

THE TRIBUNAL RESUMED AS FOLLOWS ON MONDAY, 25TH SEPTEMBER

2000, AT 10:30AM:

CONTINUATION OF EXAMINATION OF CHARLES HAUGHEY BY

MR. COUGHLAN:

Q. MR. COUGHLAN: Mr. Haughey, perhaps if I could ask you to

turn your mind again to the question of the arrangement or

agreement entered into with the Gallagher Group via

Mr. Patrick Gallagher. Do you assist the Tribunal,

Mr. Haughey, as to why you played a role in approaching

Mr. Gallagher?

A. I beg your pardon?

Q. Why you yourself personally played a role in approaching

Mr. Gallagher?

A. Well, I suppose it was because the sale of Abbeville lands

was involved and, therefore, a direct immediate personal

relationship with me.

Q. And can I take it that when you approached

Mr. Gallagher, so, you must have had some idea in your mind

of the amount of land which might be involved, its general

designation on the Abbeville Estate and the price per acre?

A. Possibly, not initially.

Q. And can you assist the Tribunal as to how the price of

35,000 an acre was arrived at?

A. That would have been negotiated with Mr. Gallagher and

Mr. Traynor.

Q. I see. You had no role in that at all?

A. No, not especially no.

Q. Well, would it appear so, Mr. Haughey, that the deposit of 300,000, because that was the figure that Mr. Gallagher had indicated he was prepared to give to you at the meeting on the Sunday, that that was fixed, not necessarily by reference to the price of the land but by reference to your needs at that time and was then to be incorporated into any agreement in respect of the sale of land?

A. Well, you mention you said you used the phrase there, give to me. I mean, I would not accept that. It was prepared in advance as a deposit on the perspective sale of land, yes.

Q. But it was fixed whether it was to give or to advance, it was fixed in relation to your requirements at the time rather than as a percentage being a deposit in relation to the overall price of the land?

A. You are asking me now to remember details of an event which happened how long 20 years ago? And I just can't be any more accurate than I have been.

Q. If we could, because we have to try and it's our job to try and paint a picture of what happened 20 years ago.

A. I would have thought the outline of the picture was fairly clear, that the Mr. Gallagher agreed in principle to advance money in respect of the perspective sale of lands and that Mr. Des Traynor then negotiated the details with him and the agreement was drawn up by Mr. Michael McMahon in due course and signed by me.

Q. Mm-hmm. Now, of course, in attempting to paint the correct picture, we have to bear in mind the evidence that Mr. Gallagher gave to the Tribunal, that he was asked to assist and he arrived at a figure of 300,000 having listened to you as to what your overall requirements might have been for the purpose of dealing with your indebtedness with Allied Irish Banks. But when the question arose during the course of negotiation with Mr. Traynor of the provision of a stud farm at some other location, how was that arrived at? And I mean by that, I mean the size of it. I think it was 60 acres or thereabouts was to be the size of it. How was that arrived at, do you know?

A. I don't recall. I am fairly certain it wasn't arrived at by me. It was part of the negotiations.

Q. Now, to the best of your knowledge, this was being handled on your side by Mr. Traynor and Mr. McMahan; isn't that correct?

A. Correct, yes.

Q. So, to the best of your knowledge, the price and the acreage were fixed by Mr. Traynor and/or Mr. Traynor and Mr. McMahan?

A. Yes.

Q. Do you know if any advice was taken about the price? How the price was arrived at?

A. I don't know.

Q. But whatever, as far as you are concerned, your involvement was it was of a general nature, the details were sorted

out by Mr. Traynor and Mr. McMahon?

A. I think that is absolutely right, yes.

Q. Now, I think you told us on Thursday or Friday of last week that you have no idea of the source of the balance of the money, the 450,000, used to satisfy the settlement with Allied Irish Banks; isn't that correct?

A. No. I have already informed the Tribunal that I was not aware of the existence of the special account in Guinness and Mahon which was related to this transaction; and as I was not aware of the existence of the account, I was not aware of the fact that there were donors, any donors, and that has now emerged subsequently in the course of your very thorough and detailed investigation. But at the time I was not aware of the existence of that account; therefore, I was not aware that there were, in fact, any donors. And as I have said to you on a number of occasions, I had an assumption that the balance of it was arranged by Mr. Traynor through borrowings or some other arrangement of that kind.

Q. Can I take it, so, that at the time you made no inquiries of Mr. Traynor to attempt to enlighten yourself, nor any time subsequently did you make such an inquiry?

A. No.

Q. Now, when we were discussing this on Friday, I think, you expressed the view that Mr. Traynor might have kept this confidential from you for the purpose of protecting you?

A. No, not in this regard. I think we were discussing

generally this suggestion of donors and in that context I said that, I think I said I don't quite remember what I said, but I am sure I meant to say that Mr. Traynor would have probably two reasons for if there were donors, for not informing me about them; one would be from the point of view of the confidentiality of his clients who they probably would be, and secondly would be for my protection. But in this case, as I say, I was went on the assumption that he'd arranged the balance through borrowings or something of that nature. And it just strikes me that Michael McMahon pointed out to us, to me, that the deposit on the land sale would attract capital gains tax. Now, it seems to me that if there had been a question of donors, Mr. McMahon would also have pointed out to me that they too might attract capital gains tax, but he never made any such reference to me.

Q. Well, do you think that Mr. McMahon would have been aware of the source of the balance of the money?

A. At this remove, I couldn't say.

Q. Perhaps I could just clarify that. Mr. McMahon drew up the agreement that was entered into with the Gallagher Group.

A. Yes.

Q. And he gave advice on the tax side of that, that there would be a capital gains, potential for a capital gains liability in respect of it. Mr. Traynor was the man who negotiated directly with Mr. Gallagher, or whoever in the

Gallagher Group he was dealing with, but he was also the person who was engaged in negotiating with Allied Irish Banks on your behalf; isn't that correct? Mr. Traynor?

A. Oh, yes, totally yes.

Q. Mr. McMahon was not engaged in the negotiation with Allied Irish Banks, or was he?

A. I couldn't say for sure, but I am fairly certain not.

Q. We haven't come across him, in any event, in any documents that we have seen from Allied Irish Banks?

A. Well, he was a very real person.

Q. I have no doubt about that

A. He was a very distinguished tax consultant and widely respected in the city at that time.

Q. What I am talking about is that on this question of negotiating with Allied Irish Banks, I am not doubting the man's ability as a tax consultant or anything of that nature, just on the factual side of things, we haven't come across him as being somebody engaged in any negotiation with Allied Irish Banks.

A. I think you are right there, yes.

Q. And as you say, Mr. Traynor was the sort of man who didn't engage in too much loose talk, would that be fair to say?

A. Well yes, very definitely so. I think I venture to suggest to you that you have already ascertained that from your own investigations, that that's the sort of way he did conduct his business and that's the sort of person he was.

Q. And that would be the professional way for any accountant,

of course, or somebody owing a duty to a client to conduct their business, isn't that right, to retain confidentiality?

A. Let me say that used to be the way.

Q. So can I take it that you didn't tell Mr. McMahon that there was a settlement taking place with Allied Irish Banks to the best of your knowledge?

A. I think the sequence of events would have been that as Mr. Traynor proceeded with the negotiations, he would have brought Mr. McMahon in on the contract on the taxation side.

Q. I understand that on the contract and the taxation because there was a document going to show a movement of an asset and the receipt of monies for it; isn't that correct, the land for money?

CHAIRMAN: Mr. Coughlan, just in fairness to Mr. Haughey.

Mr. Haughey, I think it was part of your evidence last July that Mr. McMahon had been involved on the occasion of a meeting at the bank premises at Old Brook House on the 19th March 1975 and you had stated that whilst you did not recall that meeting, you did recall that Michael McMahon, as the main tax expert in Haughey Boland, had advised on wealth tax changes that may have been necessary in those discussions?

