "Security," the security referred to is a guarantee of J.J. Byrne and Thomas Clifford and if you go down to the next item, there is a background note and it says "Guarantors are well known to Guinness & Mahon and in this case, the security is considered adequate."

Now, evidence has been given to the Tribunal that that expression "Security is considered adequate" is used or was used in Guinness & Mahon to indicate that a loan was backed by an offshore deposit. You are familiar with that evidence?

A. Yeah.

Q. It's been given time and again. And it would seem to be consistent with the memorandum that your solicitors refer

to in their letter, isn't that right, that the bank were that as far as the bank were concerned, there were funds backing the loan?

A. Well, that is what has been said. I was never aware of it.

Q. Before we pass on from this document, if you go to the top of the document, the top left-hand side, you see under the name of the customer, Princes Investments, the address is given as care of Business Enterprises Limited, 17 Clyde Road, Ballsbridge, Dublin 4.

A. Yes, I see that.

Q. Does that mean anything to you?

A. Nothing.

Q. Well, it's the address of a firm operated by and effectively owned by Mr. Jack Stakelum?

A. Oh yes, that's him.

Q. Well, assume for the moment that you were to read it as C/O Mr. Jack Stakelum, 17 Clyde Road, would it make any sense to you as an address for Princes Investments?

A. I don't think it would, I have never been in there and I know Jack Stakelum was dealing with the Cliffords' affairs, but I have not had anything to do with Jack Stakelum or Clyde Road.

Q. And this company, Princes Investments, did not deal with Mr. Jack Stakelum as far as you are concerned?

A. Well as far as I was concerned, but I believe that Tom Clifford's affairs were handled by Mr. Stakelum.

Q. Mr. Stakelum himself has informed the Tribunal, not in

evidence so far, but by letter, that he had no dealings

with Princes Investments.

A. Well if he says so, so be it.

Q. Well I am just saying does that tally with your view.

A. I don't think it would.

Q. You don't think it would tally?

A. I don't think it would tally I don't think it would

tally with what you said regarding Clyde Road.

Q. Do you agree with Mr. Jack Stakelum that he had no dealings with Princes Investments?

A. Well, if he said he hadn't, he hadn't, but I'd be amazed if he was dealing for Mr. Clifford, that he didn't hear about it.

Q. I quite accept he may have heard about it, he wasn't asked that question, but what this document suggests is that the address for dealing with Princes Investments was Clyde Road.

A. I think it was, yes.

Q. You think it was?

A. I think it was, up to a point, but I think it was dealing with Tom Clifford's part of Princes Investments.

Q. Well, just if we pass onto the next document for a minute, I'll come back again to the credit committee memorandum.

The next document is just a bank statement. It's the final available bank statement for Princes Investments bringing the account up to the 31st December of 1984.

Now, if you go to the bottom of that document, you see that



the address is given as 17 Clyde Road.

A. So it is.

Q. But that was the address to which the bank statements were to go?

A. It must have been.

Q. Did you ever get bank statements?

A. No.

Q. Why is that?

A. I didn't, I just didn't. I had very little to do with the running of the company as such.

Q. Who had the day-to-day management of the company?

A. It was done in Tralee.

Q. But who were the individuals?

A. The manager and Mr. Clifford would be more acquainted with the day-to-day running of the hotel and I would go down there perhaps I'd be down there for a spell during the summer but apart from that, I might only go down twice during the year.

Q. And who would deal with the accounts of the company?

A. We have an accountant, a resident accountant.

Q. And who audited the accounts of the company?

A. Deloitte Touche.

Q. And did Mr. Traynor, as your adviser, have any involvement in the affairs of the company?

A. No.

Q. Haughey Boland used to deal with the accounts before they became Deloitte & Touche, isn't that right?

A. That is correct.

Q. And when was the company set up to run Mount Brandon Hotel?

A. About '64, I think.

Q. '64.

A. Yeah.

Q. And do you remember whether Mr. Traynor had any involvement with it at the early stage, at the setting up stage?

A. He had, yes, he had and Jack Stakelum.

Q. And Jack Stakelum, in setting up the company?

A. Yeah. They were very much part of Haughey Boland business

Q. At that time?

A. At that time.

Q. Now, Princes Investments' own bank account, its day-to-day bank account doesn't appear to have been in Guinness & Mahon, is that right?

A. No, AIB.

Q. It was in AIB?

A. Yeah.

Q. In Tralee?

A. In Tralee.

Q. And is that where the main banking of the company was done from?

A. That is it, yeah.

Q. And did the company have loans from AIB?

A. They did.

Q. And we know that another company with which you were

associated in Kerry, Central Tourist Holdings, had dealings with Guinness & Mahon but also had loans and had its main banking business with Bank of Ireland in Tralee, is that right?

A. No. I think it had I don't think it had a branch in Ballymahon, but I think it was in Listowel.

Q. In Listowel, I may be wrong about the precise town, but it was a local branch of Bank of Ireland?

A. That's right, and I believe during the summer, the Bank of Ireland have a temporary branch in Ballymahon.

Q. I understand. But it was only in relation to this single account that Princes had any dealings with Guinness & Mahon?

A. That's it.

Q. And it was only in relation to the loan account that we heard mention in evidence that Central Tourist Holdings had any dealings with Guinness & Mahon?

A. Repeat that again?

Q. It is only in relation to the loan account that we have mentioned in evidence already that Central Tourist Holdings had any dealings with Guinness & Mahon?

A. That is correct.

Q. And would it be reasonable to assume that that is because of the Des Traynor connection?

A. Well, it was Des Traynor was initially involved in the Brandon Hotel and it seemed to just take on from there.

Q. When you say initially involved, what do you mean? As

what?

A. As an accountant.

Q. As an accountant?

A. Mm-hmm.

Q. But this loan was raised in 1975 and I think the Central Tourist Holdings loan was raised around the same time, I am sure, maybe the same time or slightly earlier, I am not sure, so it wasn't in the early days of the Mount Brandon that this loan was raised?

A. No.

Q. And by that stage Mr. Traynor was out of the day-to-day involvement with the company?

A. He was.

Q. So can I take it that it was because of it was still because of Des Traynor's connection with you and with Princes Investments and because of Des Traynor's connection with Guinness & Mahon that Guinness & Mahon made a loan to Princes Investments?

