

THE HEARING RESUMED ON THE 19TH MAY, 1999, AT 10:30 A.M. AS

FOLLOWS:

CHAIRMAN: Good morning.

MR. HEALY: Yes, sir. Ms. Assumpta Reid.

ASSUMPTA REID, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS

BY MR. HEALY:

Q. MR. HEALY: Ms. Reid, you are an official of the Bank of Ireland, isn't that right?

A. That's true.

Q. And I think you are attached to what's known as the Operation Centre, Cabinteely?

A. That's true.

Q. And your status is that of a manager responsible for what's called "item processing"?

A. Yes, that is true.

Q. Now, you have provided a statement to the bank's legal advisers, and that's been furnished to the Tribunal. If I just take you through that first, it is a very short statement. Do you have a copy of it with you there?

A. I don't, no. (Document handed to witness). Thank you.

Q. You say that you received a request to identify the account at the Rotunda branch from which the sum of €150,000 was debited, in or around the end of December, beginning of January 1979. For credit of an account at Guinness & Mahon. Could I just ask you to look at that for a moment

and let me know whether there is a typographical error in it. It refers to end of December, beginning of January '79; should that read end of December '79, beginning of January 1980?

A. Yes it should, yes.

Q. You say that Bank of Ireland Operation Centre holds no copy, either paper or microfilm, of any item providing the information requested. Microfilm and paper items for the year 1979 no longer exist. Now, are you familiar with the bank's information retention policy?

A. I am, yes.

Q. And you heard Mr. Grehan give some evidence about it yesterday, were you here when he was giving evidence?

A. I wasn't, no.

Q. I think what he said in general is that the bank destroyed items after six years; is that correct?

A. Destroy items after three years, that's paper items after three years.

Q. Yes.

A. That's the bank policy.

Q. What happens to the contents of those paper items, are they converted into some electronic form or are they microfiched or what?

A. The electronic data is dumped on to microfiche which is held for 15 years. Microfilm is held for six years, and the bank policy is to hold it for ten years, and the paper documents which are the originals are held for three years.

Q. Right. So if I wanted to obtain information concerning an account in the Rotunda branch, unless I could find a paper document you are saying there would be no electronic record of it for 1979?

A. That's correct.

Q. Or 1980?

A. That's correct.

Q. And is this policy or is there a system in place whereby this policy is put into effect relentlessly or do documents slip through, do microfiche records slip through? Is it possible, in other words, if you looked you might find records relevant to this particular period?

A. In relation to the paper items and to the actual microfiche and microfilm, it is pursued relentlessly, we have a policy where we actually have cleared the items out in agreement with the policy that we apply in the bank.

Q. Mr. Grehan in his evidence yesterday, said that the bank or the branches would have a list of or a record of customers they had at any one time, including in 1979. Now Mr. Grehan is here, maybe he can deal this, but he lead the Tribunal to believe that you would know more about this matter than he did. Do you know whether that's, would be a possible source of information for the Tribunal?

A. The information in relation to accounts held on microfiche, that would be the only available evidence of the accounts that would have been held in branches at any particular time and that is destroyed after 15 years. The bank holds

no records prior to 1983 on microfiche.

Q. So it wouldn't have a record or list of customers of 1979 at a particular branch, there would be no such list?

A. There is no such list.

Q. And no such list could be generated?

A. No such list could be generated, the information no longer exists.

Q. Can you just help me so that I can understand the way this system works; if I had an account with Guinness & Mahon going back to 1979 at the Rotunda branch and that was a live account in the sense that there was money in the account, it was a deposit account for instance, but there had been no activity on the account between 1979 and today, how would the record of the account be kept? What would happen to it after six years? What would happen to it in 1985 for instance?

A. It would be, that's not my expertise, I couldn't tell you that in relation to the actual updating of dormant accounts, I don't know.

Q. But is there a system for updating dormant accounts?

A. The computerised system updates dormant accounts and they are thrown on to branch ledger fiches.

Q. Was there a computerised system in 1979?

A. There was, yes.

Q. So do I take it that if there was an account which is dormant from '79 to '85, the computer would update it in 1985 and the record of the account would then begin again

in 1985 and go on to '91, is that right?

A. That's true.

Q. Would that happen for every account, that every account would cease to exist in, that any record of an account would cease to exist after six years and it would be updated and converted into a new record commencing at that date?

A. I am not really in a position to tell that you information, I don't know.

Q. Is there anybody in the bank who would be in a position to tell me this; you appreciate this a fairly important inquiry from the Tribunal's point of view? Is there somebody in the bank who could inform the Tribunal how the bank keeps or deals with records from 20 years ago, in the case of a live account we will say?

A. The information that the bank, yes there is people who would actually be able to give you a definitive statement in relation to how they update accounts on a regular basis.

Q. Who are those people, what section of the bank is that?

A. Who, the information technology department.

Q. Right. Just so that you won't have to be called back as a witness, can you tell me whether you have or can provide any assistance to the Tribunal in relation to the following query; if the bank wished to know how a person's account was operated beyond any period of six years in the past have they anyway at all of finding out?

A. I do not know.

Q. If somebody for instance was even making a complaint about interest or something and it went back beyond six years, is there anyway it could be checked out, responded to or recorded?

A. We hold information back to 15 years on microfiche.

Q. But beyond that you don't?

A. Beyond that we don't.

Q. And the information that is held back for 15 years, is that all of the information pertaining to an account?

A. Yes.

Q. Does that mean the bank statement, the bank statement in relation to the account?

A. At ledger fiches, yes.

Q. Does it include backing documents in relation to the account, does it include microfiches in relation to the cheques?

A. Microfiche is held for ten years, microfilm is held for ten years microfilm is held for 15.

Q. All right. I may have been using those words interchangeably, perhaps could you clarify for me the difference between documents held on microfilm and microfiche?

A. Microfiche is, would give you an exact copy of the actual ledger balances on a day-to-day basis. Microfilm is a copy of the actual original documentation, of the document as it has been processed through the centralised operational areas.

Q. Is microfilm converted on to microfiche eventually?

A. No it is not.

Q. They are totally separate?

A. They are totally separate.

Q. So that I can understand this again; if I take an account beginning in 1979, after six years the documentation in relation to that account is converted on to some kind of archival or historical form, microfiche or microfilm or both, is that right?

A. It is actually converted much sooner than that. It is put on to, just take today as an example, we convert within 24-hours the information off the centralised computerised system on to microfiche and the documentation that we process is put on microfilm.

Q. I see. And you retain that in the case of the microfilm for ten years and in the case of the microfiche for 15?

A. For 15. Yes.

Q. So that 1979 documentation therefore would exist on microfilm until '89 and on microfiche until '94?

A. Well, we have microfiche dating back to 1983.

Q. How does that happen, how did that come to happen if there is a 15 year destruction policy?

A. That's what's in our store at the present time, it is 1983.

Q. That's 16 years ago, is that right?

A. Yes.

Q. Well, what will happen to that documentation?

A. It will be destroyed.

Q. Well, when you say "it will be destroyed", when will it be destroyed or how? It is beyond the 15 year period, isn't it, if it is 1983?

A. It is systematically destroyed on a rota basis, on a six monthly basis we destroy it.

Q. Are you saying you haven't got around to destroying all the 1983 documentation yet?

A. At the point we looked it hadn't been destroyed, it was scheduled for destruction.

Q. I see. Again in general, in relation to this, this information processing system, can you just tell me whether you would therefore have accounts in relation to 1984 or have records in relation to 1984, you would have some records for 1984 in relation to

A. Yes, we have microfiche relating to 1984.

Q. But not microfilm?

A. Not microfilm.

Q. Do you know what the earliest microfilm you have is?

A. It is June 1988.

Q. Thanks very much.

THE WITNESS WAS THEN CROSS-EXAMINED BY MR. CONNOLLY AS FOLLOWS:

Q. MR. CONNOLLY: Chairman, just one or two matters, if I may.

I want to ask you some questions on behalf of the Revenue

Commissioners, just in relation to your practice in keeping documents.

