

THE TRIBUNAL RESUMED AS FOLLOWS ON THURSDAY, 1ST JUNE 2000,

AT 10:30AM:

MR. COUGHLAN: Mr. Carty.

MR. CURRAN: I appear on behalf of Mr. Carty, Sir.

CHAIRMAN: Thank you very much, Mr. Curran.

PAUL CARTY, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY

MR. COUGHLAN:

Q. Thank you, Mr. Carty. I think there are two matters which you can be of assistance to the Tribunal in relation to.

One is the Princes Investment Limited loan and how it was dealt with in Guinness & Mahon and by your firm and by other companies such as Carlisle, isn't that correct?

A. Yes.

Q. I think there is another brief matter then, it relates to Celtic Mist, you furnished

A. Yes, okay.

Q. If we deal with the Princes Investments aspect of your evidence first.

A. Right, yes, okay.

Q. Now, I think you have informed the Tribunal that you are a partner in Deloitte & Touche and you were a previously a partner in Haughey Boland

A. That's correct.

Q. which was a predecessor. And that Haughey Boland were auditors and tax advisers to Princes Investments Limited

during the period that we are going to discuss?

A. That's correct.

Q. And I think you have informed the Tribunal that your firm has no files in relation to Princes Investments Limited covering the period of your inquiry into that company other than the company's secretarial files and a share register minute book. Your firm has copies of audited accounts of the company for some of the period?

A. That's correct.

Q. So those are the documents that were available to you. And I think you have also advised the Tribunal that Haughey Boland were also auditors and tax advisers to C. Clifford & Sons Limited and Carlisle Trust?

A. That's correct.

Q. And just to explain, C. Clifford & Sons Limited, that was the Clifford brothers, is that correct or was it just

A. Just Mr. Tom Clifford, sorry, just to clarify, that they used to be together and in 1979 they separated.

Q. I see. So C. Clifford & Sons Limited

A. During the period under review

Q. was Mr. Tom Clifford, is that right?

A. Yes.

Q. And it was Mr. Tom Clifford and his brother and Mr. Byrne were involved in Princes Investments Limited, isn't that correct?

A. That's correct.

Q. And Carlisle Trust Limited would be a company of

Mr. Byrne's?

A. That's correct.

Q. Just to clear it all up.

A. That's correct.

Q. Now, I think you have reviewed the audited accounts of Princes Investments Limited for each of the years ended 31st October 1984 to the 31st October 1988 and abridged financial statements for the year ended 31st October 1979, abridged financial statements for the 13 months ended 31st October 1981 with 11-month comparison for the period to the 30th September 1990, is that correct?

A. Yes.

Q. Now, I think you can inform the Tribunal and balance sheet at the 31st October 1985 shows a long-term indebtedness this is part of your memorandum that you have extracted it from the accounts, isn't that correct?

A. Yes, I have also done a summary

Q. I will put the summary up in a moment but if I just deal with it, it's probably easier to deal with it this way. I will put the summary up then.

A. Right.

Q. The balance sheet at the 31st October 1985 showed a long-term indebtedness of £236,033 due to Guinness & Mahon £228,033 and other loans of £8,000, isn't that correct?

A. That's correct.

Q. The balance sheet at the 31st October 1986 showed a long-term indebtedness of £261,000-odd made up as follows:

Guinness & Mahon €253,336 and the other loan was €8,000,

isn't that correct?

A. That's correct.

Q. Giving that balance and then the balance sheet as of the 31st October 1987 shows the long-term indebtedness €168,000 and loan under current liabilities €40,000 making that balance €208,000, is that correct?

A. That's correct.

Q. And that was representing a loan from Carlisle Trust Limited of €100,000, C. Clifford & Sons Limited €100,000 and another loan €8,000?

A. That's correct.

Q. Now, going to the balance sheet at the 31st October 1988, you have under Note 10, creditors' amount due over one year: Loans €120,000, loan €960,000. Under note 9: €60,000, a balance of €180,000 and that's represented by a loan from Carlisle Trust Limited of €90,000 and C. Clifford & Sons Limited of €90,000?

A. That's correct.

Q. And then the balance sheet as of the 31st October 1989 shows creditors €120,000, and creditors €60,000. Again €180,000, is that correct?

A. That's correct.

Q. And it's made up of the loans from Carlisle Trust and C. Clifford & Sons Limited of €90,000?

A. That's correct.

Q. Now, you go on to inform the Tribunal that the balance

sheet of the 31st October 1990 does not show any loans which suggests the amounts were repaid. You do not have detailed accounts to the 31st October 1990 and in ascertaining this information, you only had comparative figures from the abridged accounts to the 31st October 1981 which you obtained from the company's registration office.

A. 1991.

Q. '91, I beg your pardon.

A. That's correct.

Q. I think you go on to inform the Tribunal that you yourself have been informed by Princes Investments Limited that you paid two amounts of £90,000 each on the 27th September and the 2nd October 1990, one to C. Clifford & Sons Limited and one to Carlisle Trust Limited, is that correct?

A. That's correct.

Q. And these were the repayments of the balance on loan accounts at that time?

A. That's correct.

Q. So you can see them outstanding previously of £90,000 each and you were informed that those were repaid on those dates and therefore the loans do not appear in subsequent affairs, is that right?

A. That's correct.

Q. Now, I think you have examined the audited accounts of Carlisle Trust Limited for each of the years ended 31st December 1984 to the 31st December 1990 inclusive which advances to Princes investments as follows: Year ended

December 1987, €100,000; 31st December 1988, €90,000; 31st

December 1989, €90,000; 31st December 1990, nil.

A. That's correct.

Q. I think you have informed the Tribunal of the audited

accounts of C. Clifford & Sons Limited for each of the

years ended 31st January 1987 to the 31st January 1991

inclusive which identifies the advances to Princes

Investments Limited as follows: 31st January 1987 nil, of

course; 31st January 1988, €100,000; 31st January 1989

€90,000; 31st January 1990, €90,000 and 31st January 1991,

nil.

A. That's correct.

Q. So, you have been able to establish by examining the

audited accounts of those two companies which shows the

advances going to Princes Investments of €100,000, there

must have been some reduction because

A. It was €10,000.

Q. €10,000, and in the two subsequent years, they were still

carried in the books of these two companies as a loan of

€90,000 and then the loan was paid off and you get nil

showing finally?

A. That's correct, Mr. Coughlan.

Q. I think you have informed the Tribunal that you have no

knowledge of the manner in which the loan to Guinness &

Mahon was repaid as set out in the Tribunal letter of the

15th May 2000.

A. That's correct.

Q. And you have no knowledge of the transfer of funds from Princes Investments to Amiens Securities Limited in 1987 referred to in the Tribunal's letter of the 15th May 2000?

A. That's correct.

Q. You have been advised that Princes Investments believe that they may have furnished a cheque to you and I mean your firm

A. Yes.

Q. Made payable to Guinness & Mahon for €260,000 in July 1987 while this is approximately the amount you would have understood the company to owe Guinness & Mahon at the time, you have no recollection of receiving this cheque but if you did, you would have forwarded it to Mr. J. D. Traynor on their behalf and you had no dealings with Guinness & Mahon or AIB Bank Centre in relation to this matter.

A. That's correct.

Q. That related to a banker's payment or a walk-in clearance in respect of

A. That's correct.

Q. Isn't that right?

A. That's correct.

Q. And then you have helpfully produced a summary for the assistance of the Tribunal which just shows the indebtedness and the various years and how the whole matter appears in summary form?

A. That's correct.

Q. Now, the loan which Princes Investments had from Guinness &

Mahon was in existence from at least 1975 according to a facility letter which has been furnished to the Tribunal?

A. That's correct.

Q. I think you have seen that?

A. I have seen that.

Q. And it may have been in position prior to that because it might appear that there was a loan in position at the time of the facility letter but anyway, we'll take it as and from 1975 or thereabouts.

A. I understand that.

Q. And I think the facility letter describes the method of repayment as being out of current income. There is no no

A. Working capital.

Q. Working capital. There is no structure in the facility letter for repayment, isn't that correct?

A. That's correct.

Q. And the loan from the accounts you have been able to look at at least describe the indebtedness to Guinness & Mahon as being long-term indebtedness, isn't that correct?

A. Yes.

Q. And what is that as a designation in accounting terms?

A. Normally when you are presenting a loan account where it's paid or the ability to pay over a period of time, there is a requirement in accounting policy, I suppose, that for twelve months you show in the current liabilities because it gets paid in the next year and anything over two months



gets knocked into the long-term indebtedness.

Q. What's called long-term indebtedness?

A. That's the only reason.

Q. There is another loan of €8,000?

A. That's some other loan in relation to the shareholder company. It was carried for quite a while I think.

Q. And that obviously was interest free or

A. Yes.

Q. Now, I think you know from documents which were supplied to you by the Tribunal that the loan which Princes Investments had was backed by an offshore deposit?

A. From the information supplied by the Tribunal, yes, that's correct.

Q. I think also by the information supplied to you by the Tribunal and from the evidence of both Ms. Sandra Kells and Mr. Padraig Collery given at the Tribunal, I think there can be little doubt but that that particular indebtedness was removed from the books of Guinness & Mahon as of September 1985 by reason of a payment from Guinness Mahon Cayman Trust/College call account.

A. I understand that.

Q. I think those documents and that information

A. I saw those.

Q. There then followed a period where, on the evidence of Mr. Collery and Ms. Kells, a fictitious statement was created in Guinness & Mahon to convey the impression that the indebtedness still stood. I think those documents were

brought to your attention?

A. I have seen those, that's correct.

Q. And from the evidence of Mr. Collery, fictitious statements were also created relating to a company called Central Tourist Holdings of which you know about and gave evidence of previously, isn't that correct?

A. Yes.

Q. And that these statements were created at or around the time that a request was received from your firm, I know it comes out under your signature but it's signed by somebody else behalf of you?

A. Yes.

Q. A request is received from your firm to show the balances for these two companies, Princes Investments Limited and Central Tourist Holdings as of a specific date for audit purpose, isn't that correct?

A. That's correct.

Q. And do you know if, when those certificates were sought by your firm, if your firm would have been in possession or have had sight of the statements, the bank statements showing an indebtedness?

A. Yes.

Q. Now, we know that there were no there was no audit carried out on Central Tourist Holdings, isn't that correct?

A. Yes.

Q. And there were no accounts prepared?

A. Yes.

Q. There was a financial statement or a statement of financial affairs or whatever technical term you used on previous occasions in respect of Central Tourist Holdings, isn't that right?

A. Yes.

Q. There were audited accounts prepared for Princes Investments Limited, isn't that correct?

A. Yes.

Q. And it continues to be a successful trading company?

A. Yes.

Q. And the information which would have been available to your firm for the purpose of preparing the accounts would have been the bank statements the books and records of the company, I suppose?

A. Yes.

Q. The bank statements?

A. Yes.

Q. The certificates which you would have obtained from

A. Yes.

Q. In respect of this loan anyway, whatever about with other banks with which the company might have been dealing with

A. Yes.

Q. And I suppose information supplied by the directors?

A. Yes.

Q. Would those be the categories of information which would

have been available to your firm for the purpose of preparing the accounts?

