

THE TRIBUNAL RESUMED AS FOLLOWS ON FRIDAY, 12TH FEBRUARY,
1999 AT 10.30AM:

CHAIRMAN: Morning.

MR. COUGHLAN: May it please you, Sir. Perhaps before evidence commences this morning, I should briefly indicate, so that the public and the persons represented before the Tribunal can have an understanding of the inquiry which was being pursued by the Tribunal today, perhaps briefly I will state that in this evidence which has been heard in relation to investments in Celtic Helicopters, you, Sir, will remember the evidence of a cheque being drawn on the account of Carlisle Trust made payable to Celtic Helicopters which found its way into the accounts of Celtic Helicopters and which was represented on the evidence of Mr. Barnacle as being the investment made by Mr. Michael Murphy.

There was also evidence from Mr. Michael Murphy of the drawing of the cheque on his company made payable to Credit Suisse London for the account of an Ansbacher account in Zurich.

From information available to the Tribunal, it would seem that the €100,000 drawn on the account of Mr. Murphy, made payable to Credit Suisse to the account of Ansbacher Zurich, may have come back into the Ansbacher accounts in Dublin, particularly in their context of being Hamilton

Ross accounts and then found its way into the S8 account.

And the Tribunal at this stage will inquire into that this morning.

There are further continuing investigations being carried out by the Tribunal and it may be necessary to cut short the oral evidence today to enable the Tribunal to continue its investigations in private.

CHAIRMAN: Very good.

MR. COUGHLAN: The first witness I would like to call this morning is Mr. Joseph Malone.

MR. COLLINS: May it please you, Sir. I wonder if I might apply for limited representation, I appear with Mr. John O'Donnell and I am instructed by Pearse Meghigan & Company.

CHAIRMAN: Very good, Mr. Collins, I accede to that application for limited representation subject obviously to the observations that I have made on previous similar applications in relation to their being no guarantee of costs and other matters. Very well. Thank you.

JOSEPH MALONE, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS

BY MR. COUGHLAN:

CHAIRMAN: Thank you, Mr. Malone. Please sit down.

Q. MR. COUGHLAN: I just want to make it clear as well, I suppose I should make it clear that in relation to the

statement which I have just made to the inquiry being pursued on the movement of money into Zurich which may have come back into S8 in Dublin, this is nothing to do with Mr. Malone at all, or his evidence is not directed that way.

I think, Mr. Malone, you have furnished the Tribunal with a statement, isn't that correct?

A. That's correct.

Q. And I intend to take you through the statement and, if necessary, it can be expanded upon in questions. Do you have a copy of the statement with you?

A. I do, yes.

Q. You may refer to it for ease of reference.

A. Thank you very much.

Q. I suppose just very briefly as an introduction, could you give a brief resume of your professional life?

A. Over the last almost 50 years now I have been involved in tourism in one way or another, I was working with the car rental company in the early '50s, then I had my own car rental company until 1964 and then I sold out to a British motor company and in 1967 I took up an appointment in New York as Chief Executive North America for the Irish Tourist Board. In 1976 I was appointed director general of the Irish Tourist Board. And in 1982 I joined the Smurfit Group and in 1983 I took up a position in Ann Arbor, Michigan with a company, an American industrial company and then in 1988 I went and was president of three hotels in Boston

until 1992 when I virtually retired.

Q. Thank you, Mr. Malone. Now I think in the statement you have furnished to the Tribunal, you have informed the Tribunal that in or around 1984, 1985 Mr. C. J. Haughey approached you and asked would you consider becoming chairman of a new helicopter company that his son Ciaran was setting up at the time, is that correct?

A. That's correct.

Q. And I think you have informed the Tribunal that in view of your then position as a director of Aer Lingus, you declined the invitation because of a possible perceived conflict of interest?

A. That's correct.

Q. I think you have informed the Tribunal that sometime later a further discussion took place with Mr. Haughey re: Celtic Helicopters when he invited to you invest in the new company?

A. That's correct.

Q. And just to be clear, is the Mr. Haughey you are referring to Mr. Charles J. Haughey?

A. Mr. Charles J. Haughey, yes.

Q. Now, I think you have informed the Tribunal that you felt that he was offended at your earlier refusal to accept chairmanship and in view of the friendship of your son Joseph junior with Ciaran Haughey you agreed to buy approximately 15,000 worth of shares in Celtic Helicopters which you specified were to be in your son Joe junior's name?

A. That's correct.

Q. I think you have informed the Tribunal that some years afterwards you were again asked by Mr. C. J. Haughey for an additional investment in the company but, having thought about it, you decided against making a further investment?

A. That's true.

Q. And I think you have informed the Tribunal that as you understand it, the initial investment is in the name of your son Joe junior and that still stands?

A. That's correct, yes.

Q. Could I just ask you, Mr. Malone, when the second discussion took place with Mr. Haughey seeking an investment in Celtic Helicopters, can you be of any assistance to the Tribunal when did that occur?

A. Yes. One morning I was out in the residence with a friend of mine and Ciaran happened to come in, we were just it was an informal hospitality morning and Ciaran happened to come in and Mr. Haughey said to Ciaran tell Joe and his friend all about Celtic Helicopters, your new investment, or your new company. Then it was a kind of an off remark, the suggestion was made perhaps you would like to invest in it and on my way back to the city with my friend, he brought it up with me and said would you not think it a good idea. I thought about it and contacted Charlie Haughey and said I would like to invest in the company.

