

THE TRIBUNAL RESUMED AS FOLLOWS ON TUESDAY, 29TH MAY

2001 AT 10.30AM:

DAY 19 OF THE DEPOSITION OF CHARLES J. HAUGHEY WAS READ

INTO THE RECORD BY THE REGISTRAR AS FOLLOWS:

"THE COMMISSION CONTINUED AS FOLLOWS ON THE 14TH OF

MARCH 2001:

Q. MR. COUGHLAN: Now Mr. Haughey, I wonder if overnight

you have had an opportunity of looking at the

particular cheque I brought to your attention

yesterday?

A. I have, yes, not very quickly.

Q. Yes?

A. And I have read the transcript.

Q. Yes?

A. And I can throw some light on it but not very much on

it.

Q. Very good?

A. There is no doubt that Mr. Ben Dunne, when he was in,

when he was hospitalised, came out to Abbeyville

certainly once and I would have no quarrel with twice.

People remember him being in a wheelchair. I would

think that he came as a result of an invitation from

me, maybe not such an invitation as a telephone - my

ringing the hospital and asking how he was and so on

and if he would care to have a drive out to Malahide,

it being April or May. And if I may say so, it's a fairly pleasant place to be at that time of the year, particularly if somebody is confined to a hospital bed. Indeed, I know from my own experience, unfortunately, being in there many many times, that any little break of that nature is very welcome indeed. So that it would be in that context that he came, he was driven out by a friend of his.

The only other thing I can say about it, is that we were outdoors because the weather was good and it wasn't sort of so much that he came to lunch, it wasn't a formal lunch by any means but as we were outdoors, there would have been something served in the nature of a salad or something like that.

I certainly have no recollection of that, of the cheque that you are inquiring about [EXHIBIT 1]. And I studied the - the photostat of the cheque and I couldn't positively identify the - the markings on the back of the cheque as constituting my signature or Maureen Haughey's signature. Maybe the original shows it, a better indication. If I were asked to positively identify the endorsement at the back of the cheque, I couldn't do so.

And another matter that puzzles me just a little is, why - why there would have been two endorsements at the back of the cheque?

Q. Perhaps I'll just explain and perhaps this will throw

some light which will enable you to assist the Tribunal, a Mr. John Trethowan, T-R-E-T-H-O-W-A-N, who was an official of National Irish Bank, gave evidence about this particular cheque and it was National Irish Bank which brought it to the attention of the Tribunal. And this cheque was lodged to your account in National Irish Bank in the Malahide branch. And perhaps the reason why there is, there are two signatures on the back of the cheque, is that the lodgement docket which accompanied the cheque, just get it now, I'll just give you a copy of it now, Mr. Haughey, appears to have been paid in by Maureen Haughey. And that may account for the two signatures at the back of the cheque?

A. It's a bit unusual.

Q. Yes?

A. The cheque has, we have it here, is made out to cash. Therefore, you would imagine the endorsement would hardly be necessary.

Q. If it was being cashed, yes. I don't know myself I am just...

A. And I am looking at this thing, you just handed me now and the signature is a bit obscure. It looks like purporting to be Maureen Haughey and perhaps could be, but "Abbeyville Farm" certainly above it, certainly not Maureen Haughey's writing.

Q. I see?

A. That could be explained by the fact Maureen Haughey, as

such, would not be in the National Irish Bank, ever.

Q. Yes?

A. But maybe a secretary would make out the lodgement slip, go down to the bank and lodge it. And another aspect of it that - that is puzzling, as we know on another occasion when there was a cheque given as a political donation, Maureen Haughey lodged it to her own bank deposit account, which is the one...

Q. That is absolutely correct?

A. Which she would normally do.

Q. Yes?

A. Now, this one for some reason seems to have been lodged to the farm account. Now, in your, in your examination of Ben Dunne on the - on the transcript number 77.

Q. Yes?

A. You are at great pains to try and ascertain from Mr. Dunne as to what this check could possibly be for.

Q. Yes?

A. Now, it didn't, as I see it, he didn't seem to be able to come up with any proposal to you. But a clue of some sort might be it was lodged to the farm account as distinct from the other occasion when it was lodged...

Q. Which would appear to have been political, yes?

A. I can't say that, I can't, I can't visualise what possible transaction, if this was arising out of a transaction, would have, would have been farm related.

Q. Well, as you can see from an examination of the

transcript, I tried to pursue with Mr. Dunne all of the possibilities really as to whether it was an investment. He indicated he didn't have any investments connected with you and I use "you" in the broadest sense, being associated with the farm or the stud side of the business or anything like that. I think he had indicated he didn't have a business interest with you and would that be your recollection?

A. Oh certainly not, no.

Q. Yes. It perhaps, as you say, the other cheque which Mrs. Haughey lodged to the deposit account was - has been identified as being political contributions and that went into a different, a different account. And it also, of course, was at a time when you were actively engaged in politics, of course?

A. That is another point I wish to make to you. There was no - nothing happening in 1993 to which I could relate this. I mean, there was no election, I was long left - well, two years left office and it wasn't - I could hardly, I mean, I don't see how it could have been a political donation. Now, there is another thing that somebody has pointed out to me, Mr. Coughlan, perhaps I might mention it to you, I don't know if there is any significance in it or not. If you look at the, if you look at the cheque itself?

Q. Yes?

A. The 20,000, the figures of 20,000 are a bit erratic.

Q. Yes?

A. You might be inclined to think it was originally made out for 2,000 and then an extra zero was put in after the "2".

Q. Because the zero after the "2" is higher than the other zeros?

A. I don't know, it just looks a bit peculiar.

Q. Mr. Dunne, I think, gave evidence that the writing is his all right. Now, you just pointed out, I don't know if you are indicating any particular significance to you, are you?

A. Ah no, it's part of the general mystery of the document. As I say, the - the signatures on the back of it are quite indecipherable really, certainly I couldn't put either, any of them, as being mine or Maureen Haughey's signature. I am not saying they are not but I just couldn't positively identify it as I have done on other cases where it's my signature or not.

Q. Yes, perhaps I should Mr. Trethowan, I think that is the correct pronunciation of his name from the bank, I think did indicate if a cheque was made payable to cash and it was to be lodged to an account, that that would require an endorsement on it. But is that, that is perhaps of no great assistance to you?

A. Well, one endorsement but why two? You know ...

MR. MCGONIGAL: Do we have a readable copy?

MR. COUGHLAN: That is it.

MR. MCGONIGAL: It's not readable, that is the problem.

Q. MR. COUGHLAN: Perhaps I'll pursue it this way so, Mr. Haughey, it's a matter of some importance obviously to you and to the Tribunal. Do you remember getting this cheque from Mr. Dunne?

A. No, definitely not, no.

Q. And I raise this in the context of some questions which Mr. McGonigal put to Mr. Dunne, arising out of some other cheques, which at another Tribunal evidence was given of being handed to you?

A. Yes, I am not sure....

Q. By Mr. Dunne?

A. I am not sure what your point is?

Q. I am just...

MR. MCGONIGAL: Neither do I.

Q. MR. COUGHLAN: I understood the questions put by Mr. McGonigal on that occasion as to whether there was some doubt in your mind as to whether you had received those cheques as well?

A. Oh yes, there were cheques, three cheques which I have no recollection of, of Mr. Dunne handing to me.

Q. And you don't have any recollection of this particular cheque?

A. No.

Q. Can I take it you must have had?

A. I - I - I have read Mr. Dunne's evidence here and can

I take it that you agree that he is not quite certain

that he even gave me this cheque?

Q. Well, the one thing that is certain, is that this cheque ended up in your account in National Irish Bank.

It was from there, it - we traced it back, it having come to our attention by the bank, been brought to our attention by the bank.

A. I think there have to be great doubt, Mr. Coughlan over the fact that he gave me this cheque in one - on the occasion of one of his visits to Abbeyville that we are talking about.

Q. I see?

A. I could add for your benefit there, Mr. Coughlan, that Mrs. Maureen Haughey is reasonably clear that she did not meet with Mr. Dunne on either of those two occasions.

Q. Yes, very good?

A. She remembers meeting him on the other occasion, the general election time.

Q. Yes?

A. But she is quite clear that she didn't meet him on either of these occasions.

Q. Well, the one fact which appears to be clear, is that this cheque of Mr. Dunne's ended up in your account in National Irish Bank?

MR. MCGONIGAL: No, ended up in the Abbeyville Farm Account, which is not his account.

Q. MR. COUGHLAN: I think the account was your account t/a Abbeyville Farm?

A. In '93?

Q. Yes, that is the name of the account, I think you can take that as being...

A. I don't know, I am not making an issue of it, I just as of now, Abbeyville farm doesn't - looking at it here in this lodgement slip, we have had a number of changes in the - in the bank, what I would call the local bank account.

Q. Yes?

A. There was Abbeyville Farm Account, Abbeyville Farm Account, the full title. At one stage there was Abbeyville Limited. You know there are a few different names.

Q. Yes, I can understand that but this cheque does not appear to have gone down a Mr. Traynor route, if I might describe it as that. In other words, it didn't go into any accounts controlled by Mr. Traynor?

A. Oh no, it went to Malahide.

Q. Yes?

A. NIB in Malahide.

Q. It appears to have been around the time either before or sometime after you had the discussion with Mr. Traynor when he informed you that Mr. Dunne had been the source of money for your support, isn't that correct, 1993?

A. I don't have those dates

Q. Mr. Haughey, I have endeavoured to get the best available copy of the cheque reconstituted from that famous, by the bank, from that famous microfiche system we spoke about previously. That is the best copy we have, I apologise for the other copy?

A. Yes, none of those are in my writing.

Q. You are saying that is not your signature?

A. Definitely not, no.

Q. Very good?

A. You see the top one looks as if it was a description of the account to which it was being lodged but it's not my signature. Where the second one is "M. Haughey" or Maureen Haughey's signature, I couldn't be sure but I can, I am nearly, well I am certain, I can assure you the first three lines of the writing there are not mine.

Q. And because you see we have the original lodgement document and just because it could raise other issues, Mr. Haughey, as to whether somebody was putting something into your account unbeknownst to you, do you think?

A. I am not, I am not likely to, I don't feel like pushing anything that far, Mr. Coughlan. It's not a practice around Malahide going, putting money into peoples accounts unbeknownst to them.

Q. There are serious matters the Tribunal has to inquire

into, as you can understand, this particular lodgement
in May of 1993...

A. June, I think.

Q. I think, sorry I beg your pardon, the cheque dated the
29th of May, the cheque was dated - the lodgement was
the 2nd of June, I beg your pardon. If you didn't
receive it, you didn't know about it, you didn't
authorise it to be you, or somebody authorise somebody
on your behalf to lodge it to the account, there could
be a sinister explanation?

A. There could be which.

Q. A sinister explanation that somebody was trying to
involve you in something?

A. Oh no.

Q. You wouldn't think that?

A. No.

Q. So we can exclude the sinister explanation. Would you
accept that the cheque from Mr. John Trethowan into
your account in National Irish Bank, it didn't go
through Mr. Traynor's route, it must have been
something that was known to you?

A. No, I can't accept that. I have told you my best
recollection is that, that I don't recall ever
receiving this cheque.

Q. The only thing...

A. Mr. Dunne was out in my house twice around that time,
whether that is connected or not, I don't know. The

only other thing I can say to you is that the signature on the back of the cheque is not my signature and the writing "Abbeyville Farm" on the lodgement slip is definitely not mine or Mrs. Haughey's writing. So that, that is as far as I can go about it.

Q. Yes. It entered, it went into account, was it Account No. 13068013, I don't remember the number of accounts, that was a savings account in the name of you trading as Abbeyville Farm?

A. A savings account.

Q. A savings account, yes. The account was opened on the 9th of February 1993 and was also operational as of the 31st of December 1996. So it was, it was running from early '93 and it was certainly trading up to 1996?

A. In the name of?

Q. In the name of Charles Haughey t/a Abbeyville Farm, that was the evidence of ...

MR. MCGONIGAL: What the document shows is Abbeyville Farm in Malahide, county Dublin.

Q. MR. COUGHLAN: The account was Charles Haughey t/a Abbeyville Farm, that is the evidence of the man from the bank, Mr. Haughey. Now, can you have any explanation as to how that money was lodged to that account or why?

A. No, I don't, I don't know that. I am called to give an explanation, Mr. Coughlan. I am called on as my duty to tell the Tribunal everything I know about this

transaction and I am doing that.

Q. Yes?

A. And I am giving you as much background as I can.

Q. Yes?

A. I have to, I have to come back and say to you, Mr.

Coughlan, that I read Mr. Dunne's evidence on the issue

and he was certainly not clear that he actually gave me

that cheque.

Q. Well, what he said by process of elimination he must

have given it to you at that time?

A. That is a different matter.

Q. By process of elimination, no other basis by which it

could be done. Do you know what was the procedure for

making lodgements to the accounts at National Irish

Bank Malahide?

A. I am nearly sure they would have been done by the

secretary.

Q. Very good. And do you recognise any of those signatures

on the back of the cheque or on the lodgement slip as

being any secretaries?

A. No, I don't, Mr. Coughlan. As I said to you, I can't be

certain that the signature on the back of the latest

thing that you have handed me.

Q. Yes?

A. "M. Haughey" though it's actually misspelling, now that

I look at it "H-A-U-G-H-Y" which I don't know if you

notice that.

Q. I haven't, no?

A. If I give it to you.

Q. I take your word for it?

A. It's not even spelt, not even my name spelt correctly.

Q. I see but that's, you don't know how it was lodged?

First of all, can I just establish this, you have no recollection of receiving it?

A. No, definitely not, it's a mystery to me.

Q. You have no recollection of directing a lodgement of that particular sum?

A. No.

Q. And if you did receive it, you don't know the circumstances whereby you received it, is that correct?

A. Well, I didn't - I have no recollection of receiving it that's...

Q. Now Mr. Haughey, I think in the course of evidence in this Tribunal, matters have been brought to your attention prior to the evidence being led in public and, in fact, subsequent to it, relating to certain transactions concerning Mr. Dunne, Mr. Ben Dunne, that is. And the first one of those was what was described as bearer cheques. And if I just explain that these were a number of cheques which were made payable to bearers which Mr. Dunne had directed would be done in his office. He kept those particular cheques, he used them for different purposes, but approximately i_c/232,000 worth of cheques made up of various sums, some i_c/24,000

up to, I think, i;½6,000 to i;½8,000 found their way into an account in Guinness & Mahon in February of 1987.

And that was an account, an Amiens account one of Mr. Traynor's account. And I referred to that account previously, do you know anything about that?

A. Sorry, which again?

Q. I referred to the Amiens account last week. I asked you about - remember I said around the time of the General Election a large number of cash lodgements in excess of i;½100,000 odd, were made to that particular account. These bearer cheques totalling i;½32,000 found their way into this account in around February of 1987?

A. I don't remember anything about those. Are we - is this, Mr. Coughlan, the Amiens Account, that it is suggested that some of it, some monies may have been, some of the monies lodged to it may have been for my benefit but it was also used for other purposes?

Q. Yes, yes, that is correct. And the reason that the Tribunal's attention or wishes to direct your attention specifically to this matter, is because of the known association at some stage between yourself and Mr. Dunne. And these cheques, made payable to bearer, find their way into an account controlled by Mr. Traynor out of which proceeds are drawn for the purpose of enabling Haughey Boland pay the bills?

A. That is a bit too complicated for me.

Q. I'll take it slowly.

A. You are not asking me to comment?

Q. You don't know anything about it?

A. Bearer cheques?

Q. Yes?

A. No.

Q. And it's not anything Mr. Traynor ever told you anything about?

A. No.

Q. Now, the next matter that I wish to take up with you, in relation to Mr. Dunne's evidence, there were many other witnesses involved, primarily Mr. Dunne's evidence, it relates to what is called the Triple Plan Cheque. And I think...

A. I can short circuit that for you, I never heard of Triple Plan, I never heard, I have no knowledge of a Triple Plan Cheque.

Q. Well, I think...

A. It only emerged, I don't think it even emerged during the McCracken Tribunal, it didn't emerge during the McCracken Tribunal. I don't know if I said this to you already, I went along or believed that the McCracken Tribunal established or maybe so legalistically purported to establish that a particular cheque that Noel Fox was involved in came from the north of Ireland was the first.

Q. Yes, it transpired it wasn't.

A. I went along because that is what McCracken

established. It came as a surprise to me that there was an earlier cheque because everybody in the McCracken Tribunal going along on the basis the north of Ireland/ Noel Fox cheque was the first.

Q. That is correct?

A. So, I mean, I am just saying that to you to establish that I had never known about Triple Plan or anything called Triple Plan until this Tribunal established it.

Q. When it was, this Tribunal was established, you first became aware of this Triple Plan Cheque?

A. Certainly, yes.

Q. And can you remember was it when the Tribunal brought it to your attention that you became aware or did anyone else bring it to your attention ever?

A. No, no, when the Tribunal...

Q. When the Tribunal brought it to your attention?

A. The correspondence between the Tribunal and my solicitor, that was, as far as I am concerned, the first time Triple Plan ever appeared anywhere.

Q. Now, I think when the evidence was led on this, Mr. McGonigal on your behalf, accepted on the basis of the evidence which had been given at the Tribunal, that the proceeds of this particular cheque were applied for your benefit?

A. I can't, I can't comment on that.

Q. I am just letting you know, it's not a trick question or anything?

A. No, I don't, I am just...

Q. It was accepted on the basis of the evidence the proceeds...

A. We seem to be rehashing McCracken here, which I am not sure we should be doing, but anyway, that is the Tribunal's business and I am only a cog in the Tribunal's machine at this stage. But if we are rehashing the McCracken Tribunal evidence and everything else about it, I want to say that as the person who participated in the McCracken Tribunal, no Triple Plan mentioned and I accepted that the Northern Ireland check was the first one involved in the whole process. And that I only learned about, I never learned about Triple Plan or anything belonging to Triple Plan or emanating from Triple Plan from the McCracken Tribunal. I only heard about it when it came up in correspondence from this Tribunal to my solicitors.

Q. Yes. Well, perhaps I should indicate the reason why this inquiry is being directed, Mr. Haughey, this was a payment which was applied for your benefit. It came out of the Dunne Stores group of companies, if I use that expression broadly?

A. I don't know, yes, I don't know anything about that.

Q. It predates, it predates what McCracken proceeded on as being the first payment, as you say, that first payment that came out of the north of Ireland that Mr. Fox gave

evidence about. And as a result of that, of course, McCracken did not report on it and this Tribunal, having come across it, has to inquire into it to attempt to understand its significance?

A. I suppose that is fair enough.

MR. MCGONIGAL: Not legally correct unless there is an act or decision which we still haven't heard about after three years. But presumably Mr. Coughlan is going to ask about an act or decision.

Q. MR. COUGHLAN: Now, another - now another matter which I think was brought to your attention was of a movement of money from a company in the Far East called Wytrex Limited on the instructions of Mr. Ben Dunne. And that was routed through the Ansbacher sterling account at Henry Ansbacher London and transferred to the Ansbacher Cayman account with Guinness & Mahon, and that happened in November of 1990. Now, did Mr. Traynor ever bring anything of - anything about that to your attention?

A. Again, I have never heard of that. The first time I came across that was through the communications of this Tribunal and as far as I, as far as I remember, Mr. Coughlan, didn't we, didn't - there was evidence from Mr. Dunne about this Wytrex.