A. Yes, Mr. Coughlan.

Q. Now, did anybody ever inform you or any member of your firm that Princes Investments long-term indebtedness with Guinness & Mahon had been done away with in September of 1985?

A. No, Mr. Coughlan.

Q. By a payment from an offshore account?

A. No, Mr. Coughlan.

Q. We know that the bank statements, the ordinary bank statements for Central Tourist Holdings were usually sent to Mr. Denis Foley in Tralee. He was the director who had a more hands-on dealings with the company, isn't that correct?

A. Yes, that's correct.

Q. On the bank statements that had been furnished by Guinness & Mahon, a company called BEL of 17 Clyde Road, Dublin 4 is identified as being the address to which statements should be sent?

A. Yes.

Q. Did you have any dealings with BEL in respect of Princes Investments Limited, to the best of your knowledge?

A. To the best of my knowledge, nothing direct other than I was aware I was aware over the years that interest was paid through Business Enterprises Limited to Guinness & Mahon, I don't know the particular reason to the

background.

Q. Very good. But I know you only have accounts available to you for certain years, but can we take it that in previous years, your firm would have prepared accounts for the company?

A. Yes, back to '65 I think.

Q. And it would be usual for your firm to obtain bank statements I suppose

A. Yes.

Q. for the purpose of preparing the accounts. Do you know where those bank statements were obtained from?

A. No. I would think, Mr. Coughlan, they could only have come from three possibilities. I don't know exactly, you know, of the three possibilities I would have said Mr. Traynor, Guinness & Mahon or maybe Business Enterprises Limited if they were paying the interest.

Q. Now, if your firm had received the bank statement which is missing which is missing from the records of Guinness & Mahon now, in other words, it was not microfiched for recording purposes, but if your company had received the bank statement for the period covering September of 1985, that would have disclosed a zero balance on the loan account because it had been paid off from an offshore account.

A. I understand that, yes.

Q. If that had come to the attention of your firm, the accounts would have been prepared differently, isn't that

correct?

A. That's correct, yes.

Q. And an explanation would have to be sought from the directors as to how the loan was paid off?

A. That's correct.

Q. Now, you believe that your firm would have had bank statements showing an indebtedness in subsequent years, that's an indebtedness to Guinness & Mahon because it would be for that reason that your firm would write the usual letter to the bank seeking the balances as of a specific date for audit purposes, isn't that correct?

A. That's correct.

Q. Would the person who would have been doing the preparatory work in relation to the accounts have bank statements for any given year or previous years and recognised that they should be sequential, that is that there would be a number on the statement?

A. Oh yes.

Q. And can we take it or can we rule it out that if a bank statement had come into your firm showing a zero balance, your firm would not have prepared accounts showing an indebtedness? So at the very least there must have been one bank statement missing from the sequence, that is the one which should have shown the zero balance?

A. Yes.

Q. And obviously that was not picked up?

A. It looks that way, yes.

Q. Now, I just wanted to also ask you about this, Mr. Carty, the loan which Princes Investments Limited had with Guinness & Mahon was a sterling loan. So how would that have been treated in the accounts of the company for audit purposes? Would it be converted to Irish?

A. Yes.

Q. I see. The accounts would always be prepared in Irish money?

A. Yes, converted yes, so there would be a loss or profit in exchange as the case may be.

Q. You couldn't carry it in sterling?

A. You would convert it.

Q. And there might be a loss or a profit, as you say, depending on the conversion rate?

A. Yes.

Q. I see. So that wouldn't give anyone preparing subsequent accounts any clue that there might have been a change of circumstances here, in other words, because when we see the accounts which you have been able to gain access to, these are all being carried in Irish sums, isn't that correct?

A. Yes, yes.

Q. Now, the account statements of course which would have been received by your firm for the purpose of preparing the books would have been in sterling if the loan was in sterling originally, isn't that correct?

A. Yes.

Q. And when the accounts were being prepared, the conversion

would be carried out in your firm, would it, to ascertain

the rate for that day or

A. At the balance sheet date.

Q. At the balance sheet date?

A. Yes.

Q. I see. We can just see there that the last sterling account available, whenever that came to your firm anyway, they'd have had to do it's just an example, it is in sterling?

A. Yes, okay.

Q. You can see it's a sterling example?

A. Yes.

Q. And is this a type of transaction that would occur regularly in relation to companies

A. Yes, in different foreign exchange currencies, yes.

Q. On the balance sheet date, you'd have to convert them to Irish?

A. Yes.

Q. Now again, like the Central Tourist Holdings, this loan account had a specific number. You can see the account number on the top there.

A. Yes.

Q. You can take it from me that it had that number.

A. Of course, yeah.

Q. And it that must have come to a zero balance as of the 4th September 1985. And then on the fictitious document which was furnished to your firm I have a hard copy



there for you, Mr. Carty (document handed to witness.)

This is an Irish pounds account, or statement of account, purporting to be a statement of account. Now, if I just go through it with you and give you access to all the information which the Tribunal may have, including views expressed by Mr. Collery and particular references first of all and it's a different account number to the previous loan account.

A. Yes.

Q. You can take that from me. And as of the 4th November 1985, it says balance brought forward zero balance. Now, he said nothing much may turn on that, that it might not be unusual to see an opening statement with a zero balance and then the matter is dealt with subsequently.

The next matter then is the 5th November 1986, reverse entry and then there is a debit of €228,000-odd and that creates a debit balance of the same amount and then the next line is indicating a change of interest rate

A. Yes.

Q. And then the 30th April 1986, there is an interest rate hit or charge of €13,000-odd. Now, that would have been furnished to your firm for the purposes of preparing the accounts, wouldn't it?

A. For the year ended what year? I think that would be furnished relating to the year ended 31st October 1986.

Q. It might have been, or it mightn't have been. But it

might have been, yes, that year.

A. It might have been, yes.

Q. Now, you can see that in the left-hand column, Mr. Collery expressed the view that the 5th November 1986 should probably have read the 5th November 1985 because of the way the interest is charged subsequently.

A. I think so, yes.

Q. Is that something that would have come to the attention of whoever was looking at this document and seeking the certificate?

A. Yes oh no, when you say seeking the certificate, you seek the certificate maybe before you even have at times you might seek the certificate or you might have the bank to seek it or it might go vice versa it might come either way, but

Q. So the certificate could be sought before the statement arrived?

A. Or afterwards.

Q. Or after the statement arrived, all right. But is that something that you'd pay much attention to or would you query it or

A. Yes, I think if I would say I am looking at a person who is looking at the accounts to the 31st October '86.

Q. Yes?

A. As distinct from the 31st October '85, a person looking at that would have presumably the next sheet going up to the 31st October '86, so in other words the statement after

this, because one is doing accounts to the 31st October '86 so I think you'd have to look at it on the basis of having the 12 months figures. So I'd expect a person would have a 12 months figures.

Q. We do have that. We have a further statement and there is another interest rate there is another interest applied of  $\approx 12,000$ -odd.

A. So a person auditing those would be taking the picture at the balance sheet date and therefore looking at 12 months rather than just six months. Just putting it in context.

Q. It may well be a person looking at that time as at the balance sheet date might say that's clearly a typographical error, they could say that?

A. Yes, that's the point.

Q. But would they query it, or

A. I think it's so obvious, if you had the 12 months accounts, I think it's so obvious it's November '86, you say that must be a typographical error. In practical terms, I don't think even you'd query, it's so obvious.

CHAIRMAN: If it was right that the bank was charging 4 percent effectively, nearer to 14

A. That's not likely.

Q. MR. COUGHLAN: In real terms, you can see two interest applications which are six-monthly applications and the right hand the balance is correct on those calculations.

A. Yes.

Q. Now, the certificates which were furnished in respect of both companies

A. Yes.

Q. were, according to Mr. Collery, fictitious; in other words, they were created as a result of probably him in the bank having access to these fictitious or creating or having access to these fictitious statements?

A. That's my understanding.

Q. And those certificates furnished to your firm, isn't that right?

A. I understand.

Q. And in the case of Princes Investments, were relied upon for the auditors?

A. Were relied upon by the auditors, yes.

Q. And also I suppose, from the company's point of view, perhaps claiming tax relief in respect of the interest, would that be right?

A. Oh yes, definitely.

Q. Now, the request comes out under your name?

A. Yes.

Q. Not signed, but it comes out under your name?

A. Yes.

Q. Would that be normal?

A. Yes, at that time, the way the structure of the thing was, yes.

Q. Now, I think you had in fact I should have probably looked at the letter again, you probably had received the

bank statements at the time of the request.

A. Yes.

Q. And it looks, in relation to Princes Investments, that there must have been another statement created at some stage of which there is no record in Guinness & Mahon because there are references here being made to November of 1985, do you see that?

A. Yes.

Q. On the letter going out?

A. Yes.

Q. Now, if again your company had been aware or your firm had been aware that these were fictitious statements and that the certificates being relied upon arose from these fictitious statements, they could not have been relied upon by your firm preparing the audit?

A. Oh certainly not.

Q. And it's something that your firm would have had to take up with the bank and the directors, isn't that right?

A. Correct, yes.

Q. It was very serious?

A. Yes.

Q. Now, notwithstanding that Guinness & Mahon did not carry any debt on its books in relation to Central Tourist Holdings after the 5th, 4th September 1985, or sorry, not Central Tourist Holdings, Princes Investments Limited, I beg your pardon, Princes Investments Limited

A. Yes.

Q. In 1987 a cheque for œ260,000 was drawn on the account of Princes Investments Limited in Allied Irish Banks in Tralee, according to Mr. Byrne, and it was well we know where it ended up, it ended up in an Amiens SL account in Guinness & Mahon.

A. I saw that from the documents you supplied me.

Q. I think you can see that from the documents yourself?

A. I saw that, yes.

Q. And you know that there was this banker's payment, this walk-in clearance in relation to this, so somebody wanted value quickly in relation to it?

A. Yes.

Q. Now, My Friend, Mr. Healy, when he examined Mr. Byrne yesterday, ascertained that Mr. Byrne believed or he says he believed that there was this indebtedness to Guinness & Mahon.

A. Yes.

Q. And that any cheque made payable would have been payable to Guinness & Mahon?

A. Yes.

Q. We know it never went into any Guinness & Mahon account. It went into an Amiens account.

A. Yes.

Q. Which and these were accounts controlled by Mr. Traynor.

A. Yes.

Q. And I think it is the belief, although he hasn't given

evidence yet, of Mr. Clifford, that the payment of œ260,000 would have gone through you or your firm?

A. Yes.

Q. Do you have any recollection?

A. Yes, I think I issued the statement on that if my recollection of course I don't recall, but if I did, I would have passed it on to Mr. Traynor.

Q. Why to Mr. Traynor? He wasn't in Guinness & Mahon at the time.

A. Other than Mr. Traynor also dealt with the financial affairs of Mr. Byrne, and all the financial arrangements, even with Guinness & Mahon or with other banks, he was always involved and so

Q. Yes, I can understand that, but your firm were the accountants to the company, isn't that correct?

A. Yes, that's correct.

Q. And you would have been receiving, in the normal course of carrying out your business on behalf of the company, information from banks and dealing with banks perhaps on behalf of the company?