Q. That was, that was the investment of €5,000 on behalf of your son?

A. On behalf of my son, Joseph.

Q. And that was perhaps some time in 1984, '85

A. '85 perhaps. I think it was '85.

Q. '85. Now on the second occasion that Mr. Haughey asked you would you consider an investment, can you help the Tribunal as to when that might have been?

A. I think it was in around 1991, '92, it was around the time which I now know the company was restructured from what I have read in the papers.

Q. From what you read in the papers, you think it must have been around that time?

A. It was around that time.

Q. In any event, you didn't make any investment?

A. No, I didn't, no.

Q. Thank you very much.

MR. QUINN: No questions.

CHAIRMAN: Well I will leave you to the end, Mr. Collins, in relation to your client and just check if anyone else who is present wants to ask Mr. Malone anything.

MR. McGONIGAL: Unlikely, Mr. Chairman, but I would like to reserve my position.

CHAIRMAN: Mr. Collins?

MR. COLLINS: No, I have no questions, Sir.

CHAIRMAN: Very good. Thank you very much indeed for your

attendance, Mr. Malone. It is possible from the remark made by Mr. McGonigal on behalf of Mr. Haughey that there may be some small or limited request for you to return but I will do my best to see that you are given the maximum of notice.

A. Thank you very much.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: I should have said, Sir, when I was indicating to you and to the parties present and to the public about the line of inquiry to be pursued today, that there may be references to Mr. John Byrne made. Mr. Byrne is assisting the Tribunal with inquiries at the moment and I would just like to put everybody on notice that no conclusions should be drawn at this stage.

CHAIRMAN: Right.

MS. O'BRIEN: Mr. Tony Barnes, please.

MR. COLLINS: May it please you, Sir. I think you have already granted limited representation for Irish Intercontinental Bank. I appear instructed by Conor McDonald of Arthur Cox.

CHAIRMAN: Yes.

TONY BARNES, BEEN SWORN, WAS EXAMINED AS FOLLOWS BY MS.

O'BRIEN:

CHAIRMAN: Thank you, Mr. Barnes.

Q. MS. O'BRIEN: Mr. Barnes, I think that you are an associate director in the operations department of Irish Intercontinental Bank Limited, isn't that the position?

A. That's correct.

Q. I think you joined Irish Intercontinental Bank in 1983?

A. That's correct.

Q. I think with in Irish Intercontinental Bank you refer to the bank as IIB?

A. Yes.

Q. I think as part of your responsibilities you are involved in the management of the administration section of the bank's deposit-taking function?

A. Yes, that's correct.

Q. And I think IIB is a merchant bank and as such it doesn't provide any retail banking facilities, is that right?

A. That's right, yes.

Q. I think the offices of IIB are 91 Merrion Square, Dublin 2?

A. That's correct.

Q. Now I just briefly, Mr. Barnes, I want to review some of the evidence that you gave to the McCracken Tribunal in relation to the opening of the Ansbacher accounts and the Hamilton Ross accounts, then I want to move on to deal with five separate documents that were generated within IIB.

Now I think in November of 1990, IIB were first approached by Mr. Richard Fennell;, is that correct?

A. Richard Fennells.

Q. I think Mr. Fennells had previously been a director of IIB and he wanted to introduce accounts from Ansbacher Cayman Limited?

A. Yes. He had been a non-executive director in the 1970s.

Q. I think he indicated to you contact would be made with the bank by the late Mr. Des Traynor, is that correct?

A. That's correct.

Q. I think in due course contact was made by Mr. Traynor and application forms were received by the bank?

A. That's correct.

Q. And I think funds initially came to the bank on the 3rd of January of 1991, is that correct?

A. It is correct.

Q. And I think accounts were then opened in the name of Ansbacher Limited?

A. That's correct, yes.

Q. And I think subsequently then in September of 1992 the bank received instructions to open accounts in the name of a company called Hamilton Ross & Company Limited, isn't that the position?

A. That's correct, yes.

Q. And I think the application forms to open those accounts were received on the 25th of September of 1992?

A. That's correct.

Q. And I think the signatories on those accounts were Mr. John Furze, I think he was a director of Hamilton Ross, is that correct?

A. That's correct.

Q. And I think also the late Mr. Traynor who was an authorised agent?

A. That's correct.

Q. And I think Mr. Padraig Collery was also an authorised agent and Miss Joan Williams also an authorised agent?

A. That's correct.

Q. And I think the principal sterling account which was opened in the name of Hamilton Ross was an account with an number 02/01354/81; is that correct?

A. That's correct, yes.

Q. I want to refer you, Mr. Barnes, to a number of documents which we can put up on the overhead monitor. The first is a letter of the 2nd November of 1992 which we have described as document no. 2. I think that's a letter of instruction which you received from Ansbacher Limited on the 2nd November of 1992 requesting you to arrange to have for collection in Irish pounds, cheque for the Irish pounds equivalent of sterling €52,500 payable to Bank of Ireland and to debit the cost to the Ansbacher Limited account number 02/01062/81?

A. That's correct, yes.

Q. And I think the account 02/01062/81 was not the principal deposit account held in the name of Ansbacher Limited?

A. No, it wasn't.

Q. It was, if you like, a no. 2 account, is that correct?

A. Yes, it was referred to as no. 2 account, yes.

Q. I think that was a letter signed by Miss Joan Williams, it was on Ansbacher Limited headed note paper and it had an instruction to reply to 42 Fitzwilliam Square, Dublin 2?