A. That would be correct.

Q. Because your other loans were with the Bank of Ireland or AIB in the case of these two companies?

A. That is correct.

Q. And Mr. Clifford had no involvement, as far as we know, with Guinness & Mahon but you had had an involvement, isn't that right, with Mr. Traynor for many, many years?

A. I had, yes. The only involvement Mr. Clifford would have would be through the hotel.

Q. Yes, but he didn't have any direct involvement with Guinness & Mahon or with Mr. Traynor other than through the hotel?

A. That's right.

Q. Whereas you had many other involvements with Mr. Traynor?

A. That is correct.

Q. And with Guinness & Mahon or companies associated with it?

A. That is correct.

Q. And I want to go back to the credit committee minute again

and as I explained to you, the reference to the security

being considered adequate is, according to the evidence the

Tribunal has heard, an indication that its loan was backed

by a back-to-back deposit and your evidence is that you

know nothing about a back-to-back deposit in this case?

A. Never heard of it.

Q. Now, I just want to come back to this notion of

back-to-back deposits and some evidence you gave on an

earlier occasion which I think your solicitors wrote to say

you wished to correct. (Document handed to witness.)

You remember giving evidence to the Tribunal, Mr. Byrne, in

February of this year, in fact Wednesday the 9th February?

A. Yeah, I do.

Q. And in the course of that evidence, you were asked about

back-to-backs and after having given evidence, the day

after, your solicitors wrote to the Tribunal and I will

read out their letter and then we will refer to the

evidence. And in the letter your solicitors, writing to

Mr. John Davis, solicitor to the Tribunal, on the 10th February say: "Dear Mr. Davis, I refer to the telephone conversation between Mr. Shipsey and Mr. Coughlan this morning.

"My client, Mr. Byrne, has realised from reading a report in the Irish Times this morning that he misunderstood question 160 put to him by Mr. Healy yesterday. As he incorrectly assumed, this question relates to Central Tourist Holdings Limited which was, of course, the matter being discussed. He did not appreciate that Mr. Healy had raised a more general question in relation to banking arrangements and of course he did not intend to imply that his Cayman Trust had not been involved in any back-to-back arrangements.

"Mr. Byrne has now had an opportunity of having the transcript read out to him and he appreciates that the replies given by him in response to questions 160 to 166 would give the impression that Mr. Byrne was saying that he had no involvement with any back-to-back arrangements of any kind.

"As you are aware from a private meeting which we had with the Tribunal on the 5th May 1998, Mr. Byrne has never contended this. Mr. Byrne is anxious to correct this matter. I understand from Mr. Shipsey that Mr. Coughlan suggested it should be dealt with on the next occasion that

Mr. Byrne is called to give evidence and this seems a sensible way of dealing with the matter.

"As you will appreciate however, my client is most anxious to clarify this matter to the Tribunal at the earliest possible date."

Now, the question arose in the following context on that Wednesday, Mr. Byrne, that I was asking you about the difficulties of getting information from the Cayman Islands and the fact that the trustees didn't seem to be very anxious to assist either the Tribunal or you or any other person involved with trusts in the Cayman Islands by providing information. And I think your counsel pointed out that you were anxious to help and that my comments in relation to the trustees wouldn't apply to the efforts you might make. Do you remember that?

A. Vaguely.

Q. In any case, that is the position, isn't that right?

A. That could be it is.

Q. It's not a question of it could be

A. It is

Q. It is, in fact, impossible to get information from the Cayman Islands.

A. I accept that.

Q. And then I asked at question 160 "Have you ever been involved in arrangements, in banking arrangements where back-to-back arrangements were put in place by Mr. Traynor

on your behalf?" And you said "Never." And I asked "Never?" And you said again "Never." And then I said "Involving your Cayman Trust?" And you said "Never." And then I asked you "Have you ever involved yourself with any other financial adviser in putting in place any back-to-back arrangements concerning borrowings by you or any company with which you were associated?" And you said "Never." And I said "So would I be right in saying that what your evidence is is that your trust, from your knowledge, was never used to back any borrowing?" And you say "That is correct." "Certainly no borrowing which you were involved with?" I asked. And you said "Absolutely." "Or any company with which you were associated?" I asked, and you said "Absolutely." Then we went on to deal with Mr. Traynor's role effectively as a trustee of your trust.

Now, you are saying that that evidence which clearly gave the impression that you knew nothing about any involvement back-to-back arrangements might have had with your trusts was only limited to Central Tourist Holdings?

A. Well, that is correct. You see I was focused completely on Central Tourist Holdings. I didn't I didn't intend to or realise that I was making it general.

Q. Well, I just want to be clear about one thing now, Mr. Byrne. I think the questions I put to you were very clear. They covered every conceivable back-to-back arrangement and not just Central Tourist Holdings. And I



quite understand you may have been focused on Central Tourist Holdings, but just so we will not get mixed up again about back-to-backs in this context now. I want you to listen carefully to the question. Don't focus on Central Tourist Holdings, don't focus on Princes Investments, just focus on the questions.

Now, in relation to Princes Investments, you say you are not aware of any back-to-back arrangement?

A. Regarding Princes Investments, I was never informed, so I don't know.

Q. Now, you do know what a back-to-back arrangement is and how it works in general terms, I take it?

A. In general terms, I suppose it's certainly a form of security that most banks look for.

Q. Well what it involves in simple terms and in the cases where you were concerned, as I understand it, is borrowing money from a bank where the borrowing of that money is secured by placing on deposit in the bank a sum of money equal to or almost equal to the borrowing. Isn't that right?

A. Well, that would be one interpretation.

Q. One interpretation would be when you borrow €100 from the bank and at the same time, there is a deposit in the bank over which you have some control which is used as a security for your borrowing?

A. That would be right, yeah.

Q. And I think that the way it works, and you will be familiar with this I think from other examples of borrowings that you were involved with, with Guinness & Mahon and Irish Intercontinental Bank, you will be familiar with the fact that where a deposit is used as a security, this way the deposit will continue to earn interest, it will continue to work for you in the bank. But the interest being earned will be taken off and the deposit left there to secure the borrowing, isn't that right?

A. I believe that's how it would work.

Q. Some of the interest may be used to pay interest that's owed on the borrowed money but in general what happens is that your deposit is locked in in case you default on your borrowing, isn't that right?

A. That would be an interpretation, yes.

Q. And when you wrote a letter to Mr. Davis following that evidence saying that sorry, I beg your pardon?

A. I would like to say that we never denied that there wasn't borrowing. We never denied that, and I think that was made explicit probably the first day we went into the Tribunal.