A. I am sorry for that Chairman, I had forgotten that.

CHAIRMAN: Just for completeness, but that accords with

your recollection.

A. That Mr. McMahon was involved

CHAIRMAN: That he had some concern with that meeting in advising you about possible wealth tax.

A. In 1975?

CHAIRMAN: Yes.

A. I see, thank you.

Q. MR. COUGHLAN: What I am trying to ascertain here at the moment is if Mr. McMahon was involved in 1979/1980, to the best of your knowledge.

A. To the best of my knowledge, the situation is as I have described it, that he would have been brought in by Mr. Traynor to advise on the form of the contract and the taxation implications.

Q. Now, if the balance of the money was raised by way of donation of contribution and I want to leave aside tax implications or anything of that for the moment and get back to the theme we were discussing on Friday again, and if Mr. Traynor would have two reasons for not informing you, one might be that he was respecting the confidentiality of a client of his, and the second was that it would be for your protection. If we take those two particular situations. Now, you also expressed a view that, in your opinion, there would have been nothing inappropriate in an individual or a group coming together to support a politician who may have got into financial difficulties; isn't that correct?

A. That's my view, yes.

Q. Now, leaving aside the question of maintaining confidentiality so an outsider may not find out about it, which could give rise to political controversy or political downside, why would there be a necessity in those circumstances for Mr. Traynor to keep it confidential from you if there was nothing inappropriate in it?

A. Well, that was his way of doing business. And as I said, he would be all the time very conscious of my position and the sensitivities of it and he would almost certainly feel that it would be in everybody's interest that I would not know who the particular donor was, if there were a donor.

Q. Yes. Had you ever had such a discussion with Mr. Traynor that that is how the things might proceed in general terms, bearing in mind that he did have a general implied authority on your behalf for all of your financial affairs?

A. I cannot recall any particular discussion along those lines, but it would have been inherent in his dealing with my affairs.

Q. Now, did Mr. Traynor, if I could just establish this did Mr. Traynor deal with all your financial affairs or were there any matters you dealt with yourself?

A. Oh, I am sure there were probably matters by I dealt with myself because of their because they would involve me personally taking some action, for instance, the sale of my land. I mean, I would have been involved in the final stages of that, the sale, by executing the necessary

documents.

Q. Well and can I take it that whilst Mr. Traynor dealt with your financial affairs, he did not deal with your political affairs?

A. Oh no, certainly not, no. He was always very insistent that he was not a political person and that insofar as he would make any sort of contribution to our country's affairs, it would be through relieving me of financial responsibilities and handling them himself. He felt that that was the best way he could contribute to his country's well-being.

Q. So whilst as a professional man and a man, a businessman, he would have had a general interest in matters economic and political, they were of a general nature?

A. Certainly economic political economic

Q. Political economic

A. He would be very well aware, yes, as a banker and as a Chairman of large state companies.

Q. But that was a general interest, as far as you were concerned, or any discussions you had rather than

A. You are asking me would he ever discuss a political issue with me? I would say definitely not, no.

Q. Other than the state of the economy or the state of the nation or in general terms?

A. In a vague way, yes in a general way, yes.

Q. Now, I think from the documents which have been opened at this Tribunal and which you have been asked to comment upon

during the course of this stage of the evidence, would you agree that during the 1970s, whilst Mr. Traynor was your financial adviser, that you yourself were engaged on a regular basis with Allied Irish Banks?

A. Yes, but perhaps it's of interest I was reminded over the weekend by my accountant that he was a senior partner in Haughey Boland, as it was then, and between 1970 and 1975 he was handling my affairs in Haughey Boland and that Mr. Traynor would regularly call in once or twice a week to discuss my affairs with him and give advice or instructions in regard to them; that evidence can be forthcoming if you wish.

Q. And just to complete the picture, because we want to get an accurate picture of the situation, Mr. Haughey, chequebooks issued by Allied Irish Banks were issued to the firm of Haughey Boland; isn't that correct?

A. Correct, yes.

Q. And the drawings were made by Haughey Boland on those chequebooks on your accounts on your behalf, I presume as a result of bills or invoices being sent to Haughey Boland, that would be the correct picture of what was

A. As far as I can recall, that was the general approach.

Q. Now again, dealing with the deal with the Gallagher Group, can you remember when you became aware that the Revenue were dealing with the transaction for the purpose of imposing capital gains tax on it?

A. I cannot, no.

Q. Well

A. It would have been

Q. Let me just assist you there. It would have been into the mid-eighties, Mr. Haughey, because the Revenue were conscious of the terms of the agreement and the fact that it allowed for the completion of the transaction up to the 31st December of 1985, so it was, I think, sometime subsequent to that that capital gains would have been levied. It might not have become liable for it up to that date.

A. Up to

Q. December of 1985. The mid-eighties. You can take it I think that that is factually correct, Mr. Haughey, but did you ever become aware that prior to that, that the Revenue were considering the transaction in conjunction with Mr. Crowley the Receiver?

A. No, I was not.

Q. Now, after the transaction was done with Mr. Gallagher, that is in January of 1980, did you have any discussion with Mr. Gallagher about it after that again, to the best of your knowledge?

A. Discussion about what?

Q. About the transaction, about the deal for the sale of land.

A. I cannot recall.

Q. From the point of view of assisting the Tribunal, is it likely or unlikely that you discussed it with him?

A. It was very likely, but then let me point out, Mr.

Coughlan, very shortly after that, or probably immediately, the Gallagher Group got into very serious difficulties.

Q. They did, within two years.

A. And they folded in two years time so that

Q. That's true

A. It's well to keep that in mind as a background.

Q. And again, just for the assistance of the Tribunal, we know that Mrs. Haughey signed this particular deal, but can the Tribunal take it that in real terms, it was you, the Gallaghers, Mr. Traynor and Mr. McMahon, who had the involvement in respect of this particular transaction?

A. Well, Mrs. Haughey was not at all involved in any of the details, but she and I owned Abbeville equally between us and, therefore, it was necessary that she would sign the sale agreement.

Q. It's just from the point of view, we don't want to unnecessarily involve anyone who does not necessary it's not necessary for the purpose of the inquiry.

A. Thank you.

Q. Now, when the deal was completed with Allied Irish Banks, that is the payment of 750,000, the foregoing of interest and the 110,000 being allowed to remain on the books of the bank, I think certain securities were released back to you; isn't that correct?

A. Yes, that's correct.

Q. And I think that the significant security release back was any charge that the bank may have had over Abbeville and

the lands at Abbeville; isn't that correct? At Abbeville,

it was the lands at Abbeville

A. There are two separate sets of securities here, I think;

one would be the title deeds of Abbeville, which was

securing the debt generally.

Q. Yes?

A. And then there were other securities

Q. There were other securities. There was the security in

respect of the island Inishvickillane and security in

respect of a property in County Sligo?

A. Yes.

Q. Now, the Abbeville security was released at that time.

A. Yes.

Q. The security in respect of the island Inishvickillane and

the land at Sligo remained in place at Allied Irish Banks;

isn't that correct?

A. Yes.

Q. And I take it you were, perhaps you felt you had no option,

but you were content to allow that situation to continue?

A. I didn't advert to it. The main matter had been settled

and that was my main concern, my feeling of relief that

that was out of the way.

Q. Now, again, in dealing with Allied Irish Banks and the

agreement which was drawn up, it was Mr. Traynor and

Mr. O'Keefe and perhaps somebody else advising Mr. O'Keefe

in the bank who conducted that particular end of things;

isn't that correct?

A. Well, from my own direct knowledge I only know from my side of it, Mr. Traynor but all the documentation seems to indicate that the person who dealt with it in AIB was Mr. O'Keefe.

Q. And your solicitors at the time were Messrs John S O'Connor; isn't that correct?

A. Correct.

Q. And they were not involved in this particular transaction, that is, the dealings with Allied Irish Banks, to the best of your knowledge?