A. That's correct yes.

Q. And the next document is 2A, document no. 2A. I think we have the right one on the monitor.

Now, document no. 2A is slightly faint but I think that's a foreign exchange dealing ticket, is that correct?

A. That's correct, yes.

Q. That would be a document generated by the bank itself?

A. Yes.

Q. And that records a foreign exchange transaction, is that correct?

A. That's correct, yes.

Q. And I think it shows on the left-hand side that the customer was Ansbacher Limited?

A. Yes.

Q. And then I think it shows just below that the account to be debited was 02/01062/81?

A. That's correct.

Q. That's the no. 2 account, is that correct?

A. It is, yes.

Q. And the one that was referred to in the previous letter?

A. Yes.

Q. And I think it was to be, monies converted were to be paid by a Bank of Ireland cheque, isn't that correct?

A. That's correct.

Q. And I think it shows on the top right-hand side that the date was the 2nd November 1992?

A. Yes.

Q. And that the contract number was 65580 and that the transaction was a conversion of sterling $\text{€}52,500$ to IR $\text{€}47,532.82$?

A. That's correct.

Q. And I think that shows that the conversion rate, the exchange rate which I think is the entry two spaces above that is 1.1045?

A. That's correct.

Q. I think this was the foreign exchange dealing ticket which was completed on foot of the instructions of the same date, the 2nd November, 1992?

A. That's correct.

Q. Now the next document that I want to refer you to, Mr. Barnes, is a letter of the 25th November 1992, and again I think that's an instruction from Ansbacher Limited to Irish Intercontinental Bank and it requests you to arrange to debit the Ansbacher Limited no. 2 account, then it inserts the account number 02/01087/81 with sterling $\text{€}108,017.69$ and to credit that amount to the Hamilton Ross account number 02/01354/81?

A. Yes.

Q. And again those instructions are on Ansbacher Limited headed paper with instruction to reply to 42 Fitzwilliam Square, Dublin 2?

A. That's correct.

Q. I want to pause there for a moment because there is a line through the account number 02/01087/81?

A. Yes.

Q. I think in fact that instruction was subsequently corrected, is that the position?

A. That is the position, yes.

Q. I think the account was debited in the next document was account 02/01062/81?

A. That's correct, yes.

Q. That in fact is the same account that was referred to in the letter of the 2nd November, is that correct?

A. That's correct, yes.

Q. And the instruction in that letter of the 25th of November was then to credit the Hamilton Ross account number 02/01354/81?

A. That's correct.

Q. And I think you indicated earlier in your evidence that was principal sterling account opened in the name of Hamilton Ross?

A. Yes, that's correct as well.

Q. Now the next document is document no. 4 and that is the deposit dealing ticket which I think relates to the transaction referred to in the letter of the 25th of November, is that correct?

A. It is correct, yes.

Q. And that's another document which is generated by IIB

itself?

A. It is.

Q. I think that records on the left-hand side that the customer was Ansbacher Limited?

A. Yes.

Q. I think it indicates that the account that was debited was 02/01062/81?

A. That's correct.

Q. I think that copy is a little faint on the overhead projector, you are satisfied that's the correct number, and the amount - the account to be credited is shown as

02/01354/81?

A. That's correct.

Q. That's the same Hamilton Ross account?

A. That's correct.

Q. On the right-hand side it shows the date 26th November of 1992, the contract number is 123005, the currency is sterling, the amount is £108,017.69 and the date again is shown as the 26th November, 1992?

A. That's correct.

Q. And that deposit dealing ticket relates to the instruction comprised in the letter of the 25th of November, is that correct?

A. That's correct.

Q. Now, the next document which I want to put on the overhead projector is document no. 5 and that again is not a good copy in terms of the monitor but that is a statement of the

Ansbacher account, 02/01062/81?

A. Yes.

Q. And I think the sixth entry down showing the date 26th of November is a debit entry, I think if you use your own copy it is probably easier. It is a debit entry again although it is somewhat faint that shows the debiting of the account of the sum of £108,017.69, isn't that right?

A. That's right, yes.

Q. On the left-hand side under "description", I think that shows that it is re: DT which I presume is dealing ticket, is that right?

A. It is, yes.

Q. 123005?

A. That's correct.

Q. I think that corresponds with the number on the previous document which was on the monitor, contract number 123005?

A. It is, yes.

Q. Showing that's the withdrawal which corresponds to it?

A. Yes.

Q. Then the final document I want to refer you to, Mr. Barnes, is document no. 6. Perhaps that can go on the monitor, if you just ignore the handwriting on it, I want to refer you to the statement itself. That's the Hamilton Ross statement of account with IIB?

A. That's correct.

Q. And the account number is 02/01354/81, it is a sterling account and again it is an account statement showing the

entries over the account from the 25th November 1992 to the 1st December 1992?

A. That's correct, yes.

Q. If I can just refer you to the second entry for the 26th November 1992, it shows a credit of £108,017.69?

A. That's correct.

Q. I think the description there is re: DT, 123005, lodgement?

A. That's correct.

Q. Again I think that refers to the dealing ticket 123005?

A. It does, yes.

Q. Which was the contract number on the dealing ticket that was on the monitor?

A. Yes.

Q. I think that shows therefore that the funds were transferred as between those two accounts?

A. They were, yes.

Q. Thank you, Mr. Barnes.

MR. CONNOLLY: No questions.

CHAIRMAN: Nothing arising? Just before you have the option, Mr. Collins, nobody else has any questions to raise?

MR. COLLINS: No questions.

CHAIRMAN: Thank you for your attendance.

