

THE TRIBUNAL RESUMED AS FOLLOWS ON WEDNESDAY, 1ST
NOVEMBER, 2000, AT 10.30 A.M.

MR. HEALY: Sir, Mr. Roy Donovan, please.

ROY DONOVAN, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS
BY MR. HEALY:

MR. HEALY: Thank you, Mr. Donovan. Now, the Tribunal
made contact with you, Mr. Donovan, in recent weeks
following the provision of certain information to the
Tribunal by Mr. Philip Monahan, and I think that
information was drawn to your attention, is that right?

A. Yes, that is correct.

Q. And you have provided the Tribunal with an account of
your knowledge and of your dealings with Mr. Monahan,
and indeed with Mr. Paul Kavanagh, in connection with a
cheque payment of $\text{€}25,000$ payable to Charles Haughey
Party Leader's Fund, the cheque payment that we have
been discussing for the last day at the Tribunal and
which has also been shown to you privately, isn't that
right?

A. That is correct.

Q. It's on the monitor at the moment. You can see it on
the monitor just in front of you?

A. Yes, thank you.

Q. Now, you provided the Tribunal with certain information
and a memorandum of that information was prepared and I

think you have a copy of it in front of you, is that right?

A. That's right.

Q. And what I propose to do is take you through that memorandum and then we may go back over one or two parts of it to clarify one or two things and if there is anything you want to revise or any addition you want to make, you can tell me or tell the Sole Member about it.

Now, I think that your memorandum starts off as follows: You say that Mr. Paul Kavanagh came to you in a bit of a panic saying that the public had no idea of the generosity of Mr. Charles Haughey's heart. That Mr. Kavanagh told you that Mr. Haughey was funding all of Mr. Lenihan's medical expenses but that a further $\text{€}1/250,000$ was needed as the bills were going on and on. And Mr. Kavanagh then said that he himself was bad news, but that perhaps you could open a door for him. Mr. Phil Monahan then came to your mind as he was the type of person who would give $\text{€}1/250,000$ just like that, and you thought that Mr. Monahan was living in Mr. Lenihan's constituency. You told Mr. Kavanagh that you would arrange for Mr. Monahan to meet with him. You then telephoned Mr. Monahan. You are not sure whether you mentioned what was behind the call but, in any case, subsequently you spoke to Mr. Kavanagh who informed you that he had received

money from Mr. Monahan, that he had received $\text{€}25,000$ from Mr. Monahan but that he had not obtained the full $\text{€}50,000$. Now, Mr. Paul Kavanagh has given evidence to the Tribunal, and indeed he has also provided the Tribunal with a Memorandum of Evidence, I think you may have received a copy of it, in which he says that he recalls meeting you in the Shelbourne Hotel. Would that be correct?

A. That is correct.

Q. And that was the that was the first meeting that you had with Mr. Kavanagh in connection with the events which subsequently led to this cheque, is that right?

A. Correct.

Q. And that was the meeting when he came to you, as you say, in a bit of a panic, is the words you used to describe the way he was.

A. Correct.

Q. By that, do you mean that he was some way excitable or excited about the whole thing or in a state of some emotion about it?

A. I think he was in a state of surprise, I think, because this was yet another payment and he gave me the impression that it would appear that the costs seemed to be running on and on.

Q. Do you mean that he was telling you that he was surprised that the costs in relation to Brian Lenihan were running on and on?

A. Oh, yes.

Q. And he said to you that the public had no idea of the generosity of Mr. Charles Haughey's heart. That's a somewhat that's somewhat elaborate language. What do you mean by it?

A. Well, he was quite moved by the fact that the then leader of Fianna Fail was so concerned about Brian Lenihan's health and that he had moved to try and soften the blow on the family by reimbursing the costs of his medical expenses.

Q. And he was conveying to you, I take it, therefore, that Mr. Haughey's effort, as it were, was proportional to the fact or the amount of continuing expense that had to be met and, therefore, the amount of continuing collection that had to be made?

A. Yes.

Q. You are not suggesting that Mr. Haughey was paying this himself but that he was putting in a constant effort to keep meeting the bills or to keep softening the blow, as you put it?

A. Well, that I hadn't given any thought to. I should explain that I had no knowledge of any previous collection. I was not at all involved, had no knowledge that any earlier money had been collected, but this was just another bill for $\text{€}1/250,000$ that had to be met. It was only at that stage that I came on the scene.

Q. Maybe you could just explain a little more to me about that. When Mr. Kavanagh came to you, he explained to you he must have explained a little more to you than you have written down here. I am not suggesting you are trying to evade anything, but he must have told you what had been going on over the previous year or two?

A. No, he didn't explain that. He explained to me that the boss, which was the term would normally be used in connection with the then leader of Fianna Fail, had been very generous and was helping him, but he didn't indicate to me at all that he had actually collected money for this purpose before he had come to me and I didn't question it.

Q. But did I not understand you to say a moment ago that you didn't form the impression that Mr. Haughey himself had put his hand in his own pocket to pay for Mr. Lenihan's bills?

A. No, I didn't just think of that at all.

Q. But what did you understand Mr. Kavanagh to mean by his reference to Mr. Haughey's being very generous? What did you understand that to mean?

A. I just took it at face value. I had no idea that Paul Kavanagh had already collected from other people for Brian Lenihan's funds, but I understood from him that Mr. Haughey had been paying for him.

Q. But where did you think Mr. Haughey was getting the money to pay for Mr. Lenihan's medical expenses?

A. I am sorry, I can't answer that question. I just didn't apply my mind to it. I applied my mind to the fact that I was being asked to get $\text{€}1/250,000$ or to open a door to get $\text{€}1/250,000$ as more bills had arrived that had to be met and that this seemed to be an ongoing expense.