Q. There was, yes.

A. Am I right in thinking that he did not remember anything about this particular thing, he had to make all sorts of inquiries to try and elucidate.

Q. That is the evidence?

A. He couldn't do that, I don't think I can be expected to.

Q. I am asking you, did you ever hear about that particular sum of money being made available by Mr. Dunne, by Mr. Traynor?

A. No, certainly not.

Q. Now, another one, another matter I would like to ask about, what has been described in the course of the evidence of this Tribunal and about which you have been notified was the Dunne Stores Carlisle payment, that is where three cheques drawn down on the instruction of Mr. Dunne and each made payable to cash and all signed by Mr. Dunne, were lodged to the account of Carlisle Trust Limited with the Bank of Ireland Rotunda branch. And then $\frac{1}{2}$ 100,000 of that money, which was now in the Carlisle account, was drawn by way of cheque and made payable to Celtic Helicopters and the other $\frac{1}{2}$ 80,000 was made payable to cash and drawn on the Bank of Ireland Rotunda branch, that is the Carlisle account. And it found its way into an account known as the Kentford account in the Bank of Ireland, another of Mr. Traynor's companies. And that was then subsequently credited to the S8 account. Now, I know it's a bit convoluted, a long time to unravel the movement. If I might summarise it this way, Mr. Ben Dunne drew down or made, drew three cheques, drawn, made payable to cash

totalling $\frac{1}{2}$ 180,000. They were lodged ultimately to the account of Carlisle Trust, Mr. Byrne's company. And then out of that company $\frac{1}{2}$ 100,000 cheque was made payable to Celtic Helicopters. The other $\frac{1}{2}$ 80,000 was taken out and put into Kentford. And the Kentford account was a Traynor account?

A. I am not aware of any of these transactions.

Q. I see. And did you ever have any information given to you by Mr. Traynor that any payment had come from Mr. Dunne amounting to that sort of money?

A. No.

Q. And this was in November of 1992 now.

A. November '92?

Q. November of 1992 these transactions occurred?

A. I can't throw any light on those transactions, sounds very complex to me.

Q. Well, they are complex and they are routing but the point A and point Z are that they started with Mr. Dunne and they ended up either with Celtic Helicopters or with you, Mr. Haughey, that is ...

A. I can't...

Q. What happened?

A. I can't accept that, in so far as I am involved in the equation you are outlining, are you not simply saying they ended up in an account?

Q. The S account?

A. In an account to which monies were lodged for my

benefit as well as other monies.

Q. No, not in relation to the $\text{€}1,280,000$ which went into this Kentford account which was a Mr. Traynor company but that ultimately ended up in the S8 account.

MR. MCGONIGAL: The S8 account was not solely for his benefit.

MR. COUGHLAN: I intended asking you some questions about that tomorrow, Mr. Haughey. Perhaps in that regard you might have a look at a submission of Des Peelo, the man retained by you to assess these matters. If you need a copy of Mr. Peelo's submissions, we can get it for you?

A. Mr. Peelo is otherwise engaged these days.

Q. Yes, yes?

A. Are we finishing today, Commissioner?

Q. I had hoped to do it tomorrow, Mr. Haughey. I wanted to deal with that particular matter, it really perhaps is arising because of what Mr. McGonigal says?

A. If that is the only one outstanding matter, perhaps we can deal with it now?

Q. There is a fair amount in it and there are perhaps one or two other matters I would like to just ask to - to round off some of this examination on it, Commissioner, subject of course to dealing with any matters in the future which Mr. McGonigal indicated should not be dealt with until after?

A. I don't think that is the outcome of that particular

exchange.

MR. COUGHLAN: There is no ruling on it.

MR. MCGONIGAL: Perhaps we can take a break for ten minutes and finish today.

MR. COUGHLAN: I don't think it would be appropriate.

COMMISSIONER: I think it would be preferable, the aspiration we might finish tomorrow and that appears to be realistic. And I am anxious, as you are, Mr.

Haughey, you should be, that you should have this process brought to an end.

A. Thank you, Commissioner.

COMMISSIONER: Any conclusions you wanted to put today?

Q. MR. COUGHLAN: I was just wondering, Mr. Haughey, about the Triple Plan Cheque which I know you say that you only found out about in the course of the workings of this Tribunal. That, in fact, appears to be at the moment to be the first time that monies were routed out of the north of Ireland by Mr. Dunne for your benefit, the Triple Plan Cheque, you know the one I asked you about a few moments ago?

A. Yes, I know.

Q. Now that, of course, significantly predated the date on which Mr. Traynor had approached people or had asked Mr. Fox to approach people to assist with your personal finances?

A. If you say so, I don't know.

Q. I am just saying in time?

A. All I can say to you is that myself, and I think everybody else who was involved in that time, accepted McCracken's finding or view or whatever it was that Noel Fox/Northern Ireland cheque was the first, that is all I know.

Q. Well, if they didn't know about it they could hardly report on it?

A. I didn't know either, I can't tell you anything about it.

Q. And, in fact, that particularly, the proceeds of that Triple Plan Cheque were used to discharge your overdraft in Guinness & Mahon. Did Mr. Traynor ever discuss anything like that with you?

A. No.

Q. I think I will leave it there, sir.

COMMISSIONER: Very good.

A. Some of these papers are yours.

COMMISSIONER: Thank you, Mr. Haughey.

A. Thank you.

THE COMMISSION THEN ADJOURNED TO THE 15TH OF MARCH 2001 AT 11:00AM"

DAY 20 OF THE DEPOSITION OF CHARLES J. HAUGHEY WAS READ INTO THE RECORD BY THE REGISTRAR AS FOLLOWS:

"THE COMMISSION CONTINUED AS FOLLOWS ON THE 15TH OF MARCH 2001:

Q. MR. COUGHLAN: Now Mr. Haughey, I think I asked you to

consider a memorandum prepared by Mr. Peelo, which was attached to a letter sent by Mr. Paul Moore, who was acting as your compliant tax agent for the purpose of negotiating with the Revenue. It was an attempt to put together, as best they possibly could or to reconstruct your financial affairs to enable discussions to take place with the Revenue, do you remember that in broad terms?

A. That is correct, yes. Des Peelo has confirmed to me that Paul Moore suggested to him that he should prepare this. And on that basis it was prepared and submitted to the Revenue.

Q. Yes. And it was the basis whereby Mr. Moore entered into discussions with the Revenue and I think he was authorised to do so on your behalf, isn't that correct?

Mr. Moore was?

A. Well, yes, I - I recruited, if that is the word.

Q. Yes?

A. Briefed himself and a colleague of his.

Q. Yes?

A. To be - to handle my tax affairs with the Revenue.

Q. Yes?

A. And Des Peelo was to handle, be of any assistance he could to this Tribunal.

Q. Yes?

A. And being in that position then, Paul Moore, I presume, regarded him as being in a position to put this sort of

a document together.

Q. Yes. Mr. Moore would have known nothing about your financial affairs and he was relying on Mr. Peelo to reconstruct them, as best he possibly could to, as you say in the first instance, to - sorry?

A. Until he had become - my professional advisor...

Q. Yes?

A. ... he wouldn't have known anything about it.

Q. That is what I mean. He came in new into the situation, Mr. Moore did?

A. Yes.

Q. And when he wrote to the Revenue Commissioners on the 29th of June...

A. I actually haven't got that letter.

Q. I beg your pardon, I think we did send it last evening,

I am sorry if you don't have a copy. He wrote to Mr.

McCabe of the Revenue Commissioners on the 29th of June

1998 [EXHIBIT 1]. And he says, he refers to previous

correspondence, telephone conversations. And then he

says, "I enclose a memorandum dated the 26th of May

1998 which is self explanatory." Then he comes onto

make some preliminary comments proved possible to

reconstruct over the past 20 years to - to a limited

extent only, due to the death of Mr. Des Traynor and

the consequent lack of records. And he says "Inquiries

were hampered by the overall handling of the accounts

in which funds were held. It appears that in no case

was the client indentified on an account as its beneficial owner and it has only been with the assistance of Mr. Padraig Collery that the Memorandum could be prepared. Indeed, in relation to the funds which remain at the bank, it is clear that the client would not be in a position to compel their release to him, regardless of the fact that the question of potential exposure to DIRT has forced the bank to withhold them." If you go to page 3 of the letter and the final paragraph, "The 1st of October 1992 to the 31st of March 1992 you have a note in the memorandum that payments were received in this period through Mr. Ben Dunne and from mr. Dermot Desmond. We understand that Mr. Desmond has already communicated details of these payments, which were loans, to Investigation Branch. The amount received through Mr. Ben Dunne was in addition to the payments identified in the Report of the Tribunal of Inquiry (Dunnes Payments). In the absence of any knowledge of this payment, I propose treating it in the same manner as the payments under Appeal." And then if you go to the final paragraph on that page under the heading "General": "The memorandum is put forward and attempts to provide a basis for settlement discussions and not as a concrete statement of the actual situation.

"Mr. Haughey has borrowed funds to enable him to make a

payment on account to Revenue of £100,000, without prejudice, as an indication of his good faith and desire to meet his obligations under all tax heads.

This payment was sent to you on 24 June, 1998.

"In view of the uncertainties in this case I would repeat my offer to meet you with a view to agreeing the optimum approach to the settlement of any CAT liabilities due by my client. As the discharge of any such additional liabilities could only be affected by the sale of assets, it would be desirable that a settlement be arrived at as soon as possible so that this could be put in hand should it be necessary.

Yours sincerely,

Paul Moore."

So this particular memorandum was being proffered to the Revenue as a reasonable reconstruction of your financial affairs, in so far as that was possible, isn't that correct?

A. Yes, I suppose, yes - well, subject to the provisos as set out by Mr. Peelo.

Q. Yes?

A. In the last page of his memorandum.

Q. Yes, I will come to that?

A. Okay.

Q. But for the purpose of the memorandum being sent to the Revenue was in so far as it was possible to make as

best a stab as could be made of a reconstruction of your financial affairs, isn't that correct?

A. Yes, well, I suppose you could add to be - to be as helpful to the Revenue...

Q. Yes?

A. ... from our side as we could be.

Q. Yes, and in that regard Mr. Moore submitted this to enable him to discuss with the Revenue a possible settlement which would be in the normal course of business...

A. Yes, I am not sure that a settlement was contemplated at that early stage. I think he does, I think he does, in the letter here, say something about...

Q. To enable settlement discussions to take place, I think is what he was attempting to achieve?

A. Yes, the memorandum - the memorandum is put forward as an attempt to provide a basis for settlement discussions and not as a concrete statement of the actual situation.

Q. Yes. Well, there is no suggestion, of course, that Mr. Peelo or Mr. Moore or you would have been committing to the - anything to the Revenue which any of you would have considered erroneous, isn't that correct, to the best of all your knowledge?

A. Certainly not, no. And in particular, Mr. Des Peelo, he is a primary source of this....

Q. Yes?

A. ...memorandum. Would be his professional view that this was the position.

Q. Yes, yes. And, of course, you would have accepted his view?

A. Yes, I - I accepted, what way will I put it, I accepted it, he was a top professional person, a very experienced expert witness, as it were. That he had access to as much information that was available. And that, of course, was mainly available from Tribunal sources and that on that basis he drew up this memorandum.

Q. Yes?

A. And submitted it to Paul Moore, who in turn submitted it to the Revenue.

Q. To the Revenue, as being the best representation that there could be of your financial affairs as was known to you?

A. I think he says here in the very beginning, "The purpose of this memorandum to summarise the financial affairs of CJH as ascertained from the available information".

Q. Yes?

A. As I say, you your goodself, Mr. Coughlan, were the source of most of that information.

Q. Now, I think in this memorandum, if you go to the second page of it, it reads, "It appears that prior to the 30th of September 1992 one or more bank accounts

were maintained on behalf of CJH in Irish Intercontinental Bank or in Guinness Mahon. These accounts were not in the name of CJH and were likely part of a mingled account with separate memorandum accounts as to the constituent account holders.

Mr. Pdraig Collery, the operator of these accounts, has advised that bank statements and the memorandum accounts are not available to him. It is understood that such records may be in the Cayman Islands.

Bank statements on two accounts with IIB, understood to have been operated for the benefit of CJH, are available for the period 30 Sep '92 to 31 mar '97.

In this latter context, on 30 Sep '92, two deposit accounts known as S.8.A (sterling) and S.9 (D.Marks) were opened with lodgements as follows:

S.8.A	Sterling	1/2 100,000
S.9	D. Marks	3,049,981

These accounts were maintained in these currencies. There was also a subsequent additional S.9 account in US dollars, which was related to CHL.

For simplicity from here on, the accounts are translated into approx. Irish punts, based on the exchange rates prevailing at the relevant times."

A. "CHL"?

Q. Yes, sorry CHL. I suggest that it's probably a typographical error, sorry it's probably the Celtic Helicopters?

A. Oh yes.

Q. Looks like. And then he goes on, "There are a number of minor complications not referred to in this memorandum to avoid undue complexity, but the overall figures are not significantly affected as a result.

This section of the Memorandum refers to the period 30 Sep '92 to 31 Mar '97, and commences with the opening balances of the IIB accounts on 30 Sep '92.

i;½000

Total opening balances	1,274
------------------------	-------

Add deposit interest earned on these accounts:

(Year ended 5 April)	'93 58
----------------------	--------

'94 84

'95 52

'96 35

'97 24

253

First sub-total	1,527"
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Now, did you yourself know anything about the opening balance referred to there by Mr. Peelo and the application of interest over the periods referred to by him?

A. No, I didn't and maybe - it just strikes me as a matter

of interest, that you have, Mr. Coughlan, from time to time, questioned me about where funds might have emanated from. And you rule out, as you do systematically, borrowings and so on and so on, and here is a source here that - which we hadn't, hasn't appeared so far.

Q. Which?

A. The deposit interest, it's a substantial sum, i.e. 1/2 253,000.

Q. Yes, that has all been in the public domain?

A. Yes but sometimes you have been asking me to account for funds and ruling out this source or that source and here is a possible source that we hadn't, at least I hadn't thought of deposit interest accruing.

Q. Very good, very good. Well, in relation to the principal, I suppose to which the interest would be applied, I was asking you about whether you could give assistance to the Tribunal as to those sources. And you have been unable to assist the Tribunal in that regard, isn't that correct?

A. That is correct, yes.

Q. Now, now as you can see there, Mr. Peelo in this memorandum and Mr. Moore in submitting it to the Revenue, has adopted these S8 and S9 accounts as being your accounts for the purpose of discussing settlement with the Revenue, isn't that correct?

A. They are not my accounts, accounts held for to which funds were lodged for my benefit?

Q. Yes, yes?

A. I haven't read Mr. Moore's letter recently but I think that is what he is saying.

Q. I suppose if I could approach it this way, Mr. Haughey.

What they are submitting to the Revenue, notwithstanding the name in which an account was in, these were monies which were for your benefit and they are submitting them to the Revenue for the purpose of discussing settlement, isn't that correct? Not being submitted for some academic discussion?

A. No, certainly not. The whole purpose of this is to try to get some sort of reality in it. Our discussions with the Revenue, and if I may say so, we tried to be as open as we could with them, but no, I just qualify what you are saying, Mr. Coughlan, to the effect that these S8 and S9 accounts and what you have, were - were accounts apparently in this bank, to which some funds were lodged for my benefit. I just, I didn't have any accounts in that bank, this is IIB we are talking about?

Q. Sorry, I should explain these. These S8, S9 accounts can come under the generic term "Ansbacher Accounts", I can use it in its broadest context. Other offshore accounts, banking documentations, disclosing the true beneficial owner?

A. You see, I am just trying to assimilate here what Des Peelo's memo, the second last paragraph these accounts

were maintained in these currencies.

Q. Yes?

A. There were also a subsequent additional S9 account in US Dollars which was related to CHL, I don't know - I don't think that necessarily means it was related to me.

Q. Well, it was - the evidence was, Mr. Haughey, that I think borrowings were obtained by Celtic Helicopters and this money was used as a backing deposit and that was withdrawn from the S9 account?

A. I am only saying we are dealing with the memo here now.

Q. I beg your pardon?

A. What is in the memo?

Q. Yes?

A. And I think that is as far as this memo goes.

Q. I can just tell you that the evidence was that monies came out of the S9 account by way of a backing deposit for a loan which was made available to Celtic Helicopters but that is perhaps just by the way?

A. I don't know that.

Q. Yes. Now, of course all of the funds in these accounts were available for the drawings made available to Mr. Stakelum to pay the bills. And Mr. Stakelum and Mr. Peelo, in his task, on your behalf, had not excluded any of the monies that were disclosed as being in these accounts on various dates in his memorandum to the Revenue, isn't that correct?

A. I don't follow that?

Q. He is submitting the memorandum to the Revenue and he is indicating to the Revenue or Mr. Moore is indicating to the Revenue, that all of the funds in these accounts were for your benefit. That is why he is submitting them to the Revenue?

A. I don't see - indicate to me where that is?

Q. Well, what he does, he takes the balances on the accounts, he doesn't exclude any portion of the monies in these S accounts from his figures, when he submits them to the Revenue as being there for your benefit?

A. I don't think he says that anywhere.

Q. No, he doesn't. What he does, he submits the total of the accounts?

A. He just gives an outline of these accounts. The second, this section of the memorandum refers to the period of September '92 and commences its opening balance so and so and then he gets the subtotal, that is all he says.

Q. Well, what he is doing is, I can tell you the evidence was what the balances were on these dates. And Mr. Peelo is submitting those accounts to the Revenue as representing monies for your benefit?

A. No, I can't see where he says that.

Q. Well, Mr. Haughey, he wouldn't have been submitting the memorandum if it weren't for your benefit?

A. "These accounts were not in the name of CJH and likely part of the mingled account with separate memorandum

accounts as to the constituent account holders."

Q. Yes.

A. "Constituent account holder", not one account holder.

Q. Yes?

A. So they obviously were part of bigger accounts, mingled accounts, he called them, with separate memorandum accounts as to the constituent account holder.

Q. Yes?

A. Therefore, the accounts he is talking about represented different constituent account holders, not one account holder.

Q. Mr. Haughey, I just, perhaps...

A. I am just, I am only reading it now, trying to bring it back to memory.

Q. Can I just explain it to you, Mr. Haughey. These S accounts, as identified by Mr. Peelo in his memorandum, are the backing accounts which are relative to an individual account holder. And those sums are held in larger mingled accounts. But are you suggesting that what Mr. Peelo is submitting to the Revenue here, that these S accounts are mingled accounts for different account holders?

A. I don't know.

Q. You don't know?

A. Mr. Peelo is available to explain.

Q. Did you not have any discussion with Mr. Peelo before this matter went to the Revenue?

A. I had a very quick discussion with Mr. Peelo on Monday morning at 8 o'clock, and it was only en passant. And that this memorandum was not, your letter was - the letter I got from you on Friday was all I had at that stage.

Q. I see?

A. Now this memorandum, you just gave it to me yesterday.

Q. Ah but, Mr. Haughey, this memorandum came to us, this memorandum is your document. This memorandum was your document, submitted to the Revenue, submitted as far back as June of 1998.

MR. MCGONIGAL: How many years ago is that, is that three years ago?

MR. COUGHLAN: June 1998.

A. I wouldn't remember, I assure you I wouldn't remember back that far. I find it difficult to remember things that happened before Christmas, even though they are very real at the time.