A. Yeah.

Q. And if there was a debt of, let's say, 250, œ260,000 owing to Guinness & Mahon, and the company wanted to pay it off, wouldn't you send the cheque to Guinness & Mahon?

A. Well, in relation to the situation, I am sure, if that happened, that somebody would have advised me that somebody would have advised me that Mr. Traynor

should be the one where I should send the cheque, be it

Mr. Traynor or one of the directors.

Q. Well, Mr. Byrne told us yesterday that Des Traynor was his financial adviser.

A. Yes, that's true.

Q. He was involved in all of his companies or virtually all of his companies?

A. He was the director of some of his companies, yes.

Q. And he advised him in respect of all of them I think that's

A. Yes

Q. That's probably his evidence.

A. That's true.

Q. And Mr. Byrne appears to have had a close relationship with Mr. Traynor?

A. I understand so, yes.

Q. And if the money needed to be sent to Mr. Traynor to deal with it, it could have been sent to Mr. Traynor quite easily and directly?

A. Of course, yes.

Q. Why would why would you have

A. The only explanation I would have is that the person down in Tralee would be Mr. Clifford and Mr. Clifford would deal with me more so than he would with Mr. Traynor, going back over the years.

Q. Right. But I still don't understand why, if you received acting on behalf of company?



A. If Princes Investments Limited .

Q. Is a limited liability company and that company's indebtedness is to a bank, why would you send or give the cheque to somebody other than the bank? Mr. Traynor was not in the bank.

A. I feel I might have been requested to do that by some director, you know.

Q. By one of the directors?

A. Yes, I feel so.

Q. Because I take it in the normal course of business, your firm, dealing with many companies, would conduct business and would, if dealing with an indebtedness would transmit, or transmit the money to the bank or whoever was owed the money?

A. That's correct.

Q. And look for a receipt for it, I suppose, as well?

A. Or send a letter with it, send a letter with it.

Q. Send a letter with it, yes.

A. Yes, certainly.

Q. So that there would be a record what you had done this?

A. Yes, of course.

Q. And could you account for it then to the person who gave you the money?

A. Passed on.

Q. And there doesn't seem to be any record of that, does there?

A. Our files, as I explained to you, you know

Q. I know that. There is no record in Guinness & Mahon of course either of receiving?

A. You mentioned that, yes.

Q. Now, in 1987, in the 1987 accounts sorry, as of the 31st October 1986, the long-term indebtedness is shown as being we'll leave out the œ8,000 one, it doesn't matter here. The long-term indebtedness is to Guinness & Mahon?

A. That's correct.

Q. In October 1987 there is a long-term indebtedness but this indebtedness is to Carlisle Trust Limited and C. Clifford & Sons Limited representing advances made to Princes Investments Limited to enable Princes Investments Limited make the payment to Guinness & Mahon, isn't that correct?

A. Yes.

Q. And would there have been a meeting? You see, do you remember any meetings of Princes Investments Limited whereby it was discussed how to restructure this loan because it was still a loan, isn't that right?

A. That's correct, yes.

Q. And how this might be dealt with, how it might be paid off to Guinness & Mahon, who was going to advance monies to the company or anything like that?

A. I don't recall anything like that but I would say, particularly in Mr. Clifford's case, I can talk about Mr. Clifford, if there was a transaction where he was being asked for œ100,000 from his company, it would not be unusual I am going back fifteen years now it would

not be unusual for him to ring me up and say look, do I do it this way or do I do it through another source because I would have had alternatives. He would have consulted with me saying from a tax point of view or whatever, is he doing the right thing, can he make loans from one company to another? I would have expected I cannot clearly recall it being said, but you would have had expected him, knowing the type of man he is, he would have asked me, I feel.

Q. And it's the sort of thing, I suppose, that many of your clients would have £100,000 at that time was a lot of money to be advancing

A. Most certainly.

Q. to another company?

A. Most certainly.

Q. And would Mr. Byrne have discussed it with you?

A. Mr. Byrne, up to then his advice was from Mr. Traynor, I was just auditor to Mr. Byrne's company.

Q. Did Mr. Traynor discuss it with you?

A. No.

Q. Are you sure about that, or how can you be sure?

A. You know, I am trying to recollect fifteen years, I don't even recollect Mr. Clifford talking to me about it. I am assuming Mr. Clifford would.

Q. Because the one thing that must be beyond yea or nay is that the one person who knew that this loan was paid off in 1985 was Mr. Traynor?

A. Most definitely.

Q. We know that

A. Most definitely, if you take from beginning to end what happens.

Q. Yes. So whatever was going on here, Mr. Traynor certainly knew this €260,000 wasn't to be paid to Guinness & Mahon, isn't that right?

A. Yes, I'd accept that.

Q. And I know you were the auditors to Princes Investments Limited in that capacity but also you had an advisory or financial advisory relationship with Mr. Clifford also, isn't that correct, if you had known that this loan had already been paid off and that Mr. Clifford the company was being asked to put up €260,000, that is Princes Investments Limited and that Mr. Clifford was being asked to put up €100,000 from another source, I take it you would have advised him, there is no need to do this, there is no loan?

A. Of course, yes. Well yes, there is no loan, yes.

Q. There is no loan. We won't go into subrogation or anything like that again, Mr. Carty.

A. I was afraid I was going to get into that line.

Q. Now, I suppose also if the loan had been paid off as the loan was paid off, if this information had come to your attention, your firm's attention as auditors of the company, or to Mr. Clifford's attention and he had brought it to your attention, you'd have had to carry out inquiries of the directors of Guinness & Mahon as to how this loan

had been paid off?

A. Correct, yes.

Q. And of course it, in the accounts of Princes Investments Limited, it would have to be reflected, isn't that right?

A. It would, yes.

Q. And the first question the Revenue might have asked then, well how was it paid off?

A. Yes.

Q. And of course whilst you weren't part of Guinness & Mahon, that would have led them straight into the offshore situation, isn't that right?

A. On the basis of the information you have given us.

Q. On the basis of the information you see?

A. That it got cleared off, yes.

Q. Hence the necessity for the creation of the fictitious statements, isn't that right?

A. I can see that now, yes.

Q. Now, you told us that you believed that Business Enterprises Limited may have made interest payments over the years in respect of the loan?

A. Yes, I don't know why.

Q. How do you know to begin with?

A. Because I think I saw that in some files.

Q. I see. Do you have those files?

A. I think I have sight of some of those files, yeah.

Q. You have sight of them or you have them?

A. No, I had sight of them.

Q. You had sight of them. At the time or are they still in existence?

A. No, I'd say they are still in existence.

Q. Where are they do you think?

A. Through they came from the files supplied by Guinness & Mahon to Mr. Byrne's solicitors.

Q. To Mr. who's solicitors?

A. Mr. Byrne's solicitors.

Q. Perhaps we can take that up in due course.

Now, we know, just so that we can understand the full picture, we know that the £260,000 which ended up in the Amiens account was funded by a loan of £100,000 from Carlisle and a loan of £100,000 from Clifford to Princes Investments Limited, isn't that right?

A. Yes, Mr. Coughlan, yes.

Q. And can we take it that is reflected then in the accounts or the extract from the accounts that you have shown us in your statement being carried for, I think, two or three years or thereabouts, is that correct?

A. That's correct, yes.

Q. And then it ultimately results in a nil balance in respect of those, so those two loans must have been repaid, is that right?

A. They were repaid, yes, certainly from looking at those accounts.

Q. Do you know how they were repaid, to the best of your knowledge?

A. Yes, they would have been paid through, I think there is documentation, they were paid through Princes Investments,

C. Clifford & Sons was paid £100,000 back and Carlisle Trust was paid £100,000 back from Princes Investments.

Q. And was that just from

A. Cashflow.

Q. Of Princes Investments?

A. Yes.

Q. Ms. O'Brien just brings to my attention, I think you furnished the current accounts of Princes Investments or

A. I didn't

Q. It was Mr. Clifford

A. Mr. Clifford

Q. And perhaps I will just show you those, put them on the screen. There is a payment from Princes Investments, I don't know whether this one is to Carlisle or Cliffords, I think it's probably to Clifford

A. He has marked it on it. On

Q. There is a payment of £90,000 and that put the account overdrawn by £91,000. Do you see that?

A. Yes, I see that.

Q. If you go to the next statement

A. On the 2nd October 1990.

Q. 2nd October 1990.

A. There is £90,000.

Q. Another £90,000. That's probably to Carlisle?

A. That's Carlisle Trust.

Q. And that puts the account overdrawn to €178,000-odd, isn't that right?

A. Yes.

Q. Do you know how that was funded?

A. Out of cashflow.

Q. Out of cashflow. Well we now have on a current account, an overdraft almost as big as the loan to Guinness & Mahon or the loan which had been outstanding to Guinness & Mahon, which was a fairly substantial one, even

A. Well, effectively

Q. Do you know when that account came back into balance?

A. I would say October is the end of the season, so their debtors, you'd expect a lot of cash coming in after the summer season, because they would be owed a lot from tours and so on, I'd imagine. Come by the end of December

Q. I see, that it would start coming in?

A. Yeah.

Q. Now, I think after Mr. Traynor's death, there is a memorandum or an internal memo in the files of Irish Intercontinental Bank and I think do you have a copy of that?

A. I got that this morning from Ms. O'Brien.

Q. It's dated 1994, May 1994, this internal memorandum.

A. Yes.

Q. "Given Des Traynor's pivotal role in arranging the above following his death, we need to review as a matter of urgency what arrangements are necessary to ensure our



transactions with these companies can continue to operate efficiently and correctly from our point of view. Des had put in place arrangements whereby the executive based in Cayman would act as I think signatory for the various transactions and we should ensure that we have appropriate documents to ensure this is the case. In regard to the various loans to Mr. John Byrne's companies, I will contact in due course Paul Carty of Deloitte & Touche who shared responsibility with Des for Mr. Byrne's affairs." Is that a correct reflection of the situation?

A. No. No, I only had seen this this morning. I think the word "shared responsibility before Mr. Traynor's death" would not be correct. Maybe if I have this opportunity just to clarify that if I may.

Q. Yes indeed.

A. I think the shared responsibility is certainly not correct. My responsibility, while Mr. Traynor was alive, was that we acted as auditors to the companies. There would be occasions where Mr. Traynor, as director of those companies, would ring me and say, you know, we want there is a new property development, we want to put in a proposal to the bank, would you please, you know, prepare it? And certainly I do remember visiting that particular bank with Mr. Traynor when a proposal was made on one particular property, a most recent property and I did have discussions with him. When it came to the security part of the discussion, I was asked to leave.

Q. I see.

A. So I remember that very clearly.

Q. I see. I think there are documents which were prepared by your firm relating to Mr. Byrne's affairs in Irish Intercontinental Bank?

A. Yes, there would be.

Q. And substantial dealings?

A. Yes, just maybe, extend it a bit further.

Q. Yes.

A. I then, after Mr. Traynor's death, did get involved in trying to, I won't say, just trying to assess what the position was and one of the tasks that I did do was that I went to the bank in looking at the security and I couldn't see a particular reason of why all of the security, because I was never involved in the security from the trust that existed in the past, I never acted for the trust of Mr. Byrne, so when I went to the bank I couldn't understand, when I looked at all of this, why security didn't stand on its own because the values of the properties

Q. The properties?

A. Yes.

Q. Why there was need for the cash-backed security?

A. Yeah. So it could all stand on its own at that particular time. And that was my involvement after Mr. Traynor's death.