A. That seems to have been the position.

Q. And would you agree that that was the position from your recollection and from what you see now?

A. Put it the other way Mr. Coughlan, I have no recollection of John S O'Connor & Co being involved.

Q. Yes. Now, at the end of the 1980s, perhaps about late 1989 or 1990 or thereabouts, the security held in respect of Inishvickillane and the property at Sligo, those securities were released to your solicitors, measure John S O'Connor, isn't that the correct?

A. That's correct, yes.

Q. Do you know how that came about?

A. Not specifically, but I have a sort of a recollection that we may have needed the title deeds for Inishvickillane and Sligo for some other purpose, I can't recall what it might have been, but we suddenly all woke up to the fact that these deeds, these title deeds, were still in AIB and John

S O'Connor & Co wrote to AIB and said can we have these, please? And apparently, without any demur, Allied Irish Banks remitted them to them.

Q. Were you surprised?

A. Not particularly, because I had more or less dismissed the idea of the outstanding 110,000 from my mind, it was a fiction, as it were.

Q. Yes, and that appears to have been the actual situation as well you seem to have been correct in that? That appears to have been the actual situation as well, because Allied Irish Banks did release the deeds; isn't that correct?

A. Oh they did, yes, without question.

Q. Now, I think in January of 1983 an article appeared in an evening newspaper. I know many articles appeared about you over the years but I think you know the article which I am talking about. It was in the book of documents sent to you?

A. It was in the documents, yes.

Q. And it was under the heading "Huge Interest in Haughey Cashflow," and there was another heading "Public Finds his Financial Affairs Fascinating." I'll get the documents to you.

A. I think we can go ahead.

Q. And it read: "The financial affairs of Charles Haughey have been the source of intense public speculation since the first day he came into politics. The suggestion that the

bugged conversation between Ray MacSharry and Martin O'Donoghue referred to possible financial problems for Mr. Haughey should he lose the leadership comes as no surprise.

"However, a close associate of Mr. Haughey said that a former Fianna Fail Minister who fancied himself as a possible compromise candidate have been traced as a source of the rumours and he was now lying low.

"It has been rumoured in discrete financial circles for years that Mr. Haughey owed 1 million pounds to a major bank and that the bank had held its hand because of his elevated political position.

"Interest rates have been very high for the past few years and this correspondent can confirm that sources close to Allied Irish Banks insist that he owed them around this sum last year.

"John Byrne. Rumours have been so rife about Mr. Haughey's involvement in every property deal that takes place in this country that careful observers take such rumours with a pinch of salt.

"Close friends, however, deny that he was a shareholder in the fallen Gallagher Group, although it's known that he was a borrower from their bank and their building society.

"One friend commented: 'If there is any builder he could be

involved with, it might be John Byrne.' Mr. Byrne owns O'Connell Bridge House, the Galteemore Social Club in London and has a stake in Farranfore Airport as well as a substantial property portfolio.

"One of his major development efforts in recent years has been the Endcamp site which takes in the old Baldoyle race course.

"This development has been vigorously opposed by champions of the green belt and there is also a sewage overload problem.

"One of Mr. Haughey's friends commented: 'If Charlie was in trouble, there are people who would not only lend him a million pounds, but they could give it to him. He has a small number of friends but they are very close and loyal. His main fault, in fact, may be his loyalty.'

"The above could be classed as well-informed speculation.

"This also goes for the rumours that Mr. Haughey has been planning to sell Kinsealy to Cement Roadstone who are interested in gravel deposits in the area. It is also suggested that he did propose to buy Pat Gallagher's former home, Straffan House.

"Although Mr. Haughey has often boasted that his name appears on no company file as a Director, there is some hard evidence about his financial affairs.

"One company, Larchfield Securities, first came to public attention last July when it was revealed at a court hearing connected with the Gallagher liquidation that it was a borrower from the failed Gallagher bank, Merchant Banking Limited.

"Larchfield repaid 11,836 and Mr. Haughey personally repaid 6,541. The directors of that company were Mr. Haughey's four children.

"These loans were unsecured, apparently, and it was understood that Mr. Haughey was quite angered by these revelations as he had repaid promptly on the understanding that his name would not be revealed.

"This brought further attention to Larchfield and the company's file also contained a mortgage securing funds due to Allied Irish Banks on the island of Inishvickillane.

"Another Mortgage.

"There was another mortgage, however, securing 50,000 to the O'Connell Benefit Building Society. This society was very much under the influence of the Gallagher Group now in liquidation.

"The money was lent on a site in Wexford for a marriage home for Eimer, Mr. Haughey's daughter. The expected marriage did not happen, however.

"It must be emphasised that although the rumours have always been current about alleged financial difficulties for Mr. Haughey, very little evidence of this has ever emerged.

"It is known that the solar power experiment in Inishvickillane has been costly, but if the estimates of Mr. Haughey's riches are at all correct, the rumours of his difficulties can hardly be true as well.

"One friend of Mr. Haughey's said that there is no way that he could be in financial difficulty unless he had given a guarantee for somebody else. The house, stud and 280 acres at Kinsealy are estimated to be worth around 3 million . Not a bad profit on the 200,000 he paid on the place in the late 1960s.

"Bridging Loan.

"Kinsealy was bought with the aid of a bridging loan from Northern Bank Finance Corporation and the company used was called Abbeville Limited. This deal was done in anticipation of a controversial sale of his Grangemore home along with 45 acres to the Gallagher Group for 204,000. He can not have paid more than 20,000 for Grangemore when he bought it in the early 1960s.

"Recent reports have also suggested that if Mr. Haughey had difficulties he would have solved them with a 4 million

pounds property deal at Harold's Cross Bridge. The deal was shrouded in nominee companies having directors close to Mr. Haughey but his personal involvement has been denied.

"Mr. Haughey would have made his original money from the accountancy practice of Haughey Boland Limited. He also went into poultry farming quite early on.

"The potential for making money out of an accountancy practice is very great and there is no doubt that it is this practice that set Charles J Haughey on the road to fast cars, fast horses, and a home designed by Gandon, the architect of the Customs House, in Kinsealy."

Now, at the time did you become aware of this article?

Did you become aware of this article in or around this time?

A. I am sure I was, yes.

Q. And on the face of it, was it much different to other speculative-type articles which were written about you?

A. It's probably more full of rubbish than most of them.

Q. Now, because the article was opened in full at the Tribunal, but the Tribunal only dealt with one aspect of it, that was the aspect relating to a major bank, because of a subsequent statement issued by Allied Irish Banks.

Nonetheless, Mr. Haughey, if you wish to make a comment on any aspect of the article, feel free to do so, or there are matters which I can take up with you at a later date if you like.

A. No, I have no interest in dealing with this type of hostile media that I had to put up with right throughout my public life.

Q. Well so, if it's alright with you, so, Mr. Haughey, I intend just dealing with the paragraph which has been of interest to the Tribunal, because of evidence which has been heard from various directors and officials of Allied Irish Banks. If that's

A. Of course.

Q. And it's the paragraph in the first column which reads: "It has been rumoured in discrete financial circles for years that Mr. Haughey owed 1 million to a major bank and that the bank had held its hand because of his elevated political position."

A. Well, I have only two comments to make on that.

The first is that they couldn't have been very discrete financial circles if they are engaging in rumours.

And secondly, that I think you and I know that the bank did not hold its hand. It pressed for a settlement, pressed very hard for a settlement, and put considerable personal pressure on me at the time and eventually settled, settled for what I think at the time would have been generally regarded as a very normal settlement-type transaction in the circumstances prevailing in those days.

Q. Well, would you agree and perhaps you don't that whatever your view about the general nature of this

article, that this particular paragraph contains a statement which is accurate, that you more or less in that it revealed that you had owed a major bank 1 million.

