

THE TRIBUNAL RESUMED AS FOLLOWS ON, WEDNESDAY, 30TH MAY

2001 AT 11AM:

MR. COUGHLAN: Mr. Des Peelo.

DES PEELO, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS

BY MR. COUGHLAN:

Q. MR. COUGHLAN: Mr. Peelo, I think you are a chartered accountant by profession, isn't that correct?

A. That's correct.

Q. And I think that you were retained by Mr. Charles Haughey in relation to certain matters, isn't that correct?

A. Yes, to assist him with forensic work associated with the Tribunal.

Q. And I think in that regard, you also prepared a memorandum which was your assessment or analysis of information which became available to you primarily through the Tribunal, isn't that correct?

A. Yes, and also through talking to Deloitte & Touche and Jack Stakelum, but through the Tribunal, yeah.

Q. And I think you furnished that memorandum to Mr. Paul Moore to enable Mr. Moore negotiate with the Revenue on behalf of Mr. Haughey, isn't that correct, in the first instance?

A. He gave it to the Revenue, but I think it was to the just maybe negotiate, I think it's what I would

describe as a preliminary the Revenue had sought some kind of statement as to what the position was.

The ultimate purpose would have been, yes, to negotiate, the ultimate purpose.

Q. Just to be clear, you were not to negotiate on behalf of Mr. Haughey. It was Mr. Moore was retained for that particular purpose?

A. That's right, yes.

Q. And what you were doing was providing assistance or backup for Mr. Moore to enable him to come to some understanding of the matter to enable in order that he could deal with the Revenue?

A. That's correct, yes.

Q. Now, I think how you come to give evidence is that the Tribunal wrote to you on the 3rd April, 2001, and brought certain matters to your attention and those matters were references which were made to you by Mr. Haughey in his deposition before the Commission?

A. That's correct, yes.

Q. And the Tribunal sought your comments in relation to these matters to see if you could assist the Tribunal?

A. Yes.

Q. I think you very helpfully furnished a statement or a narrative to assist the Tribunal?

A. Yes.

Q. And I think the Tribunal also wished you to deal with any meetings that you may have had with Mr. Padraig

Collery?

A. Yes.

Q. And asked you if you had any documents in your possession other than documents which the Tribunal had

A. Yes.

Q. Isn't that correct? And I think in respect of all of those, you furnished us a statement or a memorandum of proposed evidence?

A. That's right.

Q. Now, I think the first matter the Tribunal brought to your attention was the deposition of Mr. Haughey on Day 4, pages 9 to 16, and the Tribunal informed you that in this portion of his examination, Mr. Haughey was questioned in connection with the cheque for $\text{£}30,000$ dated 18th June 1989, and drawn on the account of Celtic Helicopters, which it appeared represented the proceeds of two Irish Permanent cheques which were lodged to the account of Celtic Helicopters and which from evidence heard by the Tribunal, appears to have been cashed at Allied Irish Banks, Baggot Street, Dublin 2 on the 20th June 1989.

Mr. Haughey was also questioned about the contents of a public statement which was issued on the 29th July 1989 in connection with the evidence heard by the Tribunal.

In the course of the examination, Mr. Haughey stated that the matter was investigated by you as his adviser

and that he had no direct knowledge of the matter. He further stated that since further evidence was led by the Tribunal regarding the cashing of the cheque, he had not reviewed the contents of the statement with you as he did not consider it was necessary to do so. And I think the Tribunal sought your observations or comments on that?

A. He didn't review it with me.

Q. And I think in response, you have informed the Tribunal, re cheque i;½30,000, 18th June 1989: "At the request of the client" that's Mr. Haughey

A. Yes.

Q. "It is my recollection that I phoned the bookkeeper of Celtic Helicopters Ltd. to request details from the Bank of Ireland, Dublin Airport branch, to obtain details re the payment of the i;½30,000 cheque drawn on the Celtic Helicopters Ltd. account at the bank. I received the attached fax, Bank of Ireland letter, 21st July, 1999."

And I think you furnished this to the Tribunal as well.

The Tribunal was furnished with this document previously.

A. Sure, yeah.

Q. And it reads: "The secretary, Celtic Helicopters. 21st July 1999.

"Dear Sirs,

"Further to your inquiry of the 19th July last, I am advised that the cheque no. 1612 drawn on your account" and the account number was given "was remitted by AIB bank, 1-3 Lower Baggot Street, Dublin 2 ... I am unable to advise of what account this cheque was lodged.

"Yours sincerely, Brendan Healy manager."

You received that?

A. Pardon?

Q. You received that?

A. I did, yes.

Q. Then I think you say in your memorandum that the letter refers to the cheque being lodged.

"My recollection is that the client confirmed to me that he was not aware of any account connected with him in AIB, 1-3 Lower Baggot Street, Dublin 2, apart from the Party Leader's account. It was my belief that the client may have relied on the Bank of Ireland letter of the 21st July 1999 in issuing the public statement. I respectfully point out that it is not my role as to the contents of the statement and as to whether or not it is correct."

Now, if I just could deal with that and with the public statement, if you wouldn't mind, Mr. Peelo.

A. Sure.

Q. And I'll give you a hard copy of the statement,
if you have

A. Of the statement, I haven't

(Document handed to witness.)

Q. And it reads: "Statement on behalf of Charles J.
Haughey." And it has been confirmed by Mr. Haughey's
solicitors that this was the statement which was issued
on his behalf.

"Widespread media reports that former Taoiseach Charles
Haughey diverted for his own use money subscribed to a
fund raised to meet the medical expenses of the late
Brian Lenihan are untrue.

These reports relate to two cheques dated 7th June 1989
payable to Charles Haughey issued by the Irish
Permanent Building Society; one for $\text{€}20,000$ intended as
a subscription to the Brian Lenihan Fund, and the other
for $\text{€}10,000$ intended as a political donation. A General
Election was held on the 15th June 1989.

These two cheques were inadvertently lodged to the
account of Celtic Helicopters on 13th June 1989. On
the same day, a cheque for $\text{€}30,000$ was drawn on Celtic
Helicopters account in Bank of Ireland, Dublin Airport.
An examination of the available bank records indicates
that this cheque for $\text{€}30,000$ was, in fact, lodged to
the Party Leader's Account on the 20th June 1989 in

Allied Irish Banks, Baggot Street. This was the same account to which the contributions to the Brian Lenihan fund were lodged.

All of the above bank records are available to the Moriarty Tribunal.

Dated 29th July 1999."

Now, am I correct in understanding the evidence you have given based on your statement, Mr. Peelo, that you did not prepare that statement?

A. I didn't prepare it, no.

Q. And you had no responsibility in relation to the preparation of it?

A. My responsibility in relation to it was to actually send in fact, I think I wasn't in the office, as I recollect it at the time the event occurred, I was actually up in Monaghan at a court case. The whole situation seemed to centre on this 30,000 cheque at that point, not the Brian Lenihan fund. Just what happened to this 30,000 cheque. And my role was literally what did happen to this 30,000 cheque. It seemed to me that the AIB, I think I may be wrong in this, but I think there was a paid cheque available.

Q. Yes, there was.

A. But it wasn't clear what had happened to it. And arising from that then, I think I told the client that the best thing to do was ask Celtic Helicopters what

their position was and he asked me then to approach Celtic Helicopters. I have forgotten, somebody told me the name of the bookkeeper. As I said I was up in this case in Monaghan. I rang the bookkeeper who was expecting my call. Arising from that, came the letter. That was the sum total of my involvement.

Q. Do you know who did draft the statement by any chance?

A. I presume he did it himself.

Q. I see. Now, following the issuing of the statement on behalf of Mr. Haughey, there was further evidence from Allied Irish Banks at this Tribunal to the effect that the cheque had been cashed at Allied Irish Banks. I think you are aware of that now?

A. Oh I am, yes, yes.

Q. Did Mr. Haughey ever review the position with you after that evidence?

A. No.

Q. Did he discuss that evidence with you?

A. Post?

Q. Yes.

A. No, he didn't.

Q. Now, I think the next matter which the Tribunal drew to your attention was the deposition of Mr. Haughey on Day 20, pages 1 to 20. And the Tribunal informed you that in this portion of his examination, Mr. Haughey was asked to comment on the contents of a memorandum dated 26th May 1998, prepared by your good self, which was

forwarded to the Revenue Commissioners under the cover of a letter dated 29th June 1998, for Mr. Paul Moore.

In the course of this examination Mr. Haughey appeared to be unclear as to the status of your memorandum and in particular, as to whether the contents of the memorandum constituted a submission to the Revenue Commissioners regarding his overall financial affairs.

I think you were asked for your views about that.