THE WITNESS THEN WITHDREW.

MR. HEALY: Mr. Collery.

PADRAIG COLLERY, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS

BY MR. HEALY:

CHAIRMAN: Thank you. Again, of course, you are already sworn. Please sit down.

Q. MR. HEALY: Thank you, Mr. Collery. Now, Mr. Collery, you have provided the Tribunal with some further assistance in relation to further inquiries made by the Tribunal in connection with some of the documents that have been put up on the monitor already and some other documents to which I will refer in a moment. Do you have a copy of a memorandum of the evidence that you have prepared or the Tribunal has prepared from your information?

A. I do indeed.

Q. Right. Now I will be referring you to a number of documents, some of these documents have only been brought to your attention in the past few days but some of them consist of documents which have been produced by you, kept with papers that you put together on the instructions of Mr. Desmond Traynor when you were assisting him with the memorandum of accounts, is that right, some of the documents?

A. They would presumably have been put together by himself on the transfer of documents. After his death they came into

my possession, which I furnished to the Tribunal.

Q. Yes. As we go through the documents, we will identify where they came from. The first document I want to ask you about is document no. 1. Document no. A1 on the list of documents I think that you have, it is a bank of Bank of Ireland cheque, do you see that?

A. Yes, I do.

Q. It is a copy of a cheque dated 28th September 1991, it is in the sum of €100,000 and drawn on the account of Mike Murphy Insurance Brokers Limited, Section 48, non-life assurance, client's current account, with the Bank of Ireland, Dundrum. You have that document in front of you?

A. I do indeed.

Q. It is payable to Credit Suisse, London?

A. Yes.

Q. And it is stamped "Approved for Credit to an External Account, Bank of Ireland"?

A. It is indeed.

Q. Indicating therefore that the document was brought into existence in connection with some transaction which required foreign exchange approval, isn't that right?

A. That would indicate that's so.

Q. And in order for the bank to stamp it "approved for credit to an external account" the bank would have either been satisfied from some information given to it or documents produced to it that there was an external account transaction involved?

A. It would be an obligation and normal banking practice to a bank to satisfy themselves that documentation would have been furnished with that cheque for such approval and they would comply then with authorising for credit to an external account.

Q. Now that is not a document that you had in your custody, it is a document that was brought to your attention by the Tribunal, isn't that right?

A. That's correct.

Q. The next document similarly is not a document that was in your custody, and this is document no. A2?

A. It was not in my possession, no.

Q. Do you see that document in your own hard copy and you see it on the monitor, it is a copy letter dated the 4th of November of 1992 from Mike Murphy Insurance Brokers to Credit Suisse London enclosing the cheque which we have just discussed and requesting that it be credited to the account of Credit Suisse Zurich for credit to the account of Ansbacher and there is an account number contained in the letter.

A. Yes, just a correction, the account of Swiss bank Zurich for further credit to Ansbacher account, yes, that is correct.

Q. So what that letter was instructing the bank to do was to credit the Zurich credit the Ansbacher account in the Zurich bank, is that right?

A. That's as it would appear to be so, yes.

Q. Yes. Now the next document I want to bring to you is document no. 1. It is a facsimile, copy of facsimile transmission from Mr. Traynor to Mr. John Furze for the attention of Mr. John Furze and it is addressed to Ansbacher Limited.

A. Yes, I have that document.

Q. Do you do you recognise the address and the fax number, do you?

A. I recognise the address and I do recognise the fax number.

Q. And where is it addressed to, to Ansbacher where?

A. To Ansbacher in Cayman.

Q. And the date of it is the 2nd November?

A. That's correct.

Q. Now, what it says is "Dear John, I have arranged to debit œ52,500 to your sub-company account at IIB as agreed in connection with a similar amount lodged in Zurich."

It goes on; "I understand that there is a further amount in the order of œ100,000 to arrive in Zurich this week. As soon as you know, perhaps you would advise."

Now I just want to take you through a number of parts of that fax one by one. I take it that when the currency is intended to be referred to in sterling, that it is shown in the way that the currency is described in this fax, without the IR pounds sign?

A. That's correct.

Q. So can I take it what we are referring to here is sterling?

A. That's

Q. GB pounds?

A. Correct.

Q. And when Mr. Traynor says "I have arranged to debit your sub-company account at IIB" what account would he be referring to?

A. The account which was referred to earlier as no. 2, it was no. 2 account or company account. It had those two names on it.

Q. In other words, what in shorthand we can call the Ansbacher sub-company account at IIB?

A. Yes, it was a working account with small amounts going into it and amounts coming back out again.

Q. Now, as I said, the date of that document was the 2nd November 1992?

A. It is.

Q. And the œ52,500 referred to there is the same amount that was the subject of the œ52,500 foreign exchange dealing ticket of the same date that was referred to earlier, that is document no. 2A, we will come to it later, but you may have seen it on the screen a moment ago.

A. I did indeed, yes.

Q. And we know that that œ52,500 transaction was carried out with reference to the Ansbacher no. 2 sub-company account, isn't that right?

A. That's correct.

Q. So we may take it that that is the account that was

referred to by Mr. Traynor in the fax to Mr. Furze?

A. Yes, it was.

Q. And at the time the fax was sent Mr. Traynor clearly was intending to convey to Mr. Furze that another sum in the order of STG €100,000 was to arrive in Zurich that week, he suggested in the letter?