Q. And did you understand that there was some urgency about the need to pay these bills for $\text{€}1/250,000$?

A. Oh, yes.

Q. That the money

A. I understood that this was very urgent because Paul Kavanagh explained to me that he couldn't go back, but remember, this was following on an election time when Paul Kavanagh would have contacted a lot of people for money and he felt he couldn't go back; the way I thought he meant was he couldn't go back to these people again, but, in fact, it now transpires he had been back to people in connection with the Brian Lenihan fund, something I wasn't aware of.

Q. Could I just take up one aspect of the evidence that you have just given, Mr. Donovan, when you say that this is the first time that you became aware that Mr. Kavanagh was collecting for Mr. Brian Lenihan. Mr. Kavanagh has indicated to the Tribunal in evidence yesterday, and I think he may have indicated in a more general way on an earlier occasion, that his recollection is that he would have brought the fact

that he was collecting for Mr. Brian Lenihan to your attention and to the attention of other members of the Fianna Fail fund-raising circle, if I can put it that way, a way back in 1989?

A. That, I don't recall.

Q. And that the reason he would have told you that is so that there would be no crossing of wires, so that you would know that he was involved in collecting on two different fronts at the one time because there was a huge bill to be discharged in 1989, isn't that right?

A. If he told me, I can't recall that. But he may have but I just don't recall that.

Q. You were aware, presumably, of Mr. Brian Lenihan's plight in 1989, as was most of the country?

A. Yes.

Q. And were you did you have any inkling in 1989 that Mr. Brian Lenihan was being assisted in any way by the Taoiseach or by any members of the Fianna Fail?

A. Not that I can remember, not until I was asked urgently to open a door for $\frac{1}{2}$ 50,000.

Q. Do you agree that if Mr. Kavanagh was collecting for Fianna Fail in 1989, as you were also, presumably, that it would have been an appropriate thing to tell you, look, I am collecting for Fianna Fail but you should know I am also collecting for Brian Lenihan discreetly and as confidentially as I can?

A. Well, I can't give you an honest answer to that, but I

have no recollection of that. Otherwise, why was I so surprised when I was approached urgently to get $\text{€}50,000$?

Q. You say that Mr. Phil Monahan then came to your mind and the way you put it is that he came to your mind as he was the type of person who would give $\text{€}50,000$ just like that and you also thought that he was living in Mr. Lenihan's constituency, which, in fact, I think he was.

A. Correct.

Q. He lived in Castleknock and I think Mr. Lenihan lived in or near Castleknock as well, is that right?

A. Correct.

Q. And is it that your mind was working like this: Mr. Phil Monahan is the kind of person who would give $\text{€}50,000$ just like that and he is living in Mr. Lenihan's constituency, therefore he would have would be more sympathetic to helping out Mr. Lenihan, perhaps? Is that the way your mind was working?

A. Yes.

Q. What made you think Mr. Monahan was the kind of person who would give $\text{€}50,000$ just like that?

A. Because at the time I have known Mr. Monahan since he was in Dundalk before ever he moved onto the Dublin scene, so I have known him for many years and I have found him a generous person, a hard man to do business with, but in his personal capacity, a generous man and

he had made a lot of money and I wasn't aware that he had been contacted by Fianna Fail for money before that date and I thought, this is new ground, this is a man who might well do that because he is a type of man who has, I would say, a big heart in some ways.

Q. And you were hoping that you could, as it were, tap into this big heart that he had?

A. Yes.

Q. And you went and you made contact with him, is that right?

A. No, I didn't go. I picked up the telephone.

Q. I appreciate that, you may not have gone to meet him but you left the meeting with Mr. Kavanagh and you went

A. Oh, yes, the meeting with Mr. Kavanagh was very short because this was an urgent matter and Mr. Kavanagh at the time was very involved in his own business anyway..D .

Q. So you contacted Mr. Monahan by telephone, is that right?

A. Yes.

Q. And you say that you are not sure that you mentioned what was behind your call?

A. Yes, I doubt very much I think possibly what I would have said is that the boss was anxious that he would meet with Paul Kavanagh and he didn't know what Paul Kavanagh was, but I said set up the meeting and

subsequently Paul Kavanagh went to see him. So I believe, because when I checked back with Paul Kavanagh sometime later, he told me that he didn't succeed in getting the $\text{€}1/250,000$ but that he got $\text{€}1/225,000$.

Q. In recommending to Mr. Kavanagh that he approach Mr. Monahan, you were, I take it, assuming that Mr. Kavanagh would approach Mr. Monahan on the basis that he would explain Mr. Lenihan's plight, explain what the Taoiseach was doing for him and hope to engage Mr. Monahan's sympathy to the tune of $\text{€}1/250,000$ or any number of thousands of pounds?

A. That's what I expected he would do.

Q. And you, when you made your telephone call to Mr. Monahan to say that "The boss" would be anxious for him to meet Mr. Kavanagh, did you mention any question of fund-raising of any kind in the course of that?

A. No, no, I don't recall, and I would be, I doubt it very much, because it was not my style when fund-raising, to mention the purpose.

Q. When you contacted Mr. Monahan and you used the expression "the boss would like him to meet Mr. Kavanagh", I take it that you and Mr. Monahan shared the same understanding or appreciation of what the word "The boss" meant in that context?

A. Oh, yes.

Q. So in approaching, Mr. Monahan

A. Sorry, I may have used the word "The Taoiseach" but,

you know, in speaking with Paul Kavanagh I would have always referred to him as "The boss", but in speaking to Mr. Monahan, I may well have said, you know, "the Taoiseach" or I may have said "Mr.Haughey", that I can't be certain about.

Q. In any case, as far as you were concerned, Mr. Monahan was being approached not to help out the Fianna Fail Party in a political sense, but to help out Mr. Lenihan?

