

THE TRIBUNAL RESUMED AS FOLLOWS ON FRIDAY, 22ND SEPTEMBER

2000 AT 10:30AM:

CONTINUATION OF EXAMINATION OF MR. HAUGHEY BY MR. COUGHLAN:

Q. MR. COUGHLAN: If I may start this morning, Mr. Haughey,

it's just something that has been brought to my attention

by your counsel and I am going to refer back to some of the

Allied Irish Bank documents to allow for any clarification

or view you may wish to express on them.

The first one is in the Allied Irish Banks book of

documents at Divider 43 Divider Number 43. And can you

go you can see divider 43 is two pages, and it seems to

be memoranda of various contacts or recommendations and

matters of that nature. On the second page, the third

paragraph, under the date the 19th June 1979, do you see

that?

A. Yes.

Q. And it reads: "Branch manager met C J H at Leinster House.

Manager suggested that a cash offer of 767,000 might be

acceptable."

A. Yes, I see that.

Q. That was the first matter. Then if we go to divider

number 50, there is another reference which seems to be

A. Yes.

Q. part of the same topic, at least anyway. Divider

number 50. It's a memorandum of Mr. Phelan's, I think,

dated 17th October 1979; and in the second paragraph, it reads: "I had not done anything seeking a settlement figure but Mr. Kennedy and Mr. O'Donnell visited here on the 17th September. I discussed the situation with them and it was decided that the best approach would be rather than mentioning a figure that the bank would accept in settlement, because this figure would be brought up at a later date, it would be better to give an indication that the bank would possibly allow a reduction of 150,000 in the amount outstanding on the day of settlement."

A. Yes.

Q. Those appear to be two references in the bank's own documents whereby there was some thinking or perhaps discussion within the bank on a possible settlement; isn't that correct?

A. Yes.

Q. And I'll come back to it, unless you want to say anything about it.

A. No, no.

Q. Now, again, Mr. Haughey, it's the volume we were working from yesterday, volume 2, I will be dealing with primarily this morning. And in that volume at divider 1.2, I want to once again refer to the ledger of the special account opened by Mr. Traynor and closed by him some months after it was opened and out of which monies were sent to Allied Irish Banks to clear your indebtedness. Do you have those two pages again?

A. Yes, I have those.

Q. Now, yesterday we dealt with, if we look at the first page, the lodgement opening the account of 150,000. The lodgement of 355,000 which contained in that sum the 300,000 from the Gallagher Group. There was then a lodgement on the 18th January to the account of 50,000. There was a further lodgement on the 24th January of 150,000. And if you go to the second page of the letter, there was a lodgement, and it's not very clear on the left-hand column of 80-odd-thousand pounds and I think that was, if you bear with me, on the 13th February of 1980.

Now, I asked you yesterday about the two lodgements of 150,000 and you said you didn't know the source of those particular sums; isn't that correct?

A. Yes.

Q. Could I ask you about the other two lodgements to the account then, that is leaving aside the 355,000 one, there was a lodgement for 50,000 to the account and another lodgement of 80,600-odd pounds to the account as well. Do you know anything about those?

A. No.

Q. Now, from evidence given to the Tribunal, it appears to be the situation that the two lodgements of 150,000 came about by way of transfers of money either by cheque or otherwise to Mr. Traynor from some external source to Guinness and Mahon for lodging to the account. I think we went through that yesterday; the first one was from the Rotunda branch

of Bank of Ireland; the second one was by a special clearance of the Central Bank. The lodgement of 50,000, there is no record in Guinness and Mahon of any account of Mr. Traynor's being debited around that time for that sum for crediting to the special account and there is no record of it coming from any other internal account of the banks or a bank customer. Do you understand?

A. That would be conclusive?

Q. That is the evidence that we have at the moment?

A. Would that be necessarily conclusive?

Q. Well, what I am asking you is yesterday you thought that a loan might have been obtained in Guinness and Mahon; isn't that correct? You speculated that a loan might have been obtained in Guinness and Mahon?

A. I think I don't remember exactly what I said, but my intention was to say that I assume that somehow or another Des Traynor had provided, through borrowings or otherwise, the balance of 400,000.

Q. Well, from the evidence given by witnesses from Guinness and Mahon who have examined extensively the records for the period, there is no record of borrowings, and I think we have to accept that that is the state of the evidence. So the monies must have come from somewhere other than borrowings then. Would you agree?

A. I can't agree or disagree with that, but when you say there is no evidence of borrowing, does that mean that there is no evidence that Des Traynor didn't either borrow on his

own account from Guinness and Mahon or borrow from somewhere else?

Q. Well, there is no evidence of any borrowings from Guinness and Mahon.

A. But would it in effect be borrowing?

Q. Well, I am asking you, Mr. Haughey. I am asking for your assistance. The Tribunal is trying to establish the facts of course. It's not making a case

A. I am trying to be as much assistance as I can, but unfortunately I cannot be of any further assistance, only to tell you again that my assumption at the time was that the balance, whatever it was, whether it was 400,000, 450,000, had been arranged by Des Traynor through borrowing, that's all I can say.

Q. Or otherwise, you said also a few moments ago.

A. Or otherwise

Q. Or otherwise

A. From funds at his own disposal.

Q. Well, did you think that Mr. Traynor was himself so lending the money to you from his own funds?

A. No. It didn't advert to it in that sort of detail. As I say, I assumed that half, roughly half the money came from the Gallagher land sale and that the other monies came by Mr. Traynor from other sources, borrowing sources.

Q. Well, in a Tribunal, of course, Mr. Haughey, one looks at matters with the benefit of hindsight. It's not a court case where you are looking for the state of mind to

establish something at the time. So it is open to somebody to speculate with the benefit of hindsight of course, as to what may have occurred at a particular time.

Would you accept that on the evidence, as presented to the Tribunal, that it appears unlikely that the 450,000 which was the balance needed to discharge your indebtedness to Allied Irish Banks, arose by way of borrowings?

A. At this stage, Mr. Coughlan, I am afraid all I can do is leave that matter to the Tribunal. I have given my opinion. And again, I'd like to say that I was never aware of this Des Traynor special account; never aware until this Tribunal uncovered that account.

Q. Mm-hmm

A. That I am really in a very impossible position being asked to go back now and speculate as to where the sources of that account came from.

Q. Well, could I ask you this: When Mr. Gallagher had agreed to a payment of 300,000 in the form of a nonrefundable deposit in respect of certain lands at Kinsealy, in or around that time, you were aware that there was 750,000 approximately required to settle the indebtedness with Allied Irish Banks; isn't that correct?

A. Subsequently, when the letter of acceptance was put before me, at that stage it was, I understood that the settlement was in the sum of 750,000. But not before that.

Q. Well, Mr. Gallagher has given evidence that you mentioned that figure and you yourself said you may have mentioned a

figure of 600-odd-thousand pounds or thereabouts. So we won't quibble about the actual amount. But you knew that more than 300,000 substantially more than 300,000 was needed to settle the indebtedness?

A. That's almost certainly so.

Q. And you knew that it had to come from some source; isn't that correct?

A. Well, I knew that Des Traynor had to arrange it from some source.

Q. Now, in July you informed the Tribunal very candidly that the existence of your indebtedness, the fact that you were indebted, had a political connotation, as far as you were concerned. If your political opponents became aware of it, it might be use in some way against you, you felt?

A. Well, I'd it would be probably more the media than political opponents.

Q. I see. If it was the media, it had, as far as you were concerned, a political overtone to it?

A. As modern phraseology goes, it had a political downside.

Q. It had a political downside. The mere fact that you were indebted?

A. Of course.

Q. So entering the office of Taoiseach, you were conscious of that as a practitioner of the profession of politics; isn't that correct?

A. (Nods head up and down.)

Q. Now, by reason of the way the monies came from Mr.

Gallagher to you, at first sight that would appear not to give rise to an indebtedness; isn't that correct? It was a deposit for the sale of land?

A. Yes.

Q. And if you were conscious of an indebtedness on your part having a political downside, can I take it that you must have been conscious at that time that you didn't want to have any other new debt created necessarily?

A. No, I couldn't go that far. I was conscious of two things, one was the was the media, rather than political implications, and the other was the pressure from AIB to have the debt dealt with.