If I understand correctly the answers you have given to Mr. Healy for the Tribunal, the microfiche contains copies of the ledger which is an abstract of other pieces of information; is that correct?

A. That's correct.

Q. What becomes of correspondence, is that summarised into ledger form and then put on to microfiche?

A. I don't know.

Q. Well

A. Correspondence in what context?

Q. Correspondence with the customer yeah, in relation to their account or their business with the bank, is that paper documents you told us are destroyed after ten years, three years, I beg your pardon. Paper is destroyed after three years, but is the correspondence dealt with in some way, summarised into a ledger form in some way?

A. I work in the Operation Centre, and the relationship between the branch and the customer I am not aware

Q. All right. Who would be able to answer that for us as to what happens to correspondence?

A. The Branch Manager.

Q. The individual Branch Manager?

A. The individual Branch Manager.

Q. And the computer software in an individual branch, that provides the information that goes ultimately onto the

microfiche or the microfilm, is that erased on a day-by-day
once it is put into microfiche or microfilm fill?

A. As it is put on to microfiche it is erased.

Q. And is the microfiche or microfilm, are all these
facilities available in individual branches or do they have
to make contact with you centrally to have access to the
information?

A. There is a master copy kept centrally of the microfiche,
individual branches would have their own copy.

Q. I see.

A. Microfilm is held centrally.

Q. All right. Thank you very much.

CHAIRMAN: Thank you for your attendance Ms. Reid.

THE WITNESS THEN WITHDREW

MR. HEALY: Mr. Grehan.

CHAIRMAN: He doesn't seem to be in attendance.

MR. HEALY: He just stepped out for a moment sir.

CHAIRMAN: We better press on with something else.

MR. HEALY: I think it will mean, sir, that we will be
taking the evidence hopelessly out of sequence. This
evidence is directly related to the last witness, and if
fact there is a correction due on this witness' evidence
from yesterday.

MOP: He just stepped out for a moment, if I can just go

and

CHAIRMAN: Very good. Thank you, you are already sworn.

GERRY GREHAN, HAVING BEEN PREVIOUSLY, SWORN WAS EXAMINED BY

MR. HEALY AS FOLLOWS:

Q. MR. HEALY: Mr. Grehan, you remember giving evidence yesterday concerning your knowledge of records in your branch, the Rotunda branch, and I think one of the last questions I asked you was, whether you could have or would have a list or some way of compiling a list of account holders of your branch for 1979, and your response was that to the best of your knowledge, you would have, meaning that the branch would have, such a list. Now, what I am trying to establish is, having regard to the evidence of the last witness, is how that type of list would be compiled?

A. Firstly just let me clarify; yesterday I mistakenly presumed we would have that list for 1979. When I checked, that list goes back, as we have heard, earlier for 15 years, and I apologise if I confused the issue.

Q. So the list you have goes back 15 years, you know at least who was a customer of the branch 15 years ago?

A. Correct.

Q. Is it possible, in fact, you might know who was a customer of the branch up to 16 years ago having regard to the evidence of the last witness?

A. I am not in a position to clarify that, but listening to the last witness that may be the case.

Q. And would that list tell you what customers were long standing customers of the branch at that time?

A. No, it would be merely a list of the names of account holders at that point.

Q. And their addresses, obviously?

A. And their addresses. I presume the address would be there as well, as indeed would there balance at that point.

Q. Would it be possible to know from those records whether the customers were new customers in that year for instance?

A. No, it would not be possible.

Q. Do the records not indicate at any one time whether a person is a news customer or old customer or what? Is there any record at the bank which indicates whether a customer is a new customer or long customer?

A. To the best of my knowledge that particular document we are talking about would not indicate.

Q. Is there no document that indicates the length of time a person has been a customer of the branch?

A. To the best of my knowledge there is no formal document that does that.

Q. So unless somebody in the branch remembers it or unless the person himself, unless someone in the branch remembers it, only an account holder will know how long he has been a customer of the branch?

A. Yes, in terms of formal records that would be the case.

Q. Could I just ask you about how you deal with correspondence. You may recall Mr. Connolly was asking the last witness about how files are dealt with; I presume the branch hold a file in relation to customers where a customer's account generates correspondence?

A. That's correct.

Q. What happens to that correspondence?

A. Again, I this was not a brief that I was given when we were

Q. But you are the manager of the bank?

A. I am, but let me clarify that; I have just returned to branch banking, I have been five years out of the system. Just this week I am taking up the position, so that does make it a little bit awkward to answer some of the questions.

Q. But when did you take up the position, Mr. Grehan?

A. Taken up the position this week.

Q. So you weren't the manager last week?

A. I was appointed to the job three weeks ago and the document that came to the bank said that the present manager would need to sign it and that's how I came to sign the letter that was requesting information.

Q. But were you the person who actually conducted the searches?

A. Somebody on my staff conducted the searches on my behalf.

Q. On your behalf?

A. Correct.

Q. On your direction?

A. Yes.

Q. You told somebody to conduct the searches?

A. Correct.

Q. When were those searches conducted?

A. They were conducted within the last two weeks.

Q. Did you ask the previous manager whether he had any information that would be of assistance to the bank in relation to this matter?

A. I did.

Q. Who was that?

A. Pascal Delahunty.

Q. Right. And do you know who the manager was in 1979 or is he still with the bank or has he retired?

A. I am not sure who the manager was in 1979.

Q. At this moment you don't know how the branch deals with files of correspondence, you don't know if they are destroyed or kept in the branch according to some branch policy as opposed to some bank policy?

A. I am generally familiar with the way that we deal with files, relevant correspondence would be kept on file. I am not quite sure of the retention period, to the best of my knowledge that is ten years.

Q. So you physically keep records for ten years, the physical file?

A. Yes that's, that is my understanding at this point.

Q. I think there is some degree of confusion that's going to

have to be clarified, I don't know if you are the person to clarify it. What the Tribunal needs to know, I am sure you will appreciate it is a fairly important matter from the point of view of the inquiry. The Tribunal needs to know what has happened to any physical document in the bank in 1979 and 1980?

A. Yes, I appreciate that.

Q. But you don't know to this day, you don't know today whether any bank official, if he came into your branch and sought to destroy a document that was more than three years old, you don't know whether he would be working in accordance with bank policy or not?

A. I would have a general understanding of the bank policy in this matter, and the ten years rule is the one that I would be focusing on.

Q. So does that mean that a file of correspondence in relation to a customer would be examined every ten years and destroyed?

A. That is the theory, in practice I am not quite sure how it would actually happen.

Q. If it is destroyed, if it is destroyed are the documents photographed or filmed, or as Mr. Connolly said is there any record kept of them?

A. To the best of my knowledge there is no record kept.

Q. They are simply destroyed?

A. Correct.

Q. The file is taken out, it needn't be opened in fact, as

long as you are satisfied it was ten years old you can throw it into a shredder?

A. You may appreciate there may be documents that are not ten years old.

Q. Of course; you are satisfied all the documents are ten years old, the content of the document is irrelevant, simply the age?

A. Again I would need clarification on that, but that is my understanding.

Q. Okay. Now have you ever been involved in the destruction of documents like this?

A. I haven't.

Q. In all your time at the bank?

A. Correct.

Q. Who does it, who carries it out in the branch?

A. I am not quite sure.

Q. Do you allow people from other branches to come in and examine the files and check them to see what the dates of the documents are?

A. There will be other areas of the bank which will support us in that.

Q. Just so you understand, Mr. Grehan, what the Tribunal needs to know; it needs to know what documents the bank holds or how the bank knows what documents it holds, how does the bank destroy documents? Let me give you an example. If the bank has a letter dated the 1st of December of 1979 and it refers to a letter of the 1st of December of 1978,

obviously one document can't be understood without the other?