A. I was indeed, yes.

Q. And I think you have informed the Tribunal that in relation to the memorandum of the 26th May 1998, re the Revenue Commissioners, the information from which the memorandum was prepared was as follows:

"1. Deloitte & Touche letter of the 7th January 1998.

"2. Expenditure details obtained from Jack Stakelum."

And you state then: "The Tribunal already have copies of 1 and 2 above." That's the Deloitte & Touche letter and the details of Mr. Stakelum's expenditures.

A. That's correct.

Q. "3. The McCracken Report.

"4. Pdraig Collery details below."

Then you say: "There was a preliminary meeting with the Revenue Commissioners on the 23rd February '98.

Present were the three Revenue representatives, Paul Moore, Marie Porter of Peelo & Partners, and myself.

I understand that the meeting was at the request of the Revenue. My recollection is that it was explained to the Revenue that there appeared to be little documentation available to the client on the client's financial affairs. The client was not engaged in a trade profession apart from the farm, of course. So the normal books and records that could be expected in a business were not there. At that stage, there was no information available re the Ansbacher accounts, except from the McCracken Tribunal. There was discussion as to what would be the best way to approach the position. The Revenue wished to progress the matters as quickly as possible. It was agreed that I should try to prepare some kind of memorandum on whatever information appeared to be available. It was clear in the discussion that this memorandum would be preliminary and not definitive or complete.

"I stress that this preliminary memorandum was not intended as anything other than some form of initial or limited response to the purpose of progressing matters with the Revenue at that time with the intention that the matters therein could be subsequently confirmed or otherwise and/or added to or deleted as more information and our explanations became available. At that time, the 28th May '98, the Tribunal was in its early stages and little information was available. I had no further meetings or dealings with the Revenue,

save a much later meeting together with Paul Moore and Terry Cooney. The preliminary memorandum was not discussed at that meeting.

"In relation to Padraig Collery, it was explained at the meeting with the Revenue on the 23rd February 1998, that I had no information re the Ansbacher accounts.

I had to approach Mr. Collery in this regard. At that stage I did not know if he would meet me or not. I did not know him and had no previous dealings with him.

Mr. Collery proved difficult to contact. I sought a meeting through his solicitors, Sheehan & Company. A number of arranged meetings were cancelled by Mr. Collery and on two occasions he did not turn up. In or around that time, Sheehan & Company supplied us with copies of the accounting on the Ansbacher accounts as apparently maintained by Mr. Collery since the 30th September 1992. These ledger-type accounts had no detail as such and are identical to those already held by the Tribunal," of which you subsequently received copies through Mr. Haughey's solicitor?

A. I did indeed, yes.

Q. I think you have informed the Tribunal that you finally met Mr. Collery on the night of the 28th April '98 in the Conrad Hotel together with Marie Porter of your firm.

"I had already received the ledger-type accounts as

referred to above and identified certain lodgements therein during the period 30th September '92 to the 31st March '97 for which I was seeking explanations.

Mr. Collery's explanations thereof are set out at page 4 of the memorandum of the 26th May '98.

"My meeting with Mr. Collery was quite brief. He was not forthcoming. He stated that he had no knowledge or documentation relating to the client. He declined a request for a further meeting should further information or explanations become available to me. I have had no other contact, correspondence or dealing of any kind with Mr. Collery. I confirm that I prepared the preliminary memorandum of the 26th May '98 in relation thereto. I believe I had a meeting with Paul Moore on the 18th May '98. My diary shows a meeting with the client on the 26th May '98 and whilst I do not have a particular recollection thereof, it is likely I discussed the preliminary memorandum with the client.

It is my understanding that the client had no documentation available to him at that stage other than as referred to in the memorandum, as to confirming the completeness and/or accuracy of its contents.

"Finally, I confirm that I do not hold any documents other than the documents that emanated from the Tribunal. I also confirm that I am not aware of any other documents not available to the Tribunal."

And you then say that concludes your reply to the Tribunal's letter of the 3rd April 2001 and you confirm you're available to give evidence and to clarify matters?

A. Yes, indeed.

Q. Now, if I could just clarify one or two matters, so, Mr. Peelo.

You had available to you no other documentation than the documentation the Tribunal had available itself?

A. The documentation I had was, as is stated there. Some of it I would have got direct. For example, I went to Deloitte & Touche and caused that letter to be written and went direct to Jack Stakelum and got the information from that. I also obviously read the McCracken Report itself. I also read some of the transcripts, because I wanted to get to a position of trying to understand, even in a preliminary way, just what was the position. We had a very unusual position, Chairman, here in my experience as a forensic accountant, because Mr. Haughey wasn't engaged in a trade professional occupation, he couldn't have the normal records, you know, of what I would describe as cheque payments book, a bookkeeper, an accountant, available. And Mr. Haughey himself appeared not to have any records himself, apart from farm records of course. So I set out then, obviously, to try and

identify where such records might be and who might have them and through obviously questioning Mr. Haughey on it, was able to establish Deloitte & Touche, what they did, what their role was and what information they might have and what was Jack Stakelum's role and through the McCracken Tribunal, what was Mr. Haughey's affairs. I had never acted for Mr. Haughey ever before in any capacity. And in just what way were the affairs run. In the normal way you start off and ask for bank accounts. This was a highly unusual situation and it looked like I was going to be dependent totally on what I'd loosely call third-party information to try and piece together what I could and the end result was that memorandum. At that point, now it's three years ago.

Q. But I just want to be clear. From your own inquiries and from information which you received from the Tribunal, you were working off the same documentation as the Tribunal, isn't that correct?

A. That's correct, yes. At that point now. And subsequently of course.

Q. And subsequently?

A. Of course.

Q. No further information has become available to you that is not available to the Tribunal, isn't that correct?

A. That's correct, yes.

Q. Now, when you asked Mr. Haughey in the first instance

and he mentioned Deloitte & Touche and Jack Stakelum, what did he tell you, that they had conducted the bill-paying service for him, is that correct?

A. In the case of, starting Deloitte & Touche, obviously I knew the people in Deloitte & Touche, and I knew the people concerned and I met with them. I recall meeting Paul Carty and Pat Kenny, again together with my business partner Marie Porter, and I had established from Mr. Haughey and from them I'm not quite sure which one did what. Deloitte & Touche had several functions; one, they had been doing bill-paying service which I think ceased

Q. In the Haughey Boland days?

A. Yeah, coming forward. It ceased on the 31st January 1991, which I had established that. I established that they were also the accountants for the farm, because I wanted a copy of the farm accounts such as they were. I also wanted details of obviously the bill-paying service I had mentioned there and there was an initial reluctance, obviously, to give it. I said I just want to so I can get some kind of outline, handle. I have to try and get this thing charged if you like, or under control. They did the bill-paying service. They did the farm accounts. They also did his tax returns. And again I asked for copies of that, which I got in due course. I am trying to think had they any other things? I don't think so.

Then I went up to meet I rang Mr. Stakelum, who I also knew, but I got letters of authority from Mr. Haughey in each case. I want it to be quite clear that I had, not the carte blanche but the authority to talk to these people uninhibited because I needed to know what the facts were. And I got a letter in each case for both of those. In the case that's when I got that. I had obviously known about the McCracken Tribunal and I got tried to get copies of relevant transcripts where Ansbacher not the whole of the transcripts but what seemed to be there was quite, as you can imagine, an amount to wade through to see if there was something there that could give me a lead, because the purpose of this Tribunal was different than the purpose of the McCracken Tribunal and things may have been mentioned that were not relevant to that Tribunal but would be helpful to me in this Tribunal.

Then I also then that was that I arranged through Ivor Fitzpatrick and Co., Mr. Haughey's lawyers, to contact Mr. Collery's lawyers, which were Sheehan & Company, to see would he meet me because clearly he would seem to have information that was, you know, relevant to all of this. And at that point, in May '98, that seemed to be what was available. And you know, it pointed all in the right direction in terms of I can pull it together into some kind of admittedly

outline, but some kind of what I would describe as

Q. A reasonable shape on it?

A. A reasonable shape. It's important in the circumstances to try and get it as right as possible.

Q. And then you saw all documentation that came from the Tribunal to Mr. Haughey's solicitors?

A. Subsequently. The pieces I didn't see all of it, but I'd say I saw the majority of what was relevant to what I was doing. To be aware of. What was going on. What the issues were. Was there anything that needed clarification, meetings with the lawyers and so on. Nothing unusual per se.

Q. As you say the memorandum attempts to put as reasonable a shape as you could on Mr. Haughey's affairs, isn't that correct?

A. That's right, that's correct.

Q. And as far as you were concerned, that's what you did.

You put as reasonable a shape on Mr. Haughey's affairs in this memorandum?

A. Yes, I did.

Q. And you would have drawn it to his attention as well.

You had a meeting with him?