A. Correct.

Q. And the only reason you wouldn't have mentioned that on the phone is because it's not your style, you'd have approached it a little more delicately or sensitively than to have a conversation like that on the phone?

A. Correct.

Q. Did you did you have any discussion with Mr. Monahan either on the phone or anywhere else which might have indicated to him how much money or that you were looking for a substantial sum of money by way of a contribution for some cause from him?

A. Yes, I mentioned to your solicitor just before, following on what I heard, bits on the radio yesterday, I subsequently, when the new leadership came into Fianna Fail and when the new Taoiseach came into Fianna Fail

Q. 1992

A. Yes, whatever year it was, about 1993 or 1994

Q. It would have been the end of '92, the beginning of '93, is that right?

A. Yes, but it would be subsequent to that when Albert Reynolds became Taoiseach, Fianna Fail had an enormous debt and probably about a year later I called

Mr. Monahan and I asked him if he would be prepared to

help Fianna Fail and he sent his son in to collect me

because of all the new roads and new housing estates,

it's not all that easy to find his house anymore, for

me anyway, and I visited him in his office upstairs in

his private house and I told him the whole story about

this enormous debt with which Fianna Fail were faced,

explained to him that I understood Fine Gael had a big

debt as well but nothing like ours. He had with him a

gentleman who was, I think, from Limerick or had some

connection with Limerick, his name escapes me, but both

of them were at the meeting upstairs in his own house

and I told him that we were anxious to get substantial

subscriptions towards the reduction of this debt and

that it was unlikely there would be any future calls

because there was suggestion that the monies for

elections in future would be paid out of State funds,

you know, it was all in the melting pot at that early

stage and I possibly spent at least half an hour with

him. I got no money, but I believe that what has

happened now in this evidence is that Mr. Monahan has

confused my meeting with him which was some years later

when I was looking for money for Fianna Fail, but when he gave me nothing, I believe he is confusing that and that's why he thinks he gave me the cheque.

Q. So he definitely gave you no cheques as part of the 1993/1994 drive for funds to clear the debt. He gave you no money then?

A. Correct.

Q. When you would have been looking for money for Fianna Fail?

A. To reduce the three and a half million debt Fianna Fail had.

Q. What I mean is you would have been looking for money for clearly political purpose to help a political party reduce its debt?

A. Absolutely.

Q. And when you contacted him and when you spoke to Mr. Kavanagh in 1991, there was no doubt but that the only thing in your mind was assisting Mr. Brian Lenihan via the Taoiseach?

A. I have no doubt at all about it, because Brian Lenihan and his wife Ann, they have been friends of mine, you know, he was only a year or two behind me in UCD. The boss was only a couple of years ahead of me in UCD, so Brian Lenihan I knew for many years and his wife Ann and everything and I felt very upset about his illness, so I would not mistake that.

Q. Did you ever mention that that approach had been made

to you by Mr. Brian Lenihan himself?

A. Oh, no, or to any member of his family, I have never mentioned it.

Q. I understand. Mr. Kavanagh came back to you and said, look, I haven't got the $\text{€}50,000$, I have got $\text{€}25,000$.

A. Correct. He didn't come back to me, you know, I raised it when I met him.

Q. I understand.

A. Because I was interested

Q. It was presumably fairly soon afterwards because I think Mr. Kavanagh was leaving the country?

A. Yeah.

Q. And at that stage, did you say to him that you had any other potential, as it were, targets or contributors in mind to make up the balance of the $\text{€}50,000$?

A. No, I was in virtually the same situation as Paul was in. I had, for the general election, exhausted all the doors I could open, so I was more or less in the same, but I picked that man as being one that I don't think we had got any got any previous subscription from.

Q. Do you mean ever or do you mean in connection with the Presidential Election?

A. I am sorry, I couldn't give you an answer ever.

That's a frightening expression. You know,

Q. I don't want to confuse you in any way Mr. Donovan, but there were substantial contributions. There was a

substantial contribution in 1989 and I think

Mr. Monahan himself acknowledged in evidence that he gave substantial contributions to Fianna Fail prior to this payment. You may be aware that the Tribunal has had access to all of the available documentation in relation to Fianna Fail fund-raising. In your mind, in any case, you thought he was fallow ground, as it were?

A. Correct.

Q. And when Mr. Kavanagh came back to you, did you discuss the problem that you might have in endeavouring to source a further $\frac{1}{2}$ 25,000 having regard to, if you like, the sterile conditions you were facing in terms of trying to go back to people for more money?

A. Oh, yes, this was a very brief meeting with Paul Kavanagh. It was I think we just decided we'd have a cup of coffee inside in the Shelbourne which was very convenient for both of us, and this was an urgent matter and I am a focused person, I just wanted to get out, get on a phone and see if I could contact somebody, but I couldn't think of anybody else and I didn't give him any other name.

Q. I understand you may not have given him any other name at that time, but, as you say yourself, you are a focused person and when he mentioned to you that he had got 50 percent only of his target, did you think of refocusing your mind, at that stage, on identifying

another source of the balance of the $\text{€}25,000$?

A. No, I did not.

Q. Are you surprised you didn't do that?

A. No, I am not a bit surprised because, remember, this all came following on a general election and frankly, you know, I was I had my fill of fund-raising.

CHAIRMAN: Well, did Mr. Kavanagh seem less agitated having got the $\text{€}25,000$ when you had your subsequent meeting with him, did it seem to you that the heat may have gone out of the issue?

A. No, it didn't. You know, these were very matter of fact meetings, "How did you do with Phil? I didn't get the 50, but I got 25." End of story.

CHAIRMAN: I see.

Q. MR. HEALY: Now, you are aware that the Tribunal's interest in this matter, Mr. Donovan, is in the fact that this $\text{€}25,000$ went into an account in the name of, and to a substantial degree, under the control of Mr. Charles Haughey.