A. Yes.

Q. The Tribunal needs to know to that extent and that level of detail, how documents are destroyed in the bank and what records is kept of them, so I am sure you can put in train the, from your new position the appropriate searches and in due course you can come back?

A. Yes, if we can get clarification on that because there are many areas in the bank involved; I think that we can carry out the research and give you documentation to clarify that.

Q. I think if you, I am sure you will be able to get, and if not you can get a transcript of today's proceedings and you will see the questions the Tribunal is trying to get the answers to.

A. I will be very happy to do that.

Q. Thank you very much.

MR. CONNOLLY: No questions Chairman.

CHAIRMAN: Thank you.

THE WITNESS THEN WITHDREW

MR. HEALY: Mr. John Hickey.

MR. HARDIMAN: Mr. Chairman, I appear for ACC Bank PLC, of which bank Mr. Hickey is a former Chief Executive. I appear with Mr. Martin Hayden, instructed by Thomas

Courtney. I would like to seek limited representation for the witness, hearing and witnessing this witness' evidence and any other from the bank.

CHAIRMAN: Thank you, Mr. Hardiman. I accede to that application on the same basis as I had indicated to similar previous applications.

MR. HARDIMAN: Thank you Mr. Chairman.

JOHN HICKEY, HAVING BEEN SWORN WAS EXAMINED, AS FOLLOWS BY

MR. HEALY:

A. John Hickey.

Q. MR. HEALY: Thanks Mr. Hickey. Now, Mr. Hickey you are one of the two members, well now retired members of the staff of ACC Bank PLC as it is now called who have helpfully given statements to the Tribunal, and I should say sir, that the other witness will not be, may not be available for some time. But I think you have, you are familiar with your own Memorandum of Evidence, is that right?

A. That's right.

Q. You may be familiar with Mr. Culligan's as well, is that right?

A. I am, yes.

Q. I think you are familiar with the file so far as it applies to the questions the Tribunal has already asked you to deal with, which deal with the account of Mr. Charles Haughey

with ACC?

A. That's yeah.

Q. I will firstly take you through the Memorandum of Evidence. Have you a copy with you?

A. I have, yeah.

Q. I can give you a copy if you like. You say that you are the retired Deputy Chief Executive of ACC Bank PLC. I presume that when you were the Deputy Chief Executive it was the Agricultural Credit Corporation, it wasn't a PLC?

A. It became a PLC just before I left.

Q. I see. You say you were the Deputy Chief Executive from 1981 to 1991, since which time you have retired?

A. That's right.

Q. You say you are generally familiar with the loan account and records of dealings with Mr. Charles J. Haughey, although naturally your recollection is not vivid due to the passage of time since some of the material events?

A. Correct.

Q. You say that you did not personally sanction any stocking loan to Mr. Haughey but you were familiar with the bank's file dealing with that loan?

A. That's right, yes.

Q. You say that the file was entrusted to you by the Chief Executive for the purpose of confidentiality, as it was felt, and you understood and appreciated, that its presence among other files of borrowers in general made it vulnerable to casual exposure and curiosity, given the name

of the borrower, where most other borrowers names would not attract any particular curiosity among bank staff, is that right?

A. That's correct, yes.

Q. Now, you say that the file shows that Mr. Haughey's land stock and agricultural facility was inspected by James Trehy in June of 1976 and that that inspection had validated Mr. Haughey's farming activity?

A. That's correct.

Q. In other words in response to an application for credit an inspection is carried out and the credit application is considered on that basis?

A. Absolutely, yes.

Q. And perhaps at this point it might be no harm to mention a reference to a stocking loan and a reference to a loan to effectively acquire stock over one particularly farming year, isn't that right?

A. That's correct, usually this case included cattle and bloodstock.

Q. Right. "The bank acquired a floating chattel mortgage on the 2nd of July, 1976, for all present and future advances following on the report of the bank's inspector, and that chattel mortgage was dually registered and remained effective thereafter". You say that you cannot comment on the fact of registration of subsequent chattel mortgages, except to say that the bank's file discloses a pre-existing registered chattel mortgage for present and future

advances.

You say that it was not at any time with which you were familiar with, the policy or practice of ACC Bank to ascertain or verify the nature or expenditure of funds lent under a budget or seasonal loan, so that once the loan was made you didn't go out to check that the stock or more stock were purchased or whatever after each loan was granted and paid down?

A. It wasn't the policy of the board to inspect after the issue of the loan, particularly seasonal or budgeted loan. For the very simple reason that we hadn't the staff to be following up that, that is what they call "controlled credit", "supervised credit", and as far as I am aware the only place that that takes place is in the United States where, which can afford such staffing levels and such supervision, and I was there myself in 1966 and I studied the system, and there is an organisation called Farm Home Administration which is a subsidiary of the Department of Agriculture in the United States, and they have supervised credit to rural dwellers and farm holders who have a possibility of reaching viability through subsidised credit and long periods of repayment, hopefully that they will then go on to private lenders or farm credit administration commercial rates. But there is no country in Europe, to my knowledge, or in the world other than that system, that has supervised credit.

Q. So there was nothing unusual in the fact that the initial validation information having occurred, there were no further validation inspections, nothing unusual in that?

A. There is nothing unusual. In this particular case, Mr. Haughey's case, his repayment record over the period that I certainly was dealing with it, way back to 1979, his repayment record was absolutely first class.

Q. It was always on time?

A. He paid everything. He never sought or alluded to a reduction in interest rates, or a write-off of any description, and if you look at the profile of all the loans, as I have to do in making the decision, or whoever was making the particular decision, you will see that every single penny that was due, and in one case where there was a delay in payment we overcharged him and this it just shows the profile as being a very, very good borrower, and he honoured his commitments.

Q. Just in relation to that validation system, and the fact that it wasn't unusual that there were no further inspections. Is it the case that even if borrowing doubled or trebled there would still be no further inspection, not just in Mr. Haughey's case but anyone? If a person started off in the 30's borrowing œ30,000 for a stocking loan and borrowed a stocking loan every year up to 1990, increasing each year, would there ever be any subsequent inspections?

A. It is possible there would be, if the amount was

significantly higher.

Q. Right.

A. But if you, again if you look at the profile of all his loans you will see that there is only an incremental increase in the amount that he borrowed. I would put that down to higher prices for cattle, inflation. When we were dealing with Mr. Haughey, we were dealing in a highly inflationary atmosphere, economic atmosphere, where inflation went up to 23%, and that is reflected in the percentage interest which was charged. And in one case, in one case, I think it was the last loan he got of 90,000, maybe the second last loan, 19 and a quarter percent was charged, they were the rates, the high teens, the interest rates which were charged in that period.

Q. I see.

A. No, I don't see anything unusual in that.

Q. I am not suggesting there is, I am taking you at face value, there isn't, and you didn't have a system of ever, apart from, as you say, a very unusual increase, one that wasn't in tune with interest rate increases or inflation in money values or whatever over the period, otherwise you wouldn't?

A. We wouldn't be able to do it because we wouldn't have the staff to do it.

Q. Now, you say that the bank's assessment of an individual, of an intended borrower was initially based at the time of the first borrowing on the inspection of the borrowers

part, as was done in this case, the acquisition of security and there after subsequent borrowings or renewal were assessed on the basis of past payment record. You say you were not personally involved in the sanctioned loan to Mr. Haughey. You can see from the bank's files that the loan did not deviate from any general policy and met the banks criteria as follows: Re: Payment capacity as understood at the time. Past repayment records. Purpose of the application and security?

A. That's correct.

Q. You go on to say that; "At all material times the bank's customers accounts were open to view by any of the bank's employees with increasing access, as the bank's records were transferred on to microfiche and screen display and computerisation. This might expose the accounts of any senior manager and other borrowers in the centre or public attention" should that read of public attention?