Q. Now, in the normal course of a politician's life, there is nothing wrong with having an indebtedness to a bank or to another financial institution provided it is appropriately dealt with by the politician and the financial institution, in the normal commercial way. Repayments are made, compromises may be achieved on occasion, but not to an extent which would give rise to any risk that there might be a view taken that it could give rise to preferential treatment. Would you agree with that?

A. No, I can't follow that, Mr. Coughlan. I am not quite sure what you mean.

Q. Very good. I'll take it step-by-step so. Politicians, like all other members of society, have to borrow money from financial institutions for mortgages and matters of that nature; isn't that correct?



A. Yes.

Q. And there is nothing wrong with an indebtedness, there is nothing wrong, per se, with being indebted. But and there will be nothing wrong with servicing such a debt in the normal way, paying whatever interest and capital off over a period of time, whatever period may be agreed or extended periods that may be agreed. Again, that doesn't carry any particular political connotation, does it?

A. Well, I am just thinking as you are asking me the question, that I think later on we will be coming to a situation where an article appeared in the media about my indebtedness. That was a hostile article and

Q. As you saw it

A. And it was criticising me, in effect, for having that, having these borrowings from the bank, I think that implication could be read into it.

Q. That's how you viewed it, yes?

A. But I am just making the point that it's not as simple as you say, that a politician can borrow and owe money and nobody will ever say anything about it. That's the only point I am making.

Q. Yes, okay. But from the point of view of the responsibility of a politician or a responsible person looking at a politician conducting his life in the ordinary way, the responsible person would, I suggest, say, of course, politicians have to borrow money like every other member of the public if they were buying a house and

purchasing a car and matters of that nature, and they pay it back in the way all the rest of us do. A responsible person would say absolutely nothing wrong with that; isn't that correct?

A. I am tempted to say that in politics you are not always dealing with responsible people. I mean, there are people who are prepared to criticize politicians for anything.

Q. Yes, I accept that. I accept that. That goes with the territory of the practice of the profession, doesn't it?

A. Yes.

Q. But this particular indebtedness of yours was something that you wanted cleared off and as far as you were concerned, you didn't want anyone to know about it for your own reasons, and there is nothing wrong with that.

A. Yes.

Q. But because you wanted to clear off a debt, I am suggesting to you that you did not want to create another debt to put in its place.

A. In other words, robbing Peter to pay Paul as it were?

Q. Mm-hmm.

A. That would seem logical enough, but I can't say that that was my view at the time. I think my overriding urgent need was to deal with the AIB situation because they were pressing for a solution and going into the office of Taoiseach with this major difficulty with regard to AIB was an unhappy situation.

Q. Now, as you say, that would seem logical. And then you

have explained your state of mind at the time, and I am grateful for the benefit of your view now, as well as then, because I suggest to you that that is the logical view of the situation and that Mr. Traynor must have raised the money on your behalf other than by way of borrowings.

A. I can't accept that, Mr. Coughlan.

Q. You don't accept?

A. Well, I can't.

Q. Well, could I ask you this: You know and this Tribunal knows

A. Maybe I should qualify that, Mr. Coughlan, and say that at the time

Q. Yes.

A. I was of the view that he had dealt with the balance by way of borrowings.

Q. Now, if that was the source of the money that would have been perfectly acceptable, just borrowings occurring and in due course being dealt with, but in light of the facts which we now seem to have established, I am asking you to express a view if you can. On the facts as now appear, there were no borrowings. On the facts as now appear there were no borrowings.

A. There were no?

Q. Borrowings by Mr. Traynor to put that money together to pay off Allied Irish Banks?

A. I cannot say that. I cannot say that. That's a matter for the Tribunal to decide. I can only tell you what my

view at the time was.

Q. Very good. Well, if I come at it this way so, Mr. Haughey. If they be the facts as found by the Tribunal, if they be the facts that there were no borrowings to make up the 450-odd-thousand pounds, the balance necessary, would you agree that Mr. Traynor would have had to raise the money from other sources?

A. Yes.

Q. And you said yesterday that Mr. Traynor had implied permission from you to conduct the widest-ranging activities in respect of your financial affairs; is that correct?

A. Yes, yes.

Q. And he had implied authority, as far as you were concerned, to borrow monies on your behalf, perhaps to invest monies on your behalf I am just taking the full range of things perhaps to invest monies on your behalf, as he saw best, and you said possibly to ask people for money on your behalf.

A. Yes, either to borrow from individuals or to receive

Q. To ask them to receive money

A. Donations.

Q. Well, first of all, to ask them, would you agree?

A. Yes.

Q. And on the evidence before the Tribunal if the facts be found that there were no borrowings, doesn't it seem logical that he must have asked somebody

A. Sorry, Mr. Coughlan, are you just saying there were no borrowings from Guinness and Mahon?

Q. Yes.

A. Because there might have been borrowings from elsewhere, individuals or institutions.

Q. Anything is possible, of course, Mr. Haughey, but what I am asking you is to look at the evidence that we have here in black and white before us, the fact that there is no record of Mr. Traynor engaging in any borrowings as far as we can find. He never told you that he borrowed anything.

A. No.

Q. There were never any securities sought from you and you were never asked to sign any documents; isn't that right?

A. No.

Q. So I suggest to you that the logic of the situation must compel you to the view that he asked and received monies from sources other than borrowings?

A. Other than?

Q. Borrowings?

A. Well, I can't follow that, Mr. Coughlan. I mean, couldn't he borrow from other people or

Q. Individuals?

A. Yes.

Q. Now, let's examine that, so, and see if we can pin that down. This is for the assistance of the Tribunal, Mr. Haughey. We know you know, we know and the public knows, that Mr. Traynor asked a number of businessmen for

money for you, isn't that right, over the years?

A. Yes.

Q. Now, we also know from evidence given by businessmen to this Tribunal that he never asked for the money in the form of a loan with one exception?

A. I don't know that, no.

Q. Well, we know from evidence given by Mr. Bernard Dunne that through Mr. Noel Fox monies were solicited, not in the form of a loan. We know from Mr. Dermot Desmond that monies were solicited by Mr. Traynor, Mr. Dermot Desmond was not in a position to make a contribution at that time, but again there was no mention of it being in the form of a loan. And we know that he asked Mr. Michael Smurfit, again Mr. Smurfit not making a donation or a contribution at that time but the monies were not sought by way of a loan. Now, those three gentlemen have given evidence to this Tribunal to that effect.

Now, if that was the way Mr. Traynor approached prominent business people during a period of financial urgency, according to the information which was being given to some of these businessmen in the 1980s, doesn't it seem more than likely that if he approached anybody at this period, in late 1979 or early 1980, it would have not been for a loan but for a contribution, a donation, however it might be described? Would you agree?

A. I cannot say whether it was more or less

Q. Why can't you? You now have information available to you which allows you to address the issue, and I am asking you in the light of all the information which is available to you now, would you not agree that that this is more

MR. GARDINER: Mr. Chairman, just to clarify Mr. Haughey's role before the Tribunal. Mr. Haughey has come before the Tribunal as a witness as to fact. Mr. Coughlan is asking Mr. Haughey to perform your task, with respect, which is to conclude on facts which come before the Tribunal. If the facts are as Mr. Coughlan states them, that's a matter for you to find and for you to conclude upon. If Mr. Haughey gives evidence as to fact in 1980, or through the 80s or into the 90s, they will be matters which you have to consider. But Mr. Coughlan is pressing Mr. Haughey to either make a concession, make a speculation, make a conclusion, none of which are the role of a witness as to fact.

The Tribunal is inquiring into facts only, so Mr. Coughlan is now inquiring into Mr. Haughey's now state of mind, which is not a matter of fact which the Tribunal is inquiring into. So Mr. Coughlan has, for the last 10 or 15 minutes, pressed on this point. Mr. Haughey is not in a position to answer that as a witness as to fact, and I would ask the Tribunal to rule that Mr. Coughlan should not pursue that line of inquiry any further.