A. Yes, I just see this here.

Q. And you are aware, I think, from what the Tribunal has told you, and certainly if you have been reading the papers, you'll be aware that at the time the $\text{€}25,000$ payment was lodged to the account, the only outstanding bill was a bill for $\text{€}12,914$ and some odd pence. And

there was no further bill paid out of the account in respect of Mr. Lenihan's expenses after that date and indeed very few bills paid in the six months before it.

So the Tribunal's interest in this matter is in endeavouring to establish how much, if any, of that money went in discharging actual bills and what happened to the rest of it or what use the rest of it was put to.

And I think, as an astute businessman and obviously a person who has some interest in public affairs as political fund-raiser, you'd be aware that this matter has been a feature of the Tribunal's proceedings on a number of occasions over the past years.

A. Yes.

Q. You'd be aware that what is called the Brian Lenihan fund, and the controversy that arose over what use was made of the money has engendered a degree of controversy?

A. Yes.

Q. And I just want to ask you why, seeing as you had only one, according to yourself, one involvement in dealing with that fund, you never brought it to the attention of the Tribunal?

A. Because I hadn't collected any money.

Q. You did, however, have a fairly net, but nevertheless important, involvement in identifying a person who would contribute to that fund and who did, in fact,

contribute to it, isn't that right?

A. Yes.

Q. And you never obviously lost your memory of those events?

A. Correct.

Q. Did you not think that those events were important events to bring to the attention of the Tribunal?

A. No, I didn't think it was for me to bring this to the Tribunal because I felt this was going to come out in due course, which it has.

Q. What particular aspect of the evidence given at the Tribunal led you to believe that this matter might come out in due course.

A. I can't answer that question now. I haven't been following the Tribunal closely.

Q. You are a member of Fianna Fail?

A. Yes.

Q. You are aware that the President of Fianna Fail, the Taoiseach, Mr. Bertie Ahern, has indicated that the party is fully committed to making available to the Tribunal every scrap of information it has which might be of assistance to it in finding the relevant facts in the context of its Terms of Reference.

A. Yes.

Q. There was much discussion in the course of the Tribunal's evidence of contributors to this fund and Mr. Monahan's name was never mentioned although the

names of many other senior businessmen, all of whom I am sure you know, if not personally perhaps by repute, were mentioned. Did you not think that this was an important piece of information to bring to the attention of the Tribunal?

A. In the context of the collection for Brian Lenihan, I felt it was an important piece of information, but I felt that this information would come forward by those who were immediately involved, Paul Kavanagh and Mr. Monahan. Because my evidence would have been hearsay. I am relying on the integrity of Paul Kavanagh. It was he who told me he got the money. I never saw the cheque. I have no idea of to whom it was made payable. I never followed up monies that I did not myself actually collect so my evidence to the Tribunal would have been based on hearsay. It would have been based on what Paul Kavanagh told me.

Q. I take it you had no reason and would have no reason to disbelieve Paul Kavanagh if he told that you Mr. Monahan had paid $\text{€}25,000$?

A. No.

Q. You believed him that the money had been paid?

A. I believed him.

Q. And you believe that Mr. Monahan had before contributed $\text{€}25,000$ towards what you regarded as a needy cause.

A. Yes.

Q. And that cause was the subject of the hottest

controversy in this country last year, I think on at least one occasion, and perhaps the year before as well, and you never thought of bringing that information, although you were aware of it, to the attention of the Tribunal?

A. Well, I remember on some occasion it was stated in maybe a press report that Paul Kavanagh had submitted the names of those who had contributed, so I assumed the name was in it.

Q. I am not, and it's not the purpose of the Tribunal to criticise you in any way, Mr. Donovan, but could I just ask you to bear this in mind, that the Tribunal is not interested in acquiring information merely based on someone's direct involvement in something, but even information of the kind that you had, I am sure, as you can now see, is very valuable, is it not?

A. It is valuable in the context of conflicting evidence that was given in the Tribunal in that I am able to explain as almost an arm's length witness, exactly what happened, so my evidence today is very relevant and that is why, when Mr. Davis first contacted me about a totally different matter, I aired this with him. I was first contacted by this Tribunal in the context of Dermot Desmond.

Q. That's right.

A. Who, to my knowledge, was never involved in fund-raising for Fianna Fail

Q. Well, I don't want to

A. Digress

Q. to matters that were mentioned privately. Could I just correct one thing, Mr. Donovan. Can I just say two things: First of all, on the transcript a moment ago you said that your evidence today is very relevant, it has come out as irrelevant I think. And just one other matter, I think when the solicitor for the Tribunal contacted you, it is correct to say he contacted you about another matter which I won't mention at the moment, but that you drew up with him, I think, newspaper reports, is that right?

A. Correct.

Q. So the matter had been mentioned in the public domain by the time you spoke to the solicitor. You didn't volunteer it without there having been any other public mention of it, isn't that right?

A. But I volunteered this information to Mr. Davis. He hadn't raised the issue with me at all. What I had seen in the newspaper gave me to understand that there was a conflict of evidence between Mr. Monahan and Mr. Kavanagh. So I volunteered this information to Mr. Davis with a view to helping this Tribunal of Inquiry.

Q. The press hadn't been in contact with you directly at all, would that be right or do you recall

A. Oh, no, the press only once ever contacted tried to

contact me and that was in connection with the Central Bank.

Q. Thank you very much, Mr. Donovan.

CHAIRMAN: Mr. Donovan, in the course of yesterday's evidence Mr. Monahan expressed a certain degree of concern that he felt there might have been undue pressure exercised on him as a person of reasonable financial means to make political contributions. I don't want, since you have been asked to come and testify in these factual issues, to, if you like, call upon you for an extempore opinion in full on that, but from your experience as a senior fund-raiser for Fianna Fail, would you care to comment on Mr. Monahan's evidence yesterday that, to some extent, even amongst Fianna Fail supporters, the pressures may have been somewhat extreme or intense in soliciting contributions.