A. Yes.

Q. "Who might express a need for confidentiality to an unwelcome degree of curiosity, who might express a need for confidentiality, so as to avoid unwelcome curiosity. As a result a number of accounts were kept without the borrower's name attached. The borrower's name could be ascertained with reference to an index accessed only by senior staff. It was not considered to be a privilege position but rather a matter of necessity in the case of the individuals concerned. There were ten borrowers whose

accounts were kept in this manner. I was not aware at the time you say of either the details or the existence of these accounts. There was no difference or distinction between Mr. Haughey's account kept in that fashion and other accounts kept in that manner. The amount borrowed and all financial aspects of the accounts were readily apparent in the bank's ordinary records and were fully scrutinized by the bank's auditors from time to time"?

A. Yes.

Q. Now, just one or two questions about that facility that the bank made available. Was there any borrower from the bank other than a senior manager to whom that facility was extended?

A. Not to my knowledge.

Q. Now, the purpose of the facility, as you say, was to guarantee somebody confidentiality where there might be an unwelcome degree of curiosity regarding their affairs?

A. Yes.

Q. And you felt that there was nothing after all, nothing unlawful in it, as far as you were concerned you were simply guaranteeing confidentiality to somebody in a particular way?

A. Absolutely, yeah, and particularly the fact that the customer concerned had a very high national and international profile, he was Taoiseach of the country as well.

Q. And what you were afraid of was people finding out about

the extent of or the fact of somebody's borrowing?

A. I was afraid of leaks, that's what I was afraid of.

Q. Yes.

A. And that's why the file was entrusted to me by the Chief Executive and it never left my room, the actual file. But

Q. Yes.

A. but the senior management had access to the account, because there was a number, every account in the ACC had a specific account number, just like the bank's and a general ledger accounts number as well. So it was on the introduction of computerisation which would be available to all the staff if names were put on accounts, and it was a practical decision which was taken. Plus the fact that as Taoiseach he asked the Chief Executive for extra confidentiality in relation to his particular loan, and I had no problem about it whatsoever, maybe because it was a handled, the file, and I was the one responsible and held responsible and entrusted with the responsibility to make sure that no leak did occur in relation to this particular account.

Q. You mention that Mr. Haughey had asked the Chief Executive for some particular degree of confidentiality, what are you referring to there? What are you referring to when you say you are aware that Mr. Haughey had asked for a particular degree of confidentiality?

A. Well, I presume what he wanted was to make sure that

somebody was entrusted with the file, like I was the individual who got the file from the Chief Executive, I was handed the file. I said, I was told that that file was to be treated by me and me alone. And that to me is extra confidentiality. Because I held that file for a number of years and it never left my room and I dealt with Mr. Haughey on the phone. If he was late in a payment I wrote to Mr. Haughey, I wrote to Mr. Haughey. And we discussed any problems he may have had in relation to loans, and I made the decision to roll over, particularly the latter, the last loan, to roll it over until the following year, after discussion with him. He may have suggested it, or I may have suggested a method, as long as he paid the interest. And he paid the interest promptly, with the result that I rolled it over into a new loan at whatever the rate, the current rate of interest was at the time. But looking at the profile again, he paid every single penny of interest and he paid every single penny of capital, he never alluded or never requested a write-of of any description.

Q. Could I just ask you to look at one feature of the file, it may be relevant to what you have just mentioned. It is a document mentioned as Document No. 19 on the documents that would have been handed to you. I can let you have a copy of it as well, but it will appear on the monitor. Is there a monitor in front of you there?

A. I think I have it. Yeah, that's the memos, is it?

Q. Yes. You just one of the memos on the file?

A. Yeah.

Q. Now, if we could just pull it down a little bit. It refers to the loan, gives the name of the customer, Mr. Charles J. Haughey, TD, County Dublin. And the first note on the file, do you know whose handwriting that is?

A. Mr. Culligan's.

Q. And he was then the Chief Executive Officer?

A. That's correct, yes.

Q. And this a reference to a telephone call to him, as opposed to you or anyone else?

A. Yes.

Q. Maybe I will just read through it so you will understand what we are talking about.

"Mr. Haughey telephoned yesterday. He said that he is completing and returning the documentation concerning our letter 29th of the 9th, 1981. However, he said that it would be an embarrassment to have the FCM, that's the floating chattel mortgage, registered, as this might attract the attention of media people and lead to undesirable publicity. In the circumstances I agreed not to have the signed chattel mortgage registered. In effect then, we will be relying on Mr. Haughey's personal covenant, in view of his political standing and his excellent repayment record with us, this should be adequate". I presume you were aware of that note on the file?

A. I was aware of it, well naturally subsequent to Mr.

Culligan's telephone call.

Q. Of course, yes. If you had the file, this document must have come on to the file sometime after this telephone call in 1981?

A. Yeah.

Q. So you were aware that Mr. Haughey had asked that his floating chattel mortgage should not be registered. Now, I just want to ask you did the bank afford any other borrowers the facility of not having their chattel mortgages registered?

A. Offhand I cannot answer that honestly. But I can

Q. Well, in your knowledge, are you aware of, that the bank would agree to take a chattel mortgage from somebody and say "look, we won't, we won't register there. We won't rely on it at all. We will just rely on your personal promise to repay"?

A. It is possible. And the best way to explain it is that the board gave Mr. Culligan and gave me, and other people discretionary powers just like a Bank Manager up to a certain limit. My limit was half a million. I could deal with cases up to that figure, and I could, it was my discretion which was passed on by the board that I could amend, change or do anything I wished in relation to the application in front of me. So if there was difficulty, we will say, with the title to lands, we will say just for argument sake, the lands were mortgaged and the borrower

came back to me and said "look, I can't satisfy that within the time. Is there any other way we can look at security?", and I may change the security, but I cannot

Q. Of course?

A. off the top of my head say I can give you a case or a name of a customer.

Q. Of course, any customer might have difficulty with the security he was providing, he might need to change the type of security, he might need to get a bit more time to perfect the security he was providing, but here what the bank were saying was "Look, we are going to make a loan to you". You sent the documentation that the bank would rely on with the loan to Mr. Haughey and Mr. Haughey sent it back and said "Look, I don't want to rely on this security at all"?

A. Yeah.

Q. But not because he had difficulty with the security, not because he had any problem perfecting it, just because he didn't want anyone to know he was borrowing money from you, isn't that right?

A. That's right.

Q. Is that a legitimate reason for relaxing the rules on security? Is that the type of discretion you were normally allowed as a Bank Manager?

A. Let's look at it this way. There were a number of types of security, I may miss one or two out now, but for example on term loans, there would be a land mortgage on the

lands. For the likes of this type of a loan, seasonal or budgeted loan it was repayable within a short period of time. The usual security that we would ask for at that time would be in order to facilitate the borrower and have the capital issued as quickly as possible. We would insist on a floating chattel mortgage, as we did in this particular case. The other one would be a specific chattel mortgage, that would be specific on a particular, we'll say, bloodstock, a sire or something like that, which would be named and valued, so I can't while I know to the best of my knowledge, I cannot recall any other specific case which had a mitigation of the security. But to me, and also I presume to Mr. Culligan who was the then Chief Executive, looking at an application we would take into account No. 1, repayment records.

Q. Yes.

A. That's the No. 1 I take in. Second would be security.

Q. Um um.

A. That has always been the policy, because if a person is credit itself by its definition means there is a certain amount of trust, and therefore if you are not able to trust somebody, that he or she will repay the particular loan, well then you don't issue the loan, but in this case the record of repayment, everything was repaid, it was good. So that was No. 1 in my priority. I never had any doubt, maybe it is because of his position and the assets that he, that I thought he owned at that time, in Kinsealy; I never

had any doubt in my mind but that he would repay the loan, and I also felt that there is another form of security and that is moral responsibility.