Q. Very good. I am just pointing out to you this is your document?

A. It's Des Peelo's document on my behalf.

Q. It's the document of your agent which was submitted to the Revenue, Mr. Haughey?

A. I am not refuting, not denying it. I am just trying to interpret what he is saying.

Q. Now...

A. I can't see, Mr. Coughlan, why you don't, you don't ask

Des Peelo, the author of the document, to explain all these things to you rather than me, who never had any firsthand knowledge of any of these matters.

Q. Seems to be the explanation, the document seems very fair on the face of it Mr. Haughey. May I just ask you this, Mr. Haughey, in every area that I have asked you about your financial affairs, you have said that somebody else is responsible.

A. That is a statement, that is not a question.

Q. Isn't that so?

A. No.

Q. Where have you accepted responsibility for any of your own financial affairs in any of the questions you were asked, Mr. Haughey?

A. My position has been from the beginning of these inquisitions...

Q. This is not an inquisition?

A. Sounds like it at the moment.

Q. This is not an inquisition?

A. What is it then?

Q. Questions being asked by you - of you on commission for a Tribunal of Inquiry?

A. I was referring to the omnibus situation. The position in regard to the overall situation, is that because of my commitment to political life and because of my preoccupation for large periods of this time with government matters. I left the management of my

affairs to others, principally to Mr. Des Traynor, and Mr. Peelo says precisely that in this memorandum.

Q. That is correct?

A. Now, that being the situation, I don't see how you, at this stage of events, you can come along and accuse me of not knowing anything about my affairs, in so far as I know anything about them as they then unfolded I am telling you. In so far as they were handled by others on my behalf, I cannot accept knowledge of them in that regard, that is the reasonable position.

Q. Yes, I am not suggesting, I don't think anyone in the world would ever suggest somebody who was engaged in conducting the affairs of the country or a major business or anything of that nature, would have at their finger tips, a day to day understanding of all their financial affairs, of course not. But what I am asking about in relation to this particular memorandum...

A. I wonder, I wonder, Mr. Coughlan, though, if you really understand the position? I am not saying this in any offensive way.

Q. Yes, of course?

A. Or if you can comprehend what the reality of the situation was, that Des Traynor, as his contribution to this country, took over the management of my - took over responsibility for my affairs, to relieve me of the - of the responsibility for my financial affairs.

Q. Yes?

A. And to leave me absolutely free to get on doing with what I was committed to doing.

Q. Yes?

A. And - and that is not, I don't think that is all that unusual in public life. I mean, just looking, reading some of the biographies of English political leaders down the years and they would frequently do that sort of thing on entering office, entrust their affairs, either to a trust or perhaps to some individual. And that is what happened here in my case. And I think I was very fortunate that Des Traynor was there and prepared to undertake this responsibility. They were complicated affairs, as you have unfolded. I think I was fortunate that he did that.

And it's possible for you now to go back and look at some particular individual item and isolate it, examine it and attribute all sorts of meanings to it. Whereas in the normal routine of daily political life, it would have been a passing thing in my - my routine. Most of them I wouldn't have even been aware of and some of those I maybe was aware of at the time I have long since forgotten. That is the sort of picture that it was. So please, don't - don't attribute anything more than that to the situation as set out a moment ago.

Any time you ask me questions, I say somebody else looked after that, you question that in an accusatory

way, that was the position.

Q. I am sorry if you thought I was putting a question in an accusatory way. All I am trying to do, is elicit information. Mr. Traynor died in 1994, you were not engaged in active politics. I would accept you perhaps kept a general interest in matters. Here was a stage when a crisis had been reached. The Revenue had to be dealt with and you engaged Mr. Peelo to assist you. You engaged Mr. Moore and his colleague to negotiate with the Revenue. What I am asking you is in relation to the preparation of this memorandum, whether it was something that you had an involvement in with Mr. Peelo?

A. Not this particular memorandum, no. I mean, he would have asked me about them but mainly his source was or his contribution really was to take the evidence and the facts and the figures that had been unfolded by the Tribunal, both Tribunals and to try and put a coherent picture of them together.

Q. Very good. Well, at this time, you had received limited information from the Tribunal and we hadn't started our public sittings. Now, I know that there was information available from the McCracken Tribunal, of course, to Mr. Peelo, there is no doubt about that.

But did Mr. Peelo engage - Mr. Peelo or Mr. Moore and his colleague, engage in any process with you, whereby they went through a detailed discussion with you about

your affairs of what you might know about things?

A. Certainly Mr. Moore did.

Q. Yes?

A. In regard to the taxation side of things, very very thoroughly.

Q. Yes, yes?

A. And I think Mr. Moore is a very very highly thought of tax consultant, not just by his clients but by the Revenue themselves. He certainly had many long hours of consultations.

Q. As one might expect with a client. The tax agent would be attempting to get as much information as possible?

A. To regard this memorandum, if you like, it was because Paul Moore and myself were largely in the same position with regard to the information that we would ask Des Peelo to do this exercise.

Q. I see. Did Mr. Peelo have any consultations with you whereby he made extensive inquiries of you?

A. He certainly would have because apart from anything else, he would have sat in on a lot of our tax consultations.

Q. Your meetings with Mr. Moore?

A. Yes.

Q. Yes. And did you ever make any suggestions to Mr. Peelo where he could look for information other than the information which was coming from the Tribunal and the - the information which had been made available by the

McCracken Tribunal?

A. If he asked me I certainly did, I don't recollect anything looking back and again he is available for consultation by your goodself.

Q. Yes?

A. My - my feeling is that in this particular exercise, he was primarily concerned with putting a coherent face or picture on the information that was emanating.

Q. I see. That was the exercise he was engaged in to the best of your knowledge?

A. At that stage, this - this is way back in '98?

Q. That is correct, that is correct?

A. At that stage, I think, I think that is what was certainly, that was the main thrust of his - of his activity at that time.

Q. Did you ever suggest to him who the, who - who the likely source, sources of funds might have been other than Mr. Dunne?

A. No, I don't think he was asking me questions like that.

Q. I see?

A. I really have to check that with him.

Q. Yes?

A. I don't think so, again he was taking the information as he found it.

Q. Right. Now, if I might continue on page 4 of his memorandum and it reads, "Over the period 30th September 1992 to the 31st March '97, the lodgements

set out below were made to the IIB accounts. The source of these lodgements as shown are based on the verbal explanations of Mr. Pádraig Collery.

€½ '000

20 Oct '92, 13 Nov '92 & 30 Nov '92.

Three lodgements:

€½20,000, €½20,000, €½98,000.

Details not known. 138".

Do you know if he had consultation with Mr. Pádraig Collery for the purpose of getting this information?

A. I know he had, yes, yes.

Q. And he then has, he has, the first item is the 20th of October 1992, 13th of November 1992 and 13th of November 1992, there were lodgements, €½20,000, €½20,000 and €½98,000 and he has the details, that was €½138,000.

In fact, since it emerged to the Tribunal, €½100,000 of that €½138,000 was the proceeds of the - I beg your pardon - of the monies made available by Mr. Mike Murphy. I am not going into the detail of the routing of that money. I am just pointing that out to you at the moment?

A. Neither myself or Mr. Peelo knew that.

Q. At the time?

A. As of the 26th of May 1998.

Q. Then he has "On the 10th of December 1992, Mr. Ben Dunne, this amount is in addition to the amounts listed

in the McCracken Report.

12 Nov '96: Mr. Dermot Desmond. It is

understood this amount is a loan. 25

3 Oct '94: Mr. Dermot Desmond. It is

understood this amount is a loan. 100

29 Sep '95: NCB Stockbrokers.

See explanation below. 164

507

Add first sub-total 1,527

Second sub-total 2,034"

Now, that $\text{€}1/280,000$, Mr. Haughey, is the money that came from Mr. Dunne through the Carlisle Trust Account into the Bank of Ireland account, the Kentford account of Mr. Traynor. It ended up here, that is that $\text{€}1/280,000$?

A. You were talking about that yesterday.

Q. Yes, did you know that at the time?

A. When I saw that there this morning, I thought it might have been one you were talking about yesterday.

Q. He was...

A. Wytrex.

Q. No, the Carlisle money, the shorthand we use for the Dunnes Stores Carlisle money, $\text{€}1/280,000$ which was taken out of an account called Kentford Securities and put in here. Sorry, it wasn't taken out, a switch took place, that is the $\text{€}1/280,000$ that is the one we are

talking about there. But Mr. Peelo was able to identify, as of May 1998, that was over and above the money that was disclosed in the McCracken Tribunal Report?

A. I don't understand that but whatever, I can't help you in explanations. As I say, when I saw it in this memorandum, I assumed it was the Wytrex or which ever you were talking about yesterday.

Q. Do you know where Mr. Peelo could have got this information from?

A. No, I am sure he will explain it to you. Does it not say from Collery at the top? It says, "The source of these lodgements as shown are based on the verbal explanations of Mr. Collery".

Q. So...

MR. MCGONIGAL: Which is also what the letter of the 29th of June said.

Q. MR. COUGHLAN: So Mr. Peelo would have made this information available from - he got it from Mr. Collery sometime in May 1998, when he was preparing this memorandum?

A. He wouldn't have specifically made it available to me but prepared the memorandum and I am sure he would have shown me the memorandum at the time and he would have given it to Mr. Paul Moore and then submitted it to the Revenue.

Q. But he wouldn't have kept it a secret from you?

A. Sorry, Mr. Coughlan, I said - I said "I am sure he would have shown it to me".

Q. Yes, very good. Now, he then goes on to $\frac{1}{2}$ 25,000 from Mr. Dermot Desmond which Mr. Peelo understands to be a loan. And then another $\frac{1}{2}$ 100,000 from Mr. Dermot Desmond which he understands to be a loan. And Mr. Peelo takes into account the closing balance on the famous account NCB Stockbrokers transferred and ultimately found it's way into this account $\frac{1}{2}$ 164,000?

A. He is explaining here what he is doing here, not I think specifically referring to the source of funds but he is explaining what particular lodgements were made to this account.

Q. He identified the source, the details. He doesn't know, he goes over the page, "It is understood that an investment account was operated with NCB stockbrokers for some years, in the name of Overseas Investments Ltd, a Cayman Islands company. The details of this account are not known. It is understood that the $\frac{1}{2}$ 164,000 referred to above represents the balance on closure of the account."

So he is taking it into account as being part of your financial affairs?

A. I wouldn't go that far, Mr. Coughlan. What I think he is doing there, he is just identifying, identifying that particular lodgement as coming from NCB Stockbroker, isn't that all he is doing?

Q. Yes, he is taking that €164,000 into account, into submission to the Revenue?

A. Sorry, I think you are misreading all this, Mr. Coughlan.

Q. I see. Could I just get this clear, please. Are you suggesting that this document, which was being submitted to the Revenue, was not being submitted as a bona fides attempt at representing your affairs?

A. I resent that, that is not what I am trying to say, if you let me say what I want to say to you?

Q. Yes?

A. You are saying or you're attributing to me, that this document represents my personal affairs, financial affairs, something like that?

Q. Yes?

A. Now, we are dealing now with page 4?

Q. Yes?

A. And all I am saying to you, is that it seems to me that page 4 is not saying anything about my financial affairs. It's just taking this account and explaining where the lodgements came from, isn't that so?

Q. Well, if you look at the documents, if you look at the document...

A. Sorry, the source of these lodgements, as shown, are based on the verbal explanations of Mr. Padraig Collery.

Q. Yes, he is submitting these figures to the Revenue as

representing your affairs?

A. No sir, he is not.

Q. I see?

A. Sorry, let's be clear, he was asked by Paul Moore to try and put a coherent picture on the information that was emanating from the Tribunal and any other sources, so that we could give the Revenue an overall view of the situation.

Q. Of what?

A. Of the situation.

Q. What situation?

A. Of my financial affairs.

Q. That is precisely what I asked you. Isn't this what this document is attempting to do, to give an overall picture of your financial affairs?

A. I agreed with you about that at the very beginning.

Q. Perhaps we are getting bogged down?

A. We are, you are trying to bog me down here. Page 4, details which I am not able to...

Q. Very good?

A. All I am saying, is that as I read page 4 here in front of me, all it's doing is saying that there is this account, there is the lodgement to it and Padraig Collery has told me that these are the sources of the lodgement.

Q. Perhaps, the very best way is to read through it briefly, ask you if you have any comments to make on

it. Isn't that the best way? It reads, "On the overall position 30th of September 1992 to the 31st of March" I beg your pardon, I'll go back to page 5.

"First of all, a further amount should be added to the second subtotal in respect of favourable exchange difference on translation of the foreign currencies to Irish punts. This is slightly complicated but the effect is to increase the available balance as follows:

€½ '000

Second sub-total	2,034
Add exchange differences	82
<hr/>	
Third sub-total	2,116."

Is there anything you wish to comment on in relation to that balance of the memorandum which was submitted to the Revenue by Mr. Moore on your behalf?

A. No, I don't think so. He is saying there, "A current statement of affairs for CJ Haughey setting out all assets and liabilities".

Q. Yes?

A. We have since prepared that.

Q. Statement of affairs, no, I am just saying...

A. I don't think it assists this Tribunal, I don't think he had it at this stage, nothing turns on it.

Q. Now, if I could just briefly turn to two other matters, if I may, Mr. Haughey. I think one was and these were

dealt with in the letter which was sent to your solicitors yesterday and one relates to S8 Dollar Account. If I just briefly go through that with you and see if you can assist the Tribunal or any comment to make from evidence heard on the Tribunal. It appears on the 14th of August 1991 a US Dollar Account was opened

A. I am lost, Mr. Coughlan, are you reading from the letter of the 14th of March?

Q. No, I am giving you a summary, asking you if you wish to comment. I'll briefly run through it: "\$25,000 came out of an account in Ansbacher and the reference on that account was 03/05347/81." It was another coded account, a cheque was drawn on the account of Ansbacher with a bank in New York in Wall Street and this was sent by Miss Joan Williams to Irish Intercontinental Bank here, do you know anything about that?

A. No, I must confess when I got this letter, I only got it this morning, it was all Greek to me. I had no idea - my reaction, immediate reaction, all this has nothing to do with me.

Q. Very good. Another movement, I just briefly go through to allow you comment on it, "On the 14th of August 1991 the sum of approximately \$103,000 was received in Dreditbank, New York, to the credit of the account of Irish Intercontinental Bank, to open the S8 US Dollar Account in Irish Intercontinental Bank."

Do you know anything about that?

A. This New York bank is a totally new factor, I haven't heard it before.

Q. It's just a correspondent bank, it's just a bank Ansbacher would use for services. It's not - it's not a separate bank in the equation, at all. It's just a bank that would facilitate settlement?

A. This is an Ansbacher transaction.

Q. It's an Ansbacher transaction, in essence, but money's coming in in dollars, did you know?

A. That is what I mean to say to you, these names that are given somewhere, all foreign to me. There is a name of some individual there, isn't there? It doesn't matter, I am not familiar with any of this.

Q. You didn't know anything about any dollar amount coming in in 1991?

A. No.

Q. Now, if I might just finally deal with the lodgements to the account of Mrs. Haughey. These are, Mrs. Haughey has informed us in correspondence through her solicitor, about monies being lodged which were political donations and were lodged into this account of hers. And she can identify the $\text{\$}20,000$ attributable to Mr. Dunne. I think that formed part of a lodgement of $\text{\$}23,000$ on the 17th of June 1989 which would have been around the time of the General Election, of course, isn't that correct?

A. Yes, I think we have been, we have been through that.

Q. We have dealt with - she can identify Mr. Dunne's one.

She can't identify the source of the other $\text{€}3,000$ and

perhaps that isn't of any great significance. Other

lodgements to the account, she can't assist the

Tribunal as to the source. I am just wondering, if you

could assist the Tribunal? She believes they are

political donations and there was a lodgement on the

7th of December 1987 in the sum of $\text{€}12,000$, $\text{€}25,000$ on

the 1st of February 1990, $\text{€}8,600$ to a Bank of Ireland

account on the 3rd of November 1990. And there were

lodgements - were lodgements in June of '89 and there

were lodgements in '86 - well, I suppose the best way

to approach this, Mr. Haughey, could you be of

assistance to the Tribunal as to the sources of the

various political donations as identified by Mrs.

Haughey?

A. Not at this stage, I went back over - this was the '89

General Election?

Q. It's over a period - well, it could cover '87, '89 into

'90?

A. There are these lodgements here in the last paragraph

and there are $\text{€}12,000$, $\text{€}25,000$ and $\text{€}8,600$, I wouldn't

think they would be political donations. I am inclined

to relate those to the farm account or trading or sales

of horses or something like that. But as to the '89

political donations, General Election donations, I am

trying to remember those, but I can't pin them down.

But there were so many, as I say there was so many different election funds going on at that time that I wouldn't be able to identify them.

Q. Well, can I ask you this and you probably have given evidence about this before, that political donations which would be personal political donations for constituency purposes, were lodged to Mrs. Haughey's account, I think there is no doubt about that?

A. I think, I think for once Mrs. Haughey and myself both agree on that.

Q. Now, was there anywhere else we know that...

A. If I may explain? I know your questions here were there any other accounts in Mrs. Haughey's name that funds could be lodged, is that what you were going to ask?

Q. No, no because I think...

A. That is here in your letter.

Q. Perhaps you could answer that but Mrs. Haughey has answered that?

A. "The Tribunal wish to take up during the course of his examination knowledge as to the lodgements to Mrs. Haughey's account of political donations made to him and including the sources of such donations. The Tribunal will also wish to know whether there were any other bank accounts, apart from those in the name of Mrs Haughey, to which such donations were lodged.

Yours sincerely,

John Davis."

Q. That is apart from the name of Mrs. Haughey?

A. No, not in my name but there would be, of course, would be a constituency General Election account in '89.

Q. Yes?

A. That would be run by the Director of Elections and so on.

Q. Yes?

A. That is a possible source.

Q. Yes?

A. Where these might have gone.

Q. Yes?

A. Or where other contributions...

Q. Other contributions could have gone. Apart from that, could there be any other accounts, to your knowledge, where political contributions may have gone?

A. You have knowledge of all my accounts at this stage.

Q. I am talking about accounts held by other people?

A. Apart from that, apart from a director, a constituency Director of Elections or Director of Finance account, that is the only other place it would have gone.

Q. Whose name might they be in? I know you may not know exactly know.

A. Oh, I wouldn't know, in '89?

Q. Well, yes.

A. Paul McCabe might have been director.

Q. And in '87?

A. I wouldn't recall at this stage.

Q. But you have no difficulty with us attempting to seek that information

A. None at all.

Q. about the various years. Thank you, Mr. Haughey.

A. Thank you, Mr. Coughlan.

COMMISSIONER: Anything you want to put?

MR. MCGONIGAL: Maybe a few matters and it's not my intention to do so at this stage. I want to reserve my position until - I want to see all the evidence.

COMMISSIONER: Well, of course, there will be an opportunity provided in that and some suggestions had been intimated in recent correspondence. Very good, there is nothing you want to add in conclusion, Mr. Haughey?

A. No, thank you.

COMMISSIONER: Thank you very much.

A. Thank you for your courtesy.

COMMISSIONER: Thank you.

THE COMMISSION THEN CONCLUDED."

CHAIRMAN: I thank Mr. Lehane for those lengthy readings over the past several days and I direct and order that the record of that examination as read be received and adopted as part of the official Tribunal record of proceedings.