A. Yes. I can't actually recollect the specifics and perhaps if I give a little bit of background it might help you understand it.

In or around that time the Tribunal was only really

starting, as I recollect, we are talking three years ago. But the Revenue had been in touch, now, Paul Moore and Terry Cooney were handling the Revenue side. I wasn't, but obviously I had many meetings and liaisons with together with the client and the lawyers in connection with this, trying to figure out just where things were. Remember, we were all starting, effectively, from scratch really. And the many meetings with the Revenue. Not many meetings with them, many meetings about it culminating in this meeting with the Revenue. You have a date there, I think the 23rd February or thereabouts in '98. I met three senior people from the Revenue. Very professional. They knew what they were doing. The outcome of that meeting was quite a lot of discussion at that meeting as to what was available because they were really as much in the dark as we were. And the outcome of the meeting, obviously, was they needed to get some kind of idea, even on a preliminary way, outline way, between it was subject to caveats and what may happen subsequently, to give, effectively I use the word loosely, it wasn't actually the word that anyone used a starting point, where was this where was this going? Who had information about what? And the memorandum was written in that context. The delay between February '98 and May '98, and I am not blaming them for this, it was effectively

trying to get Mr. Collery because he was an important part of what I would loosely call the jigsaw of events and to get to meet him because without meeting him Mr. Traynor was dead. He seemed to be another cog in it. He was dead. There appeared to be nothing coming forward from that direction. So Mr. Collery assumed an importance in this and I met him in that context. That's the whole background to how this memorandum happened.

Q. Now, in the document, in the memorandum, if you go to page 4 of the memorandum.

A. Yes, I have that.

Q. This page commences: "Over the period the 30th September '92 to the 31st March 1997, the lodgements set up below were made to the IIB account. The source of these lodgements as shown are based on the verbal explanation of Mr. Pdraig Collery."

Then it has, the first one is i½138,000, made up of three lodgements, 20,000, 20,000, 98,000.

The second one is the 10th December 1992, Mr. Ben Dunne, this amount is an addition to the amount listed in the McCracken Report, i½80,000. Do you see that?

A. Oh I do indeed, yes.

Q. Now, we now know that that is what is referred to as the Dunnes Stores Carlisle Trust money.

A. Yes.

Q. For shorthand purposes. Or part of it?

A. I understand

Q. We know

A. I know the background to that.

Q. That information was furnished to you by Mr. Padraig Collery?

A. That's correct, yes, verbally.

Q. Verbally. And that was at your meeting in the Conrad Hotel?

A. That's right.

Q. And that was on the if I just get the date of that?

A. April I think, was it?

Q. 28th April, 1998.

A. Yes.

Q. That was the only occasion you met Mr. Collery?

A. That's correct, yes.

Q. He informed you of that on that occasion?

A. He did indeed, yes.

Q. That was when the Tribunal had commenced any public sittings or you had received any information from the Tribunal in relation to this particular sum?

A. I don't actually recollect when I started getting it , but the source of my information certainly was only that, just to confirm that.

Q. Did he tell you anything more about that?

A. No. Not that I can recollect. Our meeting was very brief. Mr. Collery was not forthcoming.

Q. Now, did you bring this to Mr. Haughey's attention when you showed him the memorandum or prior to it?

A. Mr. Haughey certainly saw this memorandum, yes, I can't recollect exactly when he saw it. I note in my diary, I say in the statement there, that he had a meeting with the client about two days before this and it would have been numerous meetings in or around that time, because there was what I'd loosely call a state of flux in terms of trying to as you can manage it looks very simple there. But trying to get it together is something else, you're making loads of phone calls, waiting on people to come back to you with bits of information. People missing meetings and that sort of thing. Certainly I have no particular recollection of going through the memorandum with him. But I would be satisfied that he saw the memorandum, yes. I wouldn't have issued it without his

Q. Do you remember any discussion, because maybe it did or did not make an impression on you, but the Dunnes Stores the McCracken Tribunal had carried out inquiries into Dunnes Stores payments and here now you were being informed by Mr. Collery of another payment from Dunnes Stores, Ben Dunne, of $\text{€}280,000$ over and above what had been discovered at the McCracken Tribunal?

A. That's right.

Q. And of course Mr. Haughey had given a statement and

given evidence at the McCracken Tribunal of having had a discussion with Mr. Traynor back in 1993 where Mr. Traynor told him that Mr. Dunne had been a benefactor and the extent to which he had been a benefactor and here now was more money emerging. Did it cause you any shock or surprise?

A. Well, I don't have an opinion on that. I am just simply, at the time, just doing the forensics. I don't have an opinion as to whether or not, you know, didn't go into the McCracken Tribunal with him. I wasn't involved in the McCracken Tribunal.

Q. I know that, Mr. Peelo. You were coming anew.

A. Yeah.

Q. This was potentially a fairly explosive piece of information wasn't it, this had not been disclosed to McCracken?

A. I didn't really address it in that manner. The important thing was to get an accurate, as best I could, a memorandum, and I hope I achieved that.

Q. And you have little doubt but that this memorandum was brought to Mr. Haughey's attention?

A. I believe it was, yes.

Q. And can I take it that before this was submitted to the Revenue, it required Mr. Haughey's approval?

A. In effect, yes.

Q. You had to have instructions to that effect?

A. Oh yes, I couldn't obviously it wouldn't be my job

to substitute myself for the client.

Q. Now, continuing through this particular page of the memorandum. The next one is on a lodgment on the 12th November 1996, Mr. Dermot Desmond. It is understood this amount is a loan.

Then the next one is the 3rd October 1994, Mr. Dermot Desmond, it is understood this amount is a loan.

The first one is in the sum of 25,000. The next one is $\frac{1}{2}$ 100,000.

Where did you acquire the information that it is understood too that this amount is a loan?

A. From Jack Stakelum.

Q. I see. Mr. Stakelum told you it was a loan?

A. He certainly told me of the 25. I almost certainly he told me of the hundred.

Q. I understand he told you about the money. What I am trying to inquire into is how you came to an understanding that it was a loan?

A. I actually don't know, to be quite honest. I don't. I suspect it was Jack Stakelum, but I am not certain.

Q. Well, did Mr. Stakelum tell you what had happened, because on his evidence, he had no role in relation to negotiating either of these sums. All he effectively was, was a conduit?

A. Well, I don't know Mr. Stakelum's evidence. But am I right in saying the $\frac{1}{2}$ 25,000 actually came through

Mr. Stakelum?

Q. Yes, it went into an account of Mr. Stakelum's in Jersey, and the $\frac{1}{2}$ 100,000 came into Irish Intercontinental Bank Mr. Stakelum having contacted Mr. Collery to obtain the information of the routing of the money

A. Sorry just remind on the second one, the hundred thousand? I missed that.

Q. That it ended up anyway in an Ansbacher Account. Mr. Collery having provided Mr. Stakelum with the route for the money and Mr. Stakelum giving that information to Mr. Desmond. At Mr. Haughey's request.

A. It could be, yes.

Q. That's the evidence, and I think Mr. Haughey himself agrees with that evidence.

A. If that's the case, I accept it. I have no view on it.

Q. My inquiry is how you came to be informed that it was to be understood that this was a loan?

A. I have actually no recollection, three years later as to how I think it was Jack Stakelum, but to be honest, in fairness to Mr. Stakelum, I can't be certain of that. I also can't be certain that it wasn't Collery who told me or Mr. Collery, I beg your pardon.

Q. But did Mr. Haughey suggest to you that it was a loan?

A. He could well have done so.

Q. Mr. Haughey, on his deposition, when questioned about

this, effectively accepted at the end of the day, this was just money that was given to him. It could have been a loan. It could have been anything, but there was no provision for interest, there was no provision for repayment and as far as he was concerned, it was just money made available?

A. My understanding was, in short, is that the money came from Dermot Desmond. That was appeared to be the picture.

Q. I understand that, and

A. Remember, this was done for the Revenue. It's important to my light everything is relevant for the Revenue. I am not sure the Revenue couldn't come back and say we had done it wrong or omitted something.

Q. I understand that, Mr. Peelo. I understand that.

And you did identify the source of the money, Mr. Desmond, the amount of the money but it's just, it has a significance from a Revenue point of view if it's a loan or not. I want to know from you, who suggested to you, because you are not saying that you don't you don't say in the memorandum that this is a loan. You say: "It is understood this amount is a loan." So did somebody say to you "this is a loan"?

A. I can honestly say. I have no recollection on it.

Q. Now, the next matter is a reference to on the 25th September, 1995, a lodgment 29th, I beg your pardon, 29th September 1995, a lodgment of i;½164,000 to the

account which represented a closing balance on an NCB

investment account, isn't that correct?