A. From that evidence it would appear that yes, but he must have been aware of the exact amount.

Q. Yes. And he went on to say, "As soon as you know, perhaps you would advise." Meaning that he wanted Mr. Furze to contact him to let him know when that sum, whatever it might be, in the order of STG €100,000 would have arrived in Zurich, is that right?

A. That's a normal practice in a bank if you were expecting an amount, you look out for it to appear in your reconciliation when the amount would arrive in there.

Q. Can we take it from your experience of the way Mr. Traynor dealt, that Mr. Furze would have advised him of when that amount and of the order, the exact amount involved had arrived in Zurich?

A. Well as I said, he or anybody who would be looking out for an amount as normal banking practice would be when the reconciliation chart would bring it to their notice the amount had arrived. In this case, presumably he would have advised Mr. Traynor.

Q. Now this document, this fascimile transmission from 42 Fitzwilliam Square came from files kept by Mr. Traynor in

respect of Celtic Helicopters, isn't that right?

A. I believe that to be the case, yes.

Q. And therefore both these transactions presumably concerned Celtic Helicopters?

A. They would appear to be so, yes.

Q. Can I pass on now to document no. 2. Document no. 2 is a letter from 42 Fitzwilliam Square to Mr. Ronan Redmond at IIB?

A. That's correct.

Q. It is signed for Ansbacher Limited by Joan Williams and the reference is JDT/AJW, can you confirm that the reference JDT is Mr. Traynor's reference and AJW is Miss Joan Williams' reference?

A. I do confirm that.

Q. So therefore the top right-hand side of the document says the document came from Miss Williams and from Mr. Traynor at 42 Fitzwilliam Square?

A. Yes, I believe that to be the case.

Q. Now what that document shows, as Ms. O'Brien has already elicited in evidence from Mr. Barnes, is that Mr. Traynor was instructing IIB to arrange for collection, Irish pounds cheque for the Irish pounds equivalent of €52,500 payable to the Bank of Ireland?

A. That's correct.

Q. And that amounts to 47 thousand my copy of the transaction isn't as good as it should be.

A. - 532.82.

Q. Thank you very much œ47,532.82. And that is equivalent to the sum that we already know, I don't know if you were present during the evidence that went into Celtic Helicopters?

A. I was present, yes, that's why I recognise

Q. And that œ52,500 which was debited from the Ansbacher account referred to on the letter is presumably the same œ52,500 referred to in the fax that was sent to Mr. Furze by Mr. Traynor?

A. I would believe it is reasonable to make that connection.

Q. What Mr. Traynor said was "I have arranged to debit œ52,500 to your sub-company account" and in the letter to Mr. Redmond in Irish Intercontinental Bank, what you have is an instruction to implement that agreement to debit that account?

A. That is indeed correct.

Q. Yes. The next document we have already discussed document 2A, that's simply the foreign exchange dealing ticket already mentioned.

Now the next document, document no. 3 and again it is an instruction of the 25th of November to Irish Intercontinental Bank to debit Ansbacher no. 2 account with œ108,017.69 and to credit that amount to Hamilton Ross.

A. That's correct.

Q. And as we know from earlier evidence and from Mr. Barnes, the Ansbacher no. 2 account does not in fact have that number but a different number and the correct number of the

account was mentioned a moment ago and we will be coming on to a document which contains the correct number of the account.

A. That's correct.

Q. Now this document is related to another document, one of the last documents to which I will return in a moment, if you could just pass on for the moment on to document no.

4. This is an internal bank document which you wouldn't have had and which I take it you have only seen recently?

A. That's correct.

Q. It is generated by IIB and it is recording the transfer of the funds in accordance with the letter which I just mentioned.

A. It would support that evidence, yes.

Q. The next document is a copy of the Ansbacher sub-company account, the one that was referred to by Mr. Traynor in his letter to Mr. Furze.

A. The no. 2 account.

Q. Yes. And that shows I don't know if you have a hard copy, if it shows it very well but I think you will see about eight or maybe seven or eight transactions down from the top of the page on the 26th November 1992, a debit from that account of £108,017.69, do you see that?

A. I do indeed, yes.

Q. And that presumably reflects the internal bank document we just mentioned and the instruction contained in the letter from Mr. Traynor?

A. It does because we see it has the same contract number 123005.

Q. Precisely. At least it reflects part of the instruction given by Mr. Traynor the part that directed IIB to debit the Ansbacher sub-company account?

A. That's the debit side of the transaction, yes.

Q. Right. Now, document no. 6 is a statement of the Hamilton Ross & Company account with Irish Intercontinental Bank.

And you will see that there is a reference to the same dealing ticket number 123005 with respect to a lodgement on the 26th November 1992 of œ108,017.69. Do you see that?

A. That's the credit side of the transaction.

Q. So that is completely, if you like, the two phases of the instruction given by Mr. Traynor?

A. It's the double-sided transaction which one reflects the debit and the other reflects the credit.

Q. Now the next document is document no. 7 and this is a copy of the memorandum accounts, a part of the memorandum accounts which were kept by Mr. Traynor and which were actually filled out or put together by you on his instructions, is that right?

A. I passed the entries over those accounts, yes.

Q. And you will see that there is a credit to that account of œ108,017.69 on the 30th November 1992?

A. That's correct.

Q. And now that is the account which has already been mentioned in evidence here, the S8 account, it was

mentioned in connection with the €80,000 cheque made out to cash which was lodged to Kentford?

A. That was my evidence on the last day, yes.

Q. And you passed the entries in relation to the €84,800 sterling credit to that account as well, isn't that right?

A. I believe I would have in the normal course of what I was doing with Mr. Traynor, yes.

Q. Now, since you gave that evidence, the other information I have put to you, some of it, has come to hand. Again perhaps you will confirm that the S8 account is the account that you associate with Mr. Charles Haughey?