I understand, Mr. Coughlan, it is now intended that a certain limited number of witnesses can be called today and tomorrow on the basis indicated both by yourself and myself last week. Are we in a position yet to take up the witnesses intended before lunch?

MR. COUGHLAN: I think if you perhaps rose for five minutes, Sir, and I'll just clarify the position.

THE TRIBUNAL THEM ADJOURNED FOR A SHORT RECESS AND RESUMED AS FOLLOWS:

MR. COUGHLAN: Ms. Eileen Foy.

EILEEN FOY, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY MR. COUGHLAN:

CHAIRMAN: You are already sworn from a long time ago.

I know you haven't found this process very easy. I am obliged to you for coming back and I don't think you will find today's questions unduly stressful.

A. Thank you.

Q. MR. COUGHLAN: Now, Ms. Foy, I think you became aware, when the Tribunal wrote to your solicitors in January of this year, that Mr. Haughey was giving evidence by way of commission, deposition on commission, and that he had made certain references to you and I think the Tribunal brought these to your attention and sought your assistance and your comments on those, isn't that

correct?

A. That's right.

Q. And I think the first matter which was brought to your attention was by way of a letter from the Tribunal dated 22nd January, 2001, isn't that correct?

A. Yes.

Q. Do you have that with you?

A. I haven't got your letter, no.

Q. Okay. I'll just go through it, and I don't think it will cause any great difficulties. I think the Tribunal, first of all, explained what was happening, that there were depositions occurring. And I think you were furnished with a copy of the portion of a deposition where reference was made to you, isn't that correct?

A. Right.

Q. And I think the letter continued then:

"I would refer you to question number 70 on page 24, and to Mr. Haughey's response to that question at page 26. At question 70 the Tribunal referred Mr. Haughey to portions of the transcript of your client's" that's your evidence "to the Tribunal on the 14th July 1999, and in particular, your client's response to question 393 to 399. In the course of that aspect of her evidence, your client has been questioned as to her knowledge of the whereabouts of

the records of the Leader's Allowance Account. Your client was asked as to whether she had made any inquiries of anybody and she stated as follows:

"Question 396: Did you ask Mr. Haughey?

"Answer: I went to see Mr. Haughey about a year ago.

"Question: Yes.

"Answer: Maybe a bit longer and I said

"Question: Sorry, all I am asking you, did you ask him about this?

"Answer: Just let me

"Question: Yes.

"Answer: I said I had been asked about all this and that I had no records and I didn't really get an answer."

The letter completes the quotation. Those are the series of questions and answers taken from the transcript of your evidence to the Tribunal back in 1999, isn't that correct?

A. That's right.

Q. Now, I think that what was brought to your attention then was that in connection with that matter, Mr. Haughey, in the course of his examination on Friday last, stated as follows:

"Now, this is one thing I am clear about, and Ms. Foy came to me after she had given this evidence and we didn't discuss anything except the question of the

records and I drew her attention to that and I said,
'You know, that that's not correct.' And she said,
'Yes, I know that, but I was confused and I thought I
was answering a previous question.' And I said to her:
'Will you please get your solicitor to write to the
Tribunal and explain that to them?' Now, I don't know
whether her solicitor has done that or has not, but
that is a clear recollection I have, that it was
unusual that she would come to me that time because of
the Tribunal and we didn't tried to, not have any
contact in case implications could be read into that as
they are read into most things, and that's why that
particular episode is clear in my mind, that she said
she was confused; she thought she was answering a
different question. And I said, well, please write to
the Tribunal, and ask your solicitor to write to the
Tribunal and tell them about that."

Now, I think that ends the quotation in the passage
that was sent to you, isn't that correct?

And then the Tribunal asked you for your views or your
comments in relation to that, isn't that right?

A. That's right.

Q. Now, I think you have informed the Tribunal in a
supplemental memorandum or statement, dated 25th
January 2001, isn't that correct?

A. That's right.

Q. And you have informed the Tribunal that in response to the Tribunal's letter of the 22nd January the following is your recollection of contact with Mr. Haughey since September 1997. Is that correct?

A. Correct.

Q. You said in 1998: "I did not have any contact with Mr. Haughey from September 1997 when the Tribunal was appointed until my meeting with him in 1998 of which the Tribunal is aware. I was unable to supply the Tribunal with the historical information they required regarding a number of matters. In the course of conversation during the short meeting, which lasted no more than fifteen minutes, I explained that the Tribunal were seeking information regarding the large cheques made out to cash and the location of the account books and I was unable to supply which I was unable to supply. Mr. Haughey shrugged, which indicated to me that he didn't know. I don't recall the general detail of the conversation but Mr. Haughey may have said, may he may have also said he didn't know. I think that these were the only matters we discussed which had had a bearing on the Tribunal."

Then you say, in 1999: "Sometime in July 1999, shortly before I gave evidence for the first time, Mr. Haughey's solicitor contacted mine and asked if I could meet with them. They said that their client had

difficulty in recollecting what transpired so many years earlier. They had read my first statement to the Tribunal and felt it would be beneficial to meet with them. I understand that after I gave evidence my solicitor was told that they did not now feel the necessity for a meeting as they had the statement and the transcript." Is that correct?

A. That's correct.

Q. I think you have informed the Tribunal that you called to see Mr. Haughey after you gave evidence at the public session in July 1999. In general, the conversation was centred around the difficulty you had in being asked at the public session about matters which took place ten to twenty years ago and how glad you were that it was finished. "In the course of the conversation, Mr. Haughey may have mentioned that I had made a mistake in saying I didn't really get an answer and that this might be clarified. I do not recall saying I was confused in this regard, nor do I recall Mr. Haughey specifically asking me to get my solicitor to write to the Tribunal and explain that to them. I do not recollect that there were any there was any degree of emphasis placed on this matter. It was just part of a broad conversation. In view of the answers Mr. Haughey had given me in the first place, I did not see any real conflict with the reply I gave to the Tribunal and perhaps for this reason, I didn't attach

any significance to it at the time and failed to follow it up.

"Regarding the fact that said 'I was confused,' my recollection of the conversation is that I made this remark while we discussed in general terms the questions I was asked at the Tribunal about the various cheques."

You then informed the Tribunal that you were out at Mr. Haughey's home just prior to Christmas 1999 when you had a drink with Mr. and Mrs. Haughey and their daughter Eimear. "The subject of the Tribunal was raised and Mr. Haughey asked if I would be in a position to further assist. I said I thought not, but that if he or his legal team felt I could, they might make contact with my solicitor. I understand no such contact was made."

In the year 2000: "I was again out there just prior to Christmas 2000 when I had a drink with Mr. and Mrs. Haughey. I was about an hour and a half late due to traffic and a problem with my car. We spoke briefly about the Tribunal. I said they were finished with me. The subject of Brian Lenihan's fund was briefly discussed. We both thought Brian received cash. I don't remember discussing anything else of consequence. Another visitor arrived shortly after me and there was no further reference to Tribunal matters."

The year 2001: "On Saturday, 20th January 2001, at Mr. Haughey's invitation following his request to the Tribunal, I called to see him with Paul Kavanagh.

Mr. Haughey said he told the Tribunal I had said I was confused."

Of course this meeting on 20th January 2001 was after Mr. Haughey commenced his evidence by way of deposition?

A. That's right.

Q. And I think you say: "Mr. Haughey said he told the Tribunal I had said I was confused. I ignored this as I thought he was speaking generally about my evidence during the public session. We discussed the cheque for cash for €25,000, tried to define what it could have been for. We spoke about the cheque paid to Mr." I won't mention the name. This was a private administrative matter, isn't that correct?

A. That's right.

Q. "Which I had previously explained to the Tribunal. Mr. Haughey spoke of the many functions which he hosted Abbeville for high profile visitors. Mr. Haughey discussed procedure processing cheques once they were signed. Mr. Haughey discussed the expenditure of the press office which absorbed a great deal of the money. Finally discussed in general terms the Brian Lenihan fund and the possibility that some cash had been given

to him."

I think that was your response to the Tribunal in relation to what Mr. Haughey had said on deposition and you were asked about any contacts you had with Mr. Haughey, isn't that correct?

A. That's correct.

Q. Now, just if I might clarify one or two matters about this particular memorandum, Ms. Foy.

In the first place, when Mr. Haughey informed you that he had informed the Tribunal that you had said you were confused, I think from a reading of this memorandum, it would appear that if you used those words, it was in relation to having to recall a large number of cheques which were made payable to cash?

A. Yes, it was in connection with that.

Q. It was in connection with that?

A. Yes.

Q. It certainly wasn't in relation to your understanding of receiving no response from Mr. Haughey or not getting an answer when you asked if he had any accounts?

A. No, no.

Q. And you have whilst Mr. Haughey may have said something to you after you gave evidence and you visited him, you have no recollection of Mr. Haughey asking you to contact your solicitors to inform the

Tribunal that you were confused about that particular incident?

A. I don't remember it in the same way as Mr. Haughey does. Perhaps he I put a different emphasis on it than him.

Q. Now, I don't want to leave the late Brian Lenihan issue hanging in the air, but I think that is dealt with in a further memorandum that you furnished to the Tribunal as a result of further queries being addressed to you, isn't that right?

A. That's right.

Q. And I think all of those queries, again, arise out of the depositions of Mr. Haughey and matters that he informed the Commissioner during the course of those depositions, isn't that correct?

A. That's right.

Q. Now, I think that the Tribunal raised certain matters with you by letter dated 30th March, 2001, isn't that correct?

A. That's right.

Q. And it was as a result of that, the memorandum of proposed evidence was prepared?

A. Yes.

Q. And do you have a copy of the letter there before you?

A. I have a copy of the memorandum.

Q. You have a copy of the memorandum. Perhaps if Mr. O'Rourke would give you a copy of the letter, it

would be helpful, because we can deal with it in some sort of controlled manner then.

(Document handed to witness.)

Now, I think the first matter the Tribunal brought to your attention, on the 30th March 2001, related to evidence on commission given by Mr. Haughey on Day 2 of his deposition, and it was question 7.

Mr. Haughey stated that the payment from the Leader's Allowance to Mount Street were not always repaid, that your client that being you of course would keep a record but would not necessarily go after Mount Street for repayment and that the arrangement between your client and her counterpart at Mount Street was quite loose.

Now, I think your response to that is that: In relation to Mr. Haughey's statement that payments were the Party Leader's Allowance Account to Fianna Fail Head Office in Mount Street were not always repaid, that you would keep a record but would not necessarily pursue Head Office for repayment and that the arrangement between you and your counterpart at Mount Street was quite loose. You have informed the Tribunal that you would have had contact with Mr. Sean Fleming, but the decision regarding repayment would certainly not have been yours, is that correct?

A. That's correct.

Q. You say that as you have already testified to the Tribunal, you accept Mr. Fleming's examination of the Fianna Fail Party records, but think that there could have been more movements between the Fianna Fail Head Office account and the Party Leader's Account. Is that correct?

A. That's correct.

Q. I think just to recap: Mr. Fleming has given evidence that there were only from his examination only two occasions on which a balance was struck, isn't that correct?

A. That's right.

Q. You think that there may have been other occasions, is that correct?

A. I thought there may have been more.

Q. You thought there may have been

A. May have been more.

Q. More?

A. Yes.

Q. Many more, would you think?

A. No, no, not a huge amount.

Q. So if Mr. Fleming is incorrect, he is not out by a million miles, you think, in relation to it?

A. No. I accept what he says.

Q. Now, the second matter which was brought to your attention by the Tribunal was the deposition given by

Mr. Haughey on Day 4 of his deposition and it was question 28. And the Tribunal paraphrased it thus:

With regard to the evidence heard by the Tribunal regarding a Celtic Helicopters cheque for $\text{€}30,000$ dated 18th June, 1989, which it appears was cashed at Allied Irish Bank, Baggot Street, Mr. Haughey stated that your client attended to all banking matters, that this was not necessarily on Mr. Haughey's instruction, and that your client would have handled matters on her own initiative.

I think you were asked for your views or your comments about that. Just to be clear about this. This was a $\text{€}30,000$ cheque which had come from Celtic Helicopters, which was cashed at Allied Irish Banks, isn't that correct?

A. That's right.

Q. Now, you didn't you wouldn't have known it at the time, but that comprised two Irish Permanent cheques, one for $\text{€}20,000$ and one for $\text{€}10,000$ which had gone into Celtic Helicopters in the first place, but you wouldn't have known that at the time?

A. I found that out later.

Q. And I think you have informed the Tribunal: "In relation to Mr. Haughey's statement that Ms. Foy attended to all banking matters, that if the Celtic Helicopters cheque for $\text{€}30,000$ was cashed, this does

not necessarily mean that this was done on Mr. Haughey's instructions and that Ms. Foy would have handled matters on her own initiative. Ms. Foy has informed the Tribunal that in the normal course of paying accounts, either in full or part, she would not have referred to Mr. Haughey or to any other person. However, in matters of this nature, she did not operate on her own initiative and would have received instructions from Mr. Haughey."

Now, I think just to clarify one or two matters there.

In the ordinary operation of the account, receiving bills, arranging for them to be paid, that was part of your function, isn't that correct?

A. Normally.

Q. Normally?

A. Yes.

Q. I am saying in the normal operation?

A. Yes.

Q. Of receiving bills, paying them, you looked after that, having got people to sign cheques and entered amounts in ledgers and

A. Absolutely

Q. Brought invoices to people's attention. But in relation to obtaining cash of any amount, it's not something that you would have done on your own initiative, isn't that correct?

A. No.

Q. And you would have received instructions from Mr. Haughey in that regard?

A. Yes.

Q. And in relation to cash, it would always have been from Mr. Haughey, not from anybody else?

A. It would have been from Mr. Haughey.

Q. Now, the third matter which was brought to your attention by the Tribunal was the deposition of Mr. Haughey on Day 4, question 85, and subsequently. And the Tribunal paraphrased it thus:

"Mr. Haughey stated that your client's evidence that the only money in the Leader's Allowance Account in 1989, in excess of instalments of the Leader's Allowance funds collected for Brian Lenihan, was not correct. He stated that a lot of people subscribed to the Party Leader's fund other than for Brian Lenihan and that various donors would have subscribed to Fianna Fail and their donations might have been put by Mr. Haughey into the Party Leader's Account as distinct from" I think you were asked for your views about that. I think your response to that is

"In relation to the matter of lodgements to the Party Leader's Account other than the Party Leader's Allowance and donations to the late Mr. Brian Lenihan, Ms. Foy has informed the Tribunal that she previously acknowledged in that evidence there were contributions

lodged to the account which would not fall into the category of Party Leader's Allowance or donation to the late Mr. Brian Lenihan's fund and Ms. Foy could not necessarily would not necessarily have known the sores of such donations or cheques." Is that correct?

A. That's right.

Q. Now, in the year 1989, we are talking about specifically here, Ms. Foy, you know what came in from the Exchequer?

A. Yes.

Q. You probably don't know the figure now?

A. I don't know.

Q. But cheques would have been received from the Exchequer on a monthly basis. And you also knew that monies were going into that particular account for Mr. Lenihan, isn't that correct?

A. That's right.

Q. Nobody informed you of any monies going in for any other purpose or from any other source, isn't that correct, in 1989?

A. Any lodgements that were made to that account, I made them.

Q. And nobody I appreciate you made all the lodgements. But nobody informed you that there were monies from any other sources or for any other purpose other than those two particular purposes in 1989?

A. I can't say at this stage that at the time I wasn't

told.

Q. I see.

A. I did say previously here that monies other than for

Brian Lenihan and from the State went into that.

Q. In 1989? We know monies went in, in 1986 for example,

€100,000 from Irish Permanent and we know that other

years money did go in in 1991, but in 1989, do you know

if monies from any other source

A. Not specifically at this stage.

Q. You can't

A. No, I wouldn't.

Q. Very good. Now, I think the fourth query related to

the deposition of Mr. Haughey on Day 5, question 21 and

22.

"Mr. Haughey stated that your client was speculating

that the cash cheque for €25,000 dated 16th June 1989

which was lodged to an Amiens account in Guinness &

Mahon might have gone to the late Mr. Brian Lenihan to

meet his personal expenses."

And I think you were asked for your views about that

particular statement.

Now, I think you have responded: "In regard to

Mr. Haughey's statement that Ms. Foy was speculating

that the cash cheque for €25,000 dated 16th June 1989,

which was lodged to an Amiens account in Guinness &

Mahon, might have gone to the late Mr. Brian Lenihan to meet his personal expenses, Ms. Foy has informed the Tribunal that this was discussed solely as a possibility as her meeting with Mr. Haughey on the 20th January 2001." And I think you mentioned that in your first memorandum and I now come back to it.

A. That's right.

Q. And I think you continue. "Ms. Foy has informed the Tribunal that cash payments may have been made to the late Mr. Lenihan, that she thought all along that Mr. Lenihan had received funds but had nothing to base it on."

A. That's correct.

Q. Now, this is a matter I would like to pause for a moment in relation to, Ms. Foy, in fairness to the late Mr. Brian Lenihan, Mr. Haughey, and the Lenihan family.

In relation to this particular cheque which was made payable to cash, which went into the Amiens account, drawn on the Party Leader's Allowance Account, you have nothing to base the speculation or the possibility that it went to Mr. Lenihan or his family, isn't that right?

A. Oh no.

Q. None whatsoever?

A. Nothing.

Q. And, in fact, in fairness to you, the way you put it when you were discussing this with Mr. Haughey, speculation, did it take the form of, well, could it

have gone to Brian Lenihan? Or words to that effect,
or may it have?

A. I think it was along the lines of: "Could that have
been cash?" Or: "What was that?" "Was it cashed?"

Or what happened it?"

Q. Because

A. It was total speculation.

Q. Total speculation?

A. Yes.

Q. And just in fairness to you, why speculation might have
arisen. This particular lodgment to the Amiens
account was around the time of Mr. Lenihan's treatment
in the United States when payments were being made,
isn't that correct? It was around that time
generally?

A. It was, and if you think back when we when I was in
here for many of the private sessions, I think that
came up then. Again, it was only speculation.

Q. It's only speculation?

A. Yes, absolutely, only speculation.

Q. Because when the next query was brought to your
attention was addressed to you relating to the
evidence on deposition of Mr. Haughey on Day 5,
question 25, Mr. Haughey stated that your client told
him that Mr. Lenihan had called into her and that your
client had given him some funds, that your client
arranged the funds to give to the late Mr. Lenihan and

that your client then informed Mr. Haughey that there was no money left in the fund. Your response to the Tribunal is that: "In relation to Mr. Haughey's statement that Ms. Foy told him that Mr. Lenihan called into her and that Ms. Foy had given Mr. Lenihan funds, there appears to be some confusion or misunderstanding. As Ms. Foy had informed the Tribunal that she never provided funds directly to Mr. Lenihan either by cash, cheque, or by any other means."

A. That's correct.

Q. And that is your clear recollection?

A. Absolutely. I never

Q. You never gave Mr. Lenihan money?

A. I never gave money to anyone.

Q. You never gave money to anyone?

A. No.

Q. Now, the next query relates to the deposition of Mr. Haughey on Day 7, questions 89 and 90. And Day 8, questions 14 and 20. And Day 9, question 3.