A. I am appalled to hear that. I have always made it absolutely clear to those from whom I have collected funds that there were no favours, number one; and number two, if they weren't of a mind to support the democratic system which involved funding parliamentary parties, I had no favours to offer and I can assure you most of the people I contacted told me that they contributed across the Board.

CHAIRMAN: So it's because it's part of our

recommendatory Terms of Reference, I felt I might take up that limited matter with you. Thank you for your assistance.

MR. HEALY: Sir, one last matter arising out of the question that you just put to Mr. Donovan, I am just reminded of one thing.

THE WITNESS WAS EXAMINED FURTHER BY MR. HEALY AS FOLLOWS:

Q. When you spoke with Mr. Monahan that time in his house, in his private house with presumably one of his executives, and you had quite a lengthy conversation with him, could I take it that during that conversation you made it clear that there would be no question of political favours or a quid pro quo, as it were, for any contributions?

A. I never offered a political favour to anybody. In fact, whenever I chaired the fund-raising committee

Q. It's just that meeting I am concerned about. You didn't offer them or suggest there was any potential even for a quid pro quo at that meeting?

A. I never offered a favour to anybody.

Q. No, I am just concerned about that meeting with Mr. Monahan. There was no suggestion of it?

A. No suggestion whatever of a favour.

Q. And you got nothing from him, is that right?

A. And I got nothing. I wasn't expecting the cheque to be written there and then.

Q. I understand that

A. And, to my knowledge, nothing came into the Fianna Fail Party subsequently, certainly that I am aware of.

Q. Thank you very much.

CHAIRMAN: Thank you very much for your attendance.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Mr. Stafford.

JAMES STAFFORD, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS BY MR. COUGHLAN:

MR. COUGHLAN: Mr. Stafford, I think the Tribunal made contact with you last July in relation to Feltrim Mining, isn't that correct?

A. That's correct, I am sorry I wasn't able, to attend to you earlier, but I was detained by Mr. Justice Flood.

Q. Now, I think the reason the Tribunal approached you was because of evidence which had been given by a number of witnesses, Mr. Conor Haughey, Mr. Bernie Cahill, Mr. Emmett O'Connell and Mr. Trevor Watkins at this Tribunal about some relationship you may have had with Feltrim Mining in its early years at least, isn't that correct?

A. Yes, I think at its inception I had an involvement, yes.

Q. Now, I think that the Tribunal then asked you in the circumstances of information the Tribunal was seeking you to come and give evidence based on the information that was being sought, isn't that correct?

A. That's correct.

Q. And I think that the first thing the Tribunal requested of you was for your assistance in the circumstances in which you became involved in the incorporation, promotion or flotation of Feltrim Mining plc, isn't that correct?

A. Correct.

Q. I wonder could you assist

A. Would you like to take one at a time and I can deal with them?

Q. Very good. I'll take the promotion of the company.

A. Well, the idea was first suggested to me, I think, in June 1987 by Eimear Mulhearn, Conor Haughey's sister. She said to me that Conor was interested in floating a mining company and would I talk to him? And that is how I became involved, so I met Conor Haughey, discussed his ideas and some ideas that I had at the time. The idea that I had at the time, which was an idea Emmett O'Connell and myself had worked up, that there was an excellent prospect for prospecting, exploring for diamond pipes in the northwest territories of Canada at the time and this was particularly of interest to both of us and, in the

course of the discussions with Conor Haughey, it emerged that Conor had actually quite a lot of experience in Canada, so this seemed to fit together and that really is the genesis of how we came together. And then I brought Emmett O'Connell in and Texas Continental and eventually we then reached a stage where there was a prospectus prepared, which I prepared, drafted up, that is the entire prospectus with the exception of, say, the geological input and then it was brought to and that would be a fairly high degree of accuracy, then that was brought to the lawyers, who were Arthur Cox & Co., and the accountants, who I think were Deloitte, and the brokers, Davy, who put in their own input into it, which would be house style. At that stage the company was ready to apply for a flotation on the stock market and got floated.

Q. Now, could I ask you why Ms. Eimear Mulhearn would have approached you? Did you have an interest in the mining area?

A. Well, I had an interest in exploration for years, well-known interest, and I know Eimear Mulhearn for a long time and she would know that I have a certain, I won't use the word expertise, but experience in the field, so it would be logical to ask me.

Q. So it was a combination of being a friend of Ms. Mulhearn's or a friend of the family.

A. Yes.

Q. You had experience in the exploration area.

A. I had been involved in a large number of companies in this area in both preparing the prospectuses and getting Stock Exchange quotations for them.

Q. And perhaps you could just, for the assistance of the general public, used an expression there, "diamond pipes". What are they Mr. Stafford?

A. Well, diamond pipes are essentially the remnants of volcanoes and, you know, volcanoes are conical in shapes so what you really are looking for in a diamond pipe is, it's a structure and they are usually round, so at this stage there was some interesting developments in identifying them. What you are looking for, a round structure that may be several hundred feet across, very hard to find if you are walking across it. You wouldn't spot it but the satellite technology at that stage by using photographing vegetation from season to season, and using comparisons, you could actually identify quite quickly. These diamond pipes are basically the core of the volcano and you find your diamonds in those. It so happens that Canada has actually turned out to be an extremely interesting province for diamonds because they are producing the best white diamonds in the world today in Canada. This was very much in the very infancy of that idea.

Q. And Mr. Conor Haughey, when he spoke to you, had a similar interest

A. He had a lot of experience of Canada, you see, which made it particularly interesting; seeing his way around, how the Canadian system worked, so that made a certain degree of synergy.