A. That's what I was informed, yes.

Q. And who informed you of that?

A. Mr. Collery.

Q. And I think continuing over the page on the memorandum,

somebody must have informed you of this because you

say: "It is understood that an investment account was

operated with NCB Stockbrokers for some years in the

name of Overseas Investments Limited, a Cayman island

company. The details of this account are not known.

It is understood that the £164,000 referred to above

represents the balance on closure of the account."

A. Again, I think Mr. Collery would have told me that.

Q. Did you make any other inquiries as to funds which were

held in the account? After all, you were preparing

this for the Revenue.

A. Held in?

Q. In the Overseas Nominees account?

A. No, not at that point, no.

Q. Did you subsequently?

A. No.

Q. Did you think it would have been relevant?

A. Not at that time, no. The important thing was to get

in a statement to the Revenue setting out as much as we

could in outline at that point.

Q. Well, in fairness to you, what you were trying to do is

to gather as much information that was available at

that time?

A. Yeah, the important thing was, in my view, was to make it as accurate as I could based on the available information.

Q. As representing a Statement of Affairs of your client as best as you could assess it?

A. Yes, there are two distinct periods there, up to 30th September 1992 and after 30th September '92.

Q. I take it that in the preparation of this memorandum for the Revenue, you would have sought explanations from your client as would be normal for an accountant?

A. Well, we sought explanations at different points. All the way along. The first one was to establish where were his records? I stress, Chairman, we only had to start literally from scratch and there wasn't anything there and then to establish with him who handled what, where, when and why? And as I say, it wasn't a normal pattern of business. So certainly I would have asked him at different stages and got the authorities, you know, as I mentioned at different stages, to try and piece this together as best I could. The client himself didn't have any records or documentation as he explained to me.

Q. Did you seek an explanation as to where he thought the money was coming from?

A. No.

Q. Was that relevant?

A. Well, not at that point. It was just to establish what was the money and then that would follow, that was the purpose of the Tribunal. But I didn't ask him.

At certain stages he would have said to me that Mr. Traynor handled all his affairs and that's where a lot of inquiries stopped.

Q. I want to be careful and distinguish your role from the role of Mr. Moore or whoever his tax clients agents were.

A. Sure.

Q. But surely from the point of view of dealing with the Revenue, it was more important to understand the sources of the money, to ascertain whether there was a tax liability or not in relation to it, wouldn't there?

A. Yes, there was in this sense. This was the preliminary memorandum. My expectation, by the way, at that time was that there would be ongoing similar, but, in fact, nothing happened.

Q. Nothing happened?

A. Nothing happened. The Revenue did not come back on it. Now, there was reasons why, there was a lot of correspondence going on between the tax advisers and the Revenue that I wouldn't be, you know, a part of. But, in fact, I never got any queries back off the Revenue in relation to this, the thing never, if you like, progressed beyond what you see there. That's

what actually happened.

Q. Thank you, Mr. Peelo.

CHAIRMAN: Nobody has any questions to ask arising out of that? It's the case, Mr. Peelo, I suppose when you were having these meetings with Mr. Haughey and the other advisers retained in 1998, that would have been the period you would have been aware that Mr. Haughey's ongoing proceedings against the Tribunal would have been taking place?

A. Chairman, in May '98?

CHAIRMAN: Yes.

A. Yes. And in effect what was happening was there was two parallel streams. The Tribunal was really beginning but the Revenue, if you like, wanted the result of the Tribunal at that point and the information simply wasn't available. So it's a question of getting it to as far as we could, as quick, and as best we could. The important thing is that the memorandum be as accurate as we could make it at that point.

CHAIRMAN: Yes. Whilst there is no remote suggestion from me or anyone on behalf of the Tribunal, Mr. Peelo, that you did anything less than your absolute duty to the client, I think you will appreciate that it would have facilitated the Tribunal had it been conveyed to

the Tribunal by or on behalf of Mr. Haughey, details in relation to the NCB monies or in relation to the extra Dunne monies at an early stage.

A. I would accept that, yes.

CHAIRMAN: I think it is the case, you have furnished cooperation and assistance to the Tribunal in relation to the general matters at a number of private meetings of the Tribunal team, and I take it, Mr. Coughlan, it is your preference that matters arising to any question of the accounting or such like be kept to another particular forum or format?

MR. COUGHLAN: Yes.

CHAIRMAN: Thanks for your assistance, Mr. Peelo.

THE WITNESS THEN WITHDREW.

MS. O'BRIEN: Mr. Sean Fleming.

MR. BRADY: I appear with Jim O'Callaghan and Barry O'Donnell instructed by Frank Ward.

CHAIRMAN: Representation has already been granted, Mr. Brady. Thank you.

SEAN FLEMING, PREVIOUSLY SWORN, WAS EXAMINED BY

MS. O'BRIEN:

CHAIRMAN: Thanks once again, Mr. Fleming. You are, of course already sworn from a considerable time ago.

Q. MS. O'BRIEN: Mr. Fleming, arising out of the deposition of Mr. Charles Haughey, and, in fact, what has now become the evidence of Mr. Charles Haughey, having been read into the transcript of the public sittings of the Tribunal, the Tribunal wrote to you to query with you and indeed in some instance to query with the Fianna Fail Party generally, certain matters which arose out of Mr. Haughey's evidence.

A. That's correct.

Q. And I think, in fact, the Tribunal wrote to Mr. Ward, your solicitor, on the 30th March last.

A. Correct.

Q. I think in response to that letter, and the specific queries raised by the Tribunal, you furnished the Tribunal with a memorandum of the further evidence which you are in a position to give to the Tribunal regarding these queries, some of which I think are specific to transactions as between the Leader's Allowance Account and between Mount Street accounts and some of which are more general queries regarding the practices and operation of the Fianna Fail Party?

A. That's correct.

Q. What I propose I'll do, Mr. Fleming, is that I'll refer you to the contents of your memorandum and at the same time, refer you to the questions and then there may be just one or two matters that I may wish to clarify with

you, if that's all right?

A. That's fine.

Q. Now, the first matter which the Tribunal raised with you was Mr. Haughey's response to question 7 on the second day of his deposition.

And the Tribunal summarised Mr. Haughey's evidence as follows:

"Mr. Haughey stated that payments from the Leader's Allowance to Mount Street were not always repaid; that Ms. Foy would keep a record, but would not necessarily go after Mount Street for repayment. And the arrangement between Ms. Foy and her counterpart at Mount Street was quite loose."

You were asked to comment on this matter and in particular, whether apart from the payments identified by Mr. Fleming, there was such an arrangement with Mount Street and if so the name of the person or persons with whom Ms. Foy dealt. You have informed the Tribunal as follows:

You state that: "On occasions, money passed between the accounts into which the Leader's Allowance cheque was lodged in the Fianna Fail Head Office accounts."

A. That's correct.

Q. "Such monies as were transferred to the Fianna Fail accounts were, subject to what is stated hereafter,

repaid"?

A. True.

Q. It was you, Mr. Fleming, who administered the accounts at Fianna Fail Head Office?

A. That's correct.

Q. And save for the payments identified by you in your evidence to the Tribunal on the 8th October, 1999, that is the payment of $\text{€}15,000$ from Fianna Fail Head Office to the Leader's Allowance Account which was lodged to the account on the 10th March 1987, and was repaid and a payment of $\text{€}15,000$, again from Fianna Fail Head Office to the Leader's Allowance Account which was lodged to the account on the 13th March 1991 and was in respect of certain liabilities of the Fianna Fail Party which was for convenience sake paid out of the Leader's Allowance Account. The Fianna Fail Party does not believe that there were other such transactions between the Leader's Allowance Account and the headquarters accounts."

A. That's correct.

Q. You state that: "The only exception was a payment made out of the Leader's Allowance Account in November of 1982 in part discharge of liabilities of Fianna Fail for advertising expenses which were incurred prior to that date and it appears that this expenditure was not reimbursed by Fianna Fail Head Office."

A. That's correct.

Q. So apart from that particular transaction, and the earlier two transactions, the transactions between the accounts were of a limited nature and if there were any, they were repaid?

A. I checked the records and we have already given evidence on the two matters you mention and the only other one which I haven't given public evidence on before is in relation to the one payment in November '92, which was not repaid and that's the only such transaction that I am aware of was not repaid by Fianna Fail Head Office.

Q. Of course, that was, in fairness, I suppose, much earlier than the years which have been the focus of the Tribunal's inquiry into the Leader's Allowances account?

A. That's exactly right.

CHAIRMAN: Have you any approximation, Mr. Fleming, of what sort of money?

A. I think it was a payment of $\frac{1}{2}$ 50,000 in respect of liabilities to our advertising agency prior to the November 1982 General Election.