Q. I think it's very simply that merchant banks like that prefer to have easy access to security, Mr.

A. I did negotiate something better afterwards.

Q. Now, if I might just deal with the Celtic Mist portion of your evidence, Mr. Carty.

A. I think there is a small statement.

Q. This is the short one, yes. I think the solicitor for the Tribunal sought documentation in respect of a payment of œ21,283.64 of VAT made on the 19th January 1989 in respect of the VAT chargeable on the importation of a yacht called Celtic Mist. I think your firm has no records in relation to this matter. The firm also checked the Haughey Boland No. 3 Account to ascertain if the VAT payment had been made out of that account but no such payment appears in or around the dates stated and consequently your firm is unable to identify the source of the payment.

A. That's correct.

Q. So I think to the best of your knowledge, or your belief, the payment of VAT was not through either the bill-paying service or the firm at all?

A. Nowhere you would normally have expected it to come from. I checked to see if there was a similar payment from No. 3.

Q. You'd be looking for that sort of

A. Yes, I didn't find anything.

Q. And do you have any recollection of a boat being purchased?

A. I didn't deal with the boat.

Q. I see. Who did?

A. I'd say the people in the secretarial department because I think you had correspondence or somebody in the tax

department I think, the VAT section, I think there was some correspondence where there was a VAT name mentioned.

Q. I see. And just to be clear, about now, the VAT was about €21,000 and the purchase price was around €120,000, that would be right at 21 percent, whatever

A. Yes.

Q. And to the best of your knowledge, the source of the money for the purchase of the boat doesn't appear to have come from the bill-paying service?

A. Oh certainly not. That seemed to be a very big sum.

Q. Absolutely. But if you can see the VAT, you'd see €120,000 as well?

A. I think we would have come across the €120,000 before now with the information we have been through.

Q. To the best of your knowledge, it certainly, the firm was not the source of your monies?

A. Certainly not from what I have seen.

Q. Or the VAT?

A. Certainly not.

Q. Thanks, Mr. Carty.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. QUINN:

Q. MR. QUINN: Can I just ask you one question. Your company were auditors to Princes Investments, Central Tourist Holdings, Carlisle and C. Clifford & Company Limited, isn't that right?

A. That's correct.

Q. Can I just ask you, in relation to the advance by Carlisle and C. Clifford & Sons to Princes of the €100,000 each, what was the consideration to either of those companies for that advance?

A. What was the consideration? The €100,000 passed from one company to another.

Q. And it stayed with the other company and they had the use of it for three years?

A. Interest free.

Q. Interest free?

A. Yes.

Q. So there was no consideration to either of the companies for making the advance?

A. No, there probably wasn't, no.

Q. I think the interest rate, as appears from one of the fictitious invoices, was around 10 or 11 percent in 1986, isn't that right?

A. Yes.

Q. Thank you very much.

A. Sorry, Mr. Quinn, just to there was nothing precluding the companies from giving interest-free loans to Princes Investments. Could I just make that point? There was nothing in law that prevented C. Clifford & Sons or Carlisle Trust giving a loan to Princes Investments interest free for tax or other reasons.

Q. But the company was without the use of that €100,000 in each case?

A. That makes no difference. I am making the point in law there was nothing preventing, in tax law or company law, there was nothing at that time preventing the £100,000 going from both of those companies to Princes Investments. You could give a loan interest free.

Q. Yes, but it was highly unusual?

A. No, not at all.

Q. The commercial arrangement is that a company would be without the use of a £100,000 for three years?

A. You will find in many groups of companies of common shareholders that there would have been financing and loans, some with interest, some without interest, depending on the circumstances.

Q. But they weren't really common shareholders other than Mr. Byrne, so far as Carlisle was concerned

A. And Mr. Clifford.

Q. He indicates Clifford & Sons Limited, but Mr. Clifford wasn't a shareholder in Carlisle and neither was Mr. Byrne a shareholder in Clifford.

A. No, but they both had a one third share in Princes Investments.

Q. Thank you very much.

A. Thank you.

CHAIRMAN: I suppose just on that point, Mr. Carty, if you had known the full position in 1987, apart from your duty to overall auditing, as regards your duty to Mr. Clifford,

you'd have made it clear to him that he was paying a pro rata share, I think five thirteenths was a much greater sum that was cleared up previously and as we know, he didn't get any interest when that loan was repaid.

A. Yes.

CHAIRMAN: Mr. Shipsey?

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. SHIPSEY:

Q. MR. SHIPSEY: Insofar as the internal memo is concerned, internal memo which Mr. Coughlan asked you certain questions on dated 11th May of 1994 which I think you stated you obtained from the Tribunal this morning

A. Yes.

Q. And insofar as there is reference to Mr. Byrne's companies in that internal memoranda, would I be correct in saying that Mr. Byrne's companies that are being referred to by Irish Intercontinental Bank are not Princes Investments or Central Tourist Holdings Limited?

A. That's correct, Mr. Shipsey.

Q. Because in the case of Irish Intercontinental Bank, there is no suggestion whatsoever that Irish Intercontinental Bank provided any loans to either Central Tourist Holdings or Princes Investments Limited?

A. My recollection is they didn't, no.

Q. Now, as auditors to Princes Investments, I think you have mentioned that your firm or your firm in its previous guise or name acted as auditors since the inception of Princes

Investments in the 1960s?

A. Not the inception. 1965. I think there was another firm before that for a few years.

Q. You have acted for about 35 years?

A. Yes, that's correct.

Q. And you have audited the accounts of Princes for all of those years?

A. That's correct.

Q. And in relation to your relationship with the company and with the directors, have you always received cooperation from the directors in the preparation of the audited accounts?

A. I have, yes.

Q. The firm has had no difficulty in obtaining information or explanations from the directors in relation to the preparation of audited accounts?

A. No.

Q. Did your firm at any time prior to receiving information from the Tribunal have any information, either orally or documentary information, to suggest that the directors of Princes Investments Limited had documentation or information to suggest that the loan that they had taken out in the 1970s from Guinness & Mahon had been repaid in 1985?

A. No, I hadn't.

Q. Insofar as the company BEL is concerned?

A. What company?



Q. BEL, it's the company in Clyde Road. That's the company associated or controlled by Mr. Stakelum, is that correct?

A. That's correct.

Q. Do you know of any involvement of Mr. Stakelum or Mr. Stakelum's company with Mr. Clifford?

A. No, other than Mr. Stakelum, in the early days, in the predecessor firm would have been the partner responsible at the time for Princes Investments many years ago, so there would have been a relationship, you know, there would have been a relationship with Mr. Clifford from the point of view of that involvement.

Q. Now, you have also mentioned the fact that you were aware of the fact that interest payments on the Princes Investments loan were channelled through or paid by BEL to Guinness & Mahon, is that correct?

A. Yeah. I mentioned to Mr. Coughlan that some years back, the interest paid to Guinness & Mahon appeared to be transmitted through Business Enterprises Limited.

Q. I think you made some reference to the fact that you had seen certain documentation which had been furnished by Guinness & Mahon to Mr. Byrne's solicitors, is that correct?

A. Yes, that's right.

Q. Sir, I am just seeking instructions from Mr. Byrne's solicitors in relation to this matter. My understanding is insofar as those documents are concerned, Guinness & Mahon furnished Mr. Byrne's solicitors with copies of the

documentation which it had furnished the Tribunal with, so I know Mr. Coughlan didn't make any point in relation to it but what we have from Guinness & Mahon is precisely what the Tribunal have from Guinness & Mahon. If there is documents that you don't have, of course you can write to Mr. Byrne's solicitors to seek to obtain that documentation.

Thank you, Mr. Carty.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. CURRAN:

Q. MR. CURRAN: Mr. Carty, I just want to bring you back to this memo that we only got this morning and to this comment that you shared responsibility for with Des for Mr. Byrne's affairs. You said that you didn't, that your only function was auditor to Mr. Byrne and his Irish companies. And you then said that after Mr. Traynor's death that you went to the bank. I wonder could you just elaborate what you did after Mr. Traynor's death?

A. It might have been prompted by the bank themselves. It was in relation to, as was generally the whole financing of the various properties that Mr. Byrne had, and trying to, at the same time I think there might have been some development going on, so it was an assessment of the financial position and the refinancing in a certain way of all the security and it was in that and then there was also two banks involved in terms of joint security, looking at how they would share it, and the objective was to reach a

situation whereby, you know, the bank was given as little security as possible in a commercial way but at the same time, you know, what was being fair to the client was also fair to the bank and the security could stand on the assets of the companies alone.

Q. That was leaving out previous security from somewhere else?

A. From a trust, I believe.

Q. From a trust. You had no involvement with that?

A. Never.

Q. You just knew it existed?

A. I knew it existed, yes.

Q. Thank you, Mr. Carty.

MR. COUGHLAN: One or two short questions, Sir.

THE WITNESS WAS EXAMINED FURTHER AS FOLLOWS BY MR.

COUGHLAN:

Q. If you sent a cheque on behalf of a client to a bank for the purpose of discharging an indebtedness, you would have either received a receipt or as you said yourself, you would have sent it under cover of a letter so you could account for it?

A. Correct.

Q. If you gave this particular cheque to Mr. Traynor, would that have been under cover of a letter as well?

A. Yes, anything I send would be under cover of a letter.

CHAIRMAN: Thank you very much, Mr. Carty.

THE WITNESS THEN WITHDREW.

MR. HEALY: Mr. Thomas Clifford please.

MR. MEENAN: I wonder before this witness is called if I might seek representation for Mr. Clifford and Clifford & Sons Limited, limited representation, of course, Chairman.

CHAIRMAN: Well I have indicated I think in a number of such applications, Mr. Meenan, that a grant of limited representation of course is not in any sense a guarantee of any eventual costs and perhaps in some circumstances, it might have occurred to me Mr. Clifford's involvement is relatively limited but I have also had sight of the medical report that has been furnished and I am certainly satisfied that it will be necessary that he has the assistance of somebody this morning, so subject to the caveat I have expressed, I will accede to your request, Mr. Meenan, for limited representation and having had sight of that particular report which I think points, without going inordinately into it, points to considerable hearing difficulties at present as well some other long-term aspects of ill health.

MR. MEENAN: I am obliged for that ruling, Chairman, and for the sake of the record, I should say I appear with Ms. Blanatha Ruane BL, instructed by Downing, Courtney and

Larkin. I am obliged, Chairman.

CHAIRMAN: We will see how you get on, Mr. Healy, as regards the hearing disability and if it's necessary that you move nearer, it can be arranged.

THOMAS CLIFFORD, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS  
BY MR. HEALY:

CHAIRMAN: Please sit down, Mr. Clifford.

Q. Mr. Clifford, can you hear me at this point?

A. I can at the moment, yes, but my hearing is very badly impaired.

Q. Right. Well if at any time you can't hear me, tell me and I will raise my voice or I will come closer to you.

A. Right.

Q. Now, you have provided the Tribunal with a memorandum containing your responses to a number of queries raised by the Tribunal in connection with Princes Investments Limited.