A. I suppose you and I would have to agree that that's accurate, yes.

Q. Now, Allied Irish Banks issued a statement. And perhaps if you go to and it appeared in the newspaper as well, but I think it's the same content and it's easier just to look at the Allied Irish Bank document. Do you have that, Mr. Haughey?

A. The Allied Irish

Q. Yes, it's Allied Irish Banks Limited, Public Relations Office, for information do you have that particular document?

A. Yes, I have it.

Q. It reads: "The following statement was issued by the bank to the Evening Press on January 31st and appeared in that newspaper's issue of February 1st. Allied Irish Banks has a strict policy, and indeed a duty to maintain confidentiality in regard to customers's dealings with the group and each member of our staff completes a formal declaration in that regard. When it occasionally happens statements are made by third parties which appear to be authoritative but are not, it can also be the case that a denial by the bank might itself be a breach of its duty of confidentiality and generally the bank feels at best not to comment. Allied Irish Banks has found itself in this

position on a few occasions recently.

"However, in the Evening Press of the 28th inst. In an article by a special correspondent dealing with financial affairs of a well-known figure, it was stated that sources close to Allied Irish Banks insist that he owed them around 1 million last year. This statement is so outlandishly inaccurate that Allied Irish Banks feel bound as a special matter to say so positively and authoritatively.

"For the future, Allied Irish Banks would hope that its commitment to the rule of confidentiality would be understood when it declines to respond to statements or suppositions put to it in the quest for information which it may not divulge."

Now, do you remember Allied Irish Banks issuing a statement or such a statement or words to that effect being published in the media around that time as well?

A. Well, I had forgotten about it but now I recall.

Q. And I take it that as a man with a professional training yourself, you would understand and agree with the first paragraph of that statement issued by Allied Irish Banks, the duty about confidentiality and to deny can be as significant a breach of confidentiality as to confirm, would you agree?

A. Sorry, Mr. Coughlan

Q. To deny a situation would be as significant a breach of

confidentiality as to confirm something? The duty of a professional person or a bank, somebody charged with confidentiality, is to keep everything confidential and if asked about it, you just say nothing about it. Isn't that how confidentiality should work?

A. Well, that wouldn't be for me to say. I mean, I never was a banker and their ways were never particularly clear to me, but if that is what's I mean, we are all looking back now which is a long time ago

Q. Yes

A. But if that's what the bank were attempting to say, I think the document itself is self-contradictory

Q. Yes, that's what I want to come to in a moment. But in your days

A. On the one hand they are claiming that they are very confidential people. On the other hand, the other article says very specifically that the sources close to the bank, which really means the bank itself, I think, doesn't it?

Q. Well

A. In yours and I knowledge of things.

Q. You'd have a greater knowledge, perhaps, of matters dealing with how the media reported matters. It's not an area of expertise of part of my professional life normally,

Mr. Haughey.

A. I think we'd all know that when the media uses phrases like "sources close to," they really mean probably certainly mean the source was the place itself. I think so anyway.

Q. That was your understanding, at least, anyway?

A. Yes.

Q. But even as a professional man in your accountancy days, confidentiality in respect of a client meant you didn't discuss anything about a client's affairs, isn't that correct, other than with the client or people you were authorised to discuss it?

A. I think the rule of you didn't deny anything, because by so doing you leave yourself open to further so you just didn't say anything, in my days of accountancy.

Q. Yes, and I think you would agree that this particular document, as you say, is self-contradictory because in the next paragraph they go on to make a denial; isn't that correct?

A. Exactly.

Q. And therefore, created, in fact, an erroneous impression in the public's mind, didn't they, about the state of your affairs?

A. Yes, I think that would be a fair conclusion, that well, certainly their last paragraph sorry, their second last paragraph. "The statement is so outlandishly inaccurate that Allied Irish Banks feel..." Etc., etc.

Q. Now, various directors of Allied Irish Banks, people who were directors at the time, gave evidence to this Tribunal. Some of them were asked about this particular statement which was issued by the bank; and, for example, Professor Patrick Lynch felt that it was in inappropriate type

statement to issue. Some directors weren't asked about it. But I ask you this: It was not issued, or it would appear not to have been issued with the authority of the board of the bank?

A. I don't know.

Q. That's the evidence before the Tribunal.

A. I don't know anything about the internal workings of the bank in that regard.

Q. May I ask you, did you ask Mr. Traynor to make any inquiries of Allied Irish Banks following on the journalist's article in the evening newspaper?

A. Definitely not.

Q. Do you know if Mr. Traynor, of his own motion, made such an approach?

A. I don't know, but I'd consider it extremely unlikely. We are talking now about the first line, are we?

Q. Yes, the article, the 1983 article which speculated on the 1 million.

A. Obviously it deals with my daughter and her supposed marriage and all sorts of rubbish.

Q. All of that

A. I think we would have all ignored it.

Q. Ignored it?

A. Yes.

Q. So you yourself cannot understand why Allied Irish Banks would have issued such a statement?

A. No, I do not understand.

Q. But it certainly wasn't as a result of any soliciting by you or on your behalf that it should be done?

A. Absolutely not. In fact, it may be not terribly significant, but I think after the agreement was signed in January 1980, Allied Irish let it be known, to either Mr. Traynor I don't think they made it known to me that they were very glad that that matter was settled and they did not wish to see any more of Mr. Haughey in their books or whatever. So it's most unlikely that it's totally unlikely that Mr. Traynor or anybody would have approached them at that stage.

Q. Well, can I take it that if that type of information was conveyed, and there is no reason why that type of information may not have been conveyed to you through Mr. Traynor or as a result of a comment made to Mr. Traynor?

A. It's something, and it's only come to me since we started going into all of this, but I have a fairly clear definite recollection, I don't know who said it to me, but it was conveyed to me that the bank, Allied Irish Banks, were very glad to see the last of me.

Q. See the end of you

A. Yes.

Q. And can I take it that that probably accorded with your own view and may have confirmed you in the view that that was the end of it, that even the carrying of the 110,000 really wasn't anything real?

A. Nothing real, no.

Q. So you had no hand, act or part in the issuing of this statement? And as the statement was issued, it related to some sensitivity on Allied Irish Bank's part and not on yours, as far as you were concerned?

A. Yes, I had absolutely nothing whatsoever to do with it.

Q. Now, I thought you told us that Mr. Traynor looking after your affairs or participated in your life to the extent that he relieved you from the burden of looking after your financial affairs and he had full implied authority to do anything that was necessary to that extent; is that correct?

A. Correct, yes.

Q. And I know that you were always of the general view, or in the back of your mind, that Abbeville was a substantial asset and that if all came to all, Abbeville was there as the fallback; isn't that correct?

A. That's correct.

Q. Now, did yourself and Mr. Traynor, over all the years, ever have any discussions perhaps I should start again.

Mr. Traynor, over the years you have told us, would have reprimanded you or maybe that's too strong a word about expenditure, would that be correct?

A. Complained.

Q. Complained. Complained.

A. Again, I suppose making his job more difficult.

Q. And would he have complained in strongish terms to you?

He was very close to you.

A. No, not strongish, no.

Q. He was a man who

A. Perhaps more pained, pained complaint.

Q. Well, would you have been would you have described him as being sufficiently close to you to be able to speak his mind to you at any time and that you'd listen to it?

A. Yes.

Q. And in all the time that he was dealing with your affairs, your income was from public service; isn't that correct?

A. Yes.

Q. And did he ever have any discussions with you as to how any monies raised by way of a loan, for example, should be repaid?

A. No, not specifically that I recall.

Q. And it is correct to say, isn't it, that, to the best of your knowledge now, none of the income from your public service went into any of the bank accounts which Mr. Traynor dealt with?

A. I am almost certain that that's correct.

Q. So over the years were there ever any discussions between yourself and Mr. Traynor as to where the money was to come from to service, first of all, the bill paying service through Haughey Boland and subsequently through Mr. Stakelum or to pay off any borrowings which he may have raised on your behalf?