Q. MS. O'BRIEN: That would, of course, predate the period for which the Tribunal has the statements of the Leader's Allowance Account which were, I think, operated by Mr. Haughey from about 1985?

A. Yes.

Q. I think the second matter which the Tribunal raised in its letter to Mr. Ward was Mr. Haughey's responses to questions 50 and 55 also on Day 2 of the Mr. Haughey's deposition. And the matter was summarised as follows in the letter:

"With regard to the cash cheque for $\text{€}25,000$ dated 16th June, 1989, which was lodged to an Amiens account in Guinness & Mahon, Mr. Haughey, as a matter of speculation, mentioned that Mr. Traynor may have been owed something by the Fianna Fail Party which Mr. Traynor paid on account on behalf of the party. Mr. Haughey further stated that he did not know whether Mr. Bertie Ahern did not have contact with the late Mr. Traynor."

And you have stated as follows: "That Mr. Fleming, of the Fianna Fail Party, are unaware of any monies ever being owed by Fianna Fail to Mr. Traynor of Guinness & Mahon. So far as Fianna Fail is aware, Mr. Traynor would have had no reason or occasion to discharge any monies on behalf of the Fianna Fail Party."

A. That's correct.

Q. And I think, in fact, Mr. Haughey's evidence all along has been that Mr. Traynor did not raise any funds on behalf of the party itself?

A. So I gather.

Q. And while clearly you are not in a position to comment

on that second aspect of the Tribunal's query, I think you can confirm that Mr. Ward has indicated to the Tribunal, that apart from certain limited contacts in his official capacity as minister for labour, that Mr. Ahern had no dealings with Mr. Traynor?

A. That's correct. That has been supplied to you in writing by the solicitor.

Q. That's correct:

The third matter which was raised in the Tribunal's letter arose from Mr. Haughey's responses to questions 23 and 44 on the third day of his deposition. And the matter was summarised as follows in the letter:

"Mr. Haughey stated that there was nothing exceptional in lodging Irish Permanent cheques payable to Fianna Fail to the Leader's Allowance Account. In his view, it was a question of where the greatest need was at the time. It was Mr. Haughey's understanding that a cheque payable to Fianna Fail could be endorsed by him and lodged to the Party Leader's Account."

And in response to that you have stated that: "Because Fianna Fail was not aware of the manner in which the parliamentary Leader's Allowance Account was operated prior to its administration being transferred to headquarters in 1992, the Party cannot say whether there was anything exceptional about the way in which cheques payable to the Fianna Fail Party were lodged to

the Leader's Allowance Account. Fianna Fail cannot comment on what Mr. Haughey's understanding may have been at that time."

A. That's correct.

Q. Just arising out of that, can I ask you this, Mr. Fleming: Since 1992, the taking over of the administration of the account at party headquarters, would cheques payable to Fianna Fail be lodged to the parliamentary Leader's Allowance Account?

A. Yes, I have given public evidence before that the account into which the Party Leader's Allowance cheque was lodged were also a number of some other lodgements from maybe Exchequer funding or private donations.

Q. Of private donations?

A. Yes.

Q. But those lodgements are determined in Mount Street.

A decision is made to make a particular donation payable to Fianna Fail and to lodge that to the parliamentary Leader's Allowance Account, that determination is made in Mount Street, is it?

A. Well, because I was administering both accounts at that particular time, I was in a position to make that determination, but, that's because I was dealing with both accounts, I could make that decision.

Q. I see. Just in relation to these Irish Permanent cheques from 1986 which were, in fact, endorsed by Mr. Haughey, paid to Fianna Fail and endorsed by Mr.

Haughey and lodged to the account. I think the Tribunal has heard evidence, and indeed I think correspondence has been on the overhead projector, between Mr. Ward and Mr. Haughey, looking for an explanation in relation to those cheques, isn't that correct?

A. That's correct.

Q. Now, I think the next matter that was raised in the Tribunal's letter arose out of Mr. Haughey's responses to questions on Day 7, Day 8, and Day 9. And it was summarised as follows:

"Mr. Haughey stated in the course of his examination that a balance was kept by Ms. Foy of the expenditures which she undertook out of the Leader's Allowance Account on Mr. Haughey's behalf in his personal capacity and 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, the balance would be struck and the Party Leader's Account might owe money to him. He stated it was Ms. Foy's duty or function to make sure that the ongoing balances were maintained. With regard to the use of Abbeville, Mr. Haughey stated that Ms. Foy and Ms. Catherine Butler would insist that he would be recompensed for Abbeville

activities and they would take the initiative in keeping a balance on the account. Mr. Haughey also stated that he had discussed the Charvet payments with Ms. Butler and that Ms. Butler recalls Mr. Haughey asking Ms. Foy to take care of the Charvet bills and that he would reimburse her at a later stage." And then you were just asked to comment on those matters.

And you have stated as follows:

"Mr. Fleming and the Fianna Fail Party were unaware and had no knowledge of the existence of the practice whereby a balance was maintained by Ms. Foy of expenditures of a personal nature incurred on Mr. Haughey's behalf. It follows, therefore, that Fianna Fail were unaware of any balancing exercise that may have been carried out on foot of maintaining any such reconciliation. The circumstances and nature of any such arrangements is not a matter upon which the Fianna Fail Party are in a position to offer any further assistance to the Tribunal."

A. That's correct.

Q. I think in fairness to Ms. Foy, in the course of her evidence yesterday, stated that she had no actual recollection of any cheques being furnished by her out of the Party Leader's Account to Mr. Haughey or of receiving any payments, whether in cash or by cheque from Mr. Haughey.

You further state that: "Fianna Fail Party were unaware that personal expenditures incurred by Mr. Haughey were paid for out of the account into which the Party Leader's Allowance was lodged."

A. Correct.

Q. You state that during the period Mr. Haughey was Taoiseach and indeed leader of the Fianna Fail Party, his home at Abbeville Kinsealy, County Dublin, was regularly used for meetings of a political nature. In particular, it is a matter of public knowledge, that visiting politicians would attend Mr. Haughey's home.

A. That's true.

Q. You state further that the Fianna Fail Party are unaware of any application having been made by Mr. Haughey to reimburse the costs attendant upon hosting meetings or providing hospitality to those who visited with him on politically related business at his private residence at Abbeville, Kinsealy, County Dublin.

Whether Mr. Haughey as Taoiseach sought reimbursement is a matter unknown to the Fianna Fail Party."

A. Correct.

Q. I suppose if Mr. Haughey as Taoiseach was seeking reimbursement in connection with state activities, that reimbursements would be through the Department of Taoiseach and through the Department of Finance, rather than from the Party?

A. And obviously we would have no knowledge of that, from

the Party

Q. You would have no knowledge of that

A. If that ever arose.

Q. But in fact, I think evidence will be that it did arise and that claims were made and were reimbursed through the Department of the Taoiseach and ultimately through the Department of Finance. But as regards his use of Kinsealy for Fianna Fail related political activities, I think, am I correct in saying that your evidence is that the Fianna Fail Party was not aware of Mr. Haughey seeking any reimbursement for those matters?

A. Yeah, and I say that because we weren't involved in administering the Leader's Allowance Account, so we couldn't have any knowledge of whether that happened or not.

Q. Very good. You stated that: "Further that as Fianna Fail was unaware of the manner in which the Leader's Allowance Account was operated prior to 1992, it follows that they were not aware if Mr. Haughey was reimbursed in respect of any expenditures made by him on behalf of the party." I preempted that portion of your memorandum.

Then finally you stated that: "You have confirmed that" sorry, there is just one further matter which I think was raised in your, in the letter to you, the fifth matter. "Arising out of Mr. Haughey's responses

to questions 68 to 71 on Day 86 in his deposition and

it was summarised as follows:

"With regard to the evidence of Mr. Fleming, that there had been no general appeal for funds in 1986, Mr. Haughey did not think that anyone could say that the Party did not appeal for funds in 1986, as appealing was an ongoing business."

You stated that: "You have confirmed again that there was no general appeal for funds in 1986."

And just to clarify that. I think what you mean by no "general appeal for funds" is that there were no letters sent out to potential donors seeking contributions to the party?

A. Yeah, or any appeal for funds from party Head Office.

Q. Or

A. Appeal for funds from Party Head Office.

Q. So there was no systematic organised structured appeal for funds in 1986?

A. Not at that time.

Q. You said: "Further with regard to the donations actually made in 1986" I think there were one or two donations in 1986 recorded in the Head Office records and I think in that letter, the Tribunal raised with you how those donations were collected in circumstances where there was no general appeal. And you stated

that:

"With regard to the donations actually made in 1986 where it was always open to any contributor to the party to make a donation at any stage, fundraising was carried out in a structured way. Appeals would be made to potential donors in an organised fashion. There was no appeal by Party Headquarters for funds in 1986, and thus, Mr. Fleming has confirmed the evidence he has previously given to the Tribunal in this regard."