Q. Absolutely, Mr. Byrne. And that is why I pursued the matter in so many different ways with you. I had no desire at all to mention your other borrowings. It's not the borrowings I am interested in, but the way the borrowings were secured.

When I mention the expression 'back-to-back', I want to be

clear that you and I are talking about the same thing.

Now, when I mentioned back-to-backs in evidence here last February, I was referring to an arrangement whereby borrowing is secured in a general way by a deposit, and when you wrote a letter to the Tribunal's solicitor the morning after that evidence indicating that you had misunderstood the question and that in fact you were involved in back-to-back arrangements, I take it you were talking about the same kind of back-to-back arrangements as I was talking about.

A. I can't recollect.

Q. Well, it's you have written the letter, Mr. Byrne.

A. It was, yeah.

Q. Is it your letter or is it not your letter?

A. It is my solicitor's letter, I think.

Q. And is it your solicitor's letter based on what you told him or based on what your solicitor told you?

A. No, I realised that I was not I was focusing in on Central Tourist Holdings and I am sorry about that, because I did make a mistake.

Q. Isn't it in fact the case that you had enormous back-to-back borrowings through your companies?

A. That I don't know enormous, but I have had back-to-backs.

Q. I don't want to go into the precise figures, Mr. Byrne, but we are talking about millions of pounds, certainly not 160 or £260,000, isn't that right the arrangements of which

you could not but be aware or have been aware?

A. As I said, I was convinced we were speaking about Central Tourist Holdings

Q. I quite understand that.

A. That is all I was focused on.

Q. I have no difficulty with that, Mr. Byrne. I want to make sure the problem does not arise again. I want to make sure that when I use the expression back-to-back, you understand what I am saying and when you use the expression back-to-back in your letter, I want to make sure that you are using the expression in the same way as I am using it.

A. I hope so.

Q. And when I use it, I mean a borrowing backed by a deposit in the same way in general as your borrowings in Irish Intercontinental Bank or in Guinness & Mahon were backed by offshore deposits. Are we on the same wavelength where that expression is concerned?

A. I think we are.

Q. Now, if we could just

A. With the Central Tourist Holdings borrowing was a very small sum of €70,000, I was I would be, I would really be amazed if there was any question of any form of backing. They had guarantees from the four directors and that was more than adequate to cover €70,000. Either one of us could have signed it and it should be sufficient for Guinness & Mahon.

Q. Well, if you look at these documents, even as you yourself

say, it doesn't seem to have been sufficient for them.

They certainly felt that they had the comfort of a

back-to-back security, isn't that right?

A. That's something I can't understand.

Q. You can't understand it. I accept that's your evidence.

But you do agree with me it's what the documents they had suggest?

A. It could be.

Q. Well now, I understood you to have agreed with me that

that's what the documents suggest, though I don't want to

go over that ground again Mr. Byrne. The document

suggests that it was a back-to-back arrangement. You say

you were not concerned with it, I accept that's your

evidence. Do you accept that that's what the document

says?

A. That could be what the document says, but I did not know of

it.

Q. I will just go onto the next document which is the document

number 49. This is a Princes Investments statement from

Guinness & Mahon showing, as I said earlier, that on the

31st December 1984, there was €172,138.16 outstanding now,

evidence has been given by witnesses from Guinness & Mahon,

by one witness from Guinness & Mahon and also by

Mr. Padraig Collery who had some familiarity with these

documents and had an association with this transaction at

the time it was carried through, that this loan standing at

that amount in December of 1984 had, by September of 1985,

risen to the figure of œ186,986.82. And if you go on to document number 51, maybe perhaps we could, for the benefit of Mr. Byrne, the entry in question could be pointed out and then you could identify it on your own hard copy, Mr. Byrne. There is a debit entry on that account of œ186,986.82, do you see that entry?

A. Yeah.

Q. Now, other evidence has been given that that money was debited to that account on that day and credited to the loan account of Princes Investments. I am not going to go through all the details of the technical banking information that we went through yesterday, but you may take it that that money went from that account on that day into Princes Investments. And cleared the loan.

Now, if you go to the top of that document, if you go to the top of your own copy or the top of the copy on the overhead projector, you will see that that account is Guinness Mahon Cayman Trust/College call account. Now, you have informed the Tribunal that you know nothing about the use of that account to pay off the Princes loan.

Isn't that right? Am I summarising

A. That is correct, that is correct.

Q. Have you ever heard of Guinness Mahon Cayman Trust/College call account?

A. Never.

Q. You do know what Guinness Mahon Cayman Trust is?

A. I do now.

Q. Well, you have always known what Guinness Mahon Cayman Trust was surely, Mr. Byrne?

A. I do, yeah.

Q. You had dealt with Mr. Traynor in dealing with your various trusts at Guinness Mahon?

A. Yeah.

Q. Now as I said earlier, let's not fall into the mistake of treating these questions casually and ending up like we had to the last time, clarifying something.

A. I appreciate that.

Q. Yes, thank you. Now, College Call Account, have you ever heard of College or any entity with the name College in it?

A. Never.

Q. Did you ever hear of College Trustees?

A. Never.

Q. Did you ever have any involvement with any Channel Islands associate of Guinness Mahon?

A. Never.

Q. Or any other company in Guinness Mahon?

A. No.

Q. Through Mr. Traynor?

A. No.

Q. I want you to turn now to document number 54 are the documents you have numbered?

A. The documents I have are not numbered.

Q. They are not numbered on the bottom right-hand side. Well

then I will help you out. If you go onto the third next page, I think. Have you gone to the third next page of the documents you have? If there is any trouble I will give you a numbered copy. (Document handed to witness.)

Now, this is a Princes Investments Limited account dated 30th April 1986 but at least it's an account in the name of Princes Investments dated this particular day and it shows, if you look at the bottom of the balances, an outstanding balance of £241,178.17. I am going to for one moment pass on from that document to document number 56 which is the second next document in the bundle of documents that were sent to you but again, just to be sure that you have the same document as I have, I am letting you have a copy of it. (Document handed to witness.)

This document shows a balance of £253,336.19 on an account purporting to be Princes Investments Limited on the 31st October of 1986.

Now, the evidence you have given, Mr. Byrne, is that you know nothing of the payment off of a Princes Investments loan in September of 1985, isn't that right?