A. It is the account to which the payments were made out to Mr. Stakelum which in turn, I believe, went to Mr. Haughey.

Q. Now can we now just go back for a moment to document no. 3. As we mentioned, that's an instruction by Mr. Traynor to IIB to debit the Ansbacher sub-company account and to credit that amount to the Hamilton Ross account 02/01345/81?

A. That's correct.

Q. Now that's the copy, that's a photocopy of the letter that was sent to IIB. Am I right in saying that in order for you to make an adjustment or to pass an entry over the S8 account, you would have had to have an instruction from Mr. Traynor as well?

A. That's correct. As I said, I think it was in the McCracken Tribunal and it would have been in evidence there that such letters would have been written to IIB and then

on the bottom of them would have been instructions, "Credit S8".

Q. Now the wording "Credit S8" would not obviously have been contained on the letter or the original sent to IIB?

A. Absolutely not.

Q. The words "Credit S8" would only appear on the copy which would be retained and left for your attention when you come in perhaps once a week or whatever to pass the entries?

A. That was the case and that was my evidence in the McCracken Tribunal, yes.

Q. So you wouldn't have got this document but the copy document with the additional instruction on it to you to credit S8?

A. That's correct.

Q. Now from the fact that the facsimile transmission to Mr. Furze on the 2nd November 1992 referred to two transactions, both of which were connected with Celtic Helicopters and both of which involved debits from the Ansbacher sub-company account, can we take it can we take it that these transactions are connected and that the œ100,000 to arrive in Zurich is one side of the transaction whereby you passed an entry of œ100,000, of something in the order of œ100,000 over the S8 account?

A. It would appear from the evidence that's in front of us that there was an amount of somewhere in the region of œ100,000-odd due to be received in Zurich by some manner or means. From the evidence here, it appears that this

€100,000 that's referred to ties in with the instructions by Mr. Murphy to send €100,000 to Ansbacher account in Zurich. So that there was an expectation that there was €100,000 being received in Zurich and the fact that this was in that particular file then, that this €100,000 there refers to the €100,000 from Mr. Murphy.

Q. So that the €100,000, if you like, expected in Zurich and to the credit of whatever account it was going to be put to in Zurich, is the other side of the transaction whereby a €100,000, STG €108 in fact was credited to the S8 account?

A. It appears that that is the case, yes.

Q. And in the fax that was sent from Dublin to the Cayman Islands for the attention of Mr. Furze, what Mr. Traynor said was, "There is a further amount in the order of €100,000 to arrive in Zurich this week" can you say, from your knowledge, whether given the exchange rate that applied to the €52,500 sterling transaction, the €108,017.69 is the kind of money or within the range of exchange rates that you might have got for a €100,000 Irish at that time?

A. The letter from Mr. Traynor on the 2nd November and the letter from Mr. Murphy is the 4th November, so they are within a couple of days of each other, and the exchange of the €52,500 was in the middle of those two days which was the 3rd November so and you will know the exchange rate there used was 1.1045, and if you look at the €100,000 and connected the IR €108,000 our Irish pound was stronger then

than sterling, it is in a range of that magnitude.

Q. Thank you very much.

MR. CONNOLLY: I would like to reserve our position to a later date if we have any questions. I just received this material this morning.

CHAIRMAN: All right, Mr. Connolly. Anybody else has any questions to address to Mr. Collery at this particular point? Very good, Mr. Collery. Thank you.

Just one point in conclusion, Mr. Collery. From your knowledge and working relations and association with the late Mr. Des Traynor, was his death a sudden affair or was it a question of his having relapsed into illness for some period prior to his death?

A. No, it was a very sudden affair. I believe he died in his sleep, Sir.

CHAIRMAN: Yes. To best of your recollection, did he continue to act on behalf of certain clients in the manner described during the early months of 1992?

A. I believe he did, Sir.

CHAIRMAN: Thank you very much.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Mr. Conor Haughey, please.

CONOR HAUGHEY, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS

BY MR. COUGHLAN:

CHAIRMAN: Thank you for your attendance, Mr. Haughey.

Please sit down.

Q. MR. COUGHLAN: Thank you, Mr. Haughey. I think, Mr. Haughey, you have provided a statement?

A. That's correct.

Q. For the assistance of the Tribunal. Do you have it with you?

A. I have.

Q. For your assistance. And I think in the statement you refer it as being a letter from Larchfield Securities to Celtic Helicopters dated the 14th November 1996?

A. February.

Q. Sorry, 14th of February, I beg your pardon. Absolutely right. And I think you informed the Tribunal that you refer to the above letter dated the 14th of February of 1996 and you appended a copy of the statement, of the letter to your statement for ease of reference, isn't that correct?

A. That's correct.

Q. I think you have informed the Tribunal that "I can hardly remember signing this letter but I accept that I did sign it" and you confirm that it is your signature?

A. That's correct.

Q. I think you informed the Tribunal that your brother Ciaran had told you it was signed at your house in Kinsealy and

you accept that but you have no particular recollection of where it was signed?

A. That's correct.

Q. And you have informed the Tribunal on looking at this letter you are sure you did not type it and therefore it must have been given to you to be completed for your signature?

A. That's correct.

Q. And you have informed the Tribunal as to the contents of the letter, even at this stage you are not aware of its purpose and you are not aware as to why it was phrased in the way it was?