Mr. Haughey stated that in the course of his examination, that a balance was kept by your client of the expenditures which she undertook out of the Leader's Allowance Account on Mr. Haughey's behalf in his personal capacity and that from time to time, a balance would be struck either in Mr. Haughey's favour or in the fund's favour. Mr. Haughey further stated that the balance could work in the other direction if

he had expended monies on behalf of the Fianna Fail Party and the balance would be struck and the Party Leader's Account might owe him money. He stated that it was your client's duty or function to make sure that the ongoing balances were maintained.

With regard to the use of Abbeville, Mr. Haughey stated that your client and Ms. Butler would insist that he should be recompensed for Abbeville activities and that your client and Ms. Butler would take the initiative in keeping a balance on the account. Mr. Haughey also stated that he had discussed the Charvet payment with Ms. Catherine Butler and that Ms. Butler recalls Mr. Haughey asking your client to take care of the Charvet bills and that he would reimburse her at a later stage.

Now, I think your response is that: "In relation to the use of Abbeville, Ms. Foy has informed the Tribunal that it has always been accepted that Mr. Haughey's home was used for meetings of local, national and international level, as well as entertaining high profile visitors. Ms. Foy does not recall Mr. Haughey seeking reimbursement for any specific occasion but accepts that he may have done so. If Mr. Haughey had sought reimbursement, it would have been paid."

I think you then say that: "Ms. Foy does not recall

the details regarding the payment of the Charvet invoices. Mr. Haughey's recollection of this could be correct although Ms. Foy does not recall the event."

A. That's right.

Q. Now, do you remember operating, in a loose fashion with Mr. Haughey, a balance on the account, vis-a-vis the account and himself?

A. Regarding the use of Abbeville, is that what you said?

Q. No. The Leader's Allowance Account which you administered, do you remember every so often arriving at a balance with Mr. Haughey? Leaving aside the use of Abbeville now for the moment, do you remember ever arriving at a balance between Mr. Haughey and the account? In other words, that he might have expended money and he'd have to be paid that money out of the account, or alternatively, the account had spent money on him personally, and that he paid money back into the account? Do you ever remember that?

A. I don't remember specifics on it, I don't.

Q. Did it ever happen?

A. I have no doubt it did.

Q. Well, if it did happen, so Ms. Foy, could you tell us this: How did Mr. Haughey pay the account?

A. You are asking me to guess?

Q. No, I am not, Ms. Foy. I am asking you whether if you don't you don't remember specifics, you believe it probably did happen. Do you ever let me deal with

it this way, deal it with from your side first, the account side.

Do you ever remember making a cheque out to Mr. Haughey from the account to reimburse him for anything?

A. No.

Q. Do you ever remember receiving either a cheque or cash from Mr. Haughey to reimburse the account?

A. Specifically, no. But as there were appeared to be other lodgements to the account other than those covering the Brian Lenihan fund and the Leader's Allowance, there could well be.

Q. There could be?

A. There could be.

Q. Do you remember it?

A. Specifically, no.

CHAIRMAN: I suppose, Ms. Foy, you knew nothing, of course, about the bill-paying service at this time.

This is only something that you have read about from the Tribunal?

A. Do you mean the Abbeville bill-paying service?

CHAIRMAN: Yes.

A. No, I had no dealings with that whatsoever.

CHAIRMAN: But since it does appear in the evidence that Mr. Haughey had no personal bank account at this stage, I do recall you stating that it was part of your

duties to cash his monthly public service cheque.

A. I did.

CHAIRMAN: And do you have any specific recall of any definite occasion on which you may have been required to dock a particular amount from that

A. No.

CHAIRMAN: before giving it to Mr. Haughey?

A. No, that was never that never arose.

CHAIRMAN: Thank you.

Q. MR. COUGHLAN: Now, do you have any knowledge I think Abbeville may have been used for government purposes, in other words, official entertainment, and I think that would have been paid directly from the Exchequer?

A. Yeah.

Q. That wouldn't have come through you or anything?

A. No.

Q. Thank you, Ms. Foy.

CHAIRMAN: Nothing to raise, Mr. Nesbitt? Thank you very much for coming back to give evidence again, Ms. Foy, and I think the best parting remark I can make is it seems absolutely unlikely we'll be calling on you again at any further time.

I think that's the only witness we have before lunch,

Mr. Coughlan, and I am of the belief that some of the financial witnesses may have been asked to attend in the afternoon. Is it safer that I say 2:00 or 2.15?

MR. COUGHLAN: 2.15.

CHAIRMAN: 2.15. Thank you.

THE TRIBUNAL THEN ADJOURNED FOR LUNCH.

THE TRIBUNAL RESUMED AS FOLLOWS AT 2.15:

MR. COUGHLAN: Mr. Paul Carty.

PAUL CARTY, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS

BY MR. COUGHLAN:

Q. MR. COUGHLAN: Mr. Carty, if I might just explain beforehand, the reason for you returning to give evidence at this stage is, of course, that neither you nor your legal representatives were present during the deposition of Mr. Haughey, isn't that correct?

A. I appreciate that, Mr. Coughlan.

Q. And the Tribunal did not have any form of a memorandum or a statement from Mr. Haughey before his deposition, so neither you nor your legal representatives were in a position to suggest any line of questioning the Tribunal might have pursued in the deposition either, isn't that correct?

A. That's correct.

Q. And the procedure which is now being adopted is that,

whilst you haven't been afforded an opportunity of challenging anything Mr. Haughey said, that you are making responses, having been informed of what Mr. Haughey said during the course of his deposition, isn't that correct?

A. That's correct.

Q. And I think you say that you are providing this statement in response to a request from Mr. John Davis, solicitor to the Tribunal, made in a letter dated 3rd April, 2001, addressed to Mr. Kettle of Mason Hayes and Curran, your solicitors?

A. That's correct.

Q. And I think what you have done then is you have taken the queries raised by the Tribunal indicated in your statement, the portions of the evidence which was shown to you of the deposition, and you made a response in relation to that?

A. That's correct.

Q. I think you say that you set out below your comments on the specific matters raised in that letter adhering to the referencing adopted therein. And then referring to Day 9, questions 63 and 64 of Mr. Haughey's deposition, question 63:

"And I think that Haughey Boland and then Deloitte & Touche looked after the affairs insofar as it was necessary to look after the affairs from the accounting side and the company law side of Celtic Helicopters,

would that be correct?

"Answer: I think, yes, that's correct, yeah. I think they more or less took control of the bookkeeping and accounting and I suppose the things that are necessary from the point of view of company administration. I think they did all of that.

"Question: Secretarial side.

"Answer: Yes, I think they ran a sort of an omnibus service. I never came across Mr. Mcderby."

A. That's correct.

Q. I think your comment in relation to Mr. Haughey's answers is as follows:

"The firm did not in any way take control of the company's bookkeeping. The firm had not involvement in the day-to-day administration of the company.

Celtic Helicopters Ltd. has always employed a full-time in-house bookkeeper who reports to the executive directors. The bookkeeper maintains the records of the company relating to cash receipts, payments, purchases and sales."

Then you go on to say that the following services were routinely provided to Celtic Helicopters by the firm.

"A. Preparation of half-yearly management accounts based on the books and records and discussions with Ciaran Haughey and John Barnacle.

"B. Preparation of projected profit and loss accounts, balance sheets and cashflow statements on an ad hoc basis.

"C. Preparation and audit of annual accounts.

"D. Preparation of submission of annual company Corporation Tax computations and returns.

"E. Assistance to company secretary Ciaran Haughey in relation to the company's secretarial records together with the preparation and filing of returns required by the companies registration office."

Then other services of a non-routine nature were provided on request?

A. That's correct.

Q. Then turning to the deposition of Mr. Haughey on Day 9, questions 84, 85, 87 and 88.

"Question 84: Accountants will always tell you that the work is carried out on the direct instructions of the client.

"Answer: That's a bit of rubbish really, isn't it?"

"Question: What I want is your comment or your view in relation to this. Your son Ciaran and Mr. Barnacle have given evidence about receiving certain documentation already drawn up by Deloitte & Touche and resolutions and minutes of meetings and in the normal course of most ordinary people, signing where the place was for their name.

"Answer: That's the way it would have been, yes. As I say, Paul Carty, in particular, in Deloitte & Touche, were their mentor, their advisers, their helpers, which more or less what any good firm of accountants do for a client, they give them an all-around package, as it were, of service.

"Question: I want to ask you, did you give such instructions to anyone in Deloitte & Touche?

"Answer: No, no, no, no certainly not.

"Question: And would you have any knowledge as to who they might have been taking instructions from if they took specific instructions?

"Answer: I don't think it would be a question of taking instructions. They would know what had to be done by the company to keep itself right with the Companies Office and everything else and they would do what was necessary. Ciaran and John would be flying."

Then that ends the sequence of questions and answers, and your response is:

"The firm did not perform work for any client in the absence of specific request to perform the work.

Ciaran Haughey and John Barnacle were fully aware in advance as to why any documentation was prepared.

They would not have the degree of expertise necessary to determine what meetings and resolutions would be necessary to effect a particular issue of shares,

however both would, at all times, have been fully aware that documentation was necessary to effect the issue of shares. Instructions in relation to Celtic Helicopters Ltd. company secretarial matters would have come from either Ciaran Haughey or John Barnacle or Desmond Traynor. Such instructions would have been limited to preparing whatever documentation was necessary to effect the instruction and would not have specified the preparation of specific resolutions, minutes, etc."

Then you say, the answer to question 87 is correct, that is the response that Mr. Haughey gave, that he never gave any instructions in relation

A. That's correct.

Q. With regard to question 88, the response there too is accurate in relation to recurring audit and the company secretarial work. However, in relation to any specific work or non-routine work, details of the work required were supplied by Ciaran Haughey, John Barnacle or Desmond Traynor on whose specific instructions the work would have been undertaken.

Then turning to the deposition of Mr. Haughey, Day 12, question 6.

"Question 6: And the $\frac{1}{2}$ 100,000 which had been contributed or invested by Mr. Murphy of Mike Murphy Insurance was held as one block of preferential shares

by the nominee company and the preferential shares represented by the investment a contribution of Mr. Snowdon, Mr. McAuliffe, Mr. Butler and Mr. John Byrne were held in MS nominees as preferential shares for the benefit of Larchfield Securities, did you know anything about that?

"Answer: No. That would have all been handled, I think, by Deloitte & Touche as the accountants, financial adviser, etc., to Celtic. I mean, they would have been that would be very technical stuff."

That ends the questions, and your response is: "No decision was made by the firm as to the type of shares to be issued to the investors in Celtic Helicopters Ltd. or as to the manner in which those shares were to be held. Desmond Traynor informed the firm early in 1994 that 7% preference shares of $\frac{1}{2}$ each were to be issued to the new investors and that the shares would be held in trust for the shareholders by Larchfield Securities. In February 1996, the company instructed the firm to prepare the company's secretarial documentation necessary to effect the issue of the preference shares. Both box of preference shares were issued in the name of MS Nominees Limited. One of these blocks was a block of 100,000 shares issued separately at the request of Mr. Mike Murphy."

Then I return again to the deposition of Mr. Haughey

on Day 12, questions 13 and 17.

"Question 13: And to the best of your knowledge, who would have decided on those technical matters, converting loan capital into share capital?

"Answer: Deloitte & Touche.

"Question: And is it your evidence that any, if I might describe them as technical adjustments, which took place arose on the advice of Deloitte & Touche?

"Answer: Totally."

That ends the question, and your response is: "The decision in principal as to the number of type of shares and the manner of the holding of those shares was made by Desmond Traynor and communicated to the firm by him and subsequently confirmed by Ciaran Haughey and John Barnacle. The mathematical calculations in relation to those share numbers and the preparation of company secretarial documentation were dealt with by the firm."

And I think you then say you'd be happy to supplement the statement with any oral evidence that may be necessary, is that correct?

A. Yes, Mr. Coughlan.

Q. So am I correct in understanding that in reply to Mr. Haughey, what you say the position of your firm is that Celtic Helicopters had their own bookkeeper?

A. Correct.

Q. Who kept the ordinary accounts of the company?

A. That's correct.

Q. And the service as provided by your firm was the preparation of management accounts?

A. Yes.

Q. Cashflow statements?

A. Yes.

Q. As necessary. The annual accounts, the audit of the annual accounts.

A. Yes.

Q. And the preparation of the necessary documentation to be submitted to the Companies Office, and such secretarial services as were necessary for the company as required by the companies registration office, that would be the broad

A. Yes.

Q. involvement of your firm in relation to

A. And just one additional one you omitted, preparation and submission of annual company Corporation Tax computations and returns.

Q. Yes, the Corporation Tax, yes.

And in relation to that type of work, it would be prepared as a result of receiving information from Celtic Helicopters, information provided, say, by the bookkeeper and by Mr. Barnacle and Mr. Haughey where information needed to be obtained from the directors,

that would be the normal

A. That's correct.

Q. Way matters were

A. That's correct.

Q. Now, turning to the question which I raised with

Mr. Haughey, because this related to a lot of

preparation of technical documents which was done by

your firm at a certain stage for Celtic Helicopters and

I'll go on to deal with who you say gave instructions

in relation to matters later. But when I asked

Mr. Haughey, you know, that the accountants would say

that work is carried out on the direct instructions of

the client, and his response, "That's a bit of

rubbish," and he says these are highly technical

matters and people running a business, particularly two

pilots, as Mr. Haughey and Mr. Barnacle were, wouldn't

have the technical knowledge to, you know, prepare the

minutes and draft resolutions and matters of that

nature, and that is a service that would be provided by

Deloitte & Touche.

A. That's correct.

Q. You accept that that would be so?

A. That's correct, yes. I don't accept the bit of

rubbish.

Q. Yes, I know. But you would have to be requested to do

it, you say

A. Oh yes, yes.

Q. And that brings us to, really, the nub of the issue which was this whole question in 1996, of the conversion of loan capital into share capital and the necessary resolutions involved in that; the fact that the Mike Murphy $\frac{1}{2}$ 100,000 shares were kept as a separate and identifiable in that regard, and the preferential shares were held by Larchfield Securities, isn't that correct?

A. Yes.

Q. Now, I think Mr. Haughey was of the view that those decisions appear to have been taken by Deloitte & Touche. You don't accept that?

A. No, I don't accept that. Ultimately, on the outside it has to be recognised, one, that the firm or any partner in the firm was not a shareholder, and at that time was not a director. So any professional person would be very conscious, that this is not my company. Ultimately, whatever one is doing has to be to the satisfaction of the people who own the company and the directors who were running it.

Q. So if I might deal with the first. On the question of the conversion of the loan capital into share capital, you believe that that particular instruction would have come from Mr. Traynor prior to his death back in 1994?

A. Yes.

Q. In general terms?

A. Yes, in general terms, yes.

Q. And that it was in 1996, I think, when

A. Yes

Q. the company was attempting to raise further funds and they went to a bank, the requirement to remove the loan capital from the balance sheet was necessary, the bank required that?

A. That's correct.

Q. And that all that was done by your firm, to the best of your knowledge, was the mathematical or technical computation in relation to the conversion of the loan capital into share capital?

A. Yes, that's correct.

Q. And the reason why it was held by Larchfield Securities, did you have any knowledge at that time why that should be so?

A. No. Other than in relation to the evidence I have given before.

Q. Yes.

A. That it was in trust for the ultimate those it was five shareholders.

Q. Of course, you yourself had had no contact with those shareholders as of that time?

A. Oh no, certainly not, no.

Q. Now, just finally, Mr. Carty, I think you have seen in the transcripts of the deposition that Mr. Haughey referred to you as being effectively in locus parentis of Celtic Helicopters, I think you have seen that

reference, have you?

A. Yes.

Q. What do you say to that?

A. Well, first of all, I should say at the outset, I have answered the questions that I received from Mr. Davis, the solicitor. That was not one of the questions that was identified. So...

Q. Can you not deal with it so, or would you prefer if we wrote to you again and raised that

A. No, I am just making the point that, you know, it was omitted in the first questions. No, I certainly disagree with that statement insofar as, that's a very broad statement and the choice of words, I would certainly question, and I don't know in what context really. It's a very broad statement, and I think you have got to recognise what was my position, you know.

As a professional person at this particular time, I was not a director when these shares were issued, so I would think that the wording of that is very, very broad and I wouldn't accept it in any event because the other point is, in all my dealings was with Mr. Traynor, so if you were to choose those words, they might relate more to Mr. Traynor than to me.

Q. I see. Thank you, Mr. Carty.

MR. ALLEN: Just very briefly.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. ALLEN:

Q. MR. ALLEN: Mr. Carty, I think you have dealt with the question in relation to locus parentis which does appear and did appear in the transcripts of Mr. Haughey's deposition. It would appear on reading that, that Mr. Haughey was trying to give not trying to give, I shouldn't say that, but appeared to be of the view that you had a very special role in relation to this company. Is that the truth? Is that the situation?

A. No, Mr. Allen. I think, to this Tribunal, Chairman, I gave very detailed evidence in the past and I think at the outset I indicated to you how did I get into the position of having been appointed and the question was, Mr. Traynor, who was very well recognised as a Chairman of many, many public companies and well recognised and I was asked to take an overview of the financial position. In my view, Mr. Allen, that's a very limited role, insofar as that it relates to a specific area and there is many other areas in the operation of even a small company as Celtic is, there is very many other operations.

Q. But you also, you made the point in response to Mr. Coughlan's question, I want to revisit that very briefly. You referred to the fact that in your view, it would be more appropriate it would have been more appropriate for Mr. Haughey to have used to have perhaps characterised the late Mr. Traynor's role in

the company as being that of a person in locus

parentis?

A. That would be my opinion, Mr. Allen.

Q. Because I just want to be clear about this, am I right

in thinking that the role which was played by

Mr. Traynor insofar as you could understand it, went

fundamentally beyond the quite limited role which you

played?

A. Absolutely. And I think again, Mr. Chairman, in the

transcripts that go back sometime, I did indicate, so

far as I was concerned, Mr. Traynor was the family

adviser. I think I said that in the very early days,

going back sometime now.

Q. And was relied upon well, indeed, we know from what

Mr. Haughey has said time and time again, that he knew

nothing, that Mr. Traynor organised everything?

A. Well, that was the person I spoke to.

Q. You could say he was in locus parentis, not only for

the children, but for Mr. Haughey himself?

A. Yes.

Q. One other issue that I just wanted to raise with you

was in relation to the conversion of the share capital.

A. Yes, Mr. Allen.

Q. That just so that we are absolutely clear about

that, that was not something in which you were involved

in, as I understand it, other than to facilitate that

conversion?

A. The implementation.

Q. Yes, to facilitate by assisting in the implementation of it?

A. That's correct, Mr. Allen.

Q. You were not in any way associated with the decision, you were not consulted about it, you were told it?

A. Correct.

Q. You were told that this was what was being done and if I am correct, you were told that it was being done for the reasons which Mr. Coughlan quite properly put to you, that the bank wanted it cleared off the balance sheet?

A. That's correct, Mr. Allen.

Q. It is also the case, isn't it, the monies we are talking about was share capital from the beginning?

A. Oh, I think I said that in previous visits to this Tribunal.

Q. You will appreciate the Tribunal, unfortunately, because of the way in which things have gone, the evidence has been fragmented, we are back here to deal with this

A. I understand.

Q. It's no harm to revisit that very speedily, so that it's clearly understood. We are talking about monies which were originally treated as share capital, isn't that correct?

A. I think it was said by the Chairman in the past that

the thrust, the thrust of my evidence was always about,

I've no doubt about it, that this was share capital.

Q. So now it was to be treated in a different way, isn't

that right, to the extent that it was being treated as

a different form?