A. Nothing whatsoever.

Q. Now, so far as Guinness & Mahon are concerned, as far as the bank is concerned, the Princes loan disappeared from its books in September of 1985. And nobody told you about that?

A. Nobody.

Q. You went on in 1987 to pay £260,000 to Guinness & Mahon, as



you saw it, to pay off a loan.

A. That is correct.

Q. Why did you pay off the loan in 1987?

A. It must have been I think we were requested to pay it off.

Q. By whom were you requested to pay it off?

A. I can't remember, but there had to be some reason for paying it.

Q. There must have been some request?

A. There must have been some request.

Q. You hadn't been paying very much off the loan for many years, isn't that right?

A. That is correct.

Q. The bank had been it would appear, quite indulgent towards you?

A. It would look like that, yeah.

Q. Was there any reason why the loan wasn't paid back over the years?

A. I really couldn't imagine why not, but obviously the manager probably was short of funds and didn't feel like paying it off. There was always something happening day in, day out.

Q. The bank seemed to take a very relaxed attitude, didn't they?

A. Yeah.

Q. Can I suggest to you the only reason the bank were so relaxed about it was because they had a backing deposit?

A. Don't know.

Q. You don't recall being brought to any meeting about the repayment of the loan?

A. I don't.

Q. You don't recall any meeting of Princes Investments itself about the repayment of the loan?

A. I don't.

Q. Was it the biggest loan Princes Investments had?

A. I don't think so.

Q. Is Princes Investments still trading?

A. It is.

Q. You weren't in receipt of any correspondence from the bank concerning this bank statement, isn't that right, or this bank account?

A. No.

Q. So if somebody was to contact you to ask you to pay off this loan, who would that have been?

A. I just can't recollect who it must be it must be must be Guinness Mahon.

Q. Well, that's what you think, isn't it, it must have been Guinness Mahon if you were paying off a loan to Guinness Mahon, but you didn't have any loan with Guinness & Mahon in 1987?

A. I am aware of that now.

Q. You may have thought you had a loan, I quite accept that, but there was no loan so it couldn't have been Guinness Mahon who got on to you?

A. Well, there must be some evidence there, Guinness Mahon must have something in their files who wrote the cheque.

Q. What they do have in their files is that, is documents that show that there was no loan, Mr. Byrne, so let's deal with the situation in 1987. There was no loan. Guinness & Mahon weren't asking anyone to pay off the loan. If you gave Guinness & Mahon €260,000 to pay off a loan, they'd have been asking what loan? Of the likely people who might have asked you to pay off, who do you think would have contacted you?

A. I would say then it would have been Mr. Traynor.

Q. Mr. Traynor. Isn't it more likely to have been Mr. Traynor?

A. More likely. As far as we were concerned, we were paying off the genuine borrowing that we had taken out in the first place, we were not aware of any of the loan being paid off, which sounds, to me, crazy.

Q. Mr. Traynor was a person with whom you would have had many, many regular dealings, isn't that right?

A. That is correct.

Q. And if you had any dealings involving the writing of cheques to Guinness & Mahon, they probably would have involved Mr. Traynor?

A. They would.

Q. Can you remember Mr. Traynor asking you to pay this off?

A. I am sure it would if anyone if there was anyone out there that asked me, it would have been Mr. Traynor.

Q. Well, if nobody in Guinness & Mahon asked you, then the only person who might have been likely to ask you was Mr. Traynor, isn't that right?

A. That's right, yeah.

Q. And if you didn't know that the loan had been paid off in 1985, isn't it likely that Mr. Traynor knew it had been paid off in 1985?

A. I am sure he did. He was the only one that could have done it without me knowing.

Q. Isn't he certainly the only one who would have access to the relevant information?

A. The only one. He did not he did not make me aware of the loan being paid off. As far as we were concerned, both the three directors were concerned, we were paying off the genuine loan that was borrowed as a commercial, as a commercial loan with straightforward, no strings attached.

Q. There is no document that has become available to the Tribunal from Guinness & Mahon showing an indebtedness of €260,000.

A. I am sure well if you say so.

Q. So somebody must have asked you for that precise figure, isn't that right?

A. They must have, yeah. Not necessarily me, but it could be the cheques were issued from Tralee, the office in Tralee.

Q. The Princes Investments cheque was issued from Tralee?

A. Yeah.

Q. And would you have signed that cheque?

A. No. I was not a signatory.

Q. I think you did sign the Central Tourist Holdings cheque, is that right, that was used, as you thought, to pay off its loan?

A. Yes, I could have done.

Q. And you are quite sure you didn't pay off the loan to pay the €260,000?

A. No, I am sure of that.

Q. Who would have arranged for the €100,000 that went from Carlisle to Princes to pay off this loan? Who'd have arranged for that?

A. I would have had.

Q. Do you remember arranging that?

A. I do, I think I do.

Q. Who do you think asked you to do it that way?

A. I think it was the manager of the hotel at the time that needed new kitchens.

Q. And he didn't have the cash?

A. Didn't have the cash, so he asked basically myself, had I any loose money around that we could lend him on a temporary basis. Of course

Q. Who was operating the cheque book of Carlisle at this time?

A. It was operated from Management Investment Services.

Q. And if they wrote a cheque for €100,000 for this purpose, who do you think would have asked them to draw the cheque

and who would have told them what the cheque was for so that they could journalise it in the appropriate way?

A. I would have done.

Q. Would you have had that direct contact with them, do you think?

A. With

Q. With MIS?

A. Oh I would, yes.

Q. Mr. Clifford has made has provided the Tribunal with some information, I am not sure I can go into all of the information yet, but he has indicated to the Tribunal that the cheque for €260,000 which he believes was written to pay off a loan was transmitted via Deloitte & Touche who would have been the auditors to the company at that time, isn't that right?

A. I would think that was I think that was the way it was done.

Q. Or Haughey Boland, of course, as they were probably called at that time?

A. Probably, but I think that would have been sent up to them to circulate it to the accountants and I do know that the €100,000 went back into Carlisle and they got their €100,000.

Q. The €100,000 that went back into the Carlisle came from Princes, isn't that right?

A. That's right, yeah.

Q. The €260,000 that was sent to Guinness & Mahon did not go

to Guinness & Mahon, are you aware of that? The €260,000 cheque

A. Yes, I am aware of that now.

Q. And in fact it went into an account controlled by Mr. Traynor?

A. Yes, I believe that.

Q. And when that money was put into the Amiens account controlled by Mr. Traynor, there seems to be no trace of it going into any Guinness & Mahon account?