A. That's right.

Q. And I think you have a copy of that memorandum in front of you now, Mr. Davis has just given it to you.

A. I have.

Q. And what I propose to do is to go to through the queries that were raised with you and then to go through your responses in the memorandum. I will read them out and you can confirm that they are your responses and there may be

one or two other questions I want to raise with you to clarify matters.

Now, the first query you were the first query which your attention was drawn was in relation to your knowledge of the purpose for which a loan was made by Guinness & Mahon to Princes Investments in the 1970s and the date on which the loan was drawn down. And you say "I believe the purpose of the loan was to fund the refurbishment, renovation of and internal improvement to the hotel and I further believe that the loan was drawn down in 1975."

Now, you are referring to the Mount Brandon Hotel, isn't that right?

A. That's right.

Q. You were then asked your knowledge of the repayment of the loan on the 4th September of 1985 and you say you have no knowledge, direct or indirect, of the repayment of the loan on the 4th September of 1985, isn't that right?

A. That's right.

Q. And then you are asked for your knowledge, direct or indirect, of the repayment of the loan with funds from Guinness Mahon Cayman Trust/College and again you say that you have no knowledge of the repayment of the loan with funds transferred from such an account, isn't that right?

A. That's right.

Q. And then you were asked whether you had any knowledge of the beneficiary of the person who owned those funds used to

repay the Princes Investments loan and you say "I have no knowledge, direct or indirect, as to the beneficiary of the funds with which the loan is repaid from monies held on the account of Guinness Mahon Cayman Trust/College."

A. That's right.

Q. You were then asked for details of any of your dealings with the late Mr. Desmond Traynor, Deloitte & Touche, or any of your fellow directors or any other person regarding payment of the loan on the 4th September of 1985 and you say that you had no dealings with anybody in relation to any repayment of any loan in 1985, September, is that right?

A. No.

Q. You were then asked for your knowledge of the issuing of the certificates by Guinness & Mahon in 1985 and 1986 which certified that there was a debit balance on an account of Princes Investments with Guinness & Mahon and you say that you have no knowledge, direct or indirect, of the issuing of certificates by Guinness & Mahon in November of 1985 and in November of 1986 certifying that there was a debit balance on an account of Princes Investments with Guinness & Mahon. Now, I may come back to that in a moment, there are just one or two details about it I want to clarify with you.

You are then asked for your knowledge of the purpose for which the payment of €260,000 by Princes Investments was made in July of 1987 and you say the purpose of the

€260,000 payment was to repay a loan to Guinness & Mahon.

A. That's correct.

Q. You were then asked for your knowledge of the way in which those funds are applied because those funds went into an account of Amiens Investments and you say that as far as you are concerned, Princes paid the money to Guinness & Mahon by way of a cheque drawn on its account at Allied Irish Banks, 1 to 3 Castle Street, Tralee, and you have no knowledge regarding the lodgment of monies to an account in the name of Amiens Securities?

A. No.

Q. You were then asked for your knowledge of the manner in which the payment of €260,000 was funded and your response is as follows: "Princes Investments Limited had an outstanding loan with Guinness & Mahon and Mr. John Byrne and I agreed that we would assist the repayment by each providing the sum of €100,000. Through C. Clifford & Sons Limited, I provided the sum of €100,000, and a further sum of €100,000 was received from Carlisle Trust. Princes Investments Limited made the payment of €260,000, the balance of €60,000 coming from its own funds by a cheque transmitted through Deloitte & Touche."

A. That's correct.

Q. You were then asked for your knowledge of the manner in which those two advances provided by your company, Clifford & Sons, on the one hand, and by Carlisle Trust on the other, were treated in your books and in Princes



Investments' books. You say "As to Princes Investments Limited, I have requested the necessary information from Messrs Deloitte & Touche with particular reference to the request from the Tribunal for certified copies of the accounts or for certified accounts of Princes Investments Limited for each of the years from 1987 showing the liability to Carlisle Trust and C. Clifford & Sons. I have in my possession a copy of the financial statements of the company for the year ended 31st October 1987 and at page 5 is note of the receipt of loans of £200,000."

And you may or may not have been in the room earlier, Mr. Clifford, but that information I think was mentioned in the course of the evidence of Mr. Paul Carty. And it was on the overhead projector so we needn't concern ourselves too much with it.

You are then dealing with Clifford & Sons Limited and its payment of £100,000. And you are saying that that was treated as a loan and is so shown in its accounts for the financial year ended 31st January 1988. During the financial year ended 31st January 1989, the sum of £100,000 was paid on or about the 1st July 1988 and the balance of £90,000 was shown as a loan in the accounts for that year. During the financial year ended 31st January 1990, a loan was made by the company to a third party resulting in the company's accounts showing loans of £152,878 which included the sum of £90,000 still outstanding from Princes

Investments. In the financial year ended 31st January 1991, Princes Investments repaid the balance of £90,000 and the outstanding loans shown in the accounts of C. Clifford & Sons Limited for that year in the sum of 63,000 represent a loan to the third party that you have already mentioned so that therefore you believe that the whole of the £100,000 was repaid to C. Clifford & Sons by Princes Investments by the end of the financial year ending in January of 1991.

A. That's correct.

Q. Is that right? Now, I think those accounts have been mentioned in the course of the evidence of Mr. Paul Carty and I don't know, but I will check whether the bank records relevant to those accounts were mentioned. And I understand they were, so we may have to come back to you in relation to the accounts, Mr. Clifford, but you can take it that for moment the documents that have been mentioned in the course of the evidence of Mr. Carty seem to be consistent with what you are saying in your statement. Do you understand that?

A. Yes.

Q. The documents themselves, not all of the documents were put on the overhead projector because we don't have all of them, but I am sure we can get them. You also go on to say that the loan to C. Clifford & Sons was paid by Princes Investments by two payments of £10,000 and £90,000. You understand that the payment to Carlisle Trust were made in

a similar manner. You say that you are endeavouring to trace details in the accounts of Princes Investments verifying the payments of the sums of €100,00 i.e. your payment of €100,000 and the Carlisle payment, you say that you believe that the repayments of €90,000 to C. Clifford & Sons and Carlisle Trust were made at the same time and you refer to a copy of a bank statement of Princes Investments Limited No. 2 account at Allied Irish Banks, Castle Street, and that has already been on the overhead projector on which it is noted a payment of a cheque number 021267 in the sum of €90,000 and a further payment of a cheque number 021268 in the sum of €90,000 and you believe that the first cheque refers to a payment to C. Clifford & Sons and the second cheque being a payment to Carlisle Trust.

You go on to say that you have no knowledge, direct or indirect, of the use of the funds or any part of the funds for what appears to have been benefit of Mr. Charles Haughey.

Now, Mr. Clifford, you are aware that Princes Investments obtained a loan from Guinness & Mahon in 1975 which was secured by a guarantee that you gave and that Mr. John Byrne also gave, isn't that right?

A. Yeah.

Q. And at that time were you involved in the day-to-day running of the hotel, the Mount Brandon?

A. I would have, yes.

Q. And were you the person more involved with the running of the hotel than Mr. Byrne?

A. On the actual operation of the hotel

Q. Yes

A. I was more involved than Mr. Byrne, but then when he came to meetings and making financial decisions, Mr. Byrne was more involved.

Q. I understand. Now, evidence has been given that documents from Guinness & Mahon show that Guinness & Mahon, having made the loan to Princes Investments, relied on the guarantee that we have just mentioned and also on a back-to-back deposit of offshore funds. Now, did you know about that back-to-back deposit supporting your loan?

A. No.

Q. In relation to the negotiation of the loan, did you have any involvement with Guinness & Mahon?

A. I had no involvement with Guinness & Mahon.

Q. Did you have any involvement with Mr. Des Traynor in relation to negotiating the loan?

A. No.

Q. Would you have left that responsibility to Mr. Byrne, is that what you are saying?

A. Well, I met Mr. Byrne you could say six times a year. He had a house in Fenit and he came down there about a half a dozen times there in the year and I met him there.

Q. In relation to the dealings that you had with Guinness & Mahon, did you ever go into Guinness & Mahon's premises for

instance?

A. No, I didn't.

Q. Did you ever negotiate with anyone in Guinness & Mahon alone for €116,000 in 19-, whatever it was, 1975?

A. No. All I was aware of was Mr. Byrne was arranging the finance, full stop.

Q. You had other borrowings from AIB in Castle Street, isn't that right, the company had other borrowings?

A. Problems in Castle Street?

Q. No, the company had other borrowings, the company had other borrowings from AIB in Castle Street in Tralee?

A. They had.

Q. Would that have been your main bank, isn't that right?

A. The AIB in Castle Street were our main bankers.

Q. And who dealt with AIB in Castle Street?

A. Mostly I did. And my brother was alive at the time and he, sometimes jointly we may approach the bank.

Q. I understand. But that you left the Guinness & Mahon dealings to Mr. Byrne?

A. Absolutely.

Q. Now, you have provided the Tribunal with a document containing the minutes of a meeting of the directors of the Mount Brandon Hotel held in Tralee, County Kerry. This is a document that has just been made available, Sir, I don't think Mr. Shipsey or anybody else would have had it unless he has his own copy, but it's a document that was only made available this morning.

MR. SHIPSEY: Mr. Healy anticipated my question just by a few seconds. I don't have sight of that document.

CHAIRMAN: Well, do you want to

MR. HEALY: I don't think anything controversial will turn on it, but certainly I would have no difficulty, subject to you, Sir, and anyone coming back. It simply records the minutes of a meeting of the directors of the company in 1976 indicating that a facility be accepted from Guinness & Mahon

CHAIRMAN: I think we can safely proceed, Mr. Shipsey, there seems nothing of surprise or great import in it.

MR. HEALY: Now, you have also provided the Tribunal with a copy of the minutes of a meeting of the directors of the company held in 1975 which again refers to the same loan. You probably have seen those minutes yourself this morning, is that right, Mr. Clifford? I don't think you have them in front of you there, do you? I can summarise the effect of both documents for you. They don't, I think, involve any controversy. What they indicate is that there were two meetings of the company in 1975 and in 1976, referring to the loan the company had from Guinness & Mahon. And they refer to two facility letters, one in March of '76 and one in April of '75. Now, the facility letter of April of '75 has already been referred to in evidence. The

facility letter of 1976 has not been referred to in evidence, Sir, because it's not been available to the Tribunal, but I suspect that it's in very similar terms to the one that is available, the 1975 one, and I mention it at this stage just so that no confusion will arise.

Where would the meetings of the company take place, Mr. Clifford?

A. Pardon?

Q. Where did the meetings of the company take place?

A. I was at most of them, but if the meeting took place in Dublin, I found them very difficult to get to Dublin because it was practically impossible to get a seat on the plane from Kerry airport to Dublin. If I could get a seat on the plane, I did attend them. I attended all the meetings in Tralee.

CHAIRMAN: Did you usually hold them in the Mount Brandon hotel itself?

A. Pardon?

CHAIRMAN: Did the meetings usually happen in the hotel itself?

A. They did.

MR. HEALY: And the meeting that mentioned the letter of the 5th March of 1976 seems to have been held in the Mount Brandon and you were present with your late brother and Mr. Byrne, isn't that right?