A. I just want to be clear about that last paragraph. You mentioned something there that in relation to the donations received from the records of Fianna Fail Head Office, what I am referring to in my statement is the donations received which were lodged to the Party Leader's Allowance Account. I am saying it was obviously always up to a contributor, but we didn't have any such donations in Fianna Fail Head Office at that time. I think you asked me about specific donations and I am saying in relation to those donations, of course they are free to come from any donor but they didn't come to Party Head Office. That's the point I am making here.

Q. And I think in fairness, just to summarise your previous evidence, I think you had indicated that, in fact, in 1986, it was one of the few occasions when the Party was well placed financially?

A. Heading into the election in the following year, that's correct.

Q. And heading into the election the following year?

A. That's correct.

Q. Thank you very much, Mr. Fleming.

CHAIRMAN: Thank you very much for your further assistance, Mr. Fleming.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Mr. Paul Kavanagh.

PAUL KAVANAGH, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY MR. COUGHLAN:

CHAIRMAN: It occurs to me, Mr. Coughlan, it may be possible that we should make the effort that we encompass most of the comparatively short remaining witness in the course of sittings rather than deferring them till the afternoon.

MR. COUGHLAN: Yes. Thank you.

Q. I, think Mr. Kavanagh, you return to give evidence as a result of receiving a letter from the Tribunal dated 30th March, bringing to your attention certain matters which Mr. Haughey stated during his deposition before the Commission, isn't that correct?

A. Yes.

Q. And I think the first matter which was brought to your

attention was that on Day 3 of the Commission, question 6, Mr. Haughey stated that you had informed him that Mr. Edmund Farrell was prepared to assist him personally. And I think the Tribunal asked for your comment on that, isn't that correct?

A. Yeah.

Q. And I think your response is that: "In relation to the statement of Mr. Charles Haughey that Mr. Paul Kavanagh had informed Mr. Haughey that Dr. Edmund Farrell was prepared to assist Mr. Haughey personally, Mr. Kavanagh recalls being in the Shelbourne Hotel with Dr. Farrell and Mr. Patrick Kevans before the 1987 election. Dr. Farrell was stressing the necessity of ensuring that Mr. Haughey was elected. Dr. Farrell also stated that with Mr. Haughey's type of life-style, people would have to support him personally and Dr. Farrell wondered how Mr. Haughey could be helped with his personal expenses." Is that correct?

A. I can't categorically say that Dr. Farrell offered to help him personally. It was more a general conversation inquiring how his life-style was financed or how he managed and that type of thing.

Q. I think that's what you say in your memorandum. That Dr. Farrell wondered

A. Yes, wondered.

Q. And then the next matter which was brought to your attention by the Tribunal was that Mr. Haughey stated

on Day 3, question 58, that the Irish Permanent cheque for $\text{€}40,000$, dated 16th August, 1991, and payable to Fianna Fail may have been brought in by you.

A. I don't believe that's true, no. I didn't bring it in.

Q. But just to deal with your response, that: "In relation to that particular statement by Mr. Haughey, that the Irish Permanent cheque for $\text{€}40,000$ dated 16th August 1991 payable to Fianna Fail might have been brought in by Mr. Kavanagh, Mr. Kavanagh never took any donations into Mr. Haughey's office, if those donations were intended for Fianna Fail in Mount Street." The only exception to this might have been in 1991 and 1992 when you were living in Holland, although you doubt that you would have done so. Is that correct?

A. That wasn't the practice.

Q. That wasn't the practice?

A. No.

Q. If you received a cheque for Fianna Fail it went to headquarters?

A. It would have went to Fianna Fail Headquarters.

Q. And then, another matter was brought to your attention, that Mr. Haughey speculated this was on Day 6, questions 90 and 91 speculated that you might have given cheques to Eileen Foy and said they were for Mount Street but that they were confidential and that

any receipt should be anonymous.

And your response is that in relation to Mr. Charles Haughey statement that Mr. Kavanagh might have given cheques to Ms. Eileen Foy, told they were intended to Fianna Fail Head Office in Mount Street and that they were confidential and receipts should issue anonymously. Mr. Paul Kavanagh has no recollection of ever having done this.

A. I have no recollection.

Q. You have no recollection?

A. No.

Q. Doesn't it seem improbable in that regard as well, you as a fundraiser would always want a record kept?

A. Yeah.

Q. For personal security?

A. Absolutely, yeah.

Q. Coming back to the matter of Dr. Edmund Farrell and your recollection of meeting him in the Shelbourne Hotel and he wondering, I think you have informed the Tribunal that following that incident, you told Mr. Charles Haughey that he should deal directly with Dr. Farrell in terms of fundraising as Mr. Haughey was likely to secure more generous donations than you could?

A. I felt that was the case.

Q. Did you inform him that

A. I did, for two reasons. One of the members of the committee that dealt with Dr. Farrell was of the opinion that he would prefer to deal directly with Mr. Haughey and I didn't personally deal with him and only met him on one or two occasions, but I came away from the drink in the Shelbourne that night with a clear impression that he was a very fervent supporter of Mr. Haughey and would like to deal with him directly. So basically I mentioned that to Mr. Haughey.

Q. Now, turning to the question of Mr. Des Traynor for a moment, if I may. And this relates to Smurfit money which came in, I questioned him whether it was for Fianna Fail or for Mr. Haughey personally and Mr. Haughey informed the Tribunal that Mr. Traynor had no role at all in relation to Fianna Fail, fundraising or otherwise, would that be your understanding?

A. That's my understanding. For the eleven years I was involved, I never had any dealings with Mr. Traynor in relation to any party fundraising.

Q. Now, just in fairness to Dr. Farrell, Dr. Farrell was aware of what Mr. Haughey said in his deposition and also I think of your understanding in relation to matters and he furnished the Tribunal with a memorandum of intended evidence and he is here to give evidence, but in fairness, because this is a process that we have to go through because people were not in a position to cross-examine Mr. Haughey or to ask the Tribunal to ask

Mr. Haughey questions, I think I should put to you the memorandum which Dr. Farrell has furnished to enable to you comment?

A. I think I have seen that.

Q. You have seen it. And I think

A. By the way, I'd just like to make one thing clear.

What I mean by personally is the Party Leader's Fund,

the entertaining in Kinsealy, the political

entertaining in restaurants. That's the sort of thing

I meant by looking after him personally. Not giving

him personal cheques to go into whatever happens which

we weren't aware of.

Q. I understand that's what your understanding of the

matters were. I don't know if it was Mr. Haughey's

understanding of the matters on the basis of the

evidence which he gave. But in any event, I just want

to deal with you and in fairness to Dr. Farrell to

allow you comment on the intended evidence of Dr.

Farrell.

A. Okay.

Q. Dr. Farrell says that at paragraph 1: "At no time was

Mr. Paul Kavanagh or anyone else, save for the

exceptions listed below, informed by Dr. Farrell that

he was prepared personally or corporately to assist

Mr. Charles Haughey personally politically. Dr.

Farrell reiterates that all political subscriptions

were made for the benefit of the political parties

which sought them. Exceptions were a subscription of
€10,000 to Mr. Haughey following his direct approach
and letters of request as previously testified by Dr.
Farrell. Dr. Farrell regards the donations towards
the Brian Lenihan medical expenses as being of a
charitable nature."

2. "To the best of Dr. Farrell's recollection, he met
Mr. Paul Kavanagh once, when, on route to dinner with
Mr. Patrick Kevans, solicitor and co-director of Irish
Permanent, Dr. Farrell accompanied Mr. Kevans when he
called on Mr. Paul Kavanagh at Mr. Kavanagh's Merrion
Square office. Nothing of moment was discussed in Dr.
Farrell's presence and after a short period Mr. Kevans
and Dr. Farrell proceeded to dinner."

3. "Dr. Farrell has absolutely no recollection of
meeting with Mr. Kavanagh at the Shelbourne Hotel.
Although Dr. Farrell is saying no such meeting took
place, if a meeting, whether by appointment or casually
incurred, Dr. Farrell has informed the Tribunal as
follows:

"1. Dr. Farrell has no recollection of ever being
informed of Mr. Haughey's life-style or insufficiency
of funds; in fact, Mr. Haughey appeared to Dr. Farrell
to be a wealthy person at least in asset terms.

"2. It is correct that Dr. Farrell would have wished

to see a Fianna Fail government elected, however, he did not think that Mr. Haughey was in danger of losing his seat.

"3. Dr. Farrell has no knowledge of how it was proposed that Mr. Haughey would be helped out financially.

"4. Mr. Haughey was already writing on behalf of Fianna Fail to Dr. Farrell personally in his capacity as managing director of Irish Permanent.