CHAIRMAN: Well, as you have implicitly agreed,

Mr. Gardiner, the task of the Tribunal is not an adversarial one. It is a fact-finding one and it is in that context that it seems to me counsel for the Tribunal is putting certain evidence that has been heard over previous days and the inferences that the Tribunal may be disposed to draw from that evidence, and is really offering Mr. Haughey an opportunity of indicating whether there may be some alternative inferences that may be more plausible that may be drawn from it. It's not a question of, in any sense, hectoring or forcing, Mr. Haughey to offer an opinion. It's giving him an opportunity to offer reflections on aspects of evidence that may be of assistance to me in drawing conclusions that may arguably be more favourable to him than other inferences to be put on evidence. But I don't interpret what is being done by Mr. Haughey as being some unfair attempt to force concessions from Mr. Haughey, and I have no doubt that Mr. Coughlan will bear that in mind in his further examination of the witness.

MR. GARDINER: Yes, I would just say this, Mr. Chairman, that the role, as we would see it, of Mr. Haughey, is to give evidence as to fact. The submissions as to what those facts mean when held by the Tribunal when his evidence is concluded is a matter for submission by the lawyers engaged by Mr. Haughey, not for Mr. Haughey. Mr. Haughey is here as a witness as to fact. At the conclusion of the evidence-gathering process that the Tribunal will



engage in, the Tribunal will, I think it has been established, invite submissions by any party affected by the evidence that has been given, and we would submit that it would then be appropriate for the lawyers engaged by Mr. Haughey to make submissions as to what the facts found or the evidence given amounts to.

For instance, yesterday, as a matter of incidence, Mr. Coughlan predicated with Mr. Haughey that the Gallagher sale document was a very unusual document. Now, that's a matter of submission that Mr. Coughlan or construction that Mr. Coughlan put on that document. Those documents are well familiar to people practicing law. Many documents of sale of land or any other major commercial transaction end up in the Four Courts as a result of the very informality involved. Now, those are matters that would be left until the conclusion of the Tribunal for submission, so Mr. Haughey's side of the argument would put it that that was a perfectly legitimate commercial transaction so stated to be by Mr. Gallagher, so stated to be by Mr. Haughey, so found to be effectively by the Revenue Commissioners and at that time no challenge was made to that.

Now, rather than interrupt the questioning of Mr. Haughey every time a speculation is put to him, we have left over an objection to that so that at the conclusion of the evidence, submissions can be made to that effect. But

when Mr. Coughlan presses Mr. Haughey for Mr. Haughey's conclusion or submission, effectively what he is asking him for is a submission on the evidence, and this is not the time for anybody to make a submission on the evidence.

The time for a submission on the evidence is at the conclusion of all of the evidence-gathering process of the Tribunal.

So, in that respect, Mr. Coughlan's questioning, I would respectfully suggest, should be limited to questions as to fact at the time or fact now but not speculation or conclusion on the evidence.

CHAIRMAN: I accept, Mr. Gardiner, that the course of procedures at the Tribunal will entail as an important part of the business at public sittings and perhaps in written exchanges, an opportunity for legal representatives of persons represented before the Tribunal to make submissions both on fact and on matters of law, but it has been the practice, as the Tribunal has developed its procedures over the previous 80-odd days, that the Tribunal has, in the course of its fact-finding operation, sought to both find out what a witness may seek to offer factually and also as has been done with numerous witnesses prior to Mr. Haughey, that counsel for the Tribunal may on occasions, say that a member of the public might be disposed to take a particular view on hearing certain evidence and to invite a response.

It seems to me that, particularly in the case of a witness

both of the importance factually of Mr. Haughey and also of the eminence and experience as has been shown in his long career, it would be an artificial and indeed unfair procedure to completely leave over all aspects of possible speculation or possible offering of a view on what might be inferences to be drawn from facts proven until legal representatives address those matters at the conclusion of evidence.

I certainly accept that there must be such an opportunity given to you and your colleagues and representatives of other persons at the end of the Tribunal. I accept that the primary thrust of the evidence of this or any other witness is to receive and test and inquire into the evidence to be given. But I do not accept that it is not, to some degree, part of counsel's function to invite a view on particular facts or the construction that may be put on it, but I accept that the primary thrust of the matter is factual. However, I am not going to inhibit Mr. Coughlan from some controlled and limited degree of inviting a view from your client on particular matters that may be of considerable importance.

MR. GARDINER: Thank you, Chairman.

Q. MR. COUGHLAN: Now, Mr. Haughey, I think we were dealing with that it is known, it is a fact, that Mr. Traynor approached a certain number of people and asked for money

on your behalf; isn't that correct?

A. Yes.

Q. And if it be found as a fact that this, the 450,000 going into this account, did not arise by way of a loan, but was sourced from other people, I am asking you does it not appear to you at this stage to be likely that Mr. Traynor solicited or asked for money on your behalf and didn't ask for a loan?

A. I cannot say.

Q. Why can't you say?

A. Because I have no knowledge of what Mr. Traynor may have done or not done at that time or what his approach may have been. It was that was something that he did of his own volition.

Q. Very good. Now, this relates to Term of Reference (a), Mr. Haughey, as to whether any payments I'll use the term payments to include benefits and matters of that nature were made to you in circumstances giving rise to a reasonable inference that the motive for making the payment was connected with the public office held by you or had the potential to influence the discharge of such office. You understand that that was why I am asking you I am not dealing at this period in the Tribunal's evidence with any questions of favours or acts done or anything of that nature. It's monies which may have been given to you or solicited on your behalf in circumstances giving rise to the inference that they are connected with

the holding of public office. Do you understand where I am coming from in asking these questions now?

A. I am just thinking as you are talking to me, Mr. Coughlan, that you seem to draw a conclusion that if Mr. Traynor approached somebody on my behalf, it had necessarily to be by way of donation, and you mentioned a few cases. I am just recalling that I think we will be coming later to an incident with Mr. P V Doyle, I think in that case, it was a case of borrowing.

Q. On the face of it, yes, that would appear to be the case on the face of it. But there was evidence given by people from Doyles about that, that there was never anything

A. So that Mr. Traynor's approach, therefore, could be both. It could be sometimes pure donation, sometimes borrowing.

Q. In the case of Mr. P V Doyle, a loan was raised in Guinness and Mahon guaranteed by Mr. Doyle, effectively guaranteed by Mr. Doyle. That was the way it was done there. It was a loan in Guinness and Mahon. It wasn't a loan from Mr. Doyle.

A. I think, in effect, it was.

Q. Well, we'll come to that in due course and how it was dealt with by Mr. Traynor at the end, of course.

Now, of course, that loan was never paid back.

A. I am not aware of that.

Q. I see. Well, we'll come to it in due course. So if it was done by way of a donation or by way of a loan, can I ask you this, did you ever payback any loan of 450,000 or

part thereof, to your recollection?

A. I wouldn't pay it back. If it were to be paid back, it would be paid back by Mr. Traynor on my behalf.

Q. Well, where would the money have come from to do that?

A. Well, I have mentioned to you already that my accountant is of the opinion that there were later borrowings which might have been used to repay borrowings at this point, the point we are dealing with, from Guinness and Mahon.

Q. That is borrowings which took place in Cayman, isn't that correct, in the sum of 400-odd-thousand pounds? And I'll come to that as well. But that is speculation by your accountant now, isn't that correct, looking back at the situation?

A. Yes, but you asked me specifically was any money was any money ever paid to Guinness and Mahon arising repaid to Guinness and Mahon out of borrowings on this occasion. I am only saying to you, from my own point of view, that I am aware that there is that possibility. I make it no more than that.

Q. We will examine that in detail in due course, in fairness to you, Mr. Haughey. But on the evidence, which, of course this evidence of this special account and the monies going into it and the evidence of Ms. Kells of how the money went into that account, did you discuss that with your accountant when he expressed the opinion that borrowings which subsequently occurred were used to pay back borrowings to satisfy what went into this account?

A. No. My accountant and he is available to give evidence to the Tribunal, and we are anxious that he might I would think that his view is a kind of an overall view, that if there were borrowings at this stage, the stage we are dealing with to pay off the AIB debt, that those borrowings might, in due course, have been repaid by the borrowings he mention in 1982.

Q. Of course that is so, and that anything is possible if there were borrowings at this stage; isn't that right?

A. Yes.

Q. But I am suggesting to you that on the evidence which is before you now

A. Sorry, Mr. Coughlan, you asked me did I ever repay the borrowings, which I am suggesting to you may have been engaged in at this point in time. I am saying to you, first of all, I wouldn't have paid them, Mr. Traynor would. But it is a possibility that that money in 1982 might have been used to repay borrowings at this stage. That's all I am saying. I am not being adamant.