A. I am afraid I will have to ask you to repeat that.

Q. Of course. Can you see that monitor in front of you there, the television set?

A. Yes.

Q. That contains the document that your solicitors made available to the Tribunal this morning. I am going to get it copied now.

CHAIRMAN: I think maybe if Mr. Healy were to read it and Mr. Meenan will be keeping a close eye on it.

A. That's going back to 1976.

MR. HEALY: It is of course, but if you read it I will read it to you. It refers to a meeting held at the Mount Brandon Hotel, Tralee, County Kerry, on the 7th April of 1976. And present were, Mr. Thomas Clifford, Mr. William Clifford, Mr. John Byrne, do you see that?

A. Yeah.

Q. And attending was Mr. Jack Stakelum, do you see that? Can you see Mr. Jack Stakelum's name?

A. Yeah, I have that one.

Q. Now, I think Mr. Stakelum was at that time an accountant working in Haughey Boland, is that right?

A. Pardon?

Q. Was Mr. Stakelum at that time an accountant working in Haughey Boland?

A. I would imagine so, yes.

MR. CURRAN: Could I correct that? Mr. Stakelum had left



some months before that from Haughey Boland.

CHAIRMAN: In this particular April, 1976, Mr. Curran?

MR. CURRAN: Yes, he had gone in September November '75.

MR. HEALY: I am obliged to Mr. Curran.

Mr. Stakelum had previously been working with Haughey Boland, isn't that right? You may be familiar with that fact, Mr. Stakelum used to work in Haughey Boland?

A. He was working in Haughey Boland, yes, when they were down in Amiens Street.

Q. Yes, and then at some stage he left Haughey Boland?

A. He did.

Q. And did he become associated with advising you in connection with some of your affairs?

A. When he left he was senior partner prior to leaving Haughey Boland and he left.

Q. After he left Haughey Boland, did you continue to have some involvement with him?

A. Yes.

Q. But did Haughey Boland continue to be the accountants for Princes Investments?

A. They did.

Q. Now, the bank accounts of Princes Investments contain an address C/O Mr. Stakelum's firm in Clyde Road.

A. Yes.

Q. Are you familiar with that?

A. Yes.

Q. And it seems that the bank statements would have been sent to Mr. Stakelum, the ones from Guinness & Mahon now?

A. Well, I can't understand that, because Mr. Stakelum's office was not the registered company of Princes Investments Limited, never was. So why they would be sent to him, I don't know.

Q. Did you ever get the bank statements of Princes Investments, the ones that related to the Guinness & Mahon loan?

A. No. The accountant a man called Mr. Harry McCann.

Q. Perhaps you'd explain what his role was?

A. He is in charge of the whole office. He does a monthly, full set of monthly accounts, department by department, profit and loss, balance sheet, the lot.

Q. Is this in the Mount Brandon now?

A. In the Mount Brandon.

Q. So you think the bank statements would have gone to him?

A. The bank statements, he looks after them entirely.

Q. But can you say for certain that that included the Guinness & Mahon bank statements?

A. He would have nothing to do with the Guinness & Mahon bank statements. He'd only have he would only be involved in Princes Investments bank statements.

Q. But the bank statements that were coming to you from Guinness & Mahon, the ones concerning the loan

A. He would get those, he gets all the post.

Q. I see, but you are telling me that he is the man who deals with all your bank affairs, he deals with your monthly management accounts and so on, but is it because he deals with those things that you think he'd get the bank statements or do you know that he'd get the Guinness & Mahon bank statements?

A. Oh if there is a letter marked private and confidential to an individual, he wouldn't open that letter.

Q. I understand.

A. But every other letter he had the authority to open.

Q. Mr. Paul Carty was giving evidence a moment ago and he mentioned that you might contact him for advice about things from time to time, would that be right?

A. Mr. Carty said what?

Q. That from time to time he would be contacted by you, he may have been referring to your brother, I think he said Mr. Clifford, I'm not sure which of you, that he would be contacted by you from time to time for advice about one thing and another?

A. Well, I don't know what Mr. Carty was referring to. That's a very difficult question because

Q. Did you ever rely on him for advice?

A. I did, but I didn't go to him very frequently.

Q. Yes.

A. If I was coming to Dublin I may say, I may ring him up and say will he have lunch with me, that type of thing, if he was free.

Q. When you came to paying off this loan of €260,000, do you think you discussed it with Mr. Carty?

A. Jack Stakelum had nothing to do with that.

Q. I am not talking about Jack Stakelum now, I am talking about the €260,000 loan to Guinness & Mahon, do you think you would have spoken to anybody for advice about paying that off?

A. Not that I am aware of.

Q. I see.

A. I see.

Q. Do you remember paying it off?

A. I do actually, because I felt at the time it was a lot of money for Cliffords to have to write a cheque for €100,000 and I realised it had to be done to meet our commitments, because the account was overdue in reality and John Byrne wrote, carried the other one. In fact, the company is divided three ways, I have 33 shares - it's 100 shares - I have 33 shares, John Byrne has 34 and a sister of mine has 33 shares in her estate which was left to her by my brother who is deceased.

Q. But originally

A. And I felt at that particular point in time that her estate should carry one third of the debt as well, but it wasn't done for some unknown reason, so John Byrne and myself carried €100,000 each, with the hotel to make up the balance.

Q. And did you get any advice from anyone in relation to

making that arrangement?

A. Not really. It was like facts on the wall to me, the money is due and the money has got to be paid. And Cliffords writing out a cheque for €100,000 would not exactly break Cliffords.

Q. But Princes Investments mustn't have had the money at the time?

A. Princes Investments at the time were going very well at that particular point in time. They had a very good cashflow.

Q. But they didn't have €260,000 ready cash?

A. No, because they were possibly, I can't go back on the exact history at the time, but they were after investing money in renovations and replacements and additions, but the hotel was going well.

Q. But you don't remember having a discussion with any adviser about how you might structure the repayment of this loan?

A. No, because where it came to Cliffords, I looked after Cliffords' accounts personally myself. Harry McCann looked after the Brandon accounts, right, and it was agreed at this meeting that John Byrne would pay the €100,000. I know nothing about John Byrne's financial affairs. I knew that I could meet the €100,000, so I agreed at that point in time to pay the €100,000.

Q. You say you agreed that at this meeting. Did you have a meeting with John Byrne?

A. Not really, no. The meeting broke up after that. The

agreement was made that I would pay €100,000, he would pay €100,000 and the hotel in due course would pay off the balance.

Q. Where did you have the meeting?

A. Pardon?

Q. Where did you have this meeting?

A. In the hotel.

Q. And Mr. Byrne was at it and you were at it?

A. Pardon?

Q. Mr. Byrne was at the meeting and you were at the meeting?

A. Mr. Byrne was at that meeting.

Q. And who arranged to get cheque for €260,000 from the AIB?

A. You are going back to when now?

Q. I am going back a long time, I agree.

A. Well, I am 76 years of age and as you grow older, your brain does not improve.

Q. You are doing fine at the moment anyway.

A. '78, was it?

Q. '87. Don't worry about the date, just concentrate on the fact that you agreed that you put up €100,000, Mr. Byrne would put up €100,000, the company would put up €60,000 and then you'd get a cheque. Now, you think that cheque was sent to Deloitte & Touche, isn't that right?

A. No. What actually happened was, Cliffords wrote a cheque to Princes Investments Limited for €100,000.

Q. Yes.

A. And I gave that to Harry McCann in the hotel and said "Post

that to Dublin." I forget what address I gave him and John presumably wrote out another cheque for the same amount and that went to Dublin. And that's how we got the money we were looking for, or paying back the money that we had got, I forget which.

Q. Well, if you sent it to Dublin, who did you send it to in Dublin, or who would you have sent it to?

A. Well, if I got the money from the AIB, I would have sent it to the AIB or I would have given it into the AIB in Castle Street in Tralee. I had no dealings with Guinness & Mahon so I wouldn't have sent it to Guinness & Mahon.

Q. You would never have sent anything to Guinness & Mahon anyway?

A. No, I would not.

Q. And if you were sending money to Dublin to repay a Guinness & Mahon debt, who would you have sent it to?

A. I would have done it through the Tralee AIB office.

Q. Do you ever remember paying any interest off this loan?

A. Pardon?

Q. Do you ever remember paying any interest off the loan that you paid to Guinness & Mahon?

A. No, I don't.

Q. Did that seem strange to you, that you had this loan that nobody was asking you to pay any interest on?

A. But do you see, I wasn't involved on the formulation and the planning of that loan the first day and I didn't know the terms of contract relating to that loan. Was it 5

percent, 10 percent, 12 and a half percent, 15 percent? I didn't know anything. I only knew the figures, the basic figure of what we were drawing, what I was letting myself in for, but I don't think, if my memory is correct, that interest at that time was even discussed.

Q. And as you told me earlier, I think it was Mr. Byrne who handled the loan from Guinness & Mahon, so he probably dealt with questions like interest and that, is that right?

A. Mr. Byrne plays his cards very close to his chest and he doesn't tell Tom Clifford or anybody else what he is doing financially but all he will say at the meeting is "I will cover €100,000 to pay off a loan and Tom, you do the same".

Q. I understand.

A. And that's the end of that story.

Q. Was Mr. Traynor at any meeting that you had with Mr. Byrne concerning this matter?

A. I wasn't particularly perturbed about it. Cliffords at that particular time, our cashflow was good, we had quite a substantial amount of money in Allied Irish Leasing and Allied Irish Finance and at that time they were paying a very high rate of interest, they were going up as far as 15 percent. My cashflow was good and I could afford to pay out €100,000.

Q. The question I was trying to ask you there may be some confusion about this a moment ago, Mr. Clifford, is whether Mr. Desmond Traynor was present at any meeting concerning paying off this loan.



A. No. In fact, looking back on it, I could count on less than one hand how many times I met Des Traynor. When the hotel opened initially in 1966, Des Traynor came down to Tralee to look at the hotel. It was out of curiosity. He walked around the hotel with John Byrne. They may have had some lunch and then went they left the hotel immediately after lunch. Sometime after that, they sent down some junior accountants to set up a system.

Q. I understand.

A. An accounts sometime after that, some weeks after that, but he only came to Tralee out of curiosity and that was the first time I met Des Traynor. I never had any social contacts with Des Traynor. I didn't really know Des Traynor.

Q. Thank you very much, Mr. Clifford.

MR. SHIPSEY: Sir, just a few questions.

CHAIRMAN: Mr. Clifford, just a couple of other people want to ask you a few more questions from some other people. It won't be long.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. SHIPSEY:

CHAIRMAN: This gentleman is Mr. Byrne's lawyer. He just wants to ask you a couple of questions.

Q. MR. SHIPSEY: Mr. Clifford, my name is Mr. Shipsey. I am appearing for Mr. Byrne and I just have a few questions for

you.

A. Right.

Q. Can you hear me?

A. I can. I wonder if you came up a little bit closer, maybe I could hear you better.

Q. Mr. Clifford, I appear for Mr. John Byrne who is a fellow shareholder of yours in the Mount Brandon Hotel.

A. That's right.

Q. And I have just got a few questions for you in relation to the loan from Guinness & Mahon.

A. Right.

Q. I know, Mr. Clifford, we are going back a long way to 1975, but the letter of offer that came out from Guinness & Mahon, and I will get you a copy of it or the Tribunal will get you a copy of it, on the 10th April of 1975 was addressed to the secretary of Princes Investments with an address at 60-62 Amiens Street, Dublin 1. Now, was that the registered office of the company at that time?