A. Yes.

Q. In a different form?

A. Yes.

Q. At the request of a financial institution?

A. As I understand it, yes.

Q. And the request from the financial institution didn't

come to you but was communicated to you by the late

Mr. Traynor?

A. That's correct, yes. Just to clarify, by Mr. Traynor
in 1996.

Q. Yes, absolutely. Thank you very much, Mr. Carty.

CHAIRMAN: Is it fair, overall, to say, Mr. Carty, that

since plainly Celtic would have been one of the firm's

smaller clients, it would have been a cordial and

pleasant but still strictly professional relationship?

A. Absolutely.

CHAIRMAN: I mean, obviously, you may have known

Mr. Traynor and the two directors, perhaps, to some

degree, you might not have known all the executives of

a large company that you acted for and you would have

been available to advise or make suggestions as sought,

but you would not remotely concede it as your business to initiate any change of corporate circumstances.

A. Certainly not, Chairman. And the impression might have been that this was nearly a full-time job in a small company. I was also, you know, involved in a very large professional firm that took a lot of my time.

CHAIRMAN: Thanks for coming back.

THE WITNESS THEN WITHDREW.

MR. HEALY: Mr. Kenny.

PAT KENNY, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY

MR. HEALY:

Q. MR. HEALY: You were in the room when I think Mr. Coughlan was explaining to Mr. Carty the circumstances in which it has become necessary to bring you back in this way to deal with material that arose in the course of the examination of Mr. Haughey?

A. I was, Mr. Healy.

Q. And I think like Mr. Carty, you have provided a narrative statement dealing with individual aspects of the evidence or of the yes, as it now seems, the evidence of Mr. Haughey in connection with matters which may have impacted on you, isn't that right?

A. That's correct.

Q. And I think I'll just go through the narrative with you. Do you have a copy yourself?

A. I do, Mr. Healy, yes.

Q. You set out your comments on the specific matters referred to in the Tribunal's letter and you adopt the same referencing as is adopted in the Tribunal letter.

The first aspect of the transcript to which your attention was drawn arose in connection with the answers given on Day 14, to questions 123, 125, 127, 129 and 131.

Obviously the topic under discussion at the time was Mr. Stakelum. There must have been a reference to your firm and then the next question is:

"Question: Yes, your tax agents."

To which Mr. Haughey responded: "At that stage I am sure Mr. Stakelum would have been in touch with Deloitte & Touche about my affairs."

Next question: "And would Mr. Stakelum, of his own motion, be in contact with him in relation to Revenue matters?"

"Answer: I couldn't say. I couldn't say whether he would or not. He would certainly, I am sure, feel that he had a responsibility to me to make sure that my tax affairs were in order.

"Question: Did you ever tell them?"

That must have been a reference to your firm.

The response is: "My accountants would prepare my annual returns every year and submit them and it would be their they are one of the best known firms of accountants in Dublin, and it was their business to see that my Income Tax affairs were in order.

"Question: Mr. Pat Kenny, did Mr. Kenny know about Mr. Stakelum and this operation of the bill-paying service to the best of your knowledge?

"Answer: I don't know, I am sure he did. Well, I am just thinking out loud. Deloitte & Touche ran the bill-paying accounts. Yes, Mr. Carty handed it over."

The response: "So they would have known that Jack Stakelum then had succeeded them in the running of the bill-paying account."

Now, in relation to that passage in the examining of Mr. Haughey, you said: "There was no contact between anyone in the firm and Mr. Stakelum in relation to the affairs of Charles Haughey following the handing over of the bill-paying service in January of 1991 other than requesting cheques in respect of Residential Property Tax liabilities.

You say that with regard to question 27, any client's Income Tax return is prepared on the basis of information supplied by the client. It is the client's tax it is the tax agent's function to

ensure that the tax return that is prepared correctly reflects the information supplied by the client. In this regard, it should be noticed that the onus rests with the taxpayer to ensure that the information supplied is complete, correct, and accurate.

You go on to say with regard to questions 129 and 131:

"Both myself and Mr. Carty were aware that the firm ceased providing a bill-paying service to Mr. Haughey in 1991 and that Mr. Stakelum had commenced to provide that service."

The response to question 129 refers to Deloitte & Touche as having provided such a service, and you say that's not correct and the position is that you ceased to provide the service as of 1991.

Now, just to clarify one or two aspects of that evidence, Mr. Kenny. You say that both yourself and Mr. Carty were aware that Deloitte & Touche had ceased to provide a bill-paying service to Mr. Haughey in 1991. When you say that both you and Mr. Carty were aware of that, why do you mention the fact that both of you were aware?

A. Well, in previous evidence that I have given, Mr. Healy, I alluded to the fact that Mr. the late Mr. Traynor approached Mr. Carty, suggested that our firm was now too big to be doing the bill-paying exercise and took it away or transferred it. So that

is the reference really, it's a reference to the fact

that Mr. Carty was approached and I am aware

Q. Was it because Mr. Carty told you that?

A. I would have been, as I think I said in previous evidence, aware at the time.

Q. But am I right in thinking that before Mr. Carty told you of Mr. Traynor's intention to remove the service and to put it into a smaller firm, if you like, you were aware that the service was being provided by Deloitte & Touche?

A. I was aware generally that the bill-paying service was being provided, yes.

Q. But do you say that that was a general or a specific awareness?

A. A general awareness.

Q. Do you mean that, in other words, you were aware some part of the firm operated a bill-paying service for Mr. Haughey but you didn't know the scale of that operation?

A. I think that's correct, yes.

Q. Are you saying that you weren't aware of the amount of money that went through the service?

A. I certainly was not.

Q. When did you first learn of the scale of the operation of the service in terms of the quite large amounts of money that went through it?

A. I think it was when Mr. Carty attempted to make a

guesstimate for the McCracken Tribunal.

Q. Up until then you weren't aware of that?

A. No.

Q. You go on to deal with questions 2, 4, 17 and 13 on Day 15.

First question, question 2, is as follows: "Yes, I was going to go back to Deloitte & Touche.

"And Jack Stakelum and I was saying that they would have been in touch, yes, because for no other reason that Jack Stakelum took over from Deloitte & Touche.

"Question 4: I just want to be clear about this and to be fair to you about it. It was your understanding that the person or the entity involved in the bill-paying service would have had contact with your tax agent to ensure that your tax affairs were properly returned to the Revenue as far as you were concerned, is that right?

"Answer: Yes.

"Question 7: They all started together and had moved into different areas."

That was, I suppose, a reference to Mr. Stakelum, Mr. Traynor and Deloitte & Touche.

"Yes, but what I am saying to you is I would regard, from my point of view, as a client, if you like, I would regard them as both working together in my interests looking after my affairs, including my tax

affairs.

"Question 13: That's correct, that's correct, and as far as you were concerned, were you always of the view that the bill-paying service side of the operation was in contact with the tax compliance side of the operation?"

"Answer: I don't think I would have had a specific view about it, but as I say, I looked on both of them very much the same. Jack Stakelum on the one hand, Deloitte & Touche on the other. They were both my advisers and agents, if you like, and I would see them as part of my financial taxation situation."

In response to the Tribunal's letter drawing those questions and answers to your attention, what you say is: "There was no contact between anyone in the firm and Mr. Stakelum in relation to Mr. Haughey's tax affairs other than requesting cheques in respect of Residential Property Tax liabilities. The firm was not aware of what instructions, if any, were given to Mr. Stakelum by Mr. Haughey, nor was it aware of the extent or nature of the work undertaken by Mr. Stakelum for Mr. Haughey. The firm was never instructed by Mr. Haughey in relation to Mr. Haughey's affairs. Mr. Stakelum had been a partner in Haughey Boland and had left in 1975. He operated independently as a financial adviser through a company Business

Enterprises Limited."

You say with specific reference to question 7: "In response to the question, Mr. Haughey stated that he would regard Mr. Stakelum and the firm as both working together in my interests." And you say: "However, no work was undertaken in conjunction with or jointly with Mr. Stakelum in relation to the affairs of Mr. Haughey."

Now, again, just to clarify one matter, you say that the firm was not aware of what instructions, if any, were given to Mr. Stakelum by Mr. Haughey. What type of instructions do you mean by the use of that word in that place?

A. All I meant by that, Mr. Healy, was that whatever Mr. Haughey said to Mr. Stakelum regarding the bill-paying exercise or anything to be done as a result of the product of it, I was not aware. I am not intimate in any way that I was aware or thought there would be instructions. That's why I use the expression "if any".

Q. I think that the setting up of the bill-paying service was preceded by a meeting of Mr. Traynor, Mr. Stakelum and Mr. Carty I think?

A. I think that's correct.

Q. So at that stage, presumably, the firm knew that Mr. Stakelum was going to be taking over, effectively,

the selfsame work as Mr. Stakelum was doing?

A. Precisely.

Q. So the firm were aware of the general nature of the work that Mr. Stakelum was going to be doing?

A. Yes.

Q. You say that: "The firm was not aware of the nature of the work undertaken by Mr. Stakelum for Mr. Haughey."

Can I take it that you don't mean that you didn't know that Mr. Stakelum was going to be operating the bill-paying service?

A. No. Again, the reference there, Mr. Healy, is if Mr. Stakelum was doing anything else over and above that, there is no way we would know.

Q. Now, whatever your awareness may have been, presumably, the firm or someone in the firm, in Deloitte & Touche, would have been aware that, assuming that the bill-paying service continued with Mr. Stakelum as it had done with Deloitte & Touche with Haughey Boland it would have been operating on the same scale?

A. I would assume.

Q. It seems reasonable, doesn't it?

A. It seems reasonable, yes.

Q. You then respond to parts of the transcript on Day 15, in questions 21, 22 20, 21, 22 and 23.

"Question 20: Of the specifics relating to tax affairs, would they have been sketchy?"

"Answer: Yes, I mean, I trusted my advisers totally.

Deloitte & Touche were a very first-class top-notch firm of accountants and tax consultants. They were, you know, among the top in the city at the time and Mr. Traynor was had my total confidence and I was happy enough that the situation was being dealt with.

"Question: And if the situation arose that funds, which Mr. Traynor had raised on your behalf were, by way of a donation, they may have incurred a tax liability

"Answer: They may have is what I am saying at the moment.

"Response: Well, I would have assumed that that would have been taken care of by Mr. Traynor in conjunction with Michael McMahon, as it was, Deloitte & Touche, but they would have

"Question: Communicated

"Answer: No, but they would have seen it as their area of responsibility to keep that side of things correct.

"Question: So, what your understanding was, that they would have monitored the situation to determine whether there was a tax liability, would that be your broad understanding of things?

"Answer: Yes. While not so much, you are spelling it out very specifically now, but my understanding of it was at the time that these advisers of mine would have kept me right insofar as my tax affairs were

concerned I mean, that's why Michael McMahon, for instance, looked after the tax side of the Gallagher agreement and so on."

And your response to that question, those questions and answers is: "In the responses to questions 21 and 23, which is relating to the specifics of tax returns, Mr. Haughey refers to the late Mr. Michael McMahon. Mr. McMahon died in 1984 and the firm is not aware of the contact, if any, which he had with Mr. Traynor or Mr. Haughey. I took over from Mr. McMahon and never had any contact with Mr. Traynor in relation to the taxation affairs of Mr. Haughey or indeed any of their affairs. I am not aware of what advice was given, or what work was undertaken by Mr. Traynor in relation to Mr. Haughey's tax affairs. As confirmed by Mr. Haughey in his response to question number 23, I had no monitoring role in relation to his tax affairs. I am not aware of what work, if any, Michael McMahon carried out in relation to the Gallagher agreement. I have given evidence to the Tribunal in relation to my involvement with the Gallagher agreement."

Would you just clarify one aspect of your response for me, Mr. Kenny. When you say that, "As confirmed by Mr. Haughey in his response to question 23, I had no monitoring role in relation to his tax affairs," would you tell me what it is he said that confirms that you

had no such monitoring role?

A. What it is, Mr. Healy, interpreting precisely what he was saying or what his motivation was, I am not sure.

He refers to the late Mr. Traynor and the late Mr. McMahon in the context of the totality of a series of questions, so when he used the expression "they," I

am taking it that he is referring to the late

Mr. Traynor and the late Mr. McMahon and I am

clarifying that I had no such role. I can't speak for

the role that he would have ascribed to Mr. McMahon or

the late Mr. McMahon.

Q. Well, could I suggest to you that my impression is that Mr. Haughey was referring to the firm as a whole.

A. Well then, if he was, he is totally incorrect.

Q. On Day 15, in questions 37, 38 and 39, there were more references again to Mr. Haughey's dealings with his tax agents.

Question 37 refers to the early nineties and the response is: "Yes, a tax return would be brought out to me by somebody and I would be told "sign there" and I would sign there and they would send them in on my behalf.

"Question: But what I am really trying to ascertain, Mr. Haughey, is would you have had any detailed discussion with your tax agents before you signed off on

"Answer: No, I don't think so.

"Question: On the returns," meaning before you signed off on the returns?

Answer: "I don't think so, there'd be just a cursory I don't know whether they'd bring out two or three years at a time or whether they would have just brought out one or sent it out to me, I don't know. It would have been a very cursory thing because they were the experts and they would fill in all those hideous complicated sections that frighten most of us and they would have all that filled in and they would say 'sign there'."

What you say in response to that is: "All Income Tax returns prepared by you were reviewed with Mr. Haughey prior to his signing of those returns." You mean that you'd go through them line by line?

A. I'd go through them in the box form, I think we are all probably relatively familiar with that. I'd go through in the box form, they'd be supported, as I said in evidence, with P60s and various other things. I'd have "none" written where there was no source and I'd ask was that appropriately correct.

Q. No source of other income, than PAYE?

A. Exactly. A return of income was not completed by just leaving it blank. Every box has to be filled, even with a "None". And incidentally, I was the somebody he refers to, that was me

Q. I think you gave evidence that you were responsible for dealing with Mr. Haughey's PAYE tax returns?

A. Yes.

Q. And am I right in thinking, you can correct me if I am wrong in this, that the PAYE tax return would have included, as you say, some omnibus question to the effect, have you, the taxpayer, any other source of income?"

A. There is no tax returns, no matter how simplistic, that doesn't have that particular box.

Q. And does the PAYE tax return, or the one that was in use, we'll have to divide up the two periods, self-assessment and pre-self-assessment

A. Well, for the pure PAYE taxpayer who wasn't a director, self-assessment was still to date not have the material effect that it have would for a self-employed person under a director. Advent of self-assessment by itself particularly in the early year, would not have changed the obligation or the lack of, what I would call, appropriate obligation arising under self-assessment to a pure PAYE tax payer.

Q. I am just wondering whether, for instance, the pure PAYE tax return form or any similar document would have included references to other taxes such as Gift Tax or

A. No, Mr. Healy. Again, as I have given in evidence previously, Income Tax returns are purely dealing with

Income Tax and Capital Gains. Gift Tax is a pure separate return and was always self-assessment, always.

Q. So the only other specific other tax item on an Income Tax return is a capital gain is a requirement to make a return of any capital gain?

A. Any capital acquisitions, that is capital assets which give rise to potential future Capital Gains and disposal of such assets.

Q. And you would have dealt with all those sections on the forms with Mr. Haughey just as much as the Income Tax?

A. Yes, and without being tedious on it, I think Mr. Connolly, on the 22nd December, asked me a very related question in his cross-examination, and I pointed out that it was pointed out to me that I omitted VHI from the forms, which I think is my significant endeavour or contribution to the fact that they were examined by the taxpayer, because I omitted something and the taxpayer picked it up.

Q. And I think you gave evidence as well in response to a question I put to you, when you were asked whether the fact that Mr. Haughey received $\text{€}1/250,000$ for a horse in 1985 was drawn to your attention, and I think you said it hadn't been?

A. Never. Yes, you did ask me that.

Q. And I think on another occasion you drew to my attention, and indeed I think you may have mentioned it in your correspondence to the Revenue Commissioners,

that Mr. Haughey mentioned some small sums he had received from RTE for interviews, is that right?

A. He gave them to charity he said, but technically they still have to be returned, so I think we just took an omnibus figure for one year.

Q. It was small?

A. It was 1/245 or something, it was nothing major.

Q. And can I take it again, that is hardly something you'd have been alive to only that it was drawn to your attention?

A. No, because if I didn't get the piece of paper, so to speak, I wouldn't be aware.

Q. But would it have been as a result of some question that you'd have asked Mr. Haughey that these matters were drawn to your attention?

A. Well, I think putting it in context, I think it arose more so in the period of Mr. McMahon and flowed into my period, Mr. Healy, just for the record of the previous transcripts, and we would have been aware that, I think he was in opposition and that's relevant to knowing because people who appear on television programmes, appear to get paid if they are not in government and not get paid if they are in government.

Q. Well, what

A. I am only making that point because it may have prompted the question. "We saw you on television, did you get paid?" That is really the relevance.

Q. I understand. So you think that something you were aware of might have prompted you?

A. May have. This was in 1982, I think, from memory.

Q. I'll come back to that in a moment when we deal with some clarification I want in relation to some of your other responses.

In relation to Day 15 you were asked about question 434, which is as follows:

"Now, Mr. Kenny has given evidence and I just want to ask you if you can deal with it. Mr. Kenny believes that he asked you about these matters in a general way and that your response was that it was borrowings. Do you ever remember that?"

"Answer: I don't remember that. I mean, I don't remember any such conversation.

Your response is: "I have given evidence to the Tribunal as to my specific recollection of conversations with Mr. Haughey during the course of which Mr. Haughey confirmed that borrowings were a source of his funds.

Day 15, questions 51 and 53.

Question 51 is: "But the money used for the payment service?"

"Answer: No, I would have assumed that if there was a

tax liability arising in any regard, it would have been looked after. It would have been taken care of by my agents and advisers.

"Question: Yes.

"And I don't know."

I presume that means that Mr. Haughey didn't know whether it was or was not.

Your response is: "I cannot comment on the answer to question 51 insofar as it relates to Traynor or agents or advisers. My position has been set out earlier in relation to these comments.

In relation to Day 15, question 74, your attention was drawn to the following question: "Way back at the beginning?

"Answer: I would say yes, the initiative in that came from us, I would think, yes, I am not too sure about that."

The part of the transcript that was being referred to involved the valuation of Abbeville by the Valuation Office.

And your response was: "Matters of valuation are referred to the Valuation Office by the Revenue Commissioners, not by the taxpayer. I did not request the Revenue Commissioners to refer the valuation to the Valuation Office. I was not aware of the initial

valuation by the Valuation Office."

Can I just go back to one point you made, just to clarify it. At page 2 where you say: "It is the tax agent's function to ensure that the tax return that is prepared correctly reflects the information supplied by the client. In this regard, it should be noted that the onus rests with the taxpayer to ensure that the information supplied is complete, correct and accurate."

Now, am I right in thinking that that's your view of the tax agent's function, not just in relation to the tax return, but in relation to responding to any query from the Revenue Commissioners?

A. Yes.

Q. And do you not see it as in any way a part of your duty to your client, to ensure that the appropriate questions are asked of the client, or do you just simply repeat the questions in the tax form?

A. Well, I think you have to put it, I would suggest, Mr. Healy, in context. I was dealing with it, as a tax agent, a simple straightforward PAYE return. I didn't have queries from the Revenue Commissioners, as such, as you appreciate from previous transcripts, so I was dealing with what I had in the context of what I was asking Mr. Haughey to sign. Because that's all I had. I didn't have anything else.