Q. So you say that you prepared the prospectus having had experience yourself of being involved in the preparation of prospectus on previous occasions?

A. I had done a lot of them over the years, I wouldn't I don't think it involves any great expertise, it's a matter of, really, of setting out on paper what you want to do quite clearly and with a high degree of accuracy and tailoring it to the Stock Exchange requirements. There are option schemes, there is a whole series of things like the articles of association to be tailored to it, it's not very complicated when you know how. If you don't know how it seems extremely tricky. But I had done quite a lot of them so I would be quite familiar with it.

Q. Now, I suppose

A. That's not to say now, you know, I would prepare it. We had highly qualified professional advisers in lawyers and accountants to finish it off.

Q. I suppose you prepare what you would describe as the draft and it goes to the lawyers and the accountants for

A. More or less skeleton, but well clothed.

Q. And it's a document which has to be accurate, isn't that correct?

A. The essence of it is accuracy and there is a very extensive verification process. I mean, a mistake in a prospectus is a very serious matter, so accuracy is absolutely essential.

Q. Essential. Now, you then say that at this time in the discussions with Mr. Conor Haughey, the preparation of the prospectus, the taking of it to the solicitors, the accountants and the stockbrokers, that around this time you also introduced Mr. Haughey to Mr. Emmett O'Connell, is that correct?

A. Yes, quite early on. I mean, I think after the initial meetings which we would have had sometime in the middle of '87, I would almost have said to him, Conor, I am talking from memory now 14 years ago or 13 years ago, I shouldn't necessarily be held to absolutely accuracy but I think fairly quickly after that I said to him that I'd like to talk to Emmett O'Connell about this and then brought Emmett in with Texas Continental. Emmett O'Connell, of course, has an extensive track record, successful in this field too, so two of us would make a better job than just one of us, I thought.

Q. It seemed the reasonable and logical thing to do was to involve Mr. O'Connell, or to introduce them at least?

A. I had done a lot of business with him over the years and I had always found had him very satisfactory so I thought ^ he would be an ideal person to bring in. He also has extensive experience of North America, so it made a great deal of sense.

Q. Now, did Mr. O'Connell know Mr. Conor Haughey or did you effect the introduction?

A. I think I effected the introduction. I may not be correct in that but that's my recollection.

Q. Now, when you prepared or were involved in the preparation of the prospectus and it was being brought to the various professional advisors, Mr. O'Connell I think informed the Tribunal that he'd be accurate in his recollection of this, that when it was brought to Davys in the first instance, they were not that interested, there being a lot of mining companies or exploration companies around at the time in its initial phase?

A. I wouldn't dispute his evidence. I don't actually have a recollection of it, so I would be inclined, if he says he recollects that I am sure he is accurate, but, you know, there is always this 'there is too many around' but if it's if the right one's around, it will go just on that last question. My recollection is that there were too many at a later date. I am not certain that at this time that there were too many around, however

Q. I think there is no doubt Mr. Conor Haughey gave evidence, this is when the company became a new company effectively, that there were too many mining or exploration companies around at that stage and that Davys were advising that people would amalgamate or get together or

A. I think that came subsequently. I am speculating here because I can't remember accurately because I think that came subsequently when we were trying to, sort of being mergers and there was about a year and a half, two years later when they were all merged together, trying to reduce the numbers at that stage, but I am not certain as to exactly what the position was at this stage.

Q. Now, the document which was Feltrim Mining Public Limited Liability Company placing by J. and E. Davy, or the prospectus or that which is similar to a prospectus, at appendix 3.

A. I have no

Q. Yes, I'll just show you, I only have the hard copy at the moment, and what I really wanted to ask about I'll put it up on the screen and perhaps you'll just now, that contains certain essential information which has to be in the document, isn't that correct, for the purpose?

A. This is a very the accountancy report would be very important indeed.

Q. Very important. And it shows that the current assets as being i;½1 million and it shows current liabilities i;½125,000. What I really wanted to ask you about, if we could just move the page along further please, you will see that there are notes attached to the accounts and the note number 2 "Formation expenses and cost of placing which are estimated at i;½75,000 have been deducted from the Share Premium Account."

A. Could I look, I am finding it difficult to read.

Q. I'll give you the hard copy. (Document handed to witness).

A. So we have got two points

Q. What I wanted to ask you about, do you see note number 2, the formation expense and cost of the placing?

A. Yes.

Q. They are estimated at i;½75,000. And have been deducted from the share premium account.

A. Yeah, that's that's the way accountants would have decided to treat it in this particular case. There is an amount which could have been capitalised. I think probably the more prudent way to deal with it is the way it's done here.

Q. That would be an accountancy matter, how that would be described, the expertise of Deloittes would be brought to bear on that?

A. A question of style really.

Q. What I wanted to ask you, I think you know that

Mr. Conor Haughey gave evidence to the Tribunal that the initial expenses of promotion of flotation were funded by you and that they were in the region of $\frac{1}{2}$ 40,000. I think you know he gave that evidence.

A. Yes, I do.

Q. Now, in any guise, did you make available either by way of loan, taking up of shares or anything of that nature, advance $\frac{1}{2}$ 40,000, to your knowledge?

A. Well, I don't lend money, so you know, I don't, as a policy, ever lend money, so it certainly isn't a loan.

If it were a loan it would have to appear in these books somewhere. Now clearly there may have been a financial requirement and again I am talking from recollection 13 years ago, so I am not altogether clear so if there was a financial requirement - I may have said right, look, I will procure an early subscription, but it certainly, from my point of view, I don't recall making a loan and in terms of how I conduct my business, it would be highly unlikely that it would be a loan and if it were a loan, it would have to appear here as a loan. So I don't think that this is a loan as such, so it's funding in some other manner and I suspect it's something like a subscription. I really can't tell you, but the accountants should be able to tell you from the date and the time how exactly how it was dealt with and what the nature of it was. But I don't believe, I don't recall it being a loan from me

personally.