A. I had no knowledge whatsoever.

Q. Isn't it true that the effect of those transactions is that in 1985 a loan in the name of Princes Investments was cleared off with a payment from an offshore account controlled by Mr. Traynor and in 1987 a sum of €260,000 was paid into another account controlled by Mr. Traynor, isn't that right?

A. That is right.

Q. Now, was Mr. Traynor in the habit of personally providing for loans taken out by companies with which you were associated and recouping himself in this way?

A. Well, this seemed to be a crazy situation because I can't figure out how we were genuinely paying off our borrowings and that, as far as I am concerned and as far as the Cliffords are concerned, that is what we thought we were doing, but in actual fact, it didn't apply at all.

Q. Absolutely. Somebody else had paid off your borrowings?

A. That's right.

Q. And one assumes that that person would expect to get back the amount of borrowings from you, isn't that right?

A. From Princes I suppose that's one way of looking at it.

Q. Yes, it's one way of looking at it, isn't it?

A. As far as I am aware, I just don't can't figure out the mystery.

Q. Let me put it this way. If in 1985 Guinness & Mahon had put a lot of pressure on Princes to repay a loan and Princes, for one reason or another, didn't have the money to repay it and if Mr. Traynor stepped in, we'll assume for the moment that Mr. Traynor himself personally stepped in and repaid that loan, then it would only be reasonable for the company or the people behind the company to repay Mr. Traynor at a later date, isn't that right?

A. That would be reasonable.

Q. And if that was a transaction that was carried out with all the parties involved having their eyes open and knowing what they were doing, it would seem like a reasonable transaction, wouldn't it?

A. It would, yeah.

Q. But where the transaction the fact that the transaction occurred in this way only comes to light now according to you and according to Mr. Clifford, the whole thing seems quite bizarre, doesn't it?

A. That would be my way of putting it.

Q. Now, imagine if Mr. Traynor was not using his own money, but perhaps an offshore trust with which you were



associated or somebody else was associated in 1985, that offshore trust would have to be recouped in 1987, wouldn't it?

A. Of course it would.

Q. Whether it was your personal offshore trust or anybody else's offshore trust?

A. Right.

Q. But again you'd expect to be told that this was what was happening, wouldn't you?

A. You would.

Q. But what I want to suggest to you, Mr. Byrne, is it's inconceivable that Mr. Traynor wouldn't have told you or somebody that that is what he was doing.

A. It sounds crazy, but he did not tell me.

Q. Would you believe it of Mr. Traynor, that he would do that and not tell you?

A. Well, he did it and he didn't tell me.

Q. Well, not only did he do all of those things, but if what you are suggesting is true, he invented fictitious bank accounts in order to do this, isn't that right?

A. Looks like it.

Q. Again, is that the type of behaviour you'd have expected from Mr. Traynor?

A. You see, I suppose in hindsight, it's easy to identify all these things but at the time, Mr. Traynor was I had absolute confidence in him.

Q. One of the reasons, looking at the matter with the benefit

of all the information we now have, one of the reasons why the transaction was carried out by the use of fictitious accounts seems to have been to deflect attention from the offshore involvement.

A. I have no idea what his motives were.

Q. I think you are aware that Mr. Traynor was never anxious to allow references to his offshore activities to appear in banking documents if at all possible?

A. It would look like that, I wasn't aware of it.

Q. Pardon, you weren't aware of it?

A. No.

Q. You would have always regarded Mr. Traynor as someone who wouldn't have mislaid any of your money, isn't that right?

A. That is correct.

Q. And you wouldn't have and you would have wanted to know from anybody dealing with your affairs whether any of your money had ever been mislaid in any transaction or any dealing, isn't that right?

A. I would.

Q. And we have already heard of the trouble you went to in 19- I think it would be 1992 or 1992 or 1994 '92, in order to track down Dunnes Stores money that appears to have gone through one of your accounts.

A. That is right.

Q. And while you were concerned about what happened, once you found out that there was no money lost, it didn't trouble you, isn't that right?

A. That is correct.

Q. As long as you haven't lost anything, it's somebody else's business?

A. More or less, yeah.

Q. Do you know in this case whether you lost any money or not?

A. I am convinced I have not.

Q. How do you know?

A. I would vouch for Des's his methods may sound crazy to us now, but he was basically a very straight fellow.

Q. I am not suggesting for one moment that the methods aren't crazy or are crazy, Mr. Byrne, I am suggesting they are much more than that, they are highly irregular. It's not just craziness we are talking about here. We are talking about fabricating bank documents, fabricating official company documents. This is not just craziness we are talking about. Would you expect someone to go to the lengths of fabricating bank documents unless

A. All I can say is for Des Traynor is that I wouldn't expect that of him.

Q. To fabricate bank documents?

A. Yeah.

Q. In this case, the loan, when it stood at £186,000, was settled by payments from an offshore account and then you subsequently pay a further almost £80,000<sup>54</sup> or Princes paid, well and indirectly you, Princes paid a further almost £80,000, in fact wouldn't it be £74,000, is that right

A. Correct.

Q. Ms. O'Brien corrects me, of course, that the £186,000 would have been sterling and the ultimate payment of 260 would have been Irish money so the loss might have been somewhere in the region of 60 or 70,000, but the fact is that £260,000 was paid over in 1987 in respect of a loan that was paid off in 1985 in the sum of £186,000 sterling, even call that £200,000 for argument's sake. How do you know that you weren't paying too much in 1987 when you paid £260,000?

A. Don't know.

Q. Have you ever checked it out?

A. No.

Q. Well, you were quick to check out the £180,000 that went through the Carlisle account, isn't that right?

A. We had to do that, when it was pointed out to us.

Q. Why did you have to do it? It was a much simpler transaction. £180,000 in, £180,000 out. £180,000 on the debit side of the account, £180,000 on the credit side of the account. All on one page of the document. Easy enough to spot that and to see you hadn't lost anything, but in this case you don't know if you have lost anything. You are going to have to take a much longer time, aren't you, to find out whether you have lost?

A. I don't

Q. Why haven't you checked that out, Mr. Byrne?

A. I haven't.

Q. But you paid two years' unnecessary interest, judging by the figures that we have seen. You see, could I suggest to you that there was a high degree of sensitivity on the part of Mr. Traynor to ensure that none of these activities that he was carrying on in Guinness & Mahon ever came to the attention of any of the authorities?