Q. You mentioned a moment ago in response to the queries I raised with you concerning Mr. Haughey's income from RTE, that it's possible that you would have seen him on RTE or Mr. McMahon may have seen him and the fact of his appearance in RTE may have been drawn to his attention and this may have prompted some answer from him concerning any income he obtained from that source, remember that?

A. Yes.

Q. Do I understand correctly that if, of your own knowledge, or if of his own knowledge, a tax agent is aware of something which could have an impact on his client's tax position, he would draw that to the taxpayer's attention?

A. Oh yes, I think that's fair.

Q. So it's not just the knowledge that you obtain directly from the client on his own initiative or in response to questions you might put to him, but also knowledge you'd obtain from some other source, general knowledge or whatever, that would prompt you to alert the client to other Income Tax implications?

A. I am not sure about general knowledge, but certainly specific knowledge, if you had third-party specific.

Q. We may be talking about the same thing. By "general" I meant knowledge you got from watching the T.V. I think that's what you meant by specific if you saw Mr. Haughey on the T.V. So if you had that knowledge,

you might say what about that T.V. show? "Did you get some money for it?"

Now, you may refer that I took this up with you before in the context of the bill-paying service. You say that you were aware, in general, of the bill-paying service, but not aware of the scale of activity involved in the bill-paying service until the McCracken Tribunal started.

A. That's correct.

Q. And my interest in this is twofold: Both in the context of the evidence given by Mr. Haughey and in the context of the Sole Member's obligation to make recommendations about Income Tax in general, and perhaps the way Income Tax agents or Tax Compliance Agents operate. Was Deloitte & Touche, or Haughey Boland if you lining, as it then was, Mr. Haughey's tax agent or was it Mr. Pat Kenny was Mr. Haughey's tax agent?

A. It was Haughey Boland was Mr. Haughey's tax agent.

Q. And Haughey Boland then would have been aware of the full extent of the operation of the bill-paying service, isn't that right?

A. Yes. Haughey Boland did the bill-paying service, yes.

Q. Is it an entirely satisfactory situation then, that the individual in Haughey Boland dealing with Mr. Haughey's tax affairs, in this case you, would not have been aware of the scale of that operation?

A. I believe it absolutely is, Mr. Healy. It was a bill-paying. There was no accounts. There was no product of what was going on. It got on from the sixties and I also had the answer from Mr. Haughey, that he had substantial borrowings. And I didn't need the product of the bill-paying exercise for any part of his Income Tax return.

Q. I understand that, but what I think what I am trying to tease out is this: You are saying it is satisfactory, by which I take it you mean it shouldn't be a matter of concern, that somebody actually dealing with the individual taxpayer in Deloitte & Touche, did not know that hundreds of thousands of pounds was going through it, year in, year out. You don't think there is anything unsatisfactory about that? I am not blaming you personally.

A. I appreciate that, Mr. Healy, that's why I am considering your answer. I suppose if somebody knew the volume of it, the borrowing answer would still be relevant.

Q. It might be.

A. It might be, because, I mean, Mr. Haughey had hundreds of thousands of pounds worth of borrowing, remember.

Q. You also knew that if you had known about the bill-paying service, though, you would have known that on top of those hundreds of thousands, there were more hundreds of thousands coming on; and what I am saying

is you mightn't have taken one view or another about it, but you might certainly have deliberated on it, isn't that right, in the context of your duty in dealing with the Revenue Commissioners?

A. Well, I certainly would have taken a view that the borrowings would have to be very substantial.

Q. And when the Revenue Commissioners are dealing with firms of accountants, and in particular substantial firms like yours, which have, as I think virtually everybody here would acknowledge, the enormous expertise that you have, and not just your firm, but you individually, when the Revenue were dealing with firms with that kind of expertise and standing, they presumably assume that they are getting the benefit of all of the knowledge the firm has about a taxpayer.

It seems reasonable, doesn't it?

A. Well, on a PAYE basis, I think they wouldn't normally assume they were getting a lifestyle view.

Q. Now, I don't want to pursue that any further. It's obviously something, at the end of the Tribunal, the Sole Member may have to think about and it may warrant some further submissions.

A. I appreciate that.

Q. Would I be would you agree with me that the thrust of Mr. Haughey's evidence in relation to these matters is that he left everything to his Income Tax advisers, and to Mr. Traynor, and to Mr. Stakelum?

A. That is the thrust of his evidence. Which I would reject of course.

Q. I understand that. But let's just take the period let's leave Mr. Stakelum out of it for the moment and take the period where he was leaving everything, as he saw it, to Mr. Traynor, and to his to Haughey Boland. As far as he was concerned, and the thrust of his evidence is that they were looking after his affairs, his tax affairs in general, Income Tax or any other tax. And your view is that that wasn't true; that there was no nexus between your firm and Mr. Traynor?

A. It is not my view, Mr. Healy. It is my certainty.

Q. So your evidence is, and I think I am right in saying that the thrust of your evidence is that Mr. Haughey's pure tax, Capital Gains Tax or Income Tax affairs, or Capital Acquisitions Tax were dealt with by one person in Haughey Boland, that is you?

A. Not

Q. Prior to you, the late Mr. Michael McMahon?

A. Not his Capital Acquisitions Tax, as I know now.

Q. Why do you say that?

A. Because it's obvious that I assume he got, as Mr. Coughlan referred to them in that transcript, donations. I would not have known about them in any fashion.

Q. As far as he was concerned, however, you were dealing

with any Capital Gains Tax matters that either by reason of some communication you had from the Revenue, some information you got from Mr. Haughey or from somebody else.

A. Yes.

Q. You were dealing with them?

A. Yes.

Q. You were dealing with the Gallagher transaction eventually in any case, isn't that right?

A. Eventually, yes.

Q. Were you dealing with his Income Tax affairs at all times?

A. Yes.

Q. And you were dealing with what I'll call the related capital acquisitions, Capital Gains Tax aspects of the disposal of Abbeville?

A. Yes.

Q. And as far as you were concerned, you were dealing with a number of watertight compartments?

A. Yes.

Q. And in another part of Haughey Boland, the bill-paying service was being dealt with in another watertight compartment?

A. Yes, another section of the firm, yes.

Q. And in another section of Haughey Boland, Mr. Traynor, and Mr. Carty were dealing with Celtic Helicopters?

A. Yes.

Q. And there seemed to have been no documentary link between these various departments?

A. Well, I think, Mr. Healy, in the case of Celtic Helicopters, that was an audited set of accounts every year in the normal course of events. To my certain knowledge, Mr. Haughey was getting no remuneration or no income from it, so it wouldn't transfer across to his personal tax. If it would, I would know, because there was a set of accounts.

Q. But you knew nothing about it at the time?

A. I was aware of Celtic Helicopters. I was never involved with it, but I was aware of it.

Q. You weren't aware of the funding of it?

A. Sorry?

Q. You weren't aware of the funding of it?

A. No, that would be with due respects, that would be very natural that I wouldn't be aware of the funding of it, because tax departments get the end products of accounts, not what goes in to create the machinery or mechanics of accounts.

Q. Does it seem that Mr. Haughey's affairs were, however, divided up by design or by accident, into a number of separate watertight compartments?

A. There was no design. The bill paying

Q. Let's forget about whether there was design or not.

Does it seem they were, in fact, decided up in a number of watertight compartments?

A. The tax department always deals with tax. There are full-time tax specialists, the bill-paying is bookkeeping department which is part of small business services, so that would be a natural way for things to be done.

Q. Were you ever conscious of a division in Mr. Haughey's tax affairs?

A. No.

Q. Or in his overall financial affairs within Haughey Boland?

A. I honestly was not.

Q. Are you now conscious that there may have been a division or a designed division in his affairs?

A. There was no predetermined division.

Q. How do you know that?

A. I am sure about that. I have been in the firm for 25 years.

Q. Am not I right in thinking that you were not aware of all of Mr. Haughey's affairs?

A. I was not aware of the capitalisation of Celtic Helicopters. I certainly wasn't aware of the affairs that have come to light.

Q. I am not suggesting that you divided up Mr. Haughey's affairs in this way. I am not suggesting it was your design. I am simply suggesting that there could have been a design, even with the benefit of hindsight?

A. If there was, it must have been designed way back and

predated anybody who would be around, if there was.

But I don't think there was. I don't know, I mean,
how could I know?

Q. Of course, if somebody divided up Mr. Haughey's affairs into a number of watertight compartments and the idea was you wouldn't be aware of everything, and your colleague wouldn't be aware of everything you were doing and so on, it would be up to somebody else to design that, isn't that right?

A. There was no design, because there would be no accounts or record produced of bill-paying in the normal course of events. It just wouldn't develop, there was no accounts. It was something that went on for 40 years.

Q. When you had difficulty in identifying the potential capital gain to which the Revenue Commissioners were referring in their correspondence in 1985, you went to Mr. Haughey about it?

A. That's correct.

Q. And he couldn't give you an answer for some considerable time, isn't that right?

A. Yes, that's correct.

Q. Even though this was a very substantial gain by any standards, isn't that right?

A. Yes.

Q. And at that time, I think you told me in evidence on an earlier occasion, that you didn't think of going to Mr. Traynor, because you didn't believe that he had any

major role in these matters?

A. Well, no role that I was aware of.

Q. Would I be right in thinking that at that time you were not aware, as Mr. Carty appears to have been aware, that Mr. Traynor was, in fact, the family adviser?

A. I wasn't, Mr. Healy, particularly in 1984 and '85. I came into the case and I am still I am still not sure that the family adviser means looking after everything and certainly it meant looking after the son that was involved in Celtic Helicopters.

Q. But it is surely of some note that your partner was under the impression that Mr. Traynor was the family adviser?

A. Oh yes, yes.

Q. And that he was the person from whom, for some considerable time, the firm got the money for the bill-paying service?

A. Yes.

Q. And reflecting on those additional facts, do you now wonder whether there wasn't, in fact, some designed division of Mr. Haughey's affairs into watertight compartments?

A. Well, I'd be speculating because certainly in my time in the firm, that did not hold or was there was no knowledge of that kind of thing, it went back to the '60 or '61.

Q. Maybe I am not making myself clear. Of course there

may have been no knowledge in the firm, Mr. Kenny, because if you were going to divide up the firm's knowledge into a number of watertight compartments, you'd hardly alert the firm to that?

A. Oh, I appreciate that absolutely, yes, absolutely.

Q. But somebody else may have designed it in that way?

A. Oh, I think we might be slightly at cross-purposes, Mr. Healy. If somebody designs something between two people, then the guy or the person at the receiving end, so to speak, is somewhat helpless.

Q. He is at a disadvantage?

A. He is really helpless because there is a design, so to speak.

Q. And what I am suggesting is that bearing in mind the two different views that you have as to your role, which was quite a defined watertight role, and the view Mr. Haughey has as to your role, which was a much broader role, you're completely at loggerheads, isn't that right?

A. We are absolutely and completely at loggerheads.

Q. But, what I am suggesting is that reflecting on the facts as you now know them, somebody appears to have or there seems to have been some design in the division up of Mr. Haughey's affairs in this way?

A. I think there was an absolute design. Sorry, I was thinking you were saying there was a design within the firm. I have no doubt today that there was an

absolute design in his affairs.

Q. Thank you.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. ALLEN:

Q. MR. ALLEN: Mr. Kenny, just a few brief preliminary questions. Then I'd like to go into some hopefully equally brief detail with you. The penultimate question which Mr. Healy put to you was that you were, that you, insofar as your evidence is concerned, and the evidence of Mr. Haughey is concerned as it now has become, that you are completely at loggerheads. Isn't that correct?

A. That's correct.

Q. In other words, you are saying that Mr. Haughey is was either mistaken or one could go further than that. You don't agree with him?

A. I don't agree with him and I would only make the observation, it wasn't very easy to find the gifts or donations.

Q. Indeed. And he appears to have one or two propositions which were set out for you in the letter of the 3rd April from the Tribunal. He appears to be saying that in effect, he knew nothing; that he relied upon and I want to take this in two stages he relied upon a combination of yourself and Mr. Stakelum working in tandem, do you follow me?

A. Yes.

Q. To look after to keep him right on the taxation side.

A. That's correct.

Q. Now, can we deal with the combination aspect of it first.

My understanding of your evidence, and I want it to be reflected in the record of the proceedings of this Tribunal as bluntly and as baldly as possible, is that there was never any such combination between yourself and Mr. Stakelum?

A. None whatsoever.

Q. Of any kind?

A. Of any kind.

Q. Mr. Stakelum has quite properly indicated the circumstances in which he took over the bill-paying service and you have no dispute of any kind with Mr. Stakelum, isn't that correct?

A. That's correct.

Q. What you do dispute, as I understand it, is Mr. Haughey seeking to persuade the Tribunal that he relied upon you and Mr. Stakelum, acting as some form of tandem, to keep him right on the financial side on the taxation side, isn't that correct?

A. That's correct.

Q. Let's move on to you. We have eliminated now, for the purposes of this next question, we have eliminated

Mr. Stakelum having any such purported role.

If we take it that Mr. Haughey is saying that he relied upon you to keep him right on the taxation side, having regard to what you now know, is there any reality to that at all?

A. None whatsoever, Mr. Allen, in my view I think factually, and I think it's recorded in the McCracken Tribunal, if somebody collects money in that fashion and puts it offshore, the last person they are going to tell, in my absolute clear view, is the tax agent.

Q. Indeed. We also know, do we not, that Mr. Haughey, in his evidence to the McCracken Tribunal, told the McCracken Tribunal that he did not disclose to any living person the specifically I just want to hone in on one figure specifically the $\frac{1}{2}$ 1.3 million which he received from Mr. Ben Dunne.

A. My recollection, Mr. Allen, is that, in evidence, in sworn evidence, I think it was in June of 1997, he said that: "I knew from 1993 that I got 1.3 million but I told nobody."

Q. Indeed, and nobody includes you?

A. Well, particularly me in this case.

Q. Precisely, because whereas he mightn't he could have perhaps felt that it was his own business in terms of not wanting the entire world to know about it, he had an obligation to tell you about it, did he not?

A. Yes, because as I said to Mr. Healy, Gift Tax is a

self-assessment tax and I would need to know to make the Gift Tax return.

Q. Not to put a tooth in it, this was, on his own words, on his own evidence to another Tribunal, this was a huge gift which he received which he did not disclose to you, his tax agent.

A. Yes.

Q. Isn't that correct?

A. That's correct.

Q. And we have his evidence to rely on for that. You accept that that was the case.

A. I accept completely that was the case.

Q. You agree with Mr. Haughey insofar as that's concerned?

A. Yes.

Q. Now, in relation to the bill-paying service, if I could deal with that. May I put the following to you and you will confirm whether I am correct or incorrect.

As I understand it, your firm was divided into six business units, being audit and accounting; tax; company secretarial; company insolvency; corporate finance and small business.

A. That's correct.

Q. And small business was subdivided into accounts preparation section and payroll bill-paying section, isn't that correct?

A. That's correct.

Q. And also that there was an automatic relationship and

link between small business accounts preparation and the tax department.

A. Correct.

Q. When accounts were prepared for a small business client, they automatically went to the tax department, isn't that correct?

A. That's correct, Mr. Allen.

Q. For review and for submission to the tax authorities?

A. Correct.

Q. And that was the correct procedure to adopt, isn't that correct?

A. That's absolutely correct.

Q. And if it hadn't been adopted, the firm would have been remiss?

A. Yes.

Q. So you were, insofar as the function which I have just described to you, in relation to small business and the preparation of accounts for small businesses, there would have been, of necessity, and in keeping with good practice, an automatic liaison between tax and the small business accounts, isn't that correct?

A. Yes, that's correct.

Q. Now, may I contrast that then with the situation which prevailed in relation to Mr. Haughey, because you were his tax agent. The firm was his tax agent; you were the individual who had that role and discharged that role, isn't that correct?

A. Yes.

Q. Mr. Healy has put questions to you about the fact that there was a bill-paying service operated by the firm as well. Now, what I want to suggest to you, Mr. Kenny, or put to you for comment to the Sole Member, is that the situation which I have outlined to you, which as I understand, you have agreed with, which applied to small business and the liaison with tax, did not arise between did not arise in the case of Mr. Haughey and the fact that a bill-paying service was provided?

A. That is correct, Mr. Allen, because there was no end product.

Q. Indeed. And could I also suggest to you that the bill-paying service was not relevant to your work?

A. No, because since I was the tax agent for a straightforward PAYE return, which was basically boxing items, I wouldn't even expect to find anything in the bill paying that would be of relevance to my tax return.

Q. Because, this is a point I just want to, again, to be very clearly and starkly reflected in the records of these proceedings. The return which you were putting in for Mr. Haughey was that a PAYE return, isn't that correct?

A. That's correct.

Q. A PAYE earner, I should say?

A. Yes.

Q. He was not conducting a profession or trade in relation of which accounts were necessary?

A. That's correct.

Q. Isn't that correct? A full bookkeeping service was not provided, isn't that correct?

A. Not provided.

Q. No yearly summary of expenditure as had to be prepared by the Tribunal in this instance?

A. That's correct.

Q. And the vast majority of expenditure was not allowable for tax purposes?

A. I would have said all of it, because he was a PAYE taxpayer, Mr. Allen.

Q. Now, there is another point that I just want to invite you to comment on, Mr. Kenny. A lot has unfolded during the course of the work of this Tribunal and over the course of the last few years and a lot of matters have entered into the public domain, but at the time, and even now, that you were discharging your functions as a tax agent to Mr. Haughey, was it any part of your, of that role to be some kind of a detective?

A. No.

Q. Were you, and this is not intended to be in any way frivolous, were you, as tax agent, was it any part of your role to police Mr. Haughey?

A. No.

Q. In terms of the information which he gave you?

A. No.

Q. Now, we do know that that notwithstanding, you did put questions to Mr. Haughey in relation to, what I might describe as, life-style related questions, isn't that correct?

A. Yes.

Q. And we know that you have told us that Mr. Haughey said it was borrowings?

A. Yes.

Q. That he was financing his life-style through borrowings, is that correct?

A. Correct.

Q. You also told this Tribunal in previous evidence, unless I am mistaken, that you were satisfied, intellectually and on the basis of your own knowledge, that he had the ability to borrow?

A. I was satisfied that he had a physical estate of property which had a very substantial value in my view.

Q. So would it be fair to say that you went perhaps beyond, somewhat beyond the strict parameters of your role by inquiring about

A. Yes.

Q. his ability to fund a lifestyle?

A. Yes.

Q. That he gave you the answer: "Borrowings"?

A. Yes.

Q. Which didn't, as I understand it, appear to be to you

in any way unreasonable?

A. No, because I had seen those borrowings going from
i;½177,000 to 900,000.

Q. And in response to this, Mr. Haughey, when he was being
deposed, appears the substance of his evidence, the
gravamen of his evidence appears to go no further than
saying, because Mr. Coughlan questioned him about this
and about you asking him about borrowings he appears
to have been able to do no more than say that he
doesn't remember such a conversation.

A. That's correct.

Q. Isn't that correct?

A. That's correct.

Q. And we find that in the transcript of, transcript
number, Day 15, the 5th March 6th March, 2001 when
Mr. Haughey was answering questions from Mr. Coughlan.

Now, Mr. Haughey's position is that he doesn't remember
the conversation or conversations. What's your
position, so there can be no doubt as to what your
position is?