A. Not as such, no. Not in any specific way do I recall any

such discussion.

Q. Well, leave aside now altogether the question of the settlement with Allied Irish Banks and the 450,000 balance.

Where did you think the money was coming from to deal with your affairs?

A. I don't suppose I gave it very much thought. As I said, it was his responsibility to keep the show on the road as it were and I was always satisfied that he could do that and I got on with my political life.

Q. So it never occurred to you to even wonder as to where money would have been coming from?

A. Not in that specific sense, no. I assumed that he was arranging the necessary borrowings or whatever. In fact, as he did on one occasion, which I think you have fully documented, that is when he borrowed from Gerry Tierney in Northern Finance Bank. I mean, I assumed he was doing negotiations and operations of that sort. And then, as I said before, we sold Rath Stud which brought in a very substantial amount of money.

Q. That paid off the Northern Bank I think; isn't that correct?

A. I think that's yes.

Q. And had the effect then of allowing the title deeds of Abbeville to be used to secure the outstanding indebtedness at Allied Irish Banks at one stage, but we know and the Tribunal in looking at the documents can see a loan from Northern Bank Finance Corporation. That's documented.

That's there. It can be seen. Isn't that correct? And you have seen that yourself, perhaps you don't remember it but you have seen it in documents sent to you by the Tribunal. The borrowings from Northern Bank Finance Corporation, that's one. I think the Tribunal can also see and has furnished you with documents of the Central Bank's records of an application for a loan from Cayman for 400,000; isn't that correct?

A. Yes.

Q. And that's something that we are continuing to look into. And then there is another loan or which it's recorded as a loan from Guinness and Mahon which is guaranteed by Mr. P V Doyle; isn't that correct? Again, that's documented and that can be seen?

A. I understand you will be coming to that.

Q. We will, but I think we have seen sorry, I beg your pardon. I think it was a loan through Mr. P V Doyle we'll come to that. So that's a loan. So those are three loans which we can identify and you yourself can see from the documents. Of course, there is the Agricultural Credit Corporation Loan, but they are different kinds of loans, they were stock loans for the farm and they were rolled over?

A. I think we are agreeing, Mr. Coughlan, that Mr. Traynor would resort to all these type of different types of mechanisms to keep the meet my expenditures.

Q. But we have found the loans sorry, I beg your pardon,

it's not that we found them, the loans are there to be seen on the documents which we have got. And we see the Northern Bank Finance Corporation loan there, the Agricultural Credit Corporation loans I think are of a different nature altogether. They were used as stocking loans for the farm at Abbeville; isn't that correct?

A. I imagine in retrospect that that was a euphemism, I think they were just part of the general financial operation.

Q. I see. And in real terms, it was the same loan that continued to be rolled over for a number of years anyway, so it looks like the one loan most of the time.

A. Yes.

Q. And we will just use the broad description of the P V Doyle loan. Now, apart from those which amount to significant enough sums of money, but they are quite insignificant in the overall picture of the amount of money that was expended over the period; isn't that correct?

A. Well, I think later on I will be disputing with you and with the Tribunal the figure which Mr. Gallagher gave on one occasion which to me is just not a credible figure.

Q. Which figure is that?

A. This 8.6 million which was mentioned.

Q. Now, even if you dispute that and we'll deal with it in detail because the Tribunal is trying to get at the true picture of the situation, Mr. Haughey. It's not making any case

A. But, Mr. Coughlan, that figure was put out by the Tribunal

and has entered into the public arena and is in fact now regarded in the public opinion and is constantly referred to as a fact figure.

Q. I see.

A. Which I feel, if I may say so, was very unfair to me.

Q. I see. In what way was it unfair? Because what do you think was the true figure, so, Mr. Haughey?

A. Well, I have offered my accountant to the Tribunal

Q. No, Mr. Haughey. You are the person whose affairs are under scrutiny now. What do you say the true figure was?

A. I'd say considerably less.

Q. By how much?

A. I cannot say that because as I say, these figures are so complex and extend over such a long period of time that in pursuance of my duty to the Tribunal, I engaged the services of a very expert forensic accountant to help the Tribunal in unravelling these figures. I think he, too, is of the opinion that that figure was exaggerated.

Q. And has the accountant that you engaged had any more information available to him than the Tribunal has available?

A. No. As I think you are aware, he has offered on a number of occasions to attend the Tribunal and be of every possible assistance he can, and I believe in fact, I know, in the recent past he has attended the Tribunal and been of any possible assistance he can in deciphering these complex figures.

Q. Yes, and apart from the information which the Tribunal has assembled, the documents which the Tribunal has assembled, the only other source of information available to the Tribunal or to your accountant is your own recollection; isn't that correct?

A. Yes.

Q. So the purpose of the inquiry, so, Mr. Haughey, and the purpose of you giving evidence is to assist the Tribunal in arriving at the correct interpretation of the documents to the best of your ability; isn't that correct?

A. Yes.

Q. And the Tribunal carried out a calculation on the figures involved and you have said that that figure is inaccurate.

A. Yes.

Q. Now, the Tribunal approached it as conservatively as it could in relation to matters, so what I am asking you now, Mr. Haughey, is or perhaps it's something we can come back to at a later stage. I don't want to push you or to get involved in any controversy about it today, because that is not my job. Perhaps you'd prefer to come back to it at a later stage to what you believe to be a more accurate picture of the amount of money which was expended over the years.

A. Thank you.

Q. Or that your accountant feels.

I think if you just bear with me for one moment. I stopped you from answering a question back in July because

I did not wish you to commit yourself I did not wish you to commit yourself to a position without me bringing all the facts to your attention to allow you to comment on something. And it's a reference which was made in the Allied Irish Bank bundle of documents at divider number 45, and I'll just get it for you now, Mr. Haughey.

Mr. Haughey, it's just the one reference, and you needn't necessarily have the whole book. It's at divider number 45. It's a meeting which took place at Aras Mhic Dhirmuida between yourself and Mr. Phelan in 1979. It's September 1979. And if you go to item number 5.

It said: "Queried as to why a lodgement was never made to the account. He admitted that...virtually all stud income himself." Then I asked you about that. You dealt with that. "He denied that he had any other bank account and dealt entirely in cash."

Now, I think you were proceeding to say that that was an indication that you were confirming that Allied Irish Banks, that you didn't have another bank account. And I asked you to, not to continue there because I want to bring something to your attention now.

First of all, I think you did deal in cash a fair amount of time, isn't that correct, as regards your own personal monies? Your salary cheque was cashed?

A. I always cashed my salary cheque, yes.

Q. And it may be that now, I think Ms. Sandra Kells and I should be proceeding soon to the book, volume 3, part 1 to 5, but if I could just deal in general terms with it first before I go into it in any great detail. I think Ms. Sandra Kells gave evidence to the Tribunal, and there are references at transcript number 27, and you can take it from me that I am being accurate about this for the moment, Mr. Haughey. That the first references to you having a personal bank account, that is a resident current account in Guinness and Mahon, appears to be around 1976. Would that be correct?

A. I can't say. If that's what the records show, I have to accept that.

Q. And we then

A. Sorry, have we documentation?

Q. Yes, I am going to refer you to the I just want to ask you in general terms, first of all, and I'll come back to the detail in a moment. Do you remember having a resident current account in Guinness and Mahon?

A. No.

Q. Well, do you accept that to have a resident current account for the bank to complete its documentation at some stage, Mr. Traynor or somebody from Guinness and Mahon must have got you to sign some documents to allow an account to be opened?

A. No, that's not so. I think your own investigations show and by the way, in this regard I am very much

relying on the Tribunal's own investigations to supply me with the information.

Q. Right.

A. I think your own investigations show that Mr. Traynor frequently, or perhaps not frequently, but from time to time would open accounts in my name or other people's names without necessarily referring to them.