A. You could be correct.

Q. Were you aware of that sensitivity on his part in 1986 and 1987?

A. No, I was not.

Q. Were you aware that his attitude to his offshore activities was that they should never become known to the authorities in this country?

A. I was not aware of that.

Q. If the money that went back into Amiens Investments didn't go back into the ultimate offshore account from which they were paid out, doesn't that mean that somebody provided assistance to your company who wasn't paid back?

A. Don't know.

Q. Well, can I just go through that again? An offshore account paid off the loan of Princes Investments. If the money taken out of that offshore account did not go back into that offshore account, then the offshore account was at a loss, wasn't it?

A. That's right.

Q. And do you think that Des Traynor would operate in that way?

A. I just don't know.

Q. Isn't it likely that Desmond Traynor would have arranged either for the offshore account to be recouped the money that it had paid to Princes Investments or would have arranged to compensate the people who had provided that money out of their offshore accounts?

A. Well, that is what you would have expected.

Q. And again, wouldn't you imagine that the only people with offshore accounts who would allow their money to be used in that way are people who would have had something to do with Princes Investments, isn't that only reason?

A. I would accept the fact that it would look as if that should be the case, but I have no recollection at all of ever, ever even discussing that with Mr. Traynor.

Q. And if Mr. Traynor was going to use an offshore account over which he had control to pay a Princes Investments loan, wouldn't it seem reasonable to assume that he would only use an offshore account connected with somebody in Princes Investments?

A. That is what you would imagine.

Q. And the only offshore account in question would be your offshore account, isn't that right?

A. I don't know.

MR. SHIPSEY: I am not sure how that assumption could necessarily be made in respect of a company with three shareholders, I am not sure if that's a fair assumption to

be made.

CHAIRMAN: I will allow Mr. Healy to proceed.

Q. MR. HEALY: And isn't it true that Mr. Traynor's involvement with the offshore accounts was one that you were familiar with from other dealings you had with him? Don't we know that? Haven't you told us that in your own letter?

A. That would be correct.

Q. And it was through Mr. Traynor, or through your connection with Mr. Traynor, that Princes Investments came to deal with Guinness & Mahon?

A. It was, yeah.

Q. On a loan that the bank seemed to take a very relaxed attitude to for years and years and years?

A. That's correct.

Q. And if Mr. Traynor asked you whether he could use your offshore account to do things to facilitate business dealings you were involved in, would you have refused?

A. I would.

Q. You would have?

A. (Nods).

Q. And do you think he'd have done it even after your refusal?

A. I doubt it.

Q. And doesn't it seem to follow therefore that if he did do it, he must have done it because you let him?

A. Well, he had a lot of leeway, I admit that.

Q. Thank you.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. SHIPSEY:

Q. MR. SHIPSEY: Mr. Byrne, if I can just perhaps Mr. Quinn would like to

CHAIRMAN: No, he has declined.

MR. SHIPSEY: Mr. Byrne, if I could just firstly deal with the question of Skellig Investments. You have indicated to Mr. Healy that Skellig is an unlimited company, isn't that correct?

A. Yes.

Q. And I think Mr. Healy has brought your attention to the fact that on the one cheque there is an indication that it's referred to as limited.

A. Yes.

Q. On the cheque. You did however furnish the bank mandate, the opening bank mandate to the Tribunal, isn't that right?

A. That is correct.

Q. And I think, I am not sure if the Tribunal have it or have it to put up, it certainly made clear on that that the company is Skellig Investments and there is no question of it being a limited liability company.

A. (Nods.)

Q. That is the position, isn't that right?

A. That is the position. Looking at it on the screen, it did say limited.



Q. And that would be a bank error because the mandate filled out by

MR. HEALY: Just to assist My Friend, I am not suggesting that it was anything other than a typographical error. It only occurred to me as I was on my feet.

CHAIRMAN: All right.

Q. MR. SHIPSEY: The €50,000 cheque that was made out to Guinness & Mahon and signed by you in February of 1987, your best recollection in relation to this is that this was a request from Mr. Traynor and that he asked to you make it out to Guinness & Mahon, is that correct?

A. That is correct.

Q. If Mr. Traynor had asked you to make a campaign contribution or some other type of contribution for the benefit of Mr. Charles Haughey, would you recall that, if he had asked you in February '87, I want this for Mr. Charles Haughey's election campaign?

A. No, I would not.

Q. You wouldn't recall it or you wouldn't have made it?

A. I wouldn't have made it.

Q. But if he had requested to you make it, would you recall him having made that request?

A. Don't think so.

Q. I am not sure whether you are understanding my question. I am asking, Mr. Byrne, and you said to Mr. Healy certainly that it wasn't, as I understand it, for the benefit of Mr.

Haughey, that you didn't make a payment in February of '87 for the benefit of Mr. Haughey?

A. No way did I make it. As a matter of fact, Mr. Haughey Mr. Chairman, I'd like to categorically state that I have never given Mr. Haughey a penny or a pound in my life and I made that statement the first day I went in to see the Tribunal in private, and he has never ever asked me for a penny in his life.

Q. Has anyone on Mr. Haughey's behalf, including Mr. Traynor, ever asked you to give money to Mr. Haughey?

A. Never.

Q. Now, can I just move on to Princes Investments. There has been reference to your involvement with Princes Investments and also reference to the involvement of the two Clifford brothers, isn't that correct?

A. That's right.

Q. In point of fact, you are a minority shareholder in Princes Investments and always have been, isn't that right?

A. That is correct, yeah.

Q. The shareholding was held as to one third in your favour as I understand it and one third for each of the Cliffords while William Clifford was alive and I think it's his estate or his wife that now holds his shares, is that correct?

A. Correct.

Q. And as far as an executive involvement is concerned, am I correct in understanding that you have never had an

executive involvement in the Mount Brandon Hotel in Kerry?

A. Never.

Q. You don't live any longer in Kerry, although you grew up in Kerry?

A. Yeah.

Q. And Mr. Clifford, in fact both Mr. Cliffords were always living in Kerry and in the case of Mr. Tom Clifford, he still lives there, is that correct?

A. That is correct. They are the two directors that were living in Tralee and took an active part in the running of the hotel. And I wouldn't know what is happening down there from one year to the next.

Q. You have yourself a number of very substantial business involvements but for the most part, insofar as your Irish businesses are concerned, they are in Dublin, isn't that correct?