A. That's correct.

Q. And that looking back you would have assumed that your brother Ciaran would not ask you to sign a document without having taken professional advice in relation to it and you would have signed it on that basis?

A. That's correct.

Q. And the letter itself, you have a copy on the monitor there. Just to confirm, it is the letter from Larchfield Securities, Kinsealy, County Dublin and it is addressed to the directors, Celtic Helicopters Limited, at the registered offices of Celtic Helicopters, it is dated 14th of February of 1996. "Dear Sirs, we refer to a loan in the amount of €290,329 which we advanced to the company in 1991. We would now give irrevocable instruction that the loan be converted into preference share capital as soon as

possible. Yours faithfully, for and behalf of Larchfield,

Conor Haughey." Is that correct?

A. That's the letter, yeah.

Q. Can I just ask you, Larchfield Securities wasn't a trading company, it wasn't buying and selling things and it wasn't providing services?

A. No.

Q. It was purely a family holding company, isn't that correct?

A. That's correct, yes.

Q. And can I take it that while you were a shareholder and director in the company, that a matter of this nature would very understandably be done informally, there wouldn't be a formal sitting around the table of a board of directors or anything like that?

A. That's correct, yes.

Q. Your brother Ciaran came to you as a director and probably informed you that this type of documentation was necessary for a purpose, isn't that correct?

A. That's right.

Q. On that basis you would understandably accept his word about that sort of thing?

A. I accept his word and I would accept that he had got advice on it, yes.

Q. Yes. But you accept, and on that basis you would sign it?

A. That's correct.

Q. It wouldn't be like some big company where directors would be sitting around and having a discussion about things and

anything of that nature?

A. No, no.

Q. And can I take it that as you have said in your evidence, at the time you signed it and even now, you really don't know what it relates to, would that be

A. That would be right, yes.

Q. You didn't know anything about loans or shares or anything like that?

A. No.

Q. And can I take it that you know that Mr. Ciaran Ryan, an accountant, was appointed by the company to make certain tax returns for subsequent years?

A. That's right, I'm aware of that, yes.

Q. I think you are aware that to do that, he had to look for documentation and books and talk to everyone involved in the company, isn't that correct?

A. That's correct.

Q. And I think he has informed the Tribunal that in relation to the activity of the company, that you and the other directors, the other children, you knew very little about the company's affairs, would that be correct?

A. That would be correct.

Q. And when it came to well, for example, did there were shares held in Celtic Helicopters by Larchfield Securities from day one, from the beginning of the company you can take it that that's a fact?

A. OK.

Q. There is no great difficulty about it. Can I take it you weren't really aware of that?

A. No, I wasn't aware.

Q. And as far as you know, would you agree with Mr. Ryan that there was no bank account kept for Larchfield Securities, the company?

A. That's right. I agree with Mr. Ryan.

Q. So that in the purchase of the initial shares in Celtic Helicopters, it didn't come out of any bank account in Larchfield Securities; would that be fair to say?

A. No, it wouldn't have.

Q. And Larchfield Securities didn't have any money per se for the purchase of shares?

A. No.

Q. And Mr. Ryan has informed us that when he discussed this matter with your father, your father told him to put it down to him?

A. That's correct.

Q. And we also know that sometime later there was some shares held by a Mr. Cruse-Moss which were purchased in by Larchfield sorry, Mr. Cruse-Moss' shares in Celtic Helicopters were purchased by Larchfield, again can I take it you didn't know anything really about that?

A. No.

Q. I think that's in 1990. And again, the same situation applied, there was no bank account, there was no money, so the purchase of the shares had to be done by somebody else,

the money had to come from somewhere else?

A. I presume so.

Q. Yes. Again, Mr. Ryan has told us and would you agree that when he discussed this matter with your father, your father said to put that down to him, would that be

A. That's right, yes.

Q. And can I take it that as you have already told us, you didn't know anything about a loan of €290,000-odd or anything to do with 7 percent preference shares or anything like that in Celtic Helicopters?

A. No, no.

Q. And you never were sorry, you don't know anything about any trust documents or anything of that nature?

A. No.

Q. And can I take it that as one would readily understand in a small family holding company, not trading, like this, that would you have relied on advisers in relation to the signing of any documents?

A. Certainly, yes.

Q. And we know that Larchfield Securities also owns, legally owns Inishvickillaun, Wexford, property in Sligo, Celtic Mist?

A. That's correct, yes.

Q. And when it came to any expenditures on behalf of these, can I take it that this wasn't done by Larchfield Securities because it didn't have any money?

A. No, it wasn't.

Q. And again would that be put down to your father as well?

A. Yes.

Q. And can I take it that in reality, as far as you were concerned it was your father dealt with these matters?

A. Yes.

Q. As regards Larchfield Securities?

A. Yes.

Q. Yes. Would that be so up to this day even?

A. Well when Mr. Ryan took over he all the directors met with Mr. Ryan after he had done his research and he brought us up to speed with exactly what the position was with the company, and since that day the directors would be taking a more active interest.

Q. Mr. Ryan was able to point out what your responsibilities, what you should be doing, isn't that correct?

A. And informed us what exactly the situation was in the company.

Q. Yes. And again, like I said on previous occasions, for the signing of documents you have been relying perhaps on professional advisers to keep you right on that sort of thing?

A. Absolutely.

Q. Mr. Ryan was keeping you absolutely right on the proper structure of a company now, isn't that correct?

A. Yes.

Q. Thank you very much, Mr. Haughey.

CHAIRMAN: Nothing, I take it, Mr. Quinn? Mr. O'Donnell?