Q. You have no knowledge, so, of you having a resident current account in Guinness and Mahon which from the documents which were furnished to you by the Tribunal show account statements which run right up to the mid-1980s or thereabouts, maybe a little bit longer?

A. No, I have no recollection of that.

Q. Of having that account at all?

A. And I have never received any statements or chequebooks or anything of that sort in regard to it.

Q. And I think that it is correct that statements would not be sent to you because Mr. Traynor would be the person who would be dealing with the matter. I think that would be

A. That's correct, yes.

Q. Now, I can understand that from the time you became Taoiseach right through the 1980s, when you were either Taoiseach or leader of the opposition, whatever the situation may have been, but to your recollection, you, or your professional advisers, I mean, your accountants, for example, who would have been preparing your tax affairs or

matters of that nature, did not receive statements from Guinness and Mahon about a resident current account?

A. Absolutely not.

Q. I think you know from documents furnished that there was such an account in your name; isn't that correct, in Guinness and Mahon?

A. You are recalling it to me now and I am accepting it.

Q. I will deal with them. I will give you an opportunity to deal with them in detail, Mr. Haughey. And therefore, when you were talking to Mr. Phelan in September of 1979 and you informed him that you didn't have another account, was it that you did not know about the resident current account in Guinness and Mahon?

A. Well, it's either one or the other. Either I was mistaken on what I said to Mr. Phelan, or alternatively, which I think is the correct position, I did not know about the existence of that other account, because I never had any documentation, never dealt with any documentation in regard to it, never received any statements from it, never had any chequebooks for it, so as far as I was concerned as far as I am concerned, looking back now, it was an account which Mr. Traynor opened if well, I accept that you say it did exist if it existed in my name, it was run entirely in a manner exclusively by him.

Q. Now, I think you did have an account in Agricultural Credit Corporation, around 1979?

A. Yes, I had one in Agricultural Credit Corporation.

Q. In respect of that account, do you remember if you had signed any documentation yourself?

A. Yes, I dealt with that myself.

Q. Why was that?

A. Hmm?

Q. Why?

A. It was something to do with the running of Abbeville and I separated it from the rest of my affairs and dealt with it myself until I came to finally paying it off sorry, I think I recall now that from year to year Des Traynor would arrange a rollover

Q. I think that was correct, it was rolled over from year to year

A. And whenever it was finally liquidated by him, but for some reason or another, possibly because it had to do with directly with the personal running and management of Abbeville, I did that particular thing myself.

Q. Well, again, I am not joining issue with you, but most of the drawings on the Haughey Boland No. 3 account, as it was being operated, arose by reason of invoices or bills being submitted from Abbeville; isn't that correct, from your personal secretary at Abbeville or whatever, and would have related to all sorts of household and farm accounts and the running of the place in general?

A. Yes.

Q. What distinguished the Agricultural Credit Corporation loan from that general running of Abbeville?

A. I would looking back, I would think, suspect, that it was another source of borrowing available to me which would go in alleviation of the overall financial situation. I mean, the as far as I remember, the Agricultural Credit Corporation was not a running account. It wasn't used to pay bills.

Q. No.

A. It was just a borrowing each year rolled over the next year.

Q. Yes.

A. So that it was just another way of raising funds to fund my general financial situation.

Q. And just dealing with that, and we will deal with the Agricultural Credit Corporation in a little bit more detail, but just if we could deal with that particular loan itself. What was your view as to how that might ultimately have been paid off, or did you have a view about it, seeing as you were dealing with it yourself?

A. Yes, I think Des Traynor arranged to pay it off from funds which he received from Mr. Ben Dunne.

Q. That was ultimately how

A. I think.

Q. how that appears to have been paid off. But this was a loan you were dealing with the Agricultural Credit Corporation yourself. How did you believe, over the years, before it was ultimately paid off, say 1979 or thereabouts, how did you believe that that loan was going

to be paid off?

A. Oh, I don't know if that particularly ever entered my mind, it was just money that I had raised to keep the keep my financial affairs going and it was extended from year to year, and I was content to leave it at that.

Q. Well, could I ask you this: Did you assume at that time that that was something that Mr. Traynor would look after as well eventually?

A. Probably, yes.

Q. And bearing in mind that an indebtedness had run through the seventies which had risen to quite high levels

A. This is the AIB?

Q. The AIB one, and that was settled, would you agree that the drawings which were necessary as you commenced office as Taoiseach, were always going to be more than your salary could have met?

A. I don't think I thought of it in that way. I didn't address my mind to it in that way. When I entered into the office of Taoiseach, as I said to you, my principle thoughts at the time were to the fact that the AIB problem was out of the way.

Q. Yes, I know you told us that, but how did you think things were going to proceed? You knew from how the debt had gone in Allied Irish Banks that the drawings were reasonably high, weren't they, over the years?

A. Possibly I hoped I'd keep them under control. Perennial wish to do better in the future.

Q. You knew Abbeville wasn't generating any income that might meet the drawings?

A. Probably generated something. I mean, we sold the odd horse from time to time, fairly reasonably satisfactorily.

There was always the possibility of breeding a super horse, but I don't think that that entered my mind.

Q. Yes, I know.

A. But you are asking me now, Mr. Coughlan, to delineate in great detail what my thoughts were 20 years ago and at a time when I had, as I am sure we will admit, very serious pressing day-to-day other business on my mind.

Q. Well, Mr. Haughey, I appreciate how busy and onerous the office of Taoiseach is, but many men and women, whether they be in public affairs or in private affairs, have to conduct or engage in difficult and strenuous jobs and still have to manage their personal affairs within some form of control; isn't that correct?

A. And doesn't that bring us back to the position that I regarded myself as in the fortunate situation that I had Des Traynor there to cope with those, that aspect.

Q. I can understand that, that you had somebody to cope. What I am trying, because as you have agreed, the Tribunal and your accountant need your assistance, we can see some of the picture unfolding from the documents, but you are the only one who can assist us, if you can, with your memory. So, therefore, I do have to ask you what your thoughts were at the time, if you can remember.

Now, how did you think that the level of drawings were going to be supported or that how any borrowings were going to be serviced?

A. I didn't.

Q. You didn't.

And did you believe at that time that people, or a person, may have supported you in your personal affairs?

A. As I said, I left the management of these affairs to Mr. Traynor and he had my implicit authority to borrow or make whatever other arrangements he felt necessary from time to time.

Q. But bearing in mind, Mr. Haughey, that you found nothing wrong, and I use that in its broadest possible context, in a person holding public office being supported, if they got into financial difficulties, by an individual or by a group if they supported the man or woman's policies, or if they just thought he or she was doing a good job, you saw nothing wrong with that?

A. Public-spirited people, disinterested people I think I used the word altruistic people.

Q. So did it ever occur to you at that time that such a person or people would look after the drawings?

A. Not in that sense, no. As I said, it was a matter for my financial consultant, adviser, friend, Des Traynor to deal with the situation as best he could whether he had resort to borrowings, or sales of assets or whatever; and if he

if he felt he had to go to some private individuals, he may have gone and borrowed from those individuals, I don't know.

Q. Or he may have gone and asked them for money?

A. He may have, yes.

Q. And in either situation he had your implied authority; isn't that correct?

A. He had my implied authority to deal with the situation as he thought best, in my best interest.

Q. He undoubtedly had your implied authority to borrow on your behalf, or for you?

A. Yes.

Q. He also had your implied authority to ask people for money for you?

A. Or donations, yes.

Q. And was that your view back in 1979/1980 that you can either borrow money or you can ask somebody for money?

A. Not necessarily in those specific terms. As I say, he had a broad brief to make whatever arrangements he thought were in my best interest. He had an outside chance that he may have had to go to individuals to borrow, but that's as far as insofar as I thought about it at all. But my view at that time was that I left matters to him. And up to that point, he had been always successful. Indeed, I think the AIB settlement proves his negotiating skills and his ability to manage that sort of situation satisfactorily on my behalf.