A. Yeah.

Q. You have a number of property companies and you have engaged in very substantial property developments in Dublin?

A. That is correct.

Q. And I think before returning to Ireland sometime in the 1960s, you had worked and engaged in business in the UK for very many years?

A. Approximately, something over 20 years.

Q. I think you came to retire here in the late 1960s, is that correct, Mr. Byrne?

A. That is correct, yes. But I still got involved, maybe it's about time I retired.

Q. Now the loan that was obtained in 1975 for Princes Investments, Mr. Healy has referred you to that document, it's document 45, this is the loan application or the offer of the loan facility, I am sorry, from Guinness & Mahon. I wonder if that could be put up on the monitor. There was reference, Mr. Healy referred you to the first page, but in fact if you go to the second page of that, that when this letter was sent out, it was sent out already having preprinted on the bottom the fact that it was going to be signed by Mr. William Clifford and Mr. Thomas Clifford, is that correct?

A. That would be correct, yes.

Q. If I could then ask you to look at the internal credit memorandum which is dated the, I think it's the 3rd May or the some date in May of 1985. Now Mr. Byrne, you have stated and restated that you were not aware of the repayment of the Princes Investments loan in September, in early September of 1985, isn't that correct?

A. That is correct.

Q. And it's your sworn evidence to this Tribunal that you, along with your fellow shareholders, arranged for the repayment of the loan in an amount which you understood to be outstanding in July of 1987, isn't that correct?

A. Correct.

Q. Insofar as there is documentary evidence in or about 1985

from Guinness & Mahon, that is apart from bank statements, the only document we seem to have is this credit memorandum of May of 1985, isn't that correct?

A. Correct.

Q. And this is making reference to what appears to be an application of an extension of a loan for one year with a review at the end of May of 1986.

A. Yes, I see that.

Q. There is certainly nothing in this memorandum to suggest any pressure being brought to bear upon Princes Investments Limited to repay its loan in May of 1985?

A. No. I think they were charging quite a high rate of interest, I should imagine they'd be very happy to leave their money.

Q. And so you have an application by the company for a one-year extension and approval by Guinness & Mahon in May of 1985 to extend it for a one-year period?

A. Yeah.

Q. You have described how, between 1985 and indeed throughout the period of your involvement as a shareholder and director in Princes Investments, that you would have and make periodic visits to Kerry and you would presumably have directors' meetings and shareholders' meetings as required. Do you have any recollection between 1985 and when the loan, you say, was repaid in 1987, of any discussion with the Cliffords, in fact I think Mr. William Clifford was already dead by that stage but his wife had

taken over as a director, is that correct?

A. That is correct.

Q. With either Mr. Thomas Clifford or the widow of William Clifford, which led you to believe or to understand that as far as they were aware, the loan was repaid?

A. I am absolutely positive that it was never ever mentioned at any of the meetings.

Q. And when it came to the time in 1987, in July of 1987 when you were, along with the Cliffords, making arrangements to repay the loan in an amount of £160,000, it would appear as if Princes Investments, from its own resources, didn't have sufficient monies to repay the £260,000 because from what you have stated and from the checking that has been conducted by your auditors into the matter and the auditors of Carlisle, it would appear that £100,000 was lent by Carlisle Trust to Princes Investments, £100,000 was lent by the Cliffords' company to Princes Investments and £60,000 was provided from the cashflow of Princes Investments, isn't that correct?

A. That is correct.

Q. Now Mr. Healy has asked you whether you knew or were aware whether you were being overcharged in 1987 in repaying the loan of £260,000. I think, however, you did or at least you instructed your solicitors to make certain inquiries and a letter was sent in June of 1989 sorry, 1999 to the Tribunal which provided 22nd June of 1999 which provided information to the Tribunal in relation to the amount which

was repaid in July of 1987, isn't that correct? I just wonder if you could perhaps be given a copy of the letter, if there is a letter there, of the 22nd June of 1999.

Well whilst that letter is being obtained, there is just two other matters leading up to that I could ask you.

There were certificates provided by Guinness & Mahon to the auditors of Princes Investments in 1985 and again in late 1986. Are you aware of that? Certificates as to the outstanding indebtedness of Princes Investments to Guinness & Mahon?

A. Yeah, I believe so.

Q. And those certificates form the basis of the amount which was included in the audited accounts of Princes Investments?

A. Correct.

Q. And that's the purpose for which the auditor requests the certificate showing the bank balance, isn't that correct?

A. That's correct.

Q. And so the directors of Princes Investments had available to them when discharging the loan of £260,000 in July of 1987, the certificates from Guinness & Mahon and the accounts of the company which show the outstanding balance on the bank account, isn't that correct?

A. That's correct.

Q. And if I can just read from that letter of the 23rd June of 1999 from your solicitors to the Tribunal, it's the last

paragraph on the first page "The audited accounts of Princes to the 31st October 1986 show a long-term indebtedness of €261,000-odd made of two amounts, a loan of €8,000 and a loan of €253,000-odd which is the Guinness & Mahon loan. The source and application of funds statement contained in the accounts to 31st October 1987 show a loan repayment of €253,000-odd. The repayment of €260,000 referred to in your letter was a repayment of €253,000-odd together with the further sum of slightly in excess of €6,000. My clients are uncertain as to how this dividend that is the dividend of €6,000- odd but assume it is in respect of interest. Why it is exactly €6,664 they cannot explain but in the 1987 accounts page 12 there is a reference to bank charges and interest to an amount of €9,136" and that information was provided by your solicitors on your instructions to the Tribunal, is that correct?

A. Correct.

Q. The reference on the bank statements of Princes Investments to the address at Clyde Road is something that Mr. Healy asked you certain questions about. If I understand your evidence, the address of Clyde Road being the address of the company controlled by Mr. Stakelum, is that correct?

A. That's correct.

Q. I think you have informed the Sole Member that Mr. Stakelum didn't at any stage act as an adviser or provide services for you or for your companies, is that right?



A. Never.

Q. And to your knowledge, did he act for and provide services for the Cliffords?

A. He did.

Q. And so therefore if the statements were being sent to the Business Enterprises Limited, Mr. Stakelum's address at 17 Clyde Road Ballsbridge, Dublin 4, is it more likely than not that it was at the direction of the Cliffords that these statements were sent to that address?

A. Yeah, it must be.

Q. Now, when we come to the repayment of the loan as you understood it and as you believe the Cliffords understood it in 1987, a sum of €260,000 was drawn on the Princes Investments bank account in Tralee, isn't that correct?