Q. Yes.

A. And I felt on his past record that he had the moral responsibility to make sure that that advance would have been repaid and it was.

Q. In your statement, Mr. Hickey, and this is the only reason I am pursuing it with you, you say that you note from the file a pre-existing registered chattel mortgage?

A. Yes.

Q. I take it that after this telephone call between Mr. Culligan and Mr. Haughey, there would be no question of the bank relying on any pre-existing mortgage when they told Mr. Haughey they were not going to rely on it at all?

A. Yeah, well that chattel mortgage that you are referring to was registered in July of 1972 in the Dublin Circuit Court.

Q. Um um.

A. And I am not a lawyer and I haven't a legal mind, but I believed making the decision, in anything in relation to Mr. Haughey, I believed that that chattel mortgage was valid and continuing. That's 1976.

Q. You believed that at the time?

A. I believed that, that's what I believed myself.

Q. Did you say that to Mr. Culligan?

A. I didn't, no. I didn't.

Q. Didn't you think that it was appropriate to say that to Mr.

Culligan that, there was no problem saying we will register your chattel mortgage, we don't have to register that, we have one. Mr. Culligan was clearly under the impression that there was going to be no reliance on a chattel mortgage, isn't that correct, he certainly formed the impression there was no chattel mortgage you could rely on? You didn't think it was appropriate to tell him there was no problem, we already had a chattel mortgage to rely on it?

A. I think if we go back, there was the account was clear at the time and I didn't see any necessity to raise it, there wasn't any reason why I should raise it.

Q. You didn't make any note about it either on the file?

A. No, I didn't, apart from the notes I have made.

Q. The file is very complete. It is like a civil service file, it contains every note of any little relevant conversation, a simple telephone conversation about an address being wrong, it is all noted on the file, every little thing and yet this isn't noted?

A. Well, I suppose I didn't anticipate what was going to happen afterwards, so we were dealing with a man who had a very high public profile and he was a Minister for Health I think at the time and also subsequently he was Taoiseach. I presume you are referring to minutes I made where I noted the timing I got the calls and everything. That was unusual for me, but I realised I was handling a file which, if there was any hint of a leak or anything

like that it would be dynamite.

Q. Were you aware of Mr. Haughey's political position in 1981?

A. I can't recall what it was at that time, it changed so much, so often.

Q. Yes, but I am sure you are aware that, you must be aware that at various times in his career there was much public speculation concerning his finances, isn't that right?

A. Yeah, yeah.

Q. And that obviously was one of the things that was exercising your mind in relation to a leak, quite naturally?

A. Absolutely, yeah, but I go back to his repayment record that I am dealing with, a file, a person, a customer, and I had no reason, if any decision, if I had refused any of those particular decisions, I would have considered looking back in hindsight that it was a totally wrong decision because the repayment record was very, very good.

Q. But in any case you can remember no other person who was given this facility of not having their floating chattel mortgage registered?

A. Not to my knowledge, I can't, no.

Q. Would I be right in saying that as a matter of probability no customer of the bank ever got that facility?

A. I cannot answer that honestly,.

Q. As a matter of probability, of course it is possible, anything is possible?

A. It is possible, yeah.

Q. But it is not probable, that the bank would give this facility to anyone, except perhaps somebody in Mr. Haughey's political position?

A. No.

Q. Yes. Now, I just want to very quickly take you through one or two features of the filings, and they merely in fact confirm what you stated yourself, that Mr. Haughey negotiated various stocking loans during the 70's and 80's, and these loans were repaid at the end of the period of, each loan was for about a year, isn't that right?

A. That's right, they were within a year, yeah.

Q. At the end of the year the interest was added to the loan, Mr. Haughey would ring you up, he would frequently ring you, isn't that right, or his secretary might ring you or something like that?

A. Only in the latter stages.

Q. Only in the latter stages, I see. By the latter stages do you mean in the 80's?

A. Yes.

Q. It was Mr. Haughey himself and not anyone on his behalf who sought the confidentiality that Mr. Culligan agreed to give in relation to the floating chattel mortgage, isn't that right?

A. Yes.

Q. It wasn't anyone on his behalf who rang about that?

A. No.

Q. "Mr. Haughey would ring up or somebody would ring on his

behalf, get the amount of the loan that was due, the amount of any interest. We would also usually renegotiate a new loan", isn't that right, which would frequently be for something roughly equal to the interest on the previous years loan and the capital?

A. Yeah, or slightly higher.

Q. Or slightly higher?

A. Yes.

Q. So he would repay you what you were due and you would then give him a new loan, usually it was a matter of days between these transactions?

A. That's true, yeah.

Q. This occurred every year in or about August or September up until the mid 80's when as you have just said Mr. Haughey asked, and quite reasonably was granted, a facility of rolling over the loans and not repaying the interest?

A. No, no.

Q. Sorry, not repaying the capital, the interest was paid?

A. That's right.

Q. Two years in a row the capital was rolled over and eventually when it came to 105,000 odd pounds it was paid off?

A. That's correct, yes.

Q. And that was in 1987 I think?

A. '87, yeah.

Q. I think you can confirm that the documents that you have been, that have been given to you, the documents, the

numbered documents are all copies of the original file,

isn't that right?

A. That's correct, yes.

Q. Thanks very much.

MR. CONNOLLY: I have no questions.

CHAIRMAN: Mr. Hardiman.

THE WITNESS WAS CROSS-EXAMINED BY MR. HARDIMAN AS FOLLOWS:

Q. MR. HARDIMAN: With your permission, Mr. Chairman. Mr.

Hickey, the file of which you have possession deals with

Mr. Haughey's account and loans, and shows entries from a

number of people, isn't that correct?

A. That's correct, yeah.

Q. The page which we have seen on the overhead screen

described as Document 19 and coming from 1981 in October of

that year, shows entries and the passage of the file

between Mr. Culligan the Chief Executive, Mr. Moore, I

think manager of retail banking at the time?

A. Yes, yes.

Q. A Ms. Coughlan, a Ms. Lennon, and a Mr. O'Rourke?

A. That's correct, yeah.

Q. So the file while kept confidential was kept confidential

amongst the contents of it were kept confidential

amongst several people?

A. Yes.

Q. And I think other documents track the movements between

other members of the bank's personnel dealing with accounts, issuing of loans and the like?

A. That's correct, yes.

Q. And the actual financial content of his account and borrowing was open to scrutiny by the bank's auditors on an annual basis, is that correct?

A. It was open to scrutiny by the internal auditors and the external auditors of the bank and by senior management if they wished.

Q. Yes. So, the only thing that distinguished this account and some others like it from the every other borrower from the bank, was the fact that the name of the borrower, that Haughey's name, didn't appear on the screen of a computer in every branch bank, branch bank in the country?

A. That's true. The account number did appear because every loan had an account number.

Q. Yes.

A. The account number appeared but there was no name.

Q. But not his name?

A. Yeah.

Q. Thank you Mr. Hickey.

CHAIRMAN: Thank you very much for your attendance.

THE WITNESS THEN WITHDREW

MR. COUGHLAN: Mr. Tony Traynor. The witness is here with counsel and solicitor, they are just outside the

door.

TONY TRAYNOR, HAVING BEEN SWORN WAS EXAMINED AS FOLLOWS BY
MR. COUGHLAN:

A. Tony Traynor.

MR. HERBERT: Good morning Mr. Chairman. I appear in this matter, instructed by Messrs. Kennedy, McGonigal and Ballagh for Mr. Traynor, and I ask you, sir, for limited representation for this witness.

CHAIRMAN: Very good, Mr. Herbert.

MR. HERBERT: Thank you very much.

CHAIRMAN: On a similar basis as to previous, without obviously intimating any guarantees, and of course limited to the limited participation of your client.