Q. I accept that that could be the case, if there were borrowings at this period.

A. Yes.

Q. If. And what I am asking your view on is that if the fact be found that there were no borrowings at this period, that the likely source of the money was either individuals or companies who Mr. Traynor approached on your behalf, would you agree?

A. Well, I think I said yesterday that there is also the possibility it might have been out of resources at his disposal.

Q. To your knowledge, did Mr. Traynor himself have an account at the Rotunda branch of Bank of Ireland?

A. I wouldn't know.

Q. Well, from an examination conducted by the Tribunal, it would appear that he didn't have an account himself at the Rotunda branch.

A. I accept that, if that's...

Q. If Mr. Traynor approached individuals and you say he had that implied authority from you if necessary, can I take it that it would be individuals who would be supporters of yours, would be a fair way of putting it?

A. That's a likelihood but I am I cannot say whether it's a definitive position or not.

Q. He'd hardly approach your political enemies?

A. Well, they might be neutral.

Q. And if he approached people to make what appear to be substantial contributions for or on your behalf, would you accept that that was by reason of the office you held at the time?

A. No.

Q. Would you have had a concern if you had known at the time that Mr. Traynor had approached somebody, had solicited funds of this size on your behalf?

A. I cannot say at this stage what my position would have been



at that time.

Q. By looking at it now well, perhaps I will go back to that time. I take it that as the holder of the office of head of government, you would not have wanted to be beholding to anybody, wouldn't that be correct?

A. Well, the main purpose of the exercise at that stage was not to be beholding to AIB or not to be subject to public pressure by them.

Q. I think we can take it as a given that it would be inappropriate for a Taoiseach to be beholding to anybody financially, would you agree with that?

A. Yes.

Q. And I am not even talking in the context now of some vulgar or crude way of somebody paying money to get an actual job done. I am talking in its broadest context, it would be inappropriate for a Taoiseach to be beholding financially to anybody, would you agree?

A. Well, it all depends on beholding, the meaning of the word beholding. I would think that it would be valid for individuals or institutions to support a political person, because they believed in him or her or what they were doing, for absolutely totally disinvolved motives.

Q. I just want to be clear about that. There are two levels of support, and if for the assistance of the Tribunal, because your view is important on this, Mr. Haughey, you being the professional politician; there is support which is normal political support, which is contributions which

are made to politicians to enable them to fight election campaigns or perhaps to service their clinics or something like that; isn't that correct?

A. Yes.

Q. There is support then which is of and I take it that we probably don't have any great issue to join on that concept of support?

A. No.

Q. Now, is that the type of support you are talking about?

A. Both.

Q. So you are talking about a support over and above that which would be to fund the living expenses of a Taoiseach?

A. No, to alleviate the financial difficulties of a particular politician. I am quite sure in modern political history it's happened time and time again. I am thinking of the sort of situation where a group of friends would come together and out of purely altruistic motives, assist a particular politician in a particular plot of difficulty.

Q. Should that be made public?

A. Not necessarily, because the circumstances of the politician's difficulties, he might not wish to have them made public, or the fact that he had difficulties.

Q. I understand that the politician may not wish to have them made public, but a public man's affairs, if he is being supported by individuals, surely you must agree is a public matter?

A. Well, there is very little I don't see there is any

great difference between that sort of support, assist a politician with a particular difficulty, and a group of friends and supporters assisting the same politician in the discharge of his public duties or fighting election campaigns or running a constituency office. I can't see there is any big line of differentiation.

Q. Well, can I ask you this: If a politician is supported by if a public person is supported by individuals or a group in respect of his own personal financial affairs, is there not the risk that, first of all, the public person may behave even subconsciously more benignly to the interests of such people? Isn't there the risk that the person who makes the contribution would feel that they were in some way entitled to preferential treatment?

A. No, that does not follow.

Q. That does not follow?

A. No.

Q. That there is such a risk?

A. There are many public-spirited people who subscribe to political parties and to individual politicians and who have no anticipation of anything other than the political success of the individual.

Q. The political success of the party of the individual because that's giving rise to a policy which somebody favours and wishes to support?

A. No, no, no, because they are doing a good job.

Q. I see.

A. Because they are running a country well, because they are engaging in initiatives which are beneficial to everybody, as I think I continually did.

Q. So as far as and I am inviting your view on this, Mr. Haughey. You see no distinction between political contributions, say, for the purpose of fighting elections and personal contributions to support the public person whilst he is in public office? You see no distinction?

A. Supporting his public career, yes.

Q. I see. To whatever standard that person may aspire to, for example I am being serious to whatever standard that person may aspire to himself even, that that is appropriate, in your view?

A. I am not quite sure of the thrust of that question.

Q. Well, in this case there was over a million pounds owed by you to a bank which was at the time substantial money; isn't that correct?

A. Yes.

Q. You had assets of your own which would have more than satisfied that particular indebtedness; isn't that correct?

A. I disposed of some of them.

Q. What did you dispose of?

A. The land to Mr. Gallagher.

Q. You never disposed of the land.

A. I actually disposed of it. The fact that the Gallagher Group went under and didn't follow through on the contract was something entirely different. In fact, I entered into

a contract to dispose of those lands.

Q. I'll come back to it in a moment because I intended to come back to it, Mr. Haughey, so I won't engage in any questioning of you in respect of that.

But what I am interested in, and the Tribunal is interested in, is your view that to support a public person in their private life is appropriate; that's your view?

A. Not quite. The public life. I mean, a politician could get into financial difficulties inadvertently or as a result of accumulation of election campaigns which has happened very much in our recent history, and a group of supporters and friends come together and, as I say, without any ulterior motive whatsoever except to support the politician in his political activities to help out of those difficulties.

Q. Very good. Let's examine that so.

You could have a politician, everyone concedes, could get into financial difficulties with accumulated election expenses, for example; or if there had been a number of elections in quick succession, one could find oneself in that situation, and a group of supporters or individuals may come together to alleviate that burden, that is, I suggest, in the same category as making a political contribution to a political party or to a politician at election time, wouldn't you agree?

A. Yes, but I think we are getting into nebulous areas,

Mr. Coughlan.

Q. It's very serious, Mr. Haughey.

A. I know they are serious matters, but I am just giving you you have asked me for my view about these things and I have given it to you as best I can.

Q. Well, what I want to clarify then is that if a politician who had an income, say, from politics and perhaps had some other source of income, could afford, for example, to live in a particular type of house but he decided that, no, I want something bigger and better now, it's got nothing to do with his public life in those circumstances, is it your view that it would be appropriate for individuals or a group to come together to support that politician in his private life?

A. Not in that particular situation of moving from one house to another, a bigger, better house, no.

Q. Or if he had run into financial difficulties by attempting to maintain a position?

A. Well, I don't know that the nature of the origin of the financial difficulties would be all that relevant, but what I am saying is that if a particular politician who people whose work people value and whose policies they supported were in particular financial difficulties at any stage and there are many reasons apart from the one you mentioned which would give rise to such financial difficulties then I cannot see that it would not be legitimate for a group of supporters or friends with no

motive whatsoever, no ulterior motive whatsoever, to come to the aid of that politician.

Q. And that that

A. I can't go any further than that, Mr. Coughlan.

Q. I am asking you something now, Mr. Haughey and that the public would have no right to know about that you think?

A. I wouldn't go that far.

Q. You wouldn't go that far?

A. No.

Q. Because

A. I mean, there are occasions, I think, when public functions are organised, the object of which is to get individuals out of difficulties, and they would be of a public nature.

Q. Now, in your particular case here, the difficulties persisted for years and years, isn't that correct, all through the seventies, or from the

A. Accumulated.

Q. Accumulated. And there was no support forthcoming, as far as we can see, in terms of monies to reduce any indebtedness, and can you tell us whether any support was solicited or sought during that period?

A. I couldn't say specifically, but I wouldn't certainly rule out that no political support was forthcoming or no support was forthcoming. At that time in the seventies, you will remember that I was actually in what they call the political wilderness, that I was engaging in very, very intense political activities, travelling, so on, meetings,

to rehabilitate my political position so that I don't know I cannot at this remove say whether or not I received any particular support for those type of activities.