MR. O'DONNELL: May be just one question, if I could ask

Mr. Haughey to clear this up.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. O'DONNELL:

Q. Mr. Haughey, just in reply to Mr. Coughlan when you were dealing with the question of expenditures on the Larchfield properties, you can recall that?

A. Yes.

Q. Could I just ask you just to clarify this issue, in relation say to expenditures on the boat for example, the routine, say, provisioning of the boat or matters of that nature, who would have dealt with those?

A. That would be paid by family members and friends of family as they were using the boat. They would have contributed towards the expenses on the boat.

Q. Sort of an informal thing?

A. Informal manner.

Q. These are very small amounts we are talking about?

A. Yes.

Q. I just wanted to clarify that.

CHAIRMAN: Thank you very much for your attendance, Mr. Haughey.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Mr. Sean Haughey, please.

SEAN HAUGHEY, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS BY

MR. COUGHLAN:

CHAIRMAN: Thank you, Mr. Haughey, please sit down.

Q. MR. COUGHLAN: Thank you very much, Mr. Haughey. I think you have provided the Tribunal with a statement for its assistance, isn't that correct?

A. Yes.

Q. Do you have a copy of that statement with you?

A. I do.

Q. Now I think, Mr. Haughey, that you have informed the Tribunal and I think your statement specifically deals with a minute of a meeting of the directors of Larchfield Securities which you signed, isn't that correct?

A. Yes.

Q. I think you informed the Tribunal "I confirm this meeting took place at Abbeville, Kinsealy, County Dublin 21, of March 1996 as dated in the minute or around that time. I append a photocopy of the minute for ease of reference. Conor Haughey, Ciaran Haughey and I, Sean Haughey, were present at the meeting. There was a degree of informality about the proceedings and I do not want to create - there was a formal structure in relation to chairman, secretary etc." I think that's perfectly understandable, Mr.

Haughey.

A. Yes.

Q. "Ciaran gave me the minute and asked me sign it. I would

have glanced at it and assumed Ciaran had taken professional advice on the contents of the minute and it was on that basis that I signed it as chairman and handed it back to Ciaran. Given that I only glanced at the minute, I have no real understanding of its contents and still do not fully comprehend it to this day." And you signed the statement to the Tribunal.

Now, I think there has been evidence in relation to this particular minute that this was, in fact, prepared by professional advisers, I think Messrs. Deloitte and Touche?

A. Yes, that would be my understanding also.

Q. I think there has been evidence to that effect. And that that was one of the necessary documents to give effect to something else that was transpiring within Celtic Helicopters?

A. Yes.

Q. And I think the evidence was that it would have been given to your brother Ciaran and that there was understandably so an informal enough meeting and you were asked to sign the minute for it on behalf of Larchfield Securities?

A. Yes.

Q. Can I take it, Mr. Haughey, that you would be in agreement with the evidence of your brother Conor which he has just given that in relation to Larchfield Securities, this wasn't a trading company, wasn't buying and selling things, it wasn't providing services?

A. Yes, I agree with that.

Q. And that it didn't have a bank account or money in it's own right?

A. I agree with that also.

Q. Would you agree with your brother, that in relation to the matters I have discussed with him; the purchase of the shares in Celtic Helicopters, initially the purchasing of Mr. Cruse-Moss's shares, that that was in fact left to your father; is that correct?

A. I assume so.

Q. Yes; and can I take it that again, you wouldn't have known anything yourself about a loan of €290,000-odd or anything to do with preference shares in Celtic Helicopters?

A. That's correct.

Q. Yes; and can I also take it that, as your brother has told us, that in relation to general expenditures and in respect of other assets of Larchfield Securities, such as Inishvickillaun and Wexford and Sligo, Celtic Mist, that sort of thing, again the expenditures weren't made by Larchfield Securities; would that be fair to say?

A. That's correct.

Q. And as Mr. Ryan has told us about the purchase of the various shares that your father told him to put it down to him, would that be your understanding of matters as well?

A. Yes.

Q. Can I ask you, because you and understandably, wouldn't have known anything about the, any suggested loan or preference shares or anything like that attributable to

Celtic Helicopters; did you ever know anything about Mr. McAuliffe or Mr. Butler, Mr. Murphy or Mr. Byrne, in the context of investing in Celtic Helicopters at that time?

A. No.

Q. Right. Thank you very much indeed Mr. Haughey.

A. Thank you.

CHAIRMAN: Mr. O'Connell?

MR. O'DONNELL: No questions.

CHAIRMAN: Thank you very much Mr. Haughey for your attendance.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Sir, as I indicated earlier, the Tribunal would be discontinuing oral hearings at some stage today to continue the investigative phase of its work and we have arrived at that stage now sir.

CHAIRMAN: Yes. Very good Mr. Coughlan, whilst of course the nature of my function as Chairman is that I remain at some distance from the investigative process, whilst having a general notion of the evidence to be led. I must of course base my report only on the testimony that is given in this hall. I'm aware that matters have broken very suddenly as regards this particular phase of the investigation, not only for the Tribunal team but for other sets of legal parties, representing clients involved in

these matters.

I think it is appropriate in these circumstances, because of the considerable work that needs to be done, prior to resumption next week on all sides. Then accordingly now, I will adjourn until Tuesday at 10.30. Thank you very much.

THE HEARING THEN ADJOURNED TO TUESDAY, 16TH FEBRUARY, 1999

AT 10.30 AM.