MR. HERBERT: Of course. Thank you.

Q. MR. COUGHLAN: Thank you Mr. Traynor. I think, Mr. Traynor, you have furnished a statement to the Tribunal and you have been asked to deal, by the Tribunal, with a specific matter, and that is the question of whether there was an assignment to your father of a cause of action on behalf of Celtic Helicopters, isn't that correct?

A. That's correct.

Q. Do you have that statement in front of you?

A. I do indeed.

Q. What I intend to do is lead you through the statement, and there may be one or two questions which I ask you then?

A. Um um.

Q. I think you have informed the Tribunal in your statement that your father drew up his will on the 18th of March, 1994, and shortly after that informed you that you were to be one of his Executors. He advised you that he drew up at least once a year a schedule of his assets and liability and should anything happen to him this schedule would be found with his papers in his study, is that correct?

A. That's correct, yes.

Q. I think you have informed the Tribunal that your father had suffered a major heart attack in 1971 and another in 1975 and in later years also suffered from diabetes. But he was an organised man and was fond of saying that he wanted to be ready should he die suddenly?

A. That's correct.

Q. I think you have informed the Tribunal that your father died suddenly on the 11th of May, 1994, and "after his death I reviewed his papers in his study and found his schedule of assets", is that correct?

A. Yes.

Q. You have informed the Tribunal that you did not examine any papers in his office as you had no reason to believe they were relevant to his assets?

A. That's correct.

Q. You did, however, review in detail your father's cheque

payments and cash receipts analysis book, reconciliations, bank statements and all correspondence?

A. That's correct.

Q. In this review you found no evidence of any payment by your father to Celtic Helicopters, is that correct?

A. That's correct, yes.

Q. I think you have informed the Tribunal that the bank statements reviewed by you were from Guinness & Mahon, which were your father's principal private bankers and from Irish Intercontinental Bank and Bank of Ireland Private Banking?

A. That's right.

Q. I think you have informed the Tribunal you understand copies of these statement have been made available to the Tribunal?

A. That's correct.

Q. And you have informed the Tribunal that the schedule of assets which was in your father's study contained no mention or reference to his having acquired from Celtic Helicopters Limited an interest in a cause of action or an insurance claim arising from the loss of one of the company's helicopters in the course of the making of a film "Far and Away" ?

A. That's correct.

Q. I think you have also informed the Tribunal of the following; the evidence given to the Tribunal relating to the purchase, the alleged purchase by your father of the

claim, that you instructed your solicitors to write to Celtic Helicopters seeking information about the claim?

A. That's correct.

Q. I think you furnished a copy of the letter and the reply from Celtic Helicopters Limited, which you have made available to the Tribunal?

A. That's correct.

Q. I think you have informed the Tribunal at no time after your father's death did Celtic Helicopters Limited or Gerard Keane, solicitor, or John S O'Connor & Company, solicitors, or Michael Murphy Insurance Broker advise you or any family member that your father had an interest in any claim?

A. That's correct.

Q. I think we might then usefully put up the, your letter, sorry your solicitor's letter to Celtic Helicopters and the reply, Mr. Traynor. Your solicitors wrote on your instructions by letter dated 9th of March, 1999, to the secretary of Celtic Helicopters, and it is re your late father. It says:-

"Dear sir, we act for Tony Traynor, the Executor of the estate of the above deceased. In the course of the evidence to the Moriarty Tribunal it would seem that the company may be indebted to the deceased's estate in relation to the deceased's purchase from the insurance of the insurance claim referred in evidence before the Tribunal. Our client has no documentation whatsoever in

relation to this matter and had no knowledge of the transaction before the evidence given to the Moriarty Tribunal. Therefore, would you please be good enough to furnish us with all documentation and correspondence in relation to the matter disclosed to the Tribunal and also advise us of the current status of the claim. Yours faithfully".

A. Yes.

Q. That was written on your instructions?

A. Yes.

Q. Now, I think you have been furnished with the reply to that letter from your solicitors, and I think you furnished that to the Tribunal also, isn't that correct?

A. Yes.

Q. If we could just open that, if we may? It is from Celtic Helicopters to your solicitors, and it is dated 22nd of March of 1999, and it reads:-

"Dear sirs, we thank you for your letter dated 9th of March in connection with the estate of the late J D Traynor. Mr. Traynor did acquire Celtic Helicopters interest in a potential insurance claim for the loss of a helicopter in Dingle during the course of the making of a film entitled "Far and Away".

Celtic Helicopters received a payment of €95,000 from the insurers. It is estimated that a further claim for approximately €100,000 could be made against the company,

and in the initial stage John S O'Connor acted. After the firm ceased to practice the matter was handled by Gerard Keane, solicitor, who is presently the solicitor involved with the claim.

The late Mr. Traynor paid the sum of €100,000 to Celtic Helicopters and acquired Celtic Helicopters interest in the outcome of any claim which might succeed against Irish Films Company Limited. Mr. Michael Murphy is the company's broker and Celtic Helicopters have at all times advised Mr. Murphy that they are prepared to continue to act as Plaintiffs.

Since the value of the claim was assigned to Mr. Traynor and is now the property of his estate, in the event of any funds being recovered €95,000 should be first repaid to the insurance company and any balance that is greater or less than a hundred thousand pounds would be the property of the Traynor estate. We should, however, like to stress that while Celtic Helicopters will give every assistance in pursuing this claim, the initiative must be taken by the Traynor estate and instruction should be given to Mr. Murphy and Mr. Gerard Keane, if the Traynor estate decide to take on the claim.

Nothing has happened for very many years, and if initiative is to be taken it should be taken sooner rather than later. The representatives of this company are quite

happy to discuss the matter further with you if you require any further detail. Yours sincerely Ciaran G Haughey, Secretary for Celtic Helicopters Limited".

A. That's a copy of the letter that was received.

Q. Is that the first, apart from being informed by the Tribunal that that evidence had been given, and being furnished with transcripts of that evidence, is this the first time

A. Absolutely.

Q. that you have been made aware that there may be

A. Absolutely.

Q. Since your father's death, of a potential benefit to the estate, if that be so?

A. That's correct.

Q. You know nothing else?

A. Absolutely nothing.

Q. And you never had, nobody ever contacted you since your father's death as the Executor of his estate?

A. No, other than this letter in response to my letter

Q. Yes.

A. no one contacted me.

Q. Neither John S O'Connor, Gerard Keane or Celtic Helicopters?

A. No, the first I heard was when I read it in the newspapers of the report here.

Q. Yes. Thank you.

MR. CONNOLLY: No questions.

CHAIRMAN: Mr. Herbert?

THE WITNESS WAS THEN CROSS-EXAMINED BY MR. HERBERT AS FOLLOWS:

Q. MR. HERBERT: Mr. Traynor, you yourself are a chartered accountant, isn't that correct?

A. That's correct.

Q. You would be fully familiar with legal and accountancy documents?

A. Yes.

Q. And if any form of assignment of a claim was amongst your father's papers you would have recognised that?

A. Absolutely.

Q. Your father was a chartered accountant, isn't that right?

A. He was.

Q. Am I right in thinking he was a member of the firm of Haughey Boland & Company, Chartered Accountants, until about 1970?

A. He was, that's correct.

Q. Am I right in thinking that after that from 1970 to about 1987 he was in Guinness & Mahon Limited, Bankers?

A. That's correct.

Q. And that he rose to the position of Chief Executive Officer of that bank?

A. Yes.

Q. Would your father be familiar with security documents of

various types, commercial, business documentation?

A. I imagine he would, although I never discussed that, I never discussed his business with him.

Q. Yes. Would I be correct in thinking in the course of his business as a banker, and particularly as a Chief Executive Officer of a commercial bank, he would have a great deal to do with bank security documents and other such documents?