"5. Dr. Farrell does not know of any reason why Mr. Haughey has stated that Mr. Kavanagh informed Mr. Haughey that Dr. Farrell was prepared to assist Mr. Haughey personally. Building society funds were not available for the purpose of financing life-style requirements.

"6. As previously testified by Dr. Farrell, Mr. Haughey approached Dr. Farrell to recommend on two occasions, once in relation to Mr. Haughey's own election campaign fund and once in relation to the late Mr. Brian Lenihan.

27. To the best of Dr. Farrell's recollection, he met Mr. Kavanagh on one occasion as he has previously outlined."

Now, I put you the whole of Dr. Farrell's intended

evidence and he will be giving evidence in a moment, I presume along those lines. Do you have any comment or observation to make in respect of it?

A. Not really. In fact, I don't recall Dr. Farrell coming to my office at Merrion, but I do have a fairly clear recollection of the discussion we had in the Shelbourne Hotel.

Q. And that was your understanding of Dr. Farrell wondering how Mr. Haughey could be supported?

A. The conversation was that night about how he could support the type of life-style he did from politics and we were clearly of the impression that it couldn't be supported through politics. And I was aware of how the Party Leader's Fund, at least how I thought it was used and I thought that was a fund that the Taoiseach of the day had the total discretion as to how it was spent. And I assumed at that time that the sort of things that were considered laughs, like Le Coq Hardi, entertaining in his house and that was funded from that fund. And it was that's what I had in mind when I suggested to Mr. Haughey that he deal with Dr. Farrell directly, that if he had need for funds in the Party Leader's Account that he would deal with that directly, because that wasn't my responsibility. My responsibility was to collect funds for the Party.

Q. Now, in fairness, again, perhaps you have given evidence that Dr. Farrell, on that occasion, was

accompanied by Mr. Patrick Kevans, and Mr. Kevans was contacted and informed of this and he furnished a memorandum to the Tribunal as well?

A. I have seen that.

Q. And I'll just put that to you as well if I may.

"Mr. Kevans says he has no recollection whatsoever of a meeting in the Shelbourne Hotel in 1987 or of any discussion with Mr. Paul Kavanagh or Dr. Edmund Farrell in relation to Mr. Charles Haughey's life-style or how it could be supported financially.

"2. In 1985, Mr. Kevans was appointed a board member of the Irish Permanent Building Society and he has no recollection of any payments or donations made by Dr. Farrell, nor of any payments or support provided to Mr. Haughey." Do you have any comment or observation to make in relation to that?

A. No, I accept that I am fairly clear that I remember

Q. You are clear that you had that discussion in the Shelbourne Hotel?

A. Yeah.

Q. Now, I think in your own memorandum to the Tribunal when you were asked to comment on Mr. Haughey's observation about the Irish Permanent i;½40,000 cheque in August of 1991, and that you may have brought that to the office, you state that you never took any donations

into Mr. Haughey's office, if these donations were intended for Fianna Fail in Mount Street.

A. The only ones that I would have brought into Mr. Haughey were in relation to the Lenihan fund. And the one other small ones, the 5,000 we discussed earlier.

Q. But only the Brian Lenihan ones. They are the only ones you would have brought into Mr. Haughey?

A. Yes.

Q. Thank you very much, Mr. Kavanagh. I don't know if anyone wants to ask any questions.

CHAIRMAN: Thank you.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Dr. Farrell.

DR. EDMUND FARRELL, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY MR. COUGHLAN:

Q. MR. COUGHLAN: I think the Tribunal brought to your attention certain observations or what's now evidence, given by Mr. Haughey, that he had been told by Mr. Paul Kavanagh that you would be prepared to support him personally. I think in that you saw that in the transcript which was brought to your attention?

A. Yes.

Q. Now, I have put your memorandum of intended evidence to Mr. Kavanagh, so perhaps in the first instance, we should go through it and then if you wish to make any

observations or state anything, you are perfectly free to do so.

I think you say that: "At no time was Mr. Pal Kavanagh or anyone else, save for the exceptions listed below, informed by Dr. Farrell that he was prepared personally or corporately to assist Mr. Charles Haughey personally politically. Dr. Farrell reiterates that all political subscriptions were made for the benefit of political parties which sought them. The exceptions were a subscription of $\text{€}10,000$ to Mr. Haughey following his direct approach and the letter of request as testified by Dr. Farrell. Dr. Farrell regards the donation to Mr. Lenihan's medical expenses being a charitable nature."

So, just if I might pause there for a moment, Dr. Farrell. As far as you were concerned, every other donation which was made out to Fianna Fail was for the Fianna Fail Party?

A. That's my understanding of how it would be treated.

Q. And the only

A. That was the intention.

Q. That was the intention?

A. Yes.

Q. And the only two exceptions were, as you have told us about, the $\text{€}10,000$, the personal approach for his own constituency or political purposes?

A. For his own campaign at that time.

Q. For his own campaign?

A. Yes.

Q. And then the donation to the Brian Lenihan fund, which is, of course, viewed as being a charitable donation?

A. Yes.

Q. Now, I think you have informed the Tribunal that to the best of your recollection, you met Mr. Kavanagh once when on route to dinner with Mr. Kevans, solicitor and co-director of Irish Permanent. You accompanied Mr. Kevans when he called on Mr. Paul Kavanagh at Mr. Kavanagh's Merrion Square office. Nothing of moment was discussed in your presence and after a short period, Mr. Kevans and Dr. Farrell proceeded to dinner. You have absolutely no recollection of any meeting with Mr. Kavanagh at the Shelbourne Hotel although you are not saying that no such meeting took place. If a meeting, whether by appointment or casually, occurred, you have informed the Tribunal as follows:

"1. You have no recollection of ever being informed of Mr. Haughey's life-style or insufficiency of funds.

In fact, Mr. Haughey appeared to you to be a wealthy person, at least in asset terms.

"2. It was correct that you would have wished to see a Fianna Fail government elected, however you did not think that Mr. Haughey was in danger of losing his

seat.

"3. You had no knowledge of how it was proposed that Mr. Haughey would be helped out financially.

"4. Mr. Haughey was already writing on behalf of Fianna Fail to Dr. Farrell personally in his capacity as Managing Director of Irish Permanent.

"5. You do not know of any reason why Mr. Haughey has stated that Mr. Kavanagh informed Mr. Haughey that you were prepared to assist Mr. Haughey personally. Building society funds were not available for that purpose." That is the purpose of financing life-style requirements.

"6. As previously testified by you, Mr. Haughey approached you directly on two occasions: Once in relation to Mr. Haughey's own election campaign fund and once in relation to the late Mr. Brian Lenihan."

And to the best of your recollection, you met Mr. Kavanagh on one occasion only, and that was at his office in Merrion Square, is that correct?

A. It is now incorrect insofar as I met him at the last time I gave evidence.

Q. Yes, yes, at the Tribunal?

A. Yes. Other than that

Q. Now, I take it you accept that if Mr. Kavanagh says that he had a meeting and I am not attaching any

formality to such a meeting in the Shelbourne Hotel

that that could have happened?

A. Yes, it could have.

Q. And do you accept that you could have been discussing political matters in general terms?

A. I am speculating on something of which I have no memory. I mean, I could have met anybody and discussed anything, but if you don't recall, it's very difficult to get into a hypothetical discourse. I mean, I find it very difficult.

Q. Could I ask you this, Dr. Farrell: If you had met Mr. Paul Kavanagh, can I take it that you would have had some understanding of the role he played in Fianna Fail?

A. The only understanding I had was that he was a fundraiser.

Q. A fundraiser.

A. And my other understanding about Mr. Kavanagh I think was wrong, I don't know, was that he was in some way working for the Irish Press. I don't know whether that's right or wrong, but that's the impression I got in his Merrion Square office, because I think there was some chat about state-of-the-art printing machinery that he had at that time. But that's all I know about Mr. Kavanagh.

Q. Do you think if you had discussed the question of funding Mr. Haughey personally, that that would have

made an impression on your mind if you had such a discussion?

A. It definitely would. That's why I have replied as I have.

Q. Because

A. I mean, it would be a unique situation in my life to have had a Prime Minister of a country effectively, by whatever means, seeking to be funded. It's something I have never heard of, never come across.

Q. This wasn't he wasn't quite Prime Minister. He had been previously. I think it was prior to the '87 General Election. But you see, we have this difficulty, Dr. Farrell, that in 1986, as you know, two cheques for $\text{€}1/250,000$ were drawn on the Society's bank account, and they were made payable to Fianna Fail.

A. Yeah.

Q. And we now know from the evidence that they went into the Party Leader's Account, having been endorsed on the back by Mr. Haughey. And we know from Mr. Fleming that no request for funds went out and we also know from your evidence that the Society would only draw down funds on foot of a request or a letter seeking funds, isn't that correct?