A. That is correct.

Q. Your company, Carlisle, having either at that stage or shortly thereafter lending €100,000, Mr. Clifford's company lending €100,000 to enable that to happen, and is it your understanding that that cheque was sent to Guinness & Mahon?

A. That is correct.

Q. Did you know anything about the special presentation of that cheque at AIB Bank Centre leading to the bank cheque or bank payment that has been shown on the overhead monitor?

A. I have no idea how that came about.

Q. Did anybody ask for your consent or permission or agreement

to deposit that Guinness & Mahon cheque which was drawn on the account of which you were a director, Princes Investments Limited, into an account in the name of Amiens SL?

A. Absolutely no idea.

Q. Were you ever told by anyone that that's in fact what happened with the cheque for €260,000 prior to being contacted by the Tribunal?

A. The first time I heard of it was from the Tribunal.

Q. Now, I think your solicitors have requested, on your behalf, details from the Tribunal as to the disbursement of the €260,000 when it is and was deposited into the Amiens SL account and insofar as information has been provided to date, it certainly would suggest that of that €260,000, €40,000 was transferred from Amiens SL into the Haughey Boland No. 3 Account, that's two payments of €20,000 in July of 1987, is that your understanding?

A. Well, I would have no idea where the money went to once it was paid. I wouldn't have a clue.

Q. But I think you have or at least your solicitors have been furnished with copies of the bank statements of Amiens SL and you have been informed

A. At that time I did not know.

Q. The two cheques for €20,000 went to the Haughey Boland No. 3 Account.

A. Yes, I have been told that now.

Q. And I think you have also been informed that this Haughey

Boland No. 3 Account was an account used to discharge the living expenses of Mr. Charles Haughey?

A. I have been told that.

Q. Were you asked for permission or consent or were you informed in 1987 or at any time that the €260,000 of Princes Investments money which was being paid to Guinness & Mahon would be applied, as the €40,000, into an account for the benefit of Mr. Haughey?

A. Never, ever.

Q. Insofar as the balance of the money which I think would amount to about €220,000, you are not aware as to how that was applied?

A. No, I would not be privy to that in any shape or form.

MR. HEALY: Just one or two small matters Sir, just arising out of that, really just for clarification sake.

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

Q. I think you said when I was asking about the security referred to in the credit committee memorandum of 1985, Mr. Byrne, that you would have been surprised that the bank would have wanted a back-to-back security for a loan of that order, a hundred and, I think was it, €180,000 at that time.

MR. SHIPSEY: I think it may apply to this loan as well but in fact I think from recollection he was referring to the €70,000 from the Central Tourist Holdings

MR. HEALY: Yes, I think he may have mentioned both I think.

CHAIRMAN: All right, we will clarify it.

MR. HEALY: I think you did mean both loans, is it, or did you mean both loans?

A. I did mean both loans.

Q. I am just looking at

A. The signatures for the loan on Princes Investments should the three directors should have been more than sufficient security for the bank.

Q. Looking at the accounts presented for 1986, I notice that you had bank advances of €24,500 from the AIB.

A. In '86?

Q. In '86, if I am reading the accounts correctly and I don't profess to be in any way expert at it, at page 4 in the balance sheet, it has capital, employment of capital, current assets, current liabilities, the current liabilities are described as "Bank Advances: €24,500." And there is a note 4 on the accounts and the note 4 says AIB Plc hold the title deeds to the Mount Brandon Hotel as security for any advances made. So there you have the Mount Brandon Hotel title deeds in the AIB as the bank's security for €24,000?

A. Mmm.

Q. Rather a lot of security to look for for €24,000. Now, one of the other points you made was that you felt that the

bank would be happy to leave the loan in Guinness & Mahon without putting any pressure on you to repay it because they were getting such a good rate of interest, but it was a non-performing loan, wasn't it?

A. Non-performing, exactly, but if

Q. Banks don't regard that type of loan as an asset, do they?

A. Well, if they were getting a very high interest.

Q. They weren't getting any money here, Mr. Byrne, unless they looked at the back-to-back deposit, isn't that right?

A. (No answer.)

Q. One last thing, you were asked about the Skellig

Investments cheque in the sum of €50,000, just to remind

you again, the questions I asked you about it and the

requests Mr. Shipsey asked you about it involve the timing

of the payment, the fact that it was close to an election

campaign and you were asked by Mr. Shipsey whether you'd

have made a payment to Mr. Traynor for Mr. Haughey's

campaign if Mr. Traynor had asked you and you said you

wouldn't have, isn't that right?

A. That is right, yeah.

Q. Why wouldn't you have?

A. Well, I have never given Mr. Haughey a penny in my life and

he has never asked it. He has never asked for it.

Q. Is there some reason why you wouldn't have, you said you wouldn't

A. I confine my contributions during campaigns to the parties.

Q. You are quite certain now that you'd have said no to Mr.

Traynor?

A. I would have, if I knew where it was going.

Q. It would have been one of the few occasions you'd have refused Mr. Traynor anything, isn't that right?

A. Well, I'd be very firm about that.

Q. Even though Mr. Haughey was a personal friend of yours?

A. Very much so. I know the man for going on 40 years.

Q. You'd have refused to give him assistance towards his own personal campaign fund?

A. I confine my contributions to the party and let him or whoever distributes it, distribute it to whoever they want.

Q. Thank you very much.

CHAIRMAN: We must be wary of generalisations, Mr. Byrne, but two things have emerged in your evidence both today and on earlier occasions that you have come to the Tribunal in relation to Princes Investments, Central Tourist Holdings, Carlisle Trust and even to some extent today, Skellig, would it be fair to say there is been a considerable amount of lack of recollection and surprise at what may have taken place in various situations on your part?

A. I agree, Chairman, but remember, it's quite some time ago and one's memory doesn't last forever.

CHAIRMAN: I appreciate that, Mr. Byrne, but they are not characteristics that you'd have prided yourself on in a highly successful career here and in England in property?

A. Absolutely. As I say, we all get on and my memory is not

as good now as it was certainly ten years ago.

CHAIRMAN: Thank you for your attendance.

A. Thank you, Chairman.

CHAIRMAN: Same time tomorrow morning.

THE TRIBUNAL THEN ADJOURNED UNTIL THE FOLLOWING DAY,

THURSDAY, 1ST JUNE 2000, AT 10:30AM.