A. I imagine he would have, yes.

Q. Do you think your father would have been aware of the legal doctrine of subrogation?

A. I imagine he would.

Q. Do you think he would be aware if an insurance company made a payment on a particular claim that they would be entitled to a lien over any proceeds of an action arising out of that claim in respect of their payment?

A. I imagine he would, yes.

Q. Would your father have been aware of the legal steps and documentation necessary to assign a cause of action to him?

A. I imagine he would.

Q. What was your father like from the point of view of maintaining documents relating to his estate?

A. Extremely organised.

Q. If there had been an assignment of a cause of action of this particular cause of action to your father for a particular payment, would you expect to find that document amongst his papers?

A. I would have.

Q. Did you find any such document?

A. No, I did not.

Q. Thank you very much.

A. Thank you.

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

Traynor.

MR. HERBERT: Is Mr. Traynor free go now sir?

CHAIRMAN: Yes.

THE WITNESS THEN WITHDREW

MR. COUGHLAN: Seamus Purcell.

MR. HERBERT: I again appear for this witness, and I make the same application in respect of this witness.

CHAIRMAN: Similar applies, Mr. Herbert.

MR. HERBERT: Thank you very much.

SEAMUS PURCELL, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS

BY MR. COUGHLAN:

A. Seamus Purcell.

CHAIRMAN: Thank you Mr. Purcell.

Q. MR. COUGHLAN: Thank you, Mr. Purcell. I think Mr.

Purcell, in the first instance inquiries were made of you

by the Tribunal as to whether you had invested in Celtic

Helicopters Limited, isn't that correct?

A. Yes.

Q. I think in the first instance you replied to the Tribunal by letter dated the 4th of February of 1999, and have furnished a full outline of your proposed evidence to the Tribunal in the last days?

A. That's right.

Q. Yes, and do you have those with you

A. Yes.

Q. in the witness-box? What I propose is to take you through those. First of all the letter of February of 1999, and you informed the Tribunal on that occasion that insofar as you can recall that at that time you were approached by a representative of Mr. Haughey at some sometime in 1986 or '87 to invest in Celtic Helicopters Limited, that you gathered that investments were being sought from a number of people at the time, that you agreed a payment of €12,000 and you were asked to pay the sum to the late Des Traynor. That you new Mr. Traynor in business as your company, Purcell Exports Limited, had substantial loans from Guinness & Mahon, the bank, you did banking business with them?

A. Yes.

Q. I think you informed the Tribunal on that occasion that your recollection is that Purcell Exports Limited paid the sum of €12,000, the receipt may have been furnished at the time but you cannot be certain?

A. That's correct.

Q. That was the situation as of then. And in truth you had forgotten all about the payment, isn't that right?

A. Correct.

Q. And then you ask the Tribunal; "I wish to consult with my accountant to see if there is any further information, I will do so, but with the passage of time they may have destroyed files or records". You have provided an outline of evidence and I will take you through that, if I may?

Yes, I think you now believe that it was sometime in 1985, perhaps is it, but unfortunately you cannot recall the month or day, you received a telephone message asking you to meet Mr. Haughey, Mr. C. J. Haughey at the Berkeley Court Hotel at lunchtime, is that correct?

A. That's correct.

Q. You cannot recall with any certainty whether Mr. Haughey himself made the telephone call or someone on his behalf, but you believe it to have been Mr. Haughey?

A. Correct, yes.

Q. I think you have informed the Tribunal that no reason was given for the request and you did not ask for one?

A. Correct.

Q. You have informed the Tribunal that you met Mr. Haughey in the bar area of the hotel, that you were both unaccompanied. You had a general discussion about the Irish livestock industry, cattle exports and the Libyan market in particular. "The meeting lasted about an hour or

40 minutes. We left the hotel together".

I think you have informed the Tribunal that "as we were leaving Mr. Haughey said that his son, Ciaran, needed a bit of capital and that he, Mr. Haughey, would appreciate it if I could put up €12,000". You said that you would. Mr. Haughey said that Mr. Traynor, Mr. Des Traynor would get in touch with you.

I think you have informed the Tribunal that you then shook hands and parted. Shortly afterwards, unfortunately you cannot recollect how long afterwards, but it was not the same day, you think Mr. Des Traynor telephoned you. You knew Mr. Traynor. At that time he was the Chief Executive of Guinness & Mahon Limited and your company, Purcell Exports Limited, had its main account at this bank. I think you informed the Tribunal that Mr. Traynor asked you, "Did I want shares in Celtic Helicopters Limited? Which I knew was Mr. Ciaran Haughey's business". You told him that you did not and just to transfer the money from the company account in the bank. You assumed that the money would be transferred to Celtic Helicopters Limited, you certainly, you were certainly not advised otherwise by Mr. Traynor. Is that correct?

A. That's correct.

Q. At no stage of your conversation was the actual sum mentioned, is that correct?

A. That's correct.

Q. You did not ask for a receipt and you can not now recall whether or not, whether you received or your company received a receipt for the payment, is that correct?

A. That's correct.

Q. You were not concerned because "I had the utmost confidence in and respect for Des Traynor"?

A. Correct.

Q. Yes. "I did not regard this money as a loan or expect it to be repaid". Is that correct?

A. That's correct.

Q. "At most I felt", you felt it might earn you some helicopter time, is that correct?

A. That's right, yes.

Q. You were not interested in taking shares in Celtic Helicopters Limited as this might tie you into the company and involve you in further financial commitments, is that right?

A. Correct.

Q. You have informed the Tribunal that this was the only time when you were asked to give or gave or authorised the payment of money to Celtic Helicopters Limited, is that right?

A. Correct.

Q. You have informed the Tribunal you always believed the sum involved to be €12,000 as requested by Mr. C. J. Haughey?

A. Correct, yes.

Q. You have informed the Tribunal you never heard of Amien

Securities Limited until recently?

A. Correct.

Q. Is that since the business of the Tribunal has

A. Yes.

Q. has begun really?

A. That's correct, correct.

Q. You informed the Tribunal you had totally forgotten about this payment until reminded by the Tribunal?

A. Yes, correct.

Q. You informed the Tribunal you came to know C. J. Haughey through your involvement in the Live Stock Export Association and you admired his effort to promote Irish agricultural and Irish beef exports, in particular especially to Libya?

A. Correct.

Q. Now, I am not, I am just going to ask you a few short questions, and it really relates to the dates in your earlier letter. I am not suggesting, and I am not putting the earlier letter in contradistinction to the statement you have furnished to the Tribunal, but can you just clarify at that, that it was in 1985 you believe that Mr. Haughey approached you?

A. I am not quite sure.

Q. Yes.

A. I am not sure.

Q. And you have said in your statement that you were never asked to make any other payment to Celtic Helicopters, so

it was only the one occasion?

A. That is correct.

Q. Yes. And can we take it that there was never any other contact subsequent to Mr. Haughey's approach to you, from either Mr. Haughey or Mr. Traynor in respect of Celtic Helicopters' business?

A. No, that was the only one.

Q. Yes. You know, you can see here that Mr. Haughey, in fact, had associated himself by this approach to Celtic Helicopters obviously, had Mr. Haughey himself made any other personal approach or any approach like that in 1986 or '87 that you can recollect?

A. No, not that I can recollect.

Q. Seeing as you have forgot about it, and understandably time had elapsed, you never had any other dealing with Celtic Helicopters after that?

A. No.

Q. You

A. Yes, I chartered them one time to go to the Galway races.

Q. You chartered them, I take it you paid, you didn't get

A. The bill came to the office and we paid.

Q. I see, so you weren't able to use up the €12,000 with any flying?

A. No, no.

Q. Yes. Are you definite that the figure that you paid was €12,000, because our understanding of the record seems to indicate that it was €10,000?