A. A letter, yes.

Q. A letter seeking funds, yes. And

A. I am not sure that there was I don't think there was a letter of request in relation to Mr. Lenihan. But

in all other cases, yes.

Q. In all other cases. But there is no record of any letter requesting funds in the Society's records for 1986, isn't that correct?

A. Well, there was at one stage, as I have testified before.

Q. Well, there is a missing file

A. Two, I think. I did, Chairman, check with the audit leader, as I mentioned I would, to Mr. Healy, and thinking that he might recall these files, but, in fact, for audit purposes he merely used the cheque requisitions which were initialled or signed by the directors and he did not recall the existence of those files, or he didn't recall ever seeing them. This was just a telephone conversation.

Q. You don't have a recollection of the particular letters requesting the funds in 1986?

A. No. All the Fianna Fail ones tended to run to a general theme, and you can imagine what that is.

Q. Extolling the virtue?

A. That Fianna Fail was meant to be better than anybody else for the country. In a nutshell, Fine Gael were the same and so were all the other parties.

Q. The interesting issue here perhaps, Dr. Farrell, is this that Mr. Fleming said that no such request would have come from Fianna Fail in 1986.

A. I think they came from Mr. Haughey.

Q. You think they must have come from Mr. Haughey personally?

A. Well, signed by him. With the Fianna Fail heading.

Q. As we understand it, anything coming out of Fianna Fail Headquarters requesting funds would be signed by the Party leader. They were in a printed form.

A. Right.

Q. Now, if that's your understanding, that didn't happen in 1986.

A. Well, I can only assure you that I got letters of request because it would not occur to me to suddenly ask my secretary to draw a cheque in favour of Fianna Fail. I didn't work that way. I worked in relation to political parties, in a reactive way, not a pro-active way.

Q. Well, the Society could never the Society could only draw cheques, if they were for political contributions, to political parties on foot of a request, isn't that correct?

A. Yes, and we never drew cheques sort of for no particular reason, as this would seem to be, that somebody decides oh, we'll send a cheque to Mr. X. We didn't do things that way.

Q. Well, I am just wondering, could there be substance in Mr. Kavanagh's recollection of a conversation he had with you in the Shelbourne Hotel and that these particular cheques were to fund Mr. Haughey personally?

A. I don't even know when this meeting was supposed to have taken place, but no, there is no question of that.

Q. Well, there were two cheques provided in 1986, would that seem to indicate to you that there would have been two separate requests for funds as well?

A. Yeah, yes. By the way, Chairman, I should mention, that this has been covered before by me in previous evidence.

Q. Well, not in the context of Mr. Haughey's assertion that he had been informed that you were prepared to finance him personally?

A. Oh no, I appreciate that.

Q. It's in that context really that I am asking you.

A. I beg your pardon.

Q. You don't reject the proposition that you could have met Mr. Kavanagh?

A. No, I don't.

Q. And you have no recollection of having a discussion he has described?

A. No. It's quite difficult, Chairman, because there has been so much media discussion about Mr. Haughey's life-style since, that it's difficult to say I never discussed it. I am sure I did, but not in those days, because I think everybody in the country has discussed it in one way or another, but not whenever Mr. Kavanagh thinks this meeting took place.

Q. Thank you, Dr. Farrell.

CHAIRMAN: Thank you very much, Dr. Farrell.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Mr. Kevans.

MR. PATRICK KEVANS, HAVING BEEN SWORN, WAS EXAMINED AS
FOLLOWS BY MR. COUGHLAN:

Q. MR. COUGHLAN: Mr. Kevans, I think that in 1985, you
were a solicitor and you became a director of the Irish
Permanent Building Society?

A. That's correct.

Q. And I think the Tribunal brought to your attention
certain matters which Mr. Haughey stated on deposition,
isn't that correct?

A. Yes, that's correct.

Q. And also what was brought to your attention was
Mr. Kavanagh's memorandum of proposed evidence of
having been in the Shelbourne Hotel with yourself and
Dr. Farrell when a discussion centred around
personal/political support for Mr. Charles Haughey?

A. Yes, I have seen the narrative of that.

Q. And I think you were asked for your comment on that and
your response is that you have no recollection
whatsoever of a meeting in the Shelbourne Hotel in 1987
or any discussion with Mr. Paul Kavanagh or Dr. Edmund
Farrell in relation to Mr. Charles Haughey's life-style
or how it could be supported financially, is that

correct?

A. That's correct. I have racked my brains about it and I really have no recollection. I realise I am under oath and I take that very seriously.

Q. You have informed the Tribunal that in 1985, you were appointed a board member of the Irish Permanent Building Society and you have no recollection of any payments or donations made for the benefit of Mr. Haughey by Mr. Farrell nor any other payments or support provided to Mr. Haughey?

A. Yes, that's correct.

Q. Now, as a board member, did you know about the donations made to Fianna Fail in 1986?

A. All I can say from time to time, as it was among all other directors, we were informed that payments were made to political parties from time to time, but I have no recollection of amounts, nor would I have any records, I don't even have any board papers from then. I don't keep any records, corporate or financial, for a period of over six years and we are now talking about a much longer period than that.

Q. Yes, of course. Now, do you remember meeting Mr. Kavanagh in his office as described by Dr. Farrell?

A. No. I have no recollection of that and I certainly have no recollection of any circumstances under which I could have convened a meeting with Mr. Kavanagh. I believe that if I had done so, I would remember it.

But I have no recollection of it.

Q. Did you have any reason to do any business, either legal business, society business, or even political support?

A. No. No. No, but I mean, I can say, I mean, I knew Mr. Kavanagh socially. He wasn't a friend of mine.

I would have met him at various functions. There were many functions, charity and otherwise that we would have gone to over the years, I would know him.

Q. And you have no recollection of meeting him in his office with Dr. Farrell?

A. Absolutely not.

Q. And you have no recollection of why you would have had need to meet him in his office?

A. No. Absolutely not. I have no recollection whatsoever.

Q. Now, as a former board member of the Society, in 1986 as a board member, I think Dr. Farrell is correct that society funds, if they were being sent to a political party, would have to be sought in the first instance, there'd have to be some record by way of a letter seeking the funds

A. I am sure there were procedures. I mean, I was a non-executive director. I wasn't aware of the actual procedures, but as I say, from time to time, I and other board members were told that funds, having been sought from the Irish Permanent from various political

parties, that donations were made from time to time,
but I can't give any greater particularity than that
really.

Q. Well, would you be told formally at board meetings
that

A. No. Just, I haven't a particular recollection that it
may have come up at board meetings or it may have been
mentioned afterwards. I just have a general impression
of that and that this was said in the presence of other
directors, that it was just generally known and we took
that as the norm and I really can't add any more to
that.

Q. I think Dr. Farrell was correct in his evidence and in
the memorandum he furnished that the directors of the
Society had a responsibility towards the depositors in
the Society and as to the use of funds, isn't that
correct?

A. Of course it would have to be done correctly and
properly.

Q. And that there would have to be a correct accounting of
any political donation?

A. Absolutely, that would go without saying.

Q. And it would never be open to the society to support a
politician personally?

A. Absolutely not.

Q. Now, you say that you have no recollection of meeting
Mr. Kavanagh in the Shelbourne Hotel on an occasion

when Dr. Farrell was present. Do I take it that you don't reject that such a meeting it may have been a drink took place?

A. I have no recollection of it. I am I am not saying that it could not have happened.

Q. And I don't think you are suggesting that Mr. Kavanagh is, first of all, fabricating his evidence in relation to this matter of the meeting; or secondly, that his recollection is totally faulty in relation to it?

A. No, no. I am not. My impression of it is I believe that he may be mistaken. That's all.

Q. Thank you very much, Mr. Kevans.

CHAIRMAN: Thanks very much, Mr. Kevans.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Those are the available witnesses today, Sir.

CHAIRMAN: I think it is the case that the Tribunal has had some other dealings in relation to matters arising out of Mr. Haughey's deposition, including details with officials in the department of An Taoiseach and some correspondence with Mr. Brian Lenihan TD, but at this stage, I think I would prefer that matters of correspondence be not put on record, at least at this stage. And I think it's also the case that Ms. Catherine Butler, who was intended to be called, has

proffered a medical certificate indicating that she has had some form of dental surgical procedure in the very recent past. So these matters can be borne in mind, and if necessary, moved on at a future stage. But I think the immediate Tribunal concentration is to take up some of the other matters that were alluded to in your opening last week. Eleven o'clock tomorrow.

THE TRIBUNAL THEN ADJOURNED UNTIL THE FOLLOWING DAY,
THURSDAY, 31ST MAY 2001, AT 11AM.