A. My position is I remember it well.

Q. You remember, and I think am I correct in thinking
that you remember more than one conversation?

A. I remember probably three or four conversations, years
apart.

Q. Now, just one final matter: Mr. Healy used the phrase

"watertight," "watertight compartments." I intend no offence when I say he appears to have been using it specifically in relation to Mr. Haughey, is that correct?

A. Yes.

Q. Is it not the case, subject to the caveat that I have raised with you in relation to small businesses, etc., that that is what applies to every client?

A. Yes, but the system exists where it's required to inform one department from another.

Q. Yes, in the circumstances which I have outlined?

A. Yes.

Q. Which are not the circumstances which applied to Mr. Haughey?

A. No.

Q. And had they applied to Mr. Haughey, is it fair to assume that they would have been implemented?

A. Yes. If Mr. Haughey was trading and producing accounts, they would have applied.

Q. Because the system was automatic?

A. The system was automatic, yeah.

Q. Thank you very much.

MR. HEALY: Just one or two small matters arising out of that.

THE WITNESS WAS EXAMINED FURTHER BY MR. HEALY:

Q. MR. HEALY: I think you said your role was not to police

Mr. Haughey.

A. Yes, Mr. Healy.

Q. You are an accountant. You operate on the instructions of your client?

A. Yes.

Q. And on the basis of answers your client gives you to questions which you feel you have a duty to ask him?

A. Yes.

Q. Or in relation to the response he makes to matters you put to him based on other specific knowledge you have?

A. Yes.

Q. So while you don't have a role to police your client, you do have a role to ensure that you do not stand over an illegality or anything that might mislead the Revenue Commissioners?

A. Correct.

Q. So to that extent you do have a policing role. It's part of the ethics of your profession?

A. The ethics of my profession is I will not countenance an illegality or an untruth.

Q. Simply in relation to some of the questions that Mr. Allen put to you regarding the bill-paying service, and in particular the response you got from Mr. Haughey when you asked him how he supported his life-style and I think his response was he had borrowings, you were aware that Mr. Haughey had a substantial amount of land, which you felt could support a lot of borrowing.

You are now aware, from evidence, the extent of the bill-paying service?

A. Yes.

Q. It ran into hundreds of thousands of pounds every single year all during the eighties. And I think at the end of the eighties you were involved with dealings with the Revenue Commissioners concerning the value of Abbeville. Do you remember the value that was put on the whole of Abbeville?

A. 1.2 million.

Q. Would I be right in thinking that you were aware of the full amount of money that had gone out of the bill-paying service during the 1980s, you would have been concerned that 1.2 million would have been available to secure that?

A. I probably would, Mr. Healy, but again I'd make only what is a speculation, I don't know the answer. I think today the same value of Abbeville is probably 50 million. So at a moment in time, depending on the quality of the property market, you get different answers.

Q. At that moment in time when it was being disposed of to the children, you would have known two things. I am not saying you did know them, but I am saying you would have known them if the situation I am suggesting might have been preferable. I wouldn't go any further than that, you would have known

A. If I had a figure, I would have known.

Q. You would have known that the borrowings would have exhausted the estate.

A. Yes.

CHAIRMAN: Two slight matters in conclusion, Mr. Kenny.

When you dealt with both Mr. Allen and Mr. Healy in the

context of watertight or hermetically sealed

departments in the office, do I understand correctly

what you are saying that effectively a large

accountant's firm has to balance the considerations of

confidentiality on the one hand and a business efficacy

on the other? In other words, in the latter, you said

the small business department had to liaise with the

tax department, but that in general terms, there is,

nonetheless, a duty of confidentiality and the partners

would not likely contemplate discussing idly matters

that might pertain to their specific expertise even

with a colleague in the firm?

A. Yeah, I would say that the information and detail it

passed on the basis of the requirement rather than, as

you put it, Mr. Chairman, idle gossip.

CHAIRMAN: It's an aspect that we, in the course of

previous sittings, as you are aware, we had to a degree

taken up with the Revenue Commissioners, and it is a

difficult aspect.

A. Very difficult. The other thing, Mr. Chairman, if I

may, the profession, like every other profession, I suppose, has become so specialised within itself, that full-time tax people are not auditors anymore and don't do audits and get in products of audit or in products of small businesses, but they don't go down and be involved in the mechanics of putting that product together. And they are probably incompetent, I don't mean incompetent in terms of personal ability, I mean incompetent in terms of technical ability to do it.

CHAIRMAN: Lastly, I am deponing to the reference to small business department in Deloitte & Touche. Would a firm such as Celtic Helicopters have been a relatively typical firm in its early days for its inclusion in that or would Celtic Helicopters be a somewhat untypical client in the overall firm portfolio?

A. It would normally be untypical for this reason, Mr. Chairman. In what is called business services division, we tend not to put limited companies in there because it's a non-test, non-audit certificate; therefore, we need competent auditors, no matter how small the company is because the companies acts applying all principals, so it would be unusual to have a limited company in the small business division at any time.

CHAIRMAN: Yes, but plainly it's common case that the

personal contact between Mr. Haughey senior, as a founding partner of the present firm and the ongoing contacts with Mr. Traynor obviously, must have been a factor having Deloitte & Touche or Haughey Boland in the first instance assigned as advisers?

A. Oh absolutely, because I think we became advisers the day he ceased to be a partner.

CHAIRMAN: Thanks for your assistance today, Mr. Carty.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Mr. Stakelum.

JACK STAKELUM, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY MR. COUGHLAN:

Q. MR. COUGHLAN: Mr. Stakelum, I think you return to the Tribunal again, because you weren't in a position to put any questions to Mr. Haughey during the depositions or to give any information to the Tribunal to enable the Tribunal to take up anything that you wished to take up with Mr. Haughey, isn't that correct?

A. Correct.

Q. I think the Tribunal has drawn to your attention certain remarks made by Mr. Haughey in the course of his evidence and has asked you for your comment on them, isn't that correct?

A. That's correct.

Q. And I think the first one relates to a question 95 on day 14 of Mr. Haughey's deposition.

The question is: "Well, did Mr. Stakelum keep you in ignorance as to where the money was coming from? He attended at you regularly, every three months or so.

"Answer: I wouldn't say he attended regularly,

Mr. Coughlan. I mean, I am just making that point.

He would drop out to me from time to time and I think the purpose of the advice would be mainly to say that my finances weren't in good shape."

And then your response to that is in relation to the question itself: "My only knowledge as to the source of the money which I was using for the bill-paying service was that it came from Desmond Traynor up to his death and thereafter from Pdraig Collery, as I have already explained in previous evidence to the Tribunal. I had no knowledge of the origin of the monies which were provided to me. In relation to the answer, the purpose of my visits to Mr. Haughey was to update him on the expenditure which I was incurring on his behalf and that was the only purpose. I had no knowledge of his finances, apart from the bills that I was paying on his behalf and never advised him on his finances or in what shape they were in."

A. That's correct.

Q. Now, I think the next matter which was drawn to your

attention was question 108 on Day 14.

"Question: He specifically yes, he said that and he said you specifically didn't pay much attention to the expenditure side, the bills.

And the answer was: "Well, I would agree with him if he says when he brought me these things and perhaps gave me a lecture about expenditures, I would agree with him if he had said that I didn't pay any great attention to his reports or to these statements."

And your response is that: "It is correct to say that Mr. Haughey did not pay much attention to the information I was giving him about expenditure which I was incurring on his behalf in the bill-paying service. I did not give any lectures about expenditure to him. I merely went to update him on the expenditure that had actually been made."

Question 109: "You seem to remember that Mr. Stakelum had informed you that your finances were not in a healthy state, is that correct?"

"Answer: I think he was always, that's what accountants are for, to keep telling you not to spend money."

And your response to that is that: "As already referred to above, my visits to Mr. Haughey were to update him on the expenditure. I did not inform him

that his finances were not in a healthy state, as I had no knowledge whatsoever as to the state of his finances and I was not his financial adviser. My only function was to perform the bill-paying service I had been requested to perform. I had no function in advising Mr. Haughey of financial matters and never did so."

Then I think you were referred to question 119 on the same day. And the question reads: "If there was no need to obscure the source of this money from Mr. Desmond, couldn't it have been simply paid to you and put into that account in your name? Why did you have to go to Mr. Stakelum and ask him to make arrangements?"

I should explain, Mr. Stakelum, this is about a donation which Mr. Desmond was making to Mr. Haughey, isn't that correct?

A. Yes.

Q. Mr. Dermot Desmond.

And the answer is given by Mr. Haughey: "No, because it would be I didn't ask him to make arrangements.

I asked Mr. Stakelum to contact Dermot Desmond to secure the funds. I had no instructions of any kind to give to Mr. Stakelum about how that should be handled and the obvious reason why I would go to Mr. Stakelum would be that he was in charge of the

bill-paying account. Therefore, the money would go to him. That would be the reason."

And your response to that is: "I received a telephone call from Mr. Haughey asking that I contact Dermot Desmond who was to make a payment for the purpose of bill-paying service. The service was a confidential one and as I understood the position, the payment from Mr. Desmond was to be treated with the same confidentiality. I had to contact Mr. Padraig Collery to obtain account details which I then advised Mr. Desmond so that he could make payments into that account."

If I could just briefly halt there, Mr. Stakelum, and you say that the service was a confidential one and as I understood the position, "the payment from Mr. Desmond was to be treated with the same confidentiality." From whom did you understand that? Was it Mr. Haughey?

A. Well, I think the telephone call from Mr. Haughey was to me to advise that Mr. Desmond wanted to make a contribution and that I could advise him how to channel the funds. Now, at that stage, all the funds were coming from Mr. Padraig Collery, so I merely did what I was asked to do and told Mr. Desmond or rang Mr. Collery to find out the route for the thing and passed on any information to Mr. Desmond.

Q. Now, I think another matter was drawn to your attention and that was when Mr. Haughey was asked at question 102 of Day 14: "Did you inform your accountants of it at the time?"

"Answer: I don't recall. I am sure Mr. Stakelum would have been in touch with my accountants on a regular basis."

And I think your response to that is: "As I have already informed the Tribunal, I was requested by Paul Carty of Deloitte & Touche to take over the bill-paying service which they had been operating up to then.

This I did, and for the first few months that I operated the service, Deloitte & Touche, as Mr. Haughey's accountants, did request from me and I did furnish to them, cheques for PAYE and salary payments which I believe related to the stud farm business of Mr. Haughey or his daughter. This only occurred in the first few months of the bill-paying service. Subsequently, on one occasion that I can recall, a cheque was requested from me by Pat Kenny of Deloitte & Touche for the payment of tax due by Mr. Haughey. These were the only occasions in which Deloitte & Touche, as Mr. Haughey's accountants and tax agents, were in contact with me. And the reply to question 112 is incorrect wherein it states that I was in contact with his accountants on a regular basis. I was not in contact with him at all in relation to any

affairs of Mr. Haughey, other than those as described above."

A. That's correct.

Q. So when you took over the bill-paying service initially, there was a request for money to enable PAYE and perhaps salary payments to be made relating to the stud farm business. That was one occasion or maybe it happened once or twice?

A. I think that happened over a number of early months.

Q. And the only other occasion was when you were requested for money to enable Mr. Kenny of Deloitte & Touche to pay tax on Mr. Haughey's behalf and he has given evidence that related to Residential Property Tax?

A. Well, I wouldn't have known what it was for.

Q. Other than that, you were not in contact with

A. Not at all.

Q. with Deloitte & Touche or Mr. Kenny in relation to Mr. Haughey's tax affairs?

A. Not at all.

Q. And I think Mr. Haughey goes on at question 123:

"Question: Yes, your tax agents.

"Answer: At that stage I am sure Mr. Stakelum would have been in touch with Deloitte & Touche about my affairs."

And you respond to that: "I was never in contact with Deloitte & Touche about Mr. Haughey's tax affairs other

than the matters that we have just dealt with."

A. Absolutely.

Q. Then question 125: "Question: And would Mr. Stakelum, of his own motion, be in contact with him in relation to Revenue matters?"

"Answer: I couldn't say. I couldn't say whether he would or not. He would certainly, I am sure, feel that he had a responsibility to me to make sure that my tax affairs were in order."

And your response to that statement by Mr. Haughey is:

"This is not correct. My sole function was to operate the bill-paying service as already described. I had no function whatsoever in relation to Mr. Haughey's financial affairs or his tax affairs. I was never asked to become involved in any way whatsoever, nor did

I. I did not have any responsibility in relation to his tax affairs and I was, of course, fully aware that he had his own accountants, Deloitte & Touche, who were dealing with these matters."

Then I think, at question 127, on Day 14, Mr. Haughey stated, in response to this question, that's question 127: "Did you ever tell him" that is, did you ever tell your tax agents "about these monies?"

Answer." My accountants would prepare my annual return every year and submit them. And it would be their - they are one of the best known firm of accountants in

Dublin, and this was their business to see that my
Income Tax affairs were in order."

And you respond: "I never had any involvement with
Mr. Haughey's tax affairs and as already referred to,
was aware that he had his own accountants. I was
never asked by either Mr. Haughey or his accountants to
become involved in any way with his tax affairs, nor
did I."

A. Absolutely.

Q. Then question 129: "Question: Mr. Pat Kenny, did
Mr. Kenny know about Mr. Stakelum and his operation of
the bill-paying service to the best of your knowledge?

"Answer: I don't know. I am sure he did. Well, I
am just thinking out loud. Deloitte & Touche ran the
bill-paying service.

"Question: Initially, well, it never went into
Deloitte & Touche, but Haughey Boland, yes.

"Answer: They must have handed it over to Mr. Jack
Stakelum."

And your response is: "Deloitte & Touche clearly knew
of the bill-paying service that I was providing
Mr. Haughey as they asked me to provide it in the first
instance and I again referred to the evidence already
given by me, that I was requested by Paul Carty of
Deloitte & Touche to provide this service. Mr. Pat
Kenny must have known that I was providing this service
as on one occasion, as I have referred to, he requested

a cheque from me for payment of tax due by

Mr. Haughey."

And then Mr. Haughey was asked whether, that Mr. Carty

had handed over the bill-paying service and his

response is: "So they would have known that Jack

Stakelum had succeeded them in running the bill-paying

service?"

And you say: "Yes, that information is correct."

A. That's correct.

Q. Now, I think you then deal with a series of questions

which were put to Mr. Haughey on Day 15 of his

deposition and the first question you deal with, and

you were asked for a comment on, was question 1:

"Question: Mr. Haughey, when we finished last

Thursday, we had been dealing with the $\text{€}100,000$

donation made by Mr. Dermot Desmond and I had asked you

if you believed that Mr. Stakelum and your tax agent,

Mr. Kenny, would have been in communication with each

other for the purpose of dealing with such matters,

particularly relating to your tax returns, and your

understanding was that they must have been, is that

correct?

"Answer: Yeah, I think it was. Was it not a bit

broader than that? I thought we were dealing with

Deloitte & Touche."

And you responded: "I was not in contact with Mr. Kenny, or anyone else for that matter, in relation to Mr. Haughey's tax affairs. I had no function in his tax affairs.

Then question 2: "Yes. I was going to go back to Deloitte & Touche then.

"Answer: And Jack Stakelum and I was saying that they would have been in touch, yes, because for no other reason, that Mr. Stakelum took over from Deloitte & Touche.

"Question: The bill-paying service?

"Answer: So they would have been

"Question: I just want to be clear about this and to be fair to you about it. Is it your understanding that the person or the entity involved in the bill-paying service would have been in contact with your tax agent to ensure that your tax affairs were properly returned to the Revenue as far as you were concerned, is that right?

"Answer: Yes.

"Question: And if I might just then go back a little then.

"Answer: You see, Mr. Coughlan, I wouldn't distinguish greatly between them because Jack Stakelum had been in Haughey Boland.

"Question: I understand.

"Answer: They were all in the same stable as it were, you know.

"Question: They all started together and had moved into different areas.

"Answer: Yes. But what I am saying to you is I would regard, from my point of view, as a client, if you like, I would regard them as both working together in my interests, looking after my affairs including my tax affairs."

And I think you took up that series of responses of Mr. Haughey. And at number 4 you say: "I had no function in relation to Mr. Haughey's tax affairs. I was never requested to have any dealings with him, never agreed to become involved in any matters with him and never did become involved. Mr. Haughey's tax affairs were a matter for him and his accountant.

"5: I had finally left Haughey Boland as far back as 1975 to establish my own business. The bill-paying service which I was providing for Mr. Haughey was entirely separate and distinct from any service which Deloitte & Touche as successor to Haughey Boland were providing.

"6: It is not correct to say that we were all in the same stable. As set out above, the service I was providing was entirely separate and distinct from anything his accountants were providing.

"7: I was purely providing the bill-paying service and nothing else. I was never asked either by Mr. Haughey or anybody else to work together in his interests and never had any involvement with his tax affairs."

Is that correct?

A. That's correct.

Q. Then turning to question 13 on the same day.

"Question: That's correct. That's correct, and as far as you were concerned, you were always of the view that the bill-paying side of the operation was in contact with the tax-compliance side of the operation as well." I think that particular question relates back to the days of Haughey Boland, isn't that correct?

A. That's right.

Q. And Mr. Haughey answers: "I don't think I would have had a specific view about it. But as I say, I looked on both of them very much as the same. Jack Stakelum on the one hand, Deloitte & Touche on the other. They were both my advisers and agents, if you like, and I would see them as part of my financial taxation situation."

And you say: "At a risk of repetition, the service I was providing was separate from anything which his accountant was providing and I was not and never asked to be in contact with his accountants in relation to Mr. Haughey's tax affairs. I had no function in his

tax affairs. I was neither his adviser nor his agent."

A. Correct.

Q. And then finally I think you were asked about Mr. Haughey's response to question 20 on the same day.

The question he was asked: "Of the specifics relating to your tax returns, would they have been sketchy?"

"Answer: Yes. I mean, I trusted my advisers totally.

Deloitte & Touche were a first-class top-notch firm of accountants and tax consultants. They were, you know, among the top in the city at the time and Mr. Traynor was had my total confidence and I was happy enough that the situation was being dealt with."

Now, I think your response is: "I agree entirely with the answer given." That it was a top-class firm of accountants. "But that the bill-paying service operated never involved the giving of any advice."

A. Absolutely.

Q. So the thrust of Mr. Haughey's evidence appears to be that, first of all, you were a financial adviser to him.

A. Yeah, that's incorrect.

Q. That's incorrect.

Secondly, that you had, first of all, a duty and secondly, a role to play in relation to coordinating

his financial affairs with his tax agents?

A. That's absolutely incorrect.

Q. Absolutely incorrect. In fact, you did not consider yourself to have such a duty and you played no such role, isn't that correct?

A. Not at all.

Q. Thank you, Mr. Stakelum.

CHAIRMAN: Since you have paddled your own canoe up here which I emphatically find no fault in, is there anything you want to say in conclusion?

A. Nothing.

CHAIRMAN: Thank you very much for your attendance.

That finishes today's hearing, Mr. Coughlan. In the context of the witnesses whom I understand we have lined up for tomorrow, should I say half ten or eleven o'clock tomorrow?

MR. COUGHLAN: Eleven o'clock.

THE TRIBUNAL THEN ADJOURNED UNTIL THE FOLLOWING DAY,
WEDNESDAY, 30TH MAY 2001 AT 11AM.