Q. If it was a loan, the accountants would have to declare it as a loan on this particular document because it would be accurate?

A. It would have to appear here as a liability. I mean, you know, I really can't tell you. All I can tell you is that I don't make loans and I don't recall making a loan. Now if they did require funding, I would probably have provided it by way of a commitment to a subscription or a conditional subscription, but it certainly isn't a loan as far as I am concerned.

Q. Very good. So we can and I don't think Mr. Haughey would have been that accurate perhaps in technical terms, but he did say that $i\frac{1}{2}$ 40,000 was made available by you. Could it have been made available by way of subscription?

A. Probably, yes, and quite likely but not by way of loan. I can tell you, by way of loan, I wouldn't think, I would be almost certain that's not what I did. And in any case, if it were a loan, it would be reflected in these documents as such.

Q. That is so. It would have to be.

A. I mean, I am quite happy that this document is accurate.

Q. I don't think there is I don't think anybody is disputing the accuracy.

A. I am sure it's accurate. I think there is some

misinterpretation as to exactly what that is.

Q. Yes. Now, do you I appreciate that there was family friendship and that you were giving advice to Mr. Conor Haughey. But do you remember a financial contribution in any form whatsoever?

A. An investment by myself?

Q. Yes.

A. I personally didn't invest anything but I believe certain trusts to which I may be possibly a beneficiary did invest in it and a lot of people who would follow, have made money with me over the years would have followed in too and indeed Texas Continental had a large following, so there would be a whole body of people who would follow us in as investors.

Q. Well, as far as

A. And of course Davys would have their own clients on top of that.

Q. I understand that, but can I take it that if $\frac{1}{2}$ 40,000 or thereabouts was being provided as for the initial funding of the promotion and flotation of the company and if it was by way of, in the form of an investment, Mr. Haughey would still be accurate, would you accept, if he thought that you did it, you wouldn't have informed him you were doing it on behalf of people who were following you or various trusts?

A. People can be very general in some of the expressions they use but technically, we are giving evidence,

technically I am accurate. In terms of how he would describe it, I wouldn't take issue with him on it.

Q. Now, Mr. Haughey appears to have given evidence though that he believed, he believed that the company repaid you after the flotation.

A. Well, again, if it isn't a loan, it isn't, you know, due to be repaid. I mean, I cannot recall anything about this, but I know if it was as I have told you, I don't believe it was a loan and therefore, if it would have turned into a subscription, so he may mean it's being repaid in the sense that it was security, shares were issued for it.

Q. I appreciate that, but I think we all know that this company was less than successful in its early years.

A. You know, this is a very high risk business and you are relying upon luck. You can't, in the mining business, you know, this isn't running a shop in Grafton Street with a margin of business. If you hit it lucky, you do fine. Some people are unlucky. It's a high risk business, we all know.

Q. You do appreciate it is something the Tribunal has to look at. Mr. Haughey also gave evidence that Mr. O'Connell and you may have, apart from what he thought was a loan or monies advanced for the purpose of the flotation, may have invested in the region of $\frac{1}{2}$ 100,000 each or promised to make such an investment at least?

A. I think that we made it quite clear that you know that

people who would be following us would subscribe in the region of this sum of money. And that we would expect.

Q. Now, that is in clear distinction to the $\text{€}40,000$ he believed had arrived for the flotation?

A. I see $\text{€}40,000$ as part of that. I am sorry not to be helpful but we are talking a long time back.

Q. All we are trying to do is establish the facts.

A. I would like to be more helpful on them. I think $\text{€}40,000$ is part of the subscription. What I am quite clear is it isn't a loan. At least I hope I am clear.

Q. Well, then there must be a question as to whether you ever received back $\text{€}40,000$ as Mr. Haughey seems to believe because the subscription didn't yield anything effectively, isn't that correct?

A. Well, that would become a shareholding which would be a different matter at that stage. That wouldn't be I mean, a loan is a loan, it's a capital sum of money.

If you buy shares in the company, you take your risks.

So it

Q. You got the shares and you took the risks and some you win and some you don't?

A. I don't know whether they sold them early or late or what they did with them.

Q. Now, I think you were not a member of the Board of this company, isn't that correct?

A. No, I was never a member of the Board nor was Mr.

O'Connell. I think that Trevor Watkins, who was very close to and I think may have been an executive in Texas Continental, was involved in it. So the nearest that Emmett O'Connell and myself came to involvement was through Trevor Watkins.

Q. Had you ever been asked to join the Board of the company? Could I put it to you this way: a question had been asked, you were assisting Mr. Haughey in the promotion of flotation of this company?

A. I was delighted to do so. You know, people ask me to do things like this. If I want to, I will and if I don't want to, I won't. I don't charge for it. I can't remember whether I was asked, it may have been, but generally speaking I didn't want directorships of public companies even then. So my inclination would have been that I wasn't interested in the directorship anyway. But I am sure that he did ask me.

Q. And I think when you were assisting Mr. Haughey in the promotion of flotation of the company, I think you would have become aware that Mr. Bernie Cahill had been approached to become Chairman of the company, isn't that correct?

A. Indeed. I mean Conor would have told me at the time who he was approaching and when he told me he was approaching Bernie Cahill, I said really, you know, you can't get a better Chairman; a highly experienced businessman with a fantastic track record, excellent.

And Jack Stakelum, when he told me he was approaching him, again a highly respected member of the community and he put together a very good Board, in fact, an excellent Board of Directors.

Q. Now, I think you had no involvement in the running of the company at all but that you may have rendered assistance by way of advice to Mr. Haughey over the first year of the company?