Q. Now, we know that Mr. Traynor, from your evidence, dealt with your affairs when he was a partner in Haughey Boland after you left the firm and entered politics; isn't that correct? And we know that you had, during the 1970s, many dealings with Allied Irish Banks yourself. We also know that Mr. Traynor, sometime around 1975 or thereabouts, had some dealings with Allied Irish Banks in connection with your affairs; isn't that correct?

And then on the documents, whilst you say that there may have been contact between yourself and Allied Irish Banks and there was definitely contact between you and he, he doesn't enter or re-enter the picture until late 1979 when he becomes involved to secure the settlement, he looks involved directly?

A. I know that that's your thesis, Mr. Coughlan

Q. I don't have a thesis, Mr. Haughey. I am putting to you the evidence as it appears to be.

A. I know that that is the proposition that you are putting to me and have put to me several times.

Q. Yes.

A. And from for my part I can only reiterate what I recall as being the situation; namely, that from very, very early on Des Traynor was my adviser and in fact ran my financial affairs for me. And as I say, I am just giving you an additional bit of evidence which has been brought to my attention in the last few days. Insofar as 1970 to 1975

are concerned, so that even though the AIB internal memos and that's all I am going on, memos, by the way, which I never saw, which are moulded in the bank vault since. I never saw them or approved of them. But anyway, going on those you are deducting that Mr. Traynor was not in touch with Allied Irish Banks for a period of four or five years. I have very serious doubts as to the validity of that proposition of yours.

Q. I am making no such deduction, Mr. Haughey

A. Sorry.

Q. Because it's very careful to understand the language of the Tribunal. What I am doing is inquiring.

A. My language is not accurate, but I think I am trying to get my meaning across.

Q. Yes. Well, you know, when you had the various meetings with Mr. Phelan, some of them in Aras Mhic Dhirmuida and places like that, I know you told us that in preparing for some of those meetings, you would have spoken to Mr. Traynor; isn't that correct?

A. Yes, it's likely, yes.

Q. Yes, it's likely. And when Mr. Phelan asked you whether you had any other accounts and you denied having any other account, or words to that effect, are you surprised that Mr. Traynor wouldn't have briefed you sufficiently to enable you to deal with such an inquiry?

A. No, it's obviously something that came up during the course of a meeting, queried I was queried by the bank people,

and it's something which they asked me there and then on the spur of the moment, and I suppose I answered it to the best of my ability at the time, which drew, certainly, that I dealt entirely in cash, from that point of view I had no other bank account dealing with daily outgoings or expenditures, so to the as far as I know, or to the best of my ability at the time, I told them I had no other bank accounts. However, I am sure I was telling him that as I saw it at the time.

Q. Now, it may be that was just something that was dealt with hurriedly, you know, sort of and arose without you anticipating that it might arise, but if Mr. Traynor was involved in your affairs to the extent that you believed that he was, would not the truer position have been that you would have said to Mr. Phelan and this isn't a criticism, but would it not have been the truer position, that, "I can't answer that question, Des Traynor has this wide implied authority from me, he could have banks accounts all over the place I don't know about or loans"?

A. Well, that's I have to admit that that's a possibility, but I don't think it's it's what really happened. I suppose this question was sprung at me in the course of a meeting and I was probably concentrating or relating more to the fact that I, in fact, used cash for my normal out-of-pocket expenses rather than I didn't have another bank account.

Q. I think in fairness, that is correct you did use cash for

your normal out-of-pocket expenses but you cashed your salary cheque. I think that is the situation, Mr.

Haughey. But

A. You see, I also think now, just reading it here, Mr. Coughlan, I am just trying to devote my attention to what you are asking me. You see, it's probably related to the previous bit: "Queried as to why a lodgement was never made to the account. He admitted that he... virtually all the stud income himself." It's probably that Mr. Phelan asked about another bank account in that connection.

Q. Yes.

A. And knowing

Q. In the context of the stud

A. And knowing that I didn't lodge the stud monies to any other bank account but kept them for my own personal expenditures, that is almost certainly why I said I didn't have any other bank account. I am not I am just offering that by way of explanation.

Q. Yes. Now, I am sorry, Mr. Haughey, I am, in fact, looking at a document which we sent to you early in the course of sending all the documents to you and we have not specifically put it into volume 3 at the moment, and it relates to your account at Guinness and Mahon in 1976. I'll just ask you to look at it, and I won't go into it in any detail because you may not be prepared for it at the moment, Mr. Haughey. I don't want to and

(Document handed to witness.)

And I won't go into it in any detail at all, because I want to give you these documents and afford you an opportunity of considering them in greater detail yourself first. But there is one thing I would ask you about on the statement and it relates to 1986 1976, I beg your pardon. And the only thing that I want to draw your attention to is the bottom of the document. You see a box and it has the address on the statement: "Charles J Haughey, Abbeville, Kinsealy, County Dublin." That's an actual statement from the bank and it bears your address. But perhaps it's something you'd wish to consider again or can you deal with it now?

A. I can tell I am nearly certain that I can tell you now that I never saw this.

Q. I see. I see.

It's something I will come back to deal with, but it's these are statements relating to a fairly active bank account at Guinness and Mahon. Again, you say that, to the best of your knowledge, or perhaps when you look at the documents again, they may refresh your memory, so I won't ask you to commit yourself one way or the other at this stage, Mr. Haughey.

May I ask you this again really, this is by way of general information, Mr. Haughey, to deal ultimately with the loan or, sorry, the documents in the Central Bank which

deal appear to deal with a loan from Cayman on your behalf. Again, I should stress, there would be nothing wrong with anyone borrowing abroad provided they had exchange control approval and there are documents in the Central Bank applying for and apparently the granting of exchange control approval. But could I ask you this: Did you, during the 1970s, become aware from Mr. Traynor that there was an offshore facility attached to the bank Guinness and Mahon?

A. Attached to?

Q. The bank Guinness and Mahon, that it was in various stages a subsidiary either of the parent company or of the Dublin branch or

A. I wouldn't have been familiar with the scope of activities of Guinness and Mahon. I just knew that Guinness and Mahon was a bank here, that Des Traynor was the chief executive of it or Chairman or whatever he was, and that was the extent of my knowledge at that time until I was asked to sign the letter to the Central Bank.

Q. That is the application for exchange control approval?

A. Yeah. I think that's the first I heard of it.

Q. That you became aware that there was an offshore aspect to the business, if I could use that in its broadest sense?

A. Exactly.

Q. And perhaps if we could just deal with that. Do you remember being asked to sign?

A. Well, I don't specifically remember being asked to sign but

I signed. I think did my wife sign as well? Did Maureen sign as well or did she have to?

Q. I think in that particular case I am unsure, but I think she did.

A. I was asked to sign, the letter would be put in front of me and I'd sign it.

Q. And up to the settlement with Allied Irish Banks, did you believe that the only accounts which existed were the Allied Irish Bank accounts?

A. Sorry?

Q. Up to the settlement, up to the time of the settlement of the Allied Irish Bank indebtedness, did you believe that the only accounts of yours were the Allied Irish Bank accounts? I am not now dealing

A. There was not another one Merchant Banking Limited? Was that at that time or was it later?

Q. Leaving those aside, they were normally of a loan type account, if I could describe it that way, the Agricultural Credit Corporation

A. You mean the only operative

Q. The operating accounts.

A. As far as I knew, yes, that was the only bank account, yes.

Q. And you had no knowledge of any other accounts which may have been in your name operating?

A. No operative accounts, no.

Q. And to the best of your knowledge did you make or cause to be made any lodgements to any other accounts?

A. No.

Q. Or to the best of your knowledge, did you

A. Allied Irish Bank was there, there was a cheque-paying service and as far as I was concerned, and I am sure at that time that was the height of it.

Q. And to the best of your knowledge, so, did you make drawings or cause drawings to be made on your behalf from any other accounts to the best of your knowledge?