Q. Well, there were no lodgements to this bank account anyway during that period, so on the face of it, it would appear there was no support forthcoming or used to reduce this particular financial difficulty; isn't that correct? And you became Taoiseach on the 11th December 1979 and on that same day, all of the money began to become available to deal with the Allied Irish Bank indebtedness; isn't that correct?

A. Well, I think that's putting an entirely false coincidental aspect. The point was, as I was becoming Taoiseach, I decided that it was for two reasons it was necessary to settle the AIB situation; one was, as I say, for the public perception of it; and the second was for the pressure being exercised by AIB. And, therefore, I asked Des Traynor to enter into discussions with AIB to resolve the matter so that I could go ahead go into the office of Taoiseach with a clear sheet from that point of view as it were.

Q. So it was

A. That's the way I look at it.

Q. So it was at that time that you asked Mr. Traynor to negotiate with AIB.

A. Yes.

Q. He not having been involved with AIB other than on one



short previous occasion back in the mid-seventies; isn't that correct?

A. I don't think that's correct. I know that is your thesis, and you have pointed out that for four years, I think it was, that there were no memos, internal AIB memos, of meetings with Mr. Traynor. But I am absolutely certain that at all times he was conscious of, involved with AIB, the AIB accountants, so far as I was concerned I have made this point again and again, Mr. Coughlan.

Q. Yes. If the suggestion were to be put to you, and this is to allow you comment, Mr. Haughey, on it, that it is wholly incredible that this indebtedness would have been settled on your behalf by Mr. Traynor without you knowing the sources of the funds

A. No, I did not know the sources. I cannot invent sources, Mr. Coughlan, and I don't think you want me to invent sources.

Q. No, I do not.

A. And I have explained to you ad nauseum that I did not know that this special account was there, that I did not know the credits had been made to that account; and, therefore, that's where my knowledge ended.

Q. Well, again, I am putting this type of question to you to allow you comment upon it. I accept that you may not have known the detail, like the existence of a particular type of account or the various movements on the account, but you did know that 750,000 was paid to Allied Irish Banks.

A. Yes.

Q. You did know that 300,000 came from Mr. Gallagher?

A. Yes.

Q. You did know that Des Traynor was had assembled the balance of the money, would be a fair way of putting it.

A. Yes.

Q. And would you accept that it would seem incredible that you would not have had some discussion with Mr. Traynor as to where the rest of the money had come from?

A. No, because I told you that he was an individual who did things in his own way and I, at all times, assumed, but without knowledge of this special account to which you keep referring, without knowledge of that, that I assumed that the balance had been raised by borrowing in some form or another.

Q. If it had been raised by way of donations or contributions I use the term not as a term of art would you have expected Mr. Traynor to have told you where it came from?

A. No, not necessarily.

Q. Why not?

A. Because he may have respected, if there were people who were making the contributions in confidence, he would have respected that confidence.

Q. But

A. And, in fact, I will go further. I would say that he would probably regard it as a protection of me that I would not

know who had subscribed.

Q. But as the practice of the profession of politics, didn't that have a risk for you, Mr. Haughey, in that you may have been held hostage by somebody who may have donated, say, 150,000?

A. In what way?

Q. If somebody knew that they had given it to you, that they may have said it, they may have publicised it, they may have spoken to Mr. Traynor and said, look, I gave 150,000, I am not looking for Mr. Haughey to hand me a licence or something or anything like that, but I want my view on some particular matter taken into account. Wasn't there that risk?

A. I can assure you that Mr. Traynor would never ever do anything like that. He was totally removed from any form of political activity of that kind.

Q. I'll come to that, Mr. Haughey, at a later stage.

A. Okay.

Q. And I won't necessarily hold you to what you have just said now, but I'll come to that at a later stage.

But what I am asking you is, and I am trying to explore on behalf of the public, how this could have occurred, as you say, without you knowing the source of the money. You say you didn't know the source of the money because Mr. Traynor didn't tell you. You had a belief that it was done by way of loan, although when I asked you about that, there was no

factual basis, I suggested to you, for that belief.

What I am asking you about now is: If it arose other than by way of loan, that is, by way of donation, and you didn't have an idea of what contributors were, not necessarily the amounts, but who the contributors were, there was a potential political downside for you, would you agree?

A. In what?

Q. If you did not know, as a politician, who the donors were, or donor, if it was just one, that there was the potential for a political downside if, for example, you made a decision or the government made a decision which was offensive, not contrary to the interests even of the person involved, but just offensive to that person, there was the danger that that person could make public that this donation had been made and thereby giving rise to a political downside for you; isn't that so?

A. I think it's farfetched. The situation was that Mr. Traynor, if he did, at any time, not in this particular instance, but at any time raise donations on my behalf, he would almost certainly not inform me as to the origin of those donations, as I say, for my protection and that was the important thing. I think the other situation which you are envisaging was unlikely, and indeed, if it happened, it was one which I would have to face politically myself publicly.

Q. Was the question of confidence something you discussed with Mr. Traynor confidentiality in relation to donations,

was that something you discussed with Mr. Traynor, that any donations should remain confidential?

A. I don't think that we ever had a specific discussion about it, but certainly implicit in the whole situation.

Q. And you believe that it is just coincidental that your elevation to the office of Taoiseach and the monies coming together to get rid of your indebtedness with Allied Irish Banks occurred at or around the same time?

A. I think the relationship of all those events to each other is obvious. It was because I was becoming Taoiseach that the overwhelming necessity arose to deal with the AIB situation. It was because the necessity arose to deal with the AIB situation that Mr. Traynor went to negotiate and deal with the situation.

Q. And

A. The three of them were interrelated

Q. It was because you were elected as Taoiseach and had to deal with your indebtedness with AIB that monies had to be put together; isn't that correct?

A. That's the only reason, yes.

Q. So there can be little doubt that any monies which Mr. Traynor raised, if they were not by way of loan, were connected with the office you held. It was because of the office you held that this had to be done; isn't that correct?

A. No, no. Because as incoming Taoiseach there was a situation which could be of embarrassment to me which had

to be dealt with. Not because of the office I held.

Q. Sorry, Mr. Haughey. I don't understand that. Surely it was because of the office you held. It was the office of Taoiseach and you didn't want an embarrassment?

A. It was because of the difficulty in which I was, rather than because of the office. There is a distinction.

Q. I don't want to be smart, but is it a distinction between a difference, Mr. Haughey?

A. We will have to leave it at that, Mr. Coughlan.

Q. Now, out of that special account there was there were two other drawings other than the monies that went to Allied Irish Banks, the 750,000 which went to Allied Irish Banks; one was a drawing of 30,000 made payable to what's known as the Haughey Boland No. 3 account at Guinness and Mahon, and I think over and over again there has been evidence at this Tribunal from Guinness and Mahon and from Messrs Deloitte & Touche who took over the firm of Messrs Haughey Boland, that it was out of this account that the bill-paying service was provided for you. Do you accept that?

A. Yes.

Q. And would you accept that on the evidence available that it is likely that the 30,000 drawn out of the special account that went to the Haughey Boland No. 3 account was expended on your behalf?

A. I think you said likely. It was likely, yes, but not conclusive.

Q. This isn't a criminal trial, Mr. Haughey. This is a Tribunal trying to establish facts.

And then there was a final drawing of 5,000-odd pounds, maybe 5,000 and a couple of hundred pounds, I can't read the exact amount, which was drawn off and the account closed then.

Do you remember around this time whether Mr. Traynor gave you a cheque or cash in the sum of 5,000-odd pounds?

A. I wouldn't remember, but I doubt very much if he would.

Q. Did he ever give you cash?

A. No.

Q. Did cash ever come from his office for you?

A. Cash may have come for a specific purpose from the Haughey Boland/Deloitte Touche paying mechanism, but it would be part of the expenditure payments. But I wouldn't recollect it, it would have been very unusual I think.

Q. To have received cash?

A. Yes.

Q. Or a cheque? Do you ever remember receiving a cheque from Mr. Traynor?

A. No.

Q. How often would you have seen Mr. Traynor around this time?

A. Around that time, probably fairly often, around that particular time.

Q. Yes. Well, I am sorry, I don't want to be specific to the concentrated period of the settlement of the debt, but say

from the time you became Taoiseach, you would have seen him how many times roughly up to the final settlement of the debt? Daily? In that short time span, say, from the 11th December up to about the 24th January or thereabouts?