A. Advice maybe I mean he would ask my opinion on things and I would give him my opinion on it. It's advice to the benefit of the experience I had. I was happy to tell him what I thought. Sometimes he would listen to what I had to say. Sometimes the Board had a different point of view, for instance, they eventually decided they didn't want to go for diamond pipes. They decided that they wanted to go into the wild blue, which I was told, something I don't know a great deal about, that's a type of mining, not that I know a great deal about diamond mining at all, I thought it was a more interesting play. They had various other ideas. He had their own advisers, very highly qualified geologists, so the sort of advice I would give them would be very much a feel for what was happening and sure he would ask my opinion. He got it for nothing.

Q. Yes, when you say advice, was this advice in the context of friendship or social occasion rather than

formal business advice being taken?

A. Well, formal business advice, I am not a qualified business adviser and I wouldn't set myself up as an accountant or a lawyer to give advice.

Q. As a businessman?

A. As a businessman, yes. The benefit of what experience I had, I was happy to give him.

Q. Mm-hmm. So to the best of your knowledge at least, Mr. Haughey would maybe tell you about something and ask you what would you think of that or

A. He introduced me to the man who was going to drill the New Mexico prospect, he came to Dublin, I met him, and he would tell me about what was going on from time to time. You know, I was always fairly careful in relation to the question of insider trading, so I really wouldn't want to know too much about what is going on in a company.

Q. I appreciate that. But I think you would have been aware of the fact that the company wasn't performing well in the first year at least?

A. I think you can see that from the share price. By and large in these mining companies, although the directors think they know what's going on, the market usually knows much more about what's going on in the mining site than anybody else.

Q. Do you ever remember having any concern about if you had allowed a number of people to follow you into

taking shares in this company when you saw the share price go down?

A. One is always unhappy when one sees shares going down.

On the other hand, they had had a lot of winners over the years. There is buying with the odd loser, this is a high risk business, everybody knows that.

Q. Now, were you aware or did you keep any involvement after the first year or so of the company, by involvement I mean giving advice to Mr. Conor Haughey?

A. If he would ring me, I would always talk to him. If he wanted to ring me at any stage, I'd be happy to discuss it with him. Or he would ring Emmett O'Connell if he wanted advice. So he had an open line to us if he ever needed it to have an opinion or a view.

Q. Now, so would you be of the view that the way this company came into being, got off the ground, was Mr. Haughey approached you as a result of his sister just mentioning the fact to you and asked could he come and talk to you? That you introduced Mr. Emmett O'Connell to the project. Mr. Haughey himself, according to his own evidence and the evidence of Mr. Cahill, involved Mr. Cahill through the intercession of Mr. Charles Haughey asking Mr. Cahill, were you aware of that at the time?

A. I can see nothing wrong with asking your father to give you a hand.

Q. No. That as far as you were concerned, you made no loan or no trust, or company or institution you were associated with made a loan for the purpose of assisting the flotation?

A. It isn't a loan, whatever it is.

Q. Very good.

That you, through various trust vehicles of which you may be a beneficiary, took shares in the company.

A. Mm-hmm.

Q. And that some people who may have followed you on previous occasions that may have also taken shares through you?

A. No, no, no. In their own right.

Q. In their own right?

A. In their own right.

Q. So if a $\frac{1}{2}$ 100,000 Mr. Haughey's belief that you indicated you would invest $\frac{1}{2}$ 100,000, that would be through various trust vehicles of which you were a beneficiary?

A. Not necessarily. I think Emmett O'Connell and myself indicated that we would procure $\frac{1}{2}$ 200,000 of investment.

That left us fully flexible as to how we would do it.

So whether we put it in ourselves or whether we

committed it or make up shortfall or whether our

followers were going to do it, we said, you know, we

know where $\frac{1}{2}$ 200,000 will be found.

Q. Can I take it that at this remove you can't remember

how it was put together?

A. Well, unfortunately I have no files because, you know, these were actually destroyed after six years, so I have no files at all on it, so I cannot tell you who the shareholders were. I do occasionally hear from shareholders to remind me that I put them into this deal. But I cannot even, you know I'd be very little help to you on this I am afraid.

Q. Well, in due course, if we can identify the full list of subscribers, you may be, not in public at the moment, perhaps be able to identify or indicate whom you might have introduced to the venture?

A. I am sure we will do our best for you.

Q. Thank you very much, Mr. Stafford.

CHAIRMAN: Thank you indeed, Mr. Stafford, for your assistance. You haven't sought representation, Mr. Egan, but there is nothing you want Mr. Coughlan to raise.

MR. EGAN: Thank you My Lord.

MR. HEALY: These are the only available witnesses today, Sir, and the question now is in relation to one or two other matters the Tribunal needs to look into. There are logistical difficulties so I can't say at this remove when the next witness will be available.

CHAIRMAN: Yes, well obviously I am anxious to let the

public and the people professionally covering the sittings know whether or not there is going to be a sitting tomorrow or Friday, so I wonder would it be possible perhaps to, through the web site or through communication from the registrar or solicitor to alert interested persons in the course of the remainder of today as to whether we'll be sitting tomorrow or whether in fact there may be a deferral for a day or so at most because of the logistical difficulties of witnesses on the further aspect that we may now be proceeding to of which I am aware.

MR. HEALY: We know certainly one witness cannot be available till next week. That's a small matter. We won't trouble the Tribunal, in any case it won't be more than a few minutes. There are other witnesses and logistically it's proving difficult to get them here. So I think the best thing is to leave it to the web site and if there are developments to date, they will be on the web site.

CHAIRMAN: If there is to be a sitting tomorrow or what notice we give to the exact day we will be resuming for the balance of this particular phase, we'll see that that's conveyed in the course of the remainder of the day. Very good.

THE TRIBUNAL THEN ADJOURNED UNTIL FURTHER NOTICE.