A. I would agree with that, yes.

Q. And that was also the office of Deloitte & Touche or Haughey Boland, I think may have then been, is that right?

A. Yes.

Q. And if you just look at the first page of that letter, the amount of €116,000 is mentioned and then there is reference to interest initially being at 11 and three quarter percent per annum, do you see that?

A. I do.

Q. And then the security that was requested was a letter of guarantee from the three shareholders and directors in the company, that's Mr. Byrne, your late brother, Mr. William Clifford, and yourself?

A. That's right.

Q. And then insofar as acceptance on behalf of Princes Investments was concerned, if you go over onto the second page, both you and your brother were asked by Guinness & Mahon and did sign your acceptance of the loan?

A. Right.

Q. That's your signature, isn't it, on the bottom of the second page?

A. Right.

Q. Now, Mr. Stakelum was there Mr. Jack Stakelum is somebody who is known to you, isn't that right?

A. Pardon?

Q. You know Mr. Jack Stakelum?

A. I do, through Haughey Boland at that time.

Q. And when he left Haughey Boland, in I think November of 1975, you continued to have some dealings with him, would that be right?

A. I continued to have

Q. You continued to have some dealings with Mr. Stakelum and some contact with him?

A. I did. As a matter of fact, he is a trustee of my will at the moment, he was a trustee of my brother's will. We had a certain relationship built up with him.

Q. That's from the time when he was with Haughey Boland but it continued after he left, is that right?

A. That was the time that started off at the time he was with Haughey Boland.

Q. Now, you have mentioned a Mr. Harry McCann. He is an employee of Princes Investments, is that right?

A. That's right.

Q. And I think has been for a number of years employed, he has worked for a long time for the Mount Brandon?

A. That's right.

Q. And he is the person, you say, who would have been involved in dealing with the management accounts and the preparation of the accounts for Princes Investments Limited?

A. That's correct.

Q. And any documents of a financial nature would or at least you would expect that Mr. McCann would have possession of, they would be at Mr. McCann's office in the Mount Brandon?

A. That's correct.

Q. Now, you, I think, have been made aware and you may not have been aware at the time, but the loan that you got from Guinness & Mahon, they used to send out bank statements to Princes Investments. Were you aware that bank statements, or you would expect, I take it, that a bank would send out periodic bank statements in respect of the loan?

A. They could have come in to Harry McCann, he may have used his intelligence and said that they are relating to the company, Princes Investments Limited, and they'll have to

be discussed at a board meeting.

Q. Oh I appreciate that, but the statements or at least some of the bank statements seem to have gone to Mr. Stakelum's address in Clyde Road in Dublin.

A. Well, I don't know why he did that. I don't know why he did that. He was never instructed to do that.

Q. No, sorry, when you say he was never instructed, you are referring to Mr. McCann, is that right?

A. Pardon?

Q. When you say he was never instructed to do that, are you referring to Mr. McCann?

A. Yeah.

Q. No. The bank statements seem to have been sent by Guinness & Mahon to Mr. Stakelum's address, do you know why they would have been sent to Mr. Stakelum?

A. I haven't a clue why those statements went to Mr. Stakelum's address. He was not the registered company. He was not the registered office of the company. He had no official appointment with the company. He had, while he was with Haughey Boland, because he was a senior partner there at one stage.

Q. He did, however, attend the directors meeting in 1976?

A. Who?

Q. Mr. Stakelum was attending the directors' meeting in 1976, isn't that correct? I think we looked earlier or you looked earlier at one page document which you have there of a meeting in 1976.

A. No, I don't want to be a naive Kerryman by saying to you he could have.

Q. Yes, if you just

A. You are going back to '76. It's a long time.

Q. Oh I am not asking

A. And a lot of meetings had taken place and it's not a fair question to ask me.

Q. No, could I ask you just to look at the minute

A. Do you know what you were doing in 1976?

Q. I was doing my leaving certificate

A. And who you were with and what you were talking about?

CHAIRMAN: I think we actually know from the document, Mr. Clifford, that you looked at earlier that Mr. Stakelum went to that meeting.

A. Pardon?

CHAIRMAN: I think Mr. Stakelum did go to the meeting in the company in 1976.

A. I will help you as much as I can. I am after swearing on an oath to tell the truth and I am trying to tell the truth.

MR. SHIPSEY: Mr. Clifford, you actually have the minute that I want to refer to. Mr. Healy gave you a copy of the minute earlier.

A. Do you see, in Haughey Boland's at that particular time, there is a lot of change in personnel and there were different auditors coming down to do, to oversee the

audits. It's a very important factor in the life of a company. You get your audit done right. The senior partner has to oversee and check out the junior accountants' work and then sign his name to it. Now, I can't say what years Jack Stakelum came down to do that or not.

CHAIRMAN: I will act on the basis that it has been shown that Mr. Stakelum appears from the record that he attended the 1976 meeting.

Q. MR. SHIPSEY: If Mr. Stakelum attended any meeting after he left Haughey Boland, would I be right in saying that he attended such a meeting at the request of either you or your brother?

A. He may have attended a meeting at the request of my brother William, because he was acting as a kind of financial adviser to my brother William. Not to me, but to my brother William.

Q. And if Mr. Stakelum's firm in Clyde Road was getting the statements from Guinness & Mahon, could that have been because your brother William

A. It could have been.

Q. Asked that they would be sent to Mr. Stakelum?

A. He could have.

Q. Did Mr. Stakelum act as your financial adviser at any stage?

A. My brother is dead since 1971.

Q. Did Mr. Stakelum act as your financial adviser? Did he provide financial advice to you at any stage?

A. The odd time, yes, I would ask him.

Q. You have said, I think, Mr. Clifford, that you were not aware, at least you have said in your statement that you were not aware that the loan taken out by Princes Investments from Guinness & Mahon was repaid in 1985. You have said, as far as you were concerned, and as far as you believe, it was repaid in 1987, isn't that correct?

A. Yes, that's

Q. And it was repaid by a cheque for €260,000, isn't that right?

A. Yeah, the purpose of the "the purpose of the payment of €260,000 in July 1987 was repayment of a loan to Guinness & Mahon. Princes Investments paid the sum of €260,000 to Guinness & Mahon by way of a cheque drawn on its account in Allied Irish Banks, 1 and 3 Castle Street, Tralee. I have no knowledge, direct or indirect, regarding the lodgment of monies to an account in the name of Amiens Securities Limited." And that's correct.

Q. As far as you were concerned and as far as you understood the other directors to be concerned, you were repaying the loan in 1987, is that correct?

A. Yes.

Q. And when you refer to a meeting with Mr. Byrne at which you were discussing how that might be made, was that meeting also attended by your sister-in-law, the widow of your late



brother?

A. Yes, she has attended meetings if they are in Tralee. If the meeting is in Dublin, she doesn't attend every meeting.

Q. But you and Mr. Byrne agreed that you would put up €100,000 each and that Princes Investments would pay 60, is that right?

A. That's correct.

Q. Thank you, Mr. Clifford.

CHAIRMAN: Mr. Kettle? Mr. Meenan?

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. MEENAN:

Q. I just want to clarify one matter of your evidence, Mr. Clifford, and it's in connection with the payment of €260,000 in July of 1987, isn't that right? If you just look at paragraph 8 of your statement in front of you.

A. I can't hear you, you will have to come up.

Q. Very well. It's just one matter I want to clarify in your evidence and that is the payment of the €260,000 in July of 1987.

A. Right.

Q. I think your evidence is that your firm, Cliffords, and Mr. Byrne's firm, Carlisle, each gave €100,000 to Princes Investments, is that right?

A. That's right.

Q. And did that money go into the Princes Investments' bank account in Tralee, isn't that where that money went?

A. Say that again.

Q. Isn't that where that money went, that the Cliffords' €100,000 and Mr. Byrne's €100,000 went into the Princes AIB account in Tralee, isn't that right?

A. Oh I think the Cliffords' cheque for €100,000 written by myself, it was sent over to Harry McCann, the accountant in the hotel.

Q. That's your accountant, yes, and then it went into Princes account in Tralee, isn't that right?

A. I don't he looked after it after that. He knew about the loan. He got my portion. It was up to him to get John Byrne's portion and to look after it from there, the balance.

Q. But both cheques went to Princes Investments Limited, isn't that right?

A. If he lodged the cheque, my cheque, in the AIB in Castle Street in Tralee, I couldn't swear that.

Q. Okay. That's fine. And in any event, the €260,000 that was going to Guinness & Mahon in Dublin came from AIB in Tralee, isn't that right? I think if you look at section 8 of your statement, that's what you are saying, isn't that right?

A. Is that in this?

Q. Yes, it is.

A. I have read this and this is correct.

Q. Very good. The only other matter I just want to deal with is the number of company meetings. There were some

meetings in Tralee and some meetings in Dublin, is that right?

A. Yes.

Q. Were most of the meetings in Dublin or were most of the meetings in Tralee?

A. They were very, very erratic meetings, to tell you the truth. John Byrne came to the Festival of Kerry, Listowel Races, he has a house in a place call Fenit and he came down there in Easter and John came to Tralee about three times a year, but it was much easier for me to catch a plane from Kerry airport and fly up and I'd say overall that you'd have a total of seven meetings in the year, four in Dublin, three in Tralee.

Q. Very good. Thank you very much, Mr. Clifford.

CHAIRMAN: Thank you very much, Mr. Clifford, for coming up.

THE WITNESS THEN WITHDREW.

MR. MEENAN: I wonder before you rise, just for the sake of the record, I say we also appear on behalf of Princes Investments Limited, I didn't say that at the start.

CHAIRMAN: All right Mr. I will note that.

MS. O'BRIEN: There is one final technical witness for today, Sir, and I wonder, subject to your views, whether we might sit on and deal with that witness now. I don't think the witness will take very long, maybe ten or fifteen

minutes and no more.

CHAIRMAN: It may be preferable instead of bringing him back. You might just indicate the scope of the import of the witness so that anybody not concerned need not be detained.

MS. O'BRIEN: The witness is Mr. Walter Maguire of Bank of Ireland. It relates to two lodgments of the Amiens Securities Limited account dating from February of 1986 and the sources of those lodgments which appear to be Bank of Ireland.

WALTER MAGUIRE, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS  
BY MS. O'BRIEN:

Q. Thank you, Mr. Maguire. You have been asked, Mr. Maguire, to give evidence on behalf of Bank of Ireland in relation to two requests for assistance for information made by the Tribunal to the bank, I think that's correct?

A. That's correct.

Q. And the requests for information which the Tribunal made related to the source of two lodgments dating from February of 1988 to an account of Amiens Securities Limited in Guinness & Mahon which was account 10407014?

A. Yes, that's correct.

Q. And in fact I think you have been provided with documents which have been referred to by Ms. Sandra Kells who is financial director of Guinness & Mahon in the course of her

evidence.

A. I believe so, yes.

Q. I think if we could just put those on the overhead projector, there is firstly an extract from the Amiens Securities Limited account for February of 1988. And if we just move it slightly over to the left, we can see the two relevant credits, the first is a lodgment on the 22nd February of 1988 of €195,000.