A. Well, Christmas intervened.

Q. Yes?

A. And I am not sure I would have seen him very frequently.

As I think you probably garnered yourself from your investigations, Mr. Traynor wasn't a man who held meetings just for the sake of having them. He came to see you if he had to see you. And my recollection of that time would be the main meeting was when he took over the negotiations, and entered into negotiations and then when he sent me out the letter or brought me out the letter to sign, the settlement letter.

Q. Did Mr. Traynor call to Abbeville usually about once a week or thereabouts?

A. No. You mean in the normal course of events?

Q. Yes.

A. I wouldn't think so. I would say monthly, or bi-monthly or thereabouts.

Q. And what would the purpose of those particular meetings be?

Leave aside the specific aspect now of negotiations with Allied Irish Banks, but in general, what was the purpose of the meetings? Was to render financial advice to you or

A. Well, very often it would be to advise me to reduce my expenditures. But apart from that, he was a very



financially knowledgeable person and I was always glad to talk to him about the economic situation.

Q. And he was a friend

A. He had a particular insight into it, being a banker.

Q. So Mr. Traynor, both from his training as an accountant, his interests and his profession as a banker, and subsequently as a Chairman of one of the major companies in the country, was a man who had an interest and a view on economic and political matters; would that be fair to say?

A. Yes, of course.

Q. He was a friend of yours also; isn't that fair to say?

A. Very much so.

Q. And apart from giving financial advice or perhaps

A. Strictures

Q. Strictures, reprimanding you perhaps, he would also perhaps have discussion about economic and political matters with you, would that be correct?

A. Yes.

Q. Now, at this time when the debt with Allied Irish Banks was settled, your only source of income was from public office; isn't that correct?

A. Yes.

Q. I think from the memoranda we have seen in Allied Irish Banks, there wasn't much of a profit being turned over at Abbeville. Would that be fair to say?

A. Probably not. I wouldn't be too clear at this stage.

Q. How did you believe, if your belief at the time was that

Mr. Traynor was going to arrange further borrowings, how did you believe that those borrowings might be discharged?

A. Borrowings from Guinness and Mahon

Q. Guinness and Mahon or some other source that Mr. Traynor may have approached. How did you believe that they may have been discharged?

A. Well, as I have already said, there was always Abbeville in the background to everything and the it was always it was steadily increasing in value, and I always believed vaguely at the back of my mind that at the end of the day Abbeville was always there to deal with the situation.

Q. Yes, I can understand that as the comfort, there was a comfort in knowing that there was a substantial appreciating asset in the background. But you never did sell any of Abbeville over all the years; isn't that correct?

A. I didn't have to. I am just trying to think now

Q. There may have been little bits here and there

A. I did sell one field now I remember.

Q. Yes, but was there ever any reality in the view that Abbeville was going to be the source of repayments for any of the loans, that you were ever going to get rid of Abbeville at that time?

A. Of course there was, yes, somewhere down the line, yes.

Q. But you knew that the loan a loan would incur interest charges and that a loan would incur interest charges?

A. Yes, of course, yeah.

Q. And that they'd be growing away if something wasn't done to reduce them?

A. Yes.

Q. And that any bank, whether it be Guinness and Mahon or any other institution Mr. Traynor might have approached would eventually get into the same state of indignation that Allied Irish Bank appeared to have got into and would require settlement at some stage; isn't that right?

A. I didn't advert to it in those terms. I just had the I was reasonably happy in the situation that Mr. Traynor was looking after my affairs and that, at the end of the day, there was this valuable asset there which was increasing in value all the time, which if the chips were down it was there to handle the situation.

Q. If the chips were down ?

A. If the chips were down.

Q. And might I suggest to you that that probably lends more support for the view that at the time that the indebtedness was dealt with, that you were aware that no loan was being taken out, but that the debt was being cleared and you were being left free of debt.

A. No, I was not. I don't think that follows at all.

Second if the chips were down is an answer.

Q. Very simply, you say that if the chips were down, you knew you could never service a loan of this nature; isn't that right, out of your income?

A. I knew?

Q. You knew you could not service a loan

A. Yes, sorry, yes.

Q. You knew that banks required loans to be serviced?

A. Yes.

Q. You have said that if the chips were down in the long term, Abbeville was there to fallback on?

A. Yes.

Q. You knew that you couldn't pay back the loan, so where did you think the money was going to come from?

A. Well, as I said, the one occasion we sold a field off Abbeville; on another occasion we sold a farm out at Ashbourne. So it wasn't a totally static situation.

Q. And on many occasions in the course of your life, you received very large donations from individuals; isn't that right?

A. On occasions.

Q. Yes, and you knew that, Mr. Haughey, didn't you?

A. I don't understand what you mean I knew that.

Q. But you knew that when you became Taoiseach, that if Mr. Traynor wasn't going to raise money by way of a loan, that he had your implied authority to solicit funds from individuals or groups on your behalf by way of donation, didn't he?

A. He had implied authority at any time to deal with my affairs as he thought best.

Q. But you knew that that was one of the possibilities; isn't that right?

A. It was always a possibility, yes.

Q. So I am suggesting to you that in the context of you knowing you had no prospect of repaying a loan of 450-odd-thousand pounds out of income, and that your view about Abbeville was that it was there in the last analysis, that it was more than likely weighing on your mind at that time that this debt should be cleared off once and for all and that another debt should not be put in its place?

A. No, because the facts are against you, as I have already pointed out, that a loan was raised in 1982 which presumably paid off any indebtedness arising at the time of the settlement with AIB.

Q. Mr. Haughey, why do you say that? I'll come to that in due course. But just in general terms, that loan was raised from Guinness Mahon Cayman trust, Central Bank approved was obtained first of all, we don't know if a loan was raised. There is documentation in the Central Bank which shows an application for a loan of for Exchange Control approval for a loan of 400,000; isn't that correct?

A. Yes.

Q. The stated purpose, the stated purpose on the Central Bank documents was to carry out works at Abbeville; isn't that correct?

A. I don't remember.

Q. Well, you can take it from me that that is so. There does not appear to be any record of that particular loan that we

can find at the moment anyway of ever having been paid off?

A. I don't know about that. You have the

Q. Well, do you remember paying off a loan of 400,000 Sterling to Guinness Mahon Cayman trust?

A. Sorry?

Q. Do you remember paying off that loan?

A. No.

Q. Now, you, through your legal advisers, in respect of this particular matter, have furnished us with a waiver to allow us to make further inquiries in respect of it, but can I take it that the accountant who expressed the opinion that that loan may have been used to pay off borrowings if they occurred previously had no more information than the Tribunal has at the moment?

A. He will give you all the information he has.

Q. Yes. Now, if I may go to the document signed by yourself and Mrs. Haughey. It's at divider 1.3. I will give you a hard copy of the actual document itself Mr. Haughey.

(Document handed to witness.)

This is the it's volume 2. Now, it wasn't I didn't predicate anything by suggesting that this particular document was unusual. That was the evidence given by Mr. Lawrence Crowley, and in his evidence he furnished to the Tribunal correspondence he had with the Revenue Commissioners in relation to the matter.

Now, first of all, if I could just ask you, you know that Mr. Patrick Gallagher gave evidence that it was he who raised the question of requiring something tangible for the payment of 300,000 and that it was he who suggested land or depot on a land at Kinsealy. You know he gave that evidence?

A. Yes.

Q. I know that you gave evidence that it is your belief that it was you who initiated that particular aspect of the transaction; is that correct?

A. (Nods head up and down.)

Q. Do you have an actual knowledge of that? Do you remember that, Mr. Haughey?

A. No, not specifically, but as I think I have already mentioned to you, it would have arisen naturally in the context of AIB suggesting that I should do a deal with Mr. Gallagher for the sale of lands. This was an option open to me and I think it was arising out of that, that I suggested to him that he should purchase some of these lands. And I

Q. That's how you arrive this is why you believe that the situation was that you initiated

A. Yes.

Q. Mr. Gallagher was dealing with a man who had just become Taoiseach of a country, and he remembers being summoned sorry, requested to attend Abbeville, and he remembers the detail of where the meeting took place, his brother being

outside and matters of that nature.