A. I'd be fairly certain, no.

Q. Now, I think the Tribunal furnished with you with another book of documents of recent times, although all of these had been previously furnished to you, and it's lever arch file volume 3, parts 1 to 5, and at divider number 1.1 we have extracted points which were raised with you through your solicitors in a letter dated 19th May 2000 and specific queries which were addressed to you. And the first query is:

"1. Your client's account with the manner in which these accounts were opened and operated and the names and addresses of any person with whom your client dealt with the opening or the operation of these accounts or of any person to whose intercession these accounts were set up or operated.

"2. Your client's account of the source of funds of the two current accounts and the source of repayments of loan accounts.

"3. Your client's knowledge, direct or indirect, of any person, if not your client, by whom these funds were provided.

"4. Your client's knowledge, direct or indirect, of the dealings of the late Mr. Desmond Traynor with any person, including your client, in connection with the provision of funds or of the accumulation of or making available of funds for these accounts.

5. Your client's knowledge, direct or indirect, of the dealings, if any, of the late Mr. Desmond Traynor in connection with the raising of the two loan accounts and the discharging of the same and/or any involvement he may have had with the operation of the loan accounts.

"6. Your client's knowledge, direct or indirect, of the dealings of any other person, other than the late Mr. Desmond Traynor, in connection with any of these G&M accounts.

7. Your client's dealings, direct or indirect, with any official or director or any other person connected with Guinness and Mahon, whether in an advisory or other capacity, whether as an agent or as an intermediary or otherwise in connection with these accounts."

Now, I think that is the broad area of inquiry. I am not asking you to answer those straight off now, Mr. Haughey.

That's the broad area of query as I go through the documents in relation to these accounts.

Now, I think the evidence in relation to these accounts, and the documents were produced by Ms. Sandra Kells on day 27, that's transcript 27, and that is where the evidence is to be found that the Tribunal has heard about these accounts. And as I said, her first piece of evidence was that there is reference to accounts in your name in 1976.

Now, as I said, I will ask you to deal with those at a later stage, Mr. Haughey, because we did not include those particular statements in this book, the account statements, so I won't ask you to deal with them now.

Now, just if you can remember though, because was there work being carried out at Inishvickillane, say, from '76 on or thereabouts, can you remember?

A. Yes.

Q. Well, I'll come back to the accounts again because some of them seem to make references to works being carried out or relate in some way to Inishvickillane, but we'll come back to them in greater detail eventually.

Now, Ms. Kells also gave evidence that in the years from the 1st January 1979 you held four accounts, the last of which closed on the 9th June 1987 after the crediting of 285,000 to it, which was part of the proceeds of what has been described at this Tribunal as the Tripleplan payment

cheque. That was a Mr. Bernard Dunne or a Dunnes Stores cheque.

So in the first place, on the evidence of Ms. Kells, it would appear that you had four accounts from January 1979 up to the 9th June 1987 at Guinness and Mahon?

A. Could I say that there appear to have been four accounts in my name in Guinness and Mahon. I shall maintain very strongly, when we come to it, that I never had anything to do with the opening, operating or anything else of those accounts.

Q. Well, I take it you will accept, Mr. Haughey, that you received the benefit from those accounts.

A. I can't say that at this stage, but as I said, we'd be going into it later, but

Q. And can I ask you and let's be clear about this now, because it's 1976 to 1980 I am going into later. But you say that from 1979 up to 1987, that the four accounts which are recorded as being in your name, you had, first of all, no knowledge of their existence; is that correct?

A. Correct.

Q. Secondly, you had no knowledge of being involved in the opening of any such account.

A. I am certain that I was not involved.

Q. You have no knowledge of being involved in the closing of any such accounts?

A. No.

Q. And you say you have no knowledge in respect of the

operating of those accounts?

A. I was not involved at all.

Q. And what I am asking you is: From the documents which have been furnished to you by the Tribunal, and I'll go through them in detail but I want to ask you just a general question first, do you accept that you received the benefit from those accounts?

A. At this stage I would think what I should say to you is that I have knowledge that I certainly received benefit from those accounts.

Q. Because I don't think you would have been suggesting for a moment that Mr. Traynor would have been engaged in any improper activity by using your name and then using the proceeds of accounts for another purpose.

A. I would think not. In fact, I would be sure not.

Q. You'd be sure. I think that would be the situation.

Now, that being the case, if I could just turn to the first account that the first account which we have some documents in relation to was a resident current account number 28500-01-50 numbered 03356000 from April 1987. In other words, it changed its account number from April 1983.

A. Is this 1.61?

Q. No. It's 1.61, yes, it is, yes. Again, before you say it, Mr. Haughey, it's very faint, because it's retrieved from microfiche again. And it appears to have been an operating account. If you look at the documents, it was

overdrawn. There were debits on the first page of the statement. Overdrawn in January of 1979 on the first page of the statement to the sum of I think it's approximately 48,500 or thereabouts. There has been one credit to it in that year up to 1978 sorry, up to January of 1979 of 1,000. Then over the page, the next page of the statement

A. Sorry, the first page that I have seems to be there is a lodgement of in '76 of a thousand pounds, not '79; is that correct? It seems to run from

Q. If you look at the statement date on the top. The first statement date is the 7th February 1979. Do you have that? Perhaps you don't. It's a six-monthly statement, if you understand

A. But looking at the column of dates on the actual thing itself, it seems to me to be '78.

Q. That's right. That is correct.

A. Then it seems they are all '78, sorry. I thought they were '76.

Q. It comes down the statement is then on the 7th February, and it's for the preceding six months. And it shows on the balance column on the right-hand corner, or the right-hand column, it shows that as of the 12th January 1979, there is a debit balance on the account of, I think it's 48-odd-thousand pounds.

A. Yeah, that

Q. That seems to be the situation?

A. That would seem to be correct, yes.

Q. Then if you go over the page to the next statement which has a statement date of the 5th April 1979 in the top right-hand area of the statement, and you can see in the credit column then, there has been lodged to the account 15,000, 18,750, 20,000, 3,575, 2,425 and that brings the account into credit standing, at one stage, to a credit of 11-odd-thousand pounds. And then there are two debits to the account which bring the balance down as of the statement date to around 2,000-odd pounds or thereabouts.

Now, in the first place, could I ask you, Mr. Haughey, do you remember during the year of 1979 ever having sums of money which would be reflected in those credits to that account?

A. No, I do not.

Q. Well, can the Tribunal take it that well, could I ask you this so: Can we take it that they do not arise by reason of lodging any salary cheque? That's the first thing.

A. Definitely not.

Q. And they certainly don't arise, perhaps, by reason of any lodgements from the stud account bearing in mind what you said to Mr. Phelan?

A. Almost certainly not, yes.

Q. And to the best of your knowledge, they don't arise by way of a loan being obtained for those particular sums?

A. I don't know that.

Q. Do you think that's a possibility?

A. Des Traynor may have raised loans somewhere or may have transferred from some other account.

Q. Well this is going to be fairly time consuming going through some of these statements, Mr. Haughey, over this period and what I would intend doing over the next couple of days of evidence with you is to enable you to be in a position to deal with it, is I will, I hope, identify the larger lodgements to these accounts and ask you for your view in relation to them. I think that would be the best way of approaching them.

A. Thank you.

Q. And I would also, if you are looking at these documents, perhaps, ask you for your recollection or your knowledge or your view on any transactions which may be identified on the documents, if you can.

A. Thank you.

CHAIRMAN: Well, I think we are right on half past now, Mr. Coughlan, Mr. Gardiner. Thank you, Mr. Haughey.

As I had indicated, because of a North/South conference here tomorrow, we have been asked by the Castle authorities not to sit and will accordingly resume at the usual time on Wednesday morning. Thank you very much.

THE TRIBUNAL THEN ADJOURNED UNTIL WEDNESDAY 27TH SEPTEMBER
2000 AT 10:30AM.