A. Yes.

Q. And the second transaction brought to the attention of Bank of Ireland was on the 24th February of 1988 for €49,700?

A. Yes, that's correct.

Q. I think in both instances, the bank was provided with copies of Guinness & Mahon's own internal documents and internal records which appear to suggest the source of each of those credit entries was a transfer of funds from Bank of Ireland?

A. The lodgments appear on the account of Guinness & Mahon in the Bank of Ireland.

Q. You have provided the Tribunal with a memorandum of the evidence that you are in a position to give and perhaps if I can just take you through that and also we will put on the overhead projector some of documents that Bank of Ireland has provided to the Tribunal. You informed the Tribunal that you are district operations manager with the College Green branch of Bank of Ireland at Dublin 2?

A. Yes, district operations manager in both College Green

offices, 2 and 34 College Green.

Q. You make the statement on behalf of Bank of Ireland regarding records requested by the Tribunal relating to the transactions listed below. In fact there was a series of transactions raised by the Tribunal with you, there is only two of them which are relevant on this occasion.

A. Correct.

Q. You have informed the Tribunal that searches have been carried out for each transaction on the only documents in the bank's possession which are your microfiche records?

A. Correct.

Q. Your searches on each transaction reveal the following:

In relation to the credit of €195,000 on the 22nd February 1988, it appears that you found that this lodgment is on Guinness & Mahon's No. 1 account statement on the 22nd February of 1988.

A. That's correct.

Q. You say that like in other transactions referred to earlier in your letter, this was described as a lodgment but that your searches have failed to find any documentation relating to the transaction.

A. That's correct.

Q. We can see it there on the overhead projector. It's a credit to Guinness & Mahon's account. That's an account with Bank of Ireland, is that right?

A. Correct, yes.

Q. On the 22nd February of €195,000?

A. That's correct.

Q. And I think we can see there from the particulars that the entry is described as a lodgment to the account?

A. That's correct.

Q. And does that signify anything to you as to what might be the source or sources of those funds?

A. Yes, it does. Being described as lodgment, it would indicate that it was a lodgment of paper, lodgment of cheques or drafts.

Q. So does that would that mean then that a customer of Bank of Ireland would come in to a branch of Bank of Ireland with cheques or with drafts and request that they be lodged to the Guinness & Mahon account?

A. Correct, or Guinness & Mahon employees could have lodged them themselves.

Q. Or could have lodged it themselves?

A. Yes.

Q. So it could have been a Bank of Ireland cheque that came in with a lodgment to Guinness & Mahon and Guinness & Mahon's employees could have brought it to the bank and lodged it?

A. Correct. It was a lodgment made, I would have thought, by Guinness & Mahon staff to Guinness & Mahon's account in Bank of Ireland.

Q. And why what aspect of the entry on the statement would lead you to that particular deduction?

A. The reason I believe it was a paper transaction was the description, when what we call a money book transfer, a

transfer made by telephone of large funds, it would be described differently to lodgment. Usually they would be described as interbank or interbranch.

Q. But is there any particular reason that you have deduced that it is more likely that this was a lodgment by Guinness & Mahon staff of an instrument lodged to Guinness & Mahon than a lodgment by a customer of Bank of Ireland?

A. I couldn't be certain who lodged that money.

Q. You couldn't but it could be one or the other?

A. It could of course, yes.

Q. What's the probability as between the two?

A. Anybody could have lodged that money really.

Q. Anybody could lodge money into the account?

A. Yes.

Q. Well, would it be usual if a customer or a client of Bank of Ireland wished to transfer the proceeds of a cheque or a draft to Guinness & Mahon and came into Bank of Ireland or was dealing with the branch of Bank of Ireland in which they were a customer, would it be usual that such a lodgment would be made directly to the Guinness & Mahon account with Bank of Ireland?

A. Normally lodgments like that would be lodged by Guinness & Mahon themselves.

Q. They'd normally be

A. Yes.

Q. The probability is that it's a Guinness & Mahon lodgment to their own account in Bank of Ireland?



A. I would think so, yes.

Q. And would that then relate to a cheque or a draft drawn on Bank of Ireland?

A. No. It could have contained a cheque drawn on anywhere. It could have been a remittance cheque, a cheque drawn on any bank in the Republic.

Q. Well, is there any particular reason you could imagine that any bank would want to lodge to the account in Bank of Ireland a cheque drawn on another bank ultimately bearing in mind that the proceeds of this draft or instrument were lodged to an account in Guinness & Mahon itself? What I am really trying to get at is why would you lodge it to Bank of Ireland when it comes back to Guinness & Mahon and goes into a Guinness & Mahon customer account?

A. Okay, Guinness & Mahon weren't the clearing bank. Guinness & Mahon, as indeed did other banks, lodge their accounts in the large banks, I am quite sure AIB, as well as ourselves, for clearing purposes.

Q. Isn't it more likely than not then that this would have been a cheque drawn on Bank of Ireland than a cheque drawn on AIB if

A. Not necessarily at all. It could have been a cheque drawn on any bank. What we would do is put it into the clearing we would get it cleared on behalf of Guinness & Mahon.

Q. I think possibly there may be some misunderstanding. I think the Tribunal's understanding is that while Guinness & Mahon were one of the small banks, that they were actually

within the clearing system?

A. I am not aware of that, that they were a clearer at the time, I have to say that.

Q. Let's assume for the moment they were within the clearing system, then what's the likelihood as regards the source of this cheque lodged to the Guinness & Mahon account in Bank of Ireland if it wasn't being lodged for the purposes of Guinness & Mahon availing of Bank of Ireland's membership of the clearing system? Is there any other reason that you can suggest that cheques might be lodged to this account? Because I think if we look on the account statement, apart from the transaction immediately above it which is also a lodgment, everything else is a transfer or an interbank transaction.

A. Yes. I have no idea why there would be anything different about this lodgment. Guinness & Mahon, as you can see on their statements, lodged cheques regularly with the Bank of Ireland into that account. They would have been remittance cheques, they could have been drawn on any bank within the Republic and we have no, as it turns out, we don't have records of what was in this particular lodgment simply because our records don't go back that far.

Q. And if it had been a customer of the Bank of Ireland that came in with a cheque and wanted the proceeds of that cheque, say a third party cheque, and wished the proceeds of that cheque to go to Guinness & Mahon for crediting to, ultimately the company was credited which was the Amiens

account, how would that transaction normally work within Bank of Ireland's books?

A. Well, you would want to know who the cheque was payable to. Cheques of that size would normally be crossed and they should only be lodged to the account of the payee.

Q. Yes. Well then in that event, if that was a cheque that was crossed, should it only have been lodged to that account if it was payable to Guinness & Mahon?

A. Guinness & Mahon, being a bank themselves, and indeed that arrangement was in place with other banks as well, non-clearers, were clearing through us, but they had the cheques crossed, branded by themselves before they were lodged to us and they accepted total responsibility for them.

Q. I see. Now, you have further indicated to the Tribunal that it's worth noting that almost all records in your vaults had to be destroyed because of asbestos contamination in a special project which lasted for six months between December 1994 and June of 1995?

A. Correct.

Q. In the ordinary course, what would the retention period be for the underlying records regarding this account?

A. They would be maximum ten years.

Q. Maximum ten years so in the ordinary course, or if the maximum retention period had been applied, these would have been destroyed in the ordinary course in about 1998?

A. Correct.

Q. I think you have indicated that because of this asbestos problem, all records were destroyed in '94, '95.

A. Correct.

Q. You stated unfortunately the paper records in your processing centre do not go back as far as these transactions and this eliminates the possibility of checking the contents of lodgments, i.e. the cheques or the drafts that may have been comprised in that lodgment of €195,000?

A. That's correct.

Q. Now the second lodgment, if we just go back to the Amiens account briefly. We can see it credited, it was on the 24th February of 1988, of €49,700?

A. That's correct.

Q. I think you have informed the Tribunal that in relation to this lodgment of €49,700 to account Amiens Securities Limited with Guinness & Mahon on the 24th February 1988, this also appears as a credit entry on the Guinness & Mahon account. I don't know if we have a copy of that, but it's precisely the same, is it not?

A. It is identical to the €195,000 lodgment, yes.

Q. And it shows the legend beside it was also lodgment?

A. That's correct.

Q. You have informed the bank that the bank can conclude from this description that the funds in respect of this lodgment came through in the form of a cheque or cheques or in the form of a draft or drafts?

A. Correct.

Q. So it's the same position that obtained in the case of the  
œ195,000 lodgment two days earlier?

A. That's because of the lodgment description on the  
statement.

Q. You say that it is unlikely that the funds were transferred  
to Bank of Ireland by phone or by telex. You have stated  
further information on the breakdown of this lodgment would  
have appeared on the "silver tallies" which would have  
recorded the items comprised in the lodgment. I take it  
that the term silver tallies, which is in the parenthesis  
in your memorandum, I take it that's the underlying records  
or controls for the account?

A. Yes, it was the initial records. When the lodgments were  
processed to the Dublin processing centre it produced  
"silver tallies" which was a record of the lodgment  
itself. It also gave a reference number which then tied  
into a film and that film record was where you actually saw  
the lodgment itself and the breakdown of the lodgment.

Q. I see. So you'd ultimately see the lodgment docket and  
you'd see each, on the microfiche records, each of the  
instruments that went to make up that lodgment?

A. It was a film record. You would see the lodgment, you are  
quite correct, the lodgment first and then followed by the  
items in the lodgment. Unfortunately, our records, our  
film records of bank transactions, and I have checked this  
twice to make absolutely sure there isn't any mistake here,

with two different people, go back as far as July 1988.

Q. 1988. They don't go back to February?

A. We don't have any films prior to that. They stopped again they were on a ten year destruction cycle and that was stopped, I think, at the request of the Tribunals. So

Q. It was.

A. Yes

Q. And this was just missed, because it was February of 1988?

A. Unfortunately, I have had them checked twice and they go back to July 1988. That's all we have.

Q. The most you can assist the Tribunal with in relation to both credits to the Amiens account is that they appear to have been cheques, drafts or other instruments lodged to Guinness & Mahon's account with Bank of Ireland?

A. Correct.

Q. But your view is that it's more likely than not that these lodgments would have been made by Guinness & Mahon rather than by clients of Bank of Ireland?

A. I would think that's very much the possibility I would say, yes.

Q. Thank you, Mr. Maguire.

CHAIRMAN: Thank you very much, Mr. Maguire.

MR. HEALY: There are no remaining witnesses for today,

Sir. I think you may take it that there will be witnesses

tomorrow, though there is some logistical problems have to

be sorted out because it appears that some witnesses who have given evidence may have to be recalled and in the light of information given today, it may be necessary to make contact with some witnesses at short notice. I can't put the matter any further than that.

CHAIRMAN: Well, I'll say we'll prepare to sit at the usual time tomorrow but if some unforeseen contingency as regards availability of witness occurs, an announcement or communication will be made as far as may be possible.

THE TRIBUNAL THEN ADJOURNED UNTIL THE FOLLOWING DAY,  
FRIDAY, 2ND JUNE 2000, AT 10.30AM.