Now, ultimately, the Tribunal will have to come down on one side or the other as to what is the more likely in the situation

A. I think you left it at that yesterday, Mr. Coughlan.

Q. Yes. What I want to ask you is this, and what I was asking you is whether you actually remembered it, because I was looking for all evidence that may be available to the Tribunal to assist the Tribunal in determining that particular matter.

A. Yes.

Q. But you see no reason, do you, why Mr. Gallagher's recollection should be faulty or frail?

A. No. I would say that he gave as good a recollection as he could honestly of that conversation.

Q. Now, I take it you accept that there is a significant difference to this extent. Mr. Gallagher's evidence is that he was being asked to help out in a financial crisis, and it's your belief that what you were doing was initiating a process for raising money by way of the sale of land.

A. Yes.

Q. To your knowledge and we know that the Gallagher Group got into difficulties in late 1982 and that Mr. Crowley was appointed Receiver but between the 27th January 1980 and up to 1982 when the Gallagher Group got into difficulties, did you take any steps to try and complete this particular



contract?

A. To complete the contract?

Q. Yes, to move it along.

A. No, because it was the closing date, as it were, was five years down the road.

Q. No, it was open for that period, there was nothing to stop either party attempting to, in the normal course of business, get the deal completed. Did you ever, in that two-year period, ask Mr. Gallagher or anyone in the Gallagher Group, or did anyone on your behalf ask them was any progress being made on this deal?

A. No, because from our point of view there was no longer urgency. The deposit had been paid off and had made its contribution to the settlement of the AIB situation, so that there was no particular urgency in completing the remainder of the deal.

Q. And from the evidence which has been given to this Tribunal, there would not appear to have been any steps taken by Mr. Gallagher or the Gallagher Group in respect of this particular transaction in that two-year period either?

A. I don't know of any, yes.

MR. GARDINER: With respect, Chairman, this was the line of territory that Mr. Coughlan went down yesterday in relation to this agreement and, as it were, not going to leave over to submissions necessarily until the end.

If Mr. Coughlan is representing that Mr. Gallagher's

evidence is that this was a donation, it was an unusual agreement, a donation and nothing was done about the agreement for two years, that's not, in fact, the complete story of Mr. Gallagher's evidence.

Mr. Gallagher's evidence was, in relation to the monitoring of the agreement, firstly, that as a matter of course, the architect for the Gallagher Group did monitor the progress of lands. So if Mr. Coughlan's question is predicated on nothing was done to complete the transaction, vis-a-vis paying over money, that's one thing. But if the question is predicated on the basis that Gallagher simply paid the money and did nothing and ignored the lands, that would be an incorrect premises for that question.

Secondly, Mr. Gallagher's evidence was that if Mr. Haughey had not agreed to sell the land, he would not have helped him out. This is not being put in that way by Mr. Coughlan.

Thirdly, Mr. Gallagher's evidence was that this was an agreement that made tremendous commercial sense as far as he was concerned.

And fourthly, Mr. Gallagher's evidence was that he said specifically: "The thing about it is this, the type of agreement done 20 years ago and the type of agreement done today are two different kettles of fish altogether. Your word was your bond 20 years ago. You don't know where you

stand today."

So the questions that are being put to Mr. Haughey are, in my respectful submission, based on a slightly incorrect premise to the reality of the totality of Mr. Gallagher's evidence.

And as I mentioned in my earlier submission today, Chairman, this agreement was looked at by Mr. Crowley. Mr. Crowley thought it was an unusual agreement. Opinion was taken from counsel. Discussions were made as to whether there was any basis for trying to overturn this agreement back in 1982 and a decision was made that it should not be overturned, that there should be no challenge to it, one of the bases for that opinion being Mr. Gallagher's unusual style of doing business.

So that Mr. Coughlan's continued pressing of Mr. Haughey as to the unusualness of the agreement, or the fact that people may not have pressed it on prior to 1985 is, in my respectful submission, not giving a fair basis for the questioning of the witness.

CHAIRMAN: Well, I recall all the matters you have mentioned, Mr. Gardiner, although I scarcely think having had the Group's architect examine the proposal indicated some breathtaking anxiety to proceed with the project. I believe that Mr. Coughlan will, as is his duty in a nonadversarial way, deal with the various aspects, both of

Mr. Gallagher's recollections of the agreement made with Mr. Haughey and also with the various matters that relate, as you have indicated summarily, to Mr. Crowley's evidence and his dealings with both Arthur Cox & Co., the late Mr. Raymond O'Neill and the Revenue Commissioners. I think these are matters welcome too. I have no reason to believe that Mr. Coughlan is going to put them in any one-sided or pejorative way. I will see that you have an opportunity to address any matters before we proceed onto the next issue, as I take it it will probably be your preference, and I think in any event your client is indicating a capacity to handle his examination more than competently without any more than a modicum of interruptions.

Proceed, Mr. Coughlan.

Q. MR. COUGHLAN: Now, what I was attempting to establish, first of all, to your knowledge, were any steps taken by the Gallaghers or the Gallagher Group to try and complete this particular agreement in the two-year period?

A. Well, I said no a moment ago but now I had forgotten that this business of the architect going out.

Q. I see.

A. I had forgotten that.

Q. Do you remember the architect going out?

A. No.

Q. I see. Now, first of all, I'll deal with Mr. Gallagher's

evidence, then I will deal with Mr. Crowley's evidence and the view of Mr. Crowley, the view of the Revenue Commissioners and the administrative decision taken by Mr. Parcaire in relation to the matter, and then I will ask for your view if a suggestion were made about the agreement, and you can express a view on it.

Now, Mr. Gallagher did give evidence that when he gave his evidence and having received legal advice, the probability was that this was not capable of enforcement through the courts.

A. Sorry?

Q. That it wasn't probably capable of enforcement through the courts, this form of agreement, but that he believed you to be a friend and a man of honour and he trusted you in relation to it.

A. Yes. Well, I would almost certainly have been anxious myself to pursue it, to raise the necessary money.

Q. Mm-hmm. And he expressed the view that notwithstanding its unusual nature, because of his friendship, his belief that you would complete the agreement with him, this is I am summarising his evidence in general terms now that he still believed that there was commerciality in respect of this agreement. That's his evidence?

A. I thought he went further than that and he said it was a very good commercial transaction from his point of view and he was very satisfied with it.

Q. Now, you know that Mr. Lawrence Crowley gave evidence in

respect of this agreement because he first of all, did

you retain a copy of that agreement?

A. I beg your pardon?

Q. Did you retain a copy of that agreement?

A. No.

Q. How many copies of it were there?

A. I have no idea. I signed them Maureen and myself

signed it, that was the end of it as far as we were

concerned.

Q. You signed one only?

A. Maybe we signed two. Normally, we would sign two, I

think.

Q. Was it, you say, Mr. Michael McMahan who drew up the

document?

A. Yes, he did.

Q. Is Mr. Michael McMahan available?

A. No, he is dead.

Q. And was it Mr. McMahan who brought the document to you for

signing?

A. I would think so, yes.

Q. When did Mr. McMahan die, can you remember?

A. Oh, some years ago. He died quite young as a matter of

fact.

Q. I see. But you can remember Mr. McMahan coming to you

with the document?

A. No, I can't remember, but I am sure he did, but I do

remember him pointing out that the question of the sale of

the lands, and in particular the receipt of deposit, would involve capital gains tax. He was quite specific about that. Which we paid, incidentally, for the benefit of

Q. I will come to that as well, Mr. Haughey. Well, Mr. McMahon, if he, as you believe, prepared the agreement and must have brought it to you for signing or

A. I think we could accept that, yes.

Q. And he was providing both taxation and effectively legal advice all in one go to you, would you agree, as the person involved?

A. Well, he prepared the document and advised me on the tax implications certainly.

Q. And you believe that you may have signed two of these is that right which would be normally one does sign two documents in relation to the sale and purchase of lands.

You believe that there must have been two?

A. I don't know, but I would imagine in the normal course of events two would have been signed, yes, one to be retained by our side and the other to be retained

Q. And one to go to the other side. Yes, so we know that this particular document comes from the Gallagher side because these were under the control of Mr. Crowley.

A. Mm-hmm.

Q. If you didn't retain a copy yourself, then Messrs Haughey Boland or Deloitte & Touche must have a copy, would you agree?

A. Or Michael McMahon himself.

Q. Or Michael McMahon himself?

A. Yeah, because he would be dealing with the income tax aspect after, so he may have retained the document from that point of view not the income tax, sorry, the capital gains tax.

Q. Mr. McMahon was a member of the firm of Haughey Boland, is that correct?

A. Yes, he was a senior partner.

Q. And was he with that firm when it merged into Deloitte & Touche, do you know?

A. I think he may have been dead before, I am not sure.

Q. I see. But did he die whilst he was a member of the firm of Haughey Boland?

A. I think so, yes.

Q. And I know you probably don't know the answer, you don't know whether Haughey Boland have this?

A. No.

Q. There would be no reason why they shouldn't have it if two were signed, is there? There is no reason why they shouldn't have it?

A. The fluxion of time.

Q. There would have been no reason for Mr. McMahon to keep it outside the firm of Haughey Boland, would there?

A. Except insofar as it was a tax matter and he would be dealing with it himself personally, he may have retained it in his own briefcase, as it were, but I wouldn't know.

Q. Wouldn't you agree that that is unusual or do you have a



special reason for believing that that may have been the situation?

A. No, I have no reason. You are asking me questions and I really am trying to answer them as best I can.

Q. I appreciate that, Mr. Haughey, I am just taking up on what answer you give me.

A. Quite frankly I think, I don't see that where you are coming from, as it were. I mean is there some mystery about this document or?

Q. Well you raised the question yourself that Mr. McMahon may have retained this personally. I suggest to you that that is unusual for a professional person in an office if they are working in the office, that documents of this nature would be kept and filed accordingly in the firm.

A. I beg your pardon, but that is just a suggestion on my part.

Q. I see.

A. Nothing more than that.

Q. I see.

Now when Mr. Crowley saw this document in the first instance, he took the view that it was highly unusual and he went even further in that he felt that it may not have been bona fide and that the monies may be recoverable - this is acting as Receiver of the compan - and he brought the matter to the attention of the Revenue Commissioners to see if they would fund the appointment of a provisional

liquidator to help the court carry out certain inquiries under the Companies Act to try and establish the lack of bona fides in respect of this document and an attempt to recover the monies paid to you. I think you are aware of that from the evidence given, aren't you?

A. Not in detail, but I didn't know Mr. Crowley went to that into those specific details but I accept what you are saying to me.

Q. And he sought advice from his solicitors who were acting in the receivership, Messrs Arthur Cox, and he sought advice from Mr. Raymond O'Neill, Senior Counsel, and he held meetings with Mr. Parkheir of the Revenue Commissioners, attended also I think by solicitors and Mr. O'Neil of Counsel. And the view taken was that because they would have to rely on Mr. Gallagher to give evidence and he was maintaining the commercial basis for the transaction, that they might not succeed and Mr. Parcaire, in those circumstances, took an administrative decision that he was not prepared to spend tax payers' money to fund the appointment of a provisional liquidator and it was in those circumstances that the agreement was accepted and in due course Capital Gains was levied on it, isn't that correct?

Now it's not me, it's not the Tribunal, but an experienced man like Mr. Crowley, acting as Receiver, having discussions with lawyers and with the Revenue Commissioners, had doubts, and serious doubts, about the bona fides of that particular transaction. Do you

understand? That is the evidence that emerged.

And if, and I'd like your comment in respect of this if you wish to make one, if it were to be suggested by a member of the public that the document and the agreement was a sham and that it was only used as a vehicle for Mr. Gallagher to get money to you and to have some basis of accounting for that money within the Gallagher Group, what would your view be?

A. I'd say that's a very dramatic statement and totally false.

Q. Now, Mr. Crowley sorry, Mr. Gallagher, in the first instance, gave evidence that in furtherance of the agreement, that he believed that the architect would have examined the situation. Mr. Crowley, on the other hand, gave evidence that from his examination of the affairs of the company, no steps were taken, no step was taken to try and identify an appropriate property as a stud and if that was not done, the deal was off and the deposit was forfeited?

A. Sorry, surely there was a map of the lands in question.

Q. There was a map outlined, an ordnance survey map I believe

A. No, I have seen somewhere the lands in question delineated clearly. So is it Mr. Crowley said there was never a map?

Q. No, Mr. Crowley said there were no steps taken to identify an alternative site for a stud.

A. Oh sorry, sorry

Q. We are at cross purposes. And that was a conditioned

precedent to anything else happening in respect of the completion of that contract, isn't that right?

A. If Mr. Crowley said that - he is a very experienced and honourable person, but I don't know how he could know that Mr. Patrick Gallagher, for instance, didn't look at some of his lands and see if they were suitable, but that's only speculation .

Q. But you accept, do you, that everything was conditional on an alternative stud being identified and purchased or provided?

A. Provided.

Q. Provided. And can I take it in the two year period you were never asked or any member of your family who might have been interested in that aspect of the business or family affairs was asked to go and look at any site to see if it was appropriate?

A. I couldn't say definitely that we weren't, but I have no recollection of it.

Q. Now I think, perhaps just to complete that, I think Mr. Gallagher may have given evidence, I am subject to correction, that he didn't take any steps sorry, he did give evidence that he took no steps to identify and just to complete that I think he said that they had so much land, he felt he could carve out 60 acres anywhere really out of the 15,000 acres in the land bank that they held and he said that he didn't think there would be any difficulty in finding an appropriate site but no steps were taken.

Now again in fairness to you, Mr. Haughey, I think I should say that Mr. Gallagher, in giving his evidence, did say that he never consulted you about that but that he was familiar with your taste and style of stud farm and matters of that nature so he felt that he would be able to provide it.

Q. Perhaps I'll leave it at that.

MR. SHERIDAN: Mr. Chairman, I wonder before you rise, if I might just raise one small matter. I attended on foot of notification from the Tribunal that when it resumed its sittings yesterday it proposed to conclude the matter of Mr. Haughey's relations with my client and there was one, I think there is only one outstanding matter, as I understand it out of that, which is a matter of a press release in 1983. Now, I have no knowledge obviously as to where in the tapestry that Mr. Coughlan's forensic skills are weaving, where in point of time he proposes to take that

CHAIRMAN: Well it's very proximate, Mr. Sheridan, and rather than my pressing at this juncture, I suggest it's probably preferable that you discuss with the Tribunal legal team and I have no doubt they will do their utmost to facilitate you by not having you needlessly here until the time of the aspect of the press release and the documentation will be dealt with.

MR. SHERIDAN: I am obliged. I had actually raised it with them and I had instructions to be here today. I wouldn't

have troubled with you it

CHAIRMAN: I have no doubt that counsel and solicitor will assist you in that regard.

Mr. Haughey there was one matter and I don't wish to switch topics needlessly because I realise you have been two hours in the witness box and may I stress in raising even this matter, I am keeping a completely open mind until I have heard all your evidence and until I have heard any submissions that your legal team may wish to offer and any other evidence that you may wish to have called, but on the particular point that you had mentioned earlier today that if it were the case that Mr. Traynor had raised some of the balance of 450,000 through donations or benefactions, he would have kept that to himself in your interest. It occurs to me that there may have been a slightly different approach on your own part at an earlier stage.

You may recall in July's evidence we discussed a particular point in your dealings with AIB where you had indicated a reluctance to deal with a particular bank because one of its principals had close connections to Fine Gael, quite understandably, as I inferred at the time.

What I am simply asking you and perhaps this is an aspect that could be held over until Monday, if you were concerned enough at the earlier stage about dealing with a particular bank because there might have been a political rivalry or a

political downside on it, might it not have been incumbent on you to know what particular possible donors Mr. Traynor may have dealt with?

A. I don't think so, Chairman, because Mr. Traynor would certainly have been wise enough and experienced enough to know not to go to somebody who might be politically hostile to me.

CHAIRMAN: In other words, your implicit remit to him would have been wide enough to trust him to get somebody who would have been acceptable?

A. Absolutely.

CHAIRMAN: If needs be this can be taken up next week. Monday at half past ten.

THE TRIBUNAL THEN ADJOURNED UNTIL MONDAY 25TH SEPTEMBER 2000 AT 10:30AM.