A. As far as I was concerned at the time I always thought it was €12,000.

Q. I see. Have you carried out any checks since you have been asked by the Tribunal?

A. No, only what the Tribunal said, there was only €10,000

Q. I see. Yes.

A. taken from my account.

Q. Thank you Mr. Purcell.

MR. CONNOLLY: No questions.

THE WITNESS WAS THEN CROSS-EXAMINED BY MR. HERBERT AS FOLLOWS:

Q. MR. HERBERT: Mr. Purcell, I think the first time you were asked to recall these events in 14 years was sometime in January 1999 when the Tribunal got in contact with you, is that right?

A. Yes, that's correct.

Q. And you told the Tribunal that your recollection now in May of 1999 having had more opportunity to think about the matter is that it was probably in 1985, so far as you can be certain at all, that this happened?

A. Yes.

Q. And you have told the Tribunal that your recollection is that it was €12,000 that Mr. Charles J. Haughey asked you for, is that right?

A. Yes, I always thought it was €12,000 because that's what he asked me for.

Q. Yes. When you were talking to Mr. Traynor subsequently neither you nor Mr. Traynor mentioned the sum involved?

A. There was no more mention.

Q. Thank you very much.

CHAIRMAN: Thank you very much for your attendance and co-operation.

MR. HERBERT: Thank you. Is the witness free to go now, Chairman?

CHAIRMAN: Indeed.

MR. HERBERT: Thank you Chairman.

THE WITNESS THEN WITHDREW

MR. COUGHLAN: I wonder, sir, at this stage if we could break for lunch, at this stage, sir?

CHAIRMAN: We will start perhaps a little earlier then. It is approximately five past 12, so perhaps we will start at half one.

THE HEARING THEN ADJOURNED FOR LUNCH.

THE HEARING RESUMED AFTER LUNCH AS FOLLOWS:

CHAIRMAN: Good afternoon. I apologise again for the deferred start which was unfortunately inevitable, ladies and gentlemen. Mr. Coughlan, Mr. Healy?

MR. HEALY: Yes Sir. Before I call the first witness,

Mr. Chairman, and it is intended to call Mr. Bernard Dunne, to deal with one or two queries concerning the cheques that have been described as the "bearer cheques", I want to put, for the purposes of the record, deal with a correction of the transcript.

This correction concerns an aspect of the evidence of Mr. Michael Irwin on the same topic, but not necessarily in a related area, given at the Tribunal's last sittings.

Solicitors for Mr. Noel Fox have asked and the parties by whom this evidence may be given and who may be affected by it, not taken issue with the corrections so I think for the sake of ensuring that the correction is as Mr. Fox would have wanted it and as Mr. Irwin agrees it should be, I propose to read the letter from the solicitors for Mr. Noel Fox to the Tribunal, into the record Sir.

This is a letter dated 16th of March 1999. And it says:

"We wish to draw your attention to the transcript at page 41, lines 28 and 29. The transcript

CHAIRMAN: Volume number?

MR. HEALY: I will get the volume number in a moment.

"The transcript at those lines records Mr. Irwin's evidence in response to a question put by Mr. Maurice Collins, that question was "because it is Mr. Fox's evidence to the Tribunal that these six "bearer cheques" were, in his words, effectively a one-off transaction or a

one-off event, if I may put it that way". Mr. Irwin's response as per the transcript reads "I have no recollection. What I see in front of me is cheques written by Mr. Fox from the No. 2 account".

The writer's recollection, that is Ms. Christine Carroll and Mr. Collin's recollection of what Mr. Irwin said is that he had no recollection of Mr. Fox writing cheques on the No. 2 account other than the six cheques in front of him. This is supported by the note of the evidence taken by the writer. This is an important matter from our client's point of view and we believe that the stenographer has made an error in the transcript and we would like to bring this to your attention."

That is in volume 14 of the transcript, Sir.

CHAIRMAN: Yes. It is accordingly proposed, following consultations between the various interested legal representatives that the amendment be made to the transcript in those terms.

MR. HEALY: Yes Sir.

CHAIRMAN: I have checked my own notes of the matter and I share the view that it is proper that that amendment be made. Very good.

MR. HEALY: Now Mr. Bernard Dunne.

BERNARD DUNNE HAVING BEEN PREVIOUSLY SWORN WAS EXAMINED BY

MR. HEALY AS FOLLOWS:

CHAIRMAN: Mr. Dunne, of course you are already sworn.

Q. MR. HEALY: Mr. Dunne, thank you. Mr. Dunne, I wanted to re-visit just briefly one of the areas that we touched on when you were last giving evidence to the Tribunal in connection with the cheques which have become known as the "bearer cheques". That is those cheques that were written at the end of January of 1987 amounting in all to some €30,000, and which were lodged in two tranches, to an account in Guinness & Mahon under the control of Mr. Des Traynor.

You may recall they were lodged on, I think if memory serves me correctly, the 2nd and the 4th of February of that year. You may recall in general .

A. I do remember the general lodgement, yes.

Q. You may remember that the Tribunal was endeavoring to ascertain at the time you last gave evidence, how these cheques came to be lodged to this account, and one of the areas that was being pursued by the Tribunal was the identification of the persons to whom these cheques might have been given, and specifically whether anybody or any one of the persons to whom these cheques might have been given would have been given cheques in very large sums, or cheques which, in the aggregate, might amount to a sum similar to any of the two large lodgements which were about €14,000 or €15,000 each, something like that, and you have

made a statement to the Tribunal in relation to this matter, which advances the state of knowledge of the Tribunal just a little in any case, and I think you have a copy of the statement in front of you, do you?

A. No, I don't.

Q. I will get you a copy. (Document handed to witness) If you look you have got two statements, the shorter one is the one I am talking about. You say the practice of issuing "bearer cheques" arose in Dunnes Stores and that is really just a reference to all of the evidence you gave before, and was a method of giving certain people bonuses for work done and services rendered to the company. "Certain people received bearer cheques from me, however these cheques were for amounts far less than the amount that reached Mr. Haughey". And here you are referring to individual cheques.

"During my time at Dunnes Stores the only people who would have had bearer cheques to forward to Mr. Haughey in that amount would have been myself or Mr. Noel Fox". That's correct, isn't it?

A. Yes, that is what I have said here yes, that's correct.

Q. Now, I take it what that means is that if bearer cheques in that amount were to come into the hands of a person so that he could make a lodgement of either €30,000 or €15,000, that person could really only be you or Mr. Noel Fox?

A. Sorry, can you repeat the question?

Q. If anybody in Dunnes Stores was to get bearer cheques amounting to €30,000, or €14,000 or €15,000, the only person who would receive that kind of money would be either yourself or Mr. Noel Fox?

A. Yes. €15,000, yes. That would be right.

Q. And that must mean that as a matter of probability, we can't be certain, that it can only have been you or Mr. Noel Fox who was the source of the money that went into Mr. Traynor's account?

A. Yeah, in fact I would say it can only be a source of me, because I would have had the, I would have got them first of all.

Q. Yes. Are you saying it could only have been you?

A. They would have originally all been with me, so the source .

Q. Yes, the original source had to have been you?

A. Could only have been me.

Q. Right. By the time they got into the Amiens account, if you are not the person who put them in there is there any other person who would have had that much in bearer cheques to put in to the Amiens account?

A. What I mean by what I say here; would that be a fair way of putting it.

Q. Take your time?

A. I have no recollection of giving the cheques to Mr. Haughey. I would also say that Mr. Fox wouldn't have had in his possession 30 odd thousand pounds worth. I wouldn't

have given him that many for himself.

Q. Right?

A. But the other possibility that could have happened is if they came from me, taking into account everything that was going on with Mr. Haughey at that stage, it would have went through Mr. Fox. There is a possibility that if I didn't give them to Mr. Haughey that I would have given them to Mr. Fox to give to Mr. Haughey. That is what I mean.

Q. I see.

A. And I am not I am not trying to, for one minute, move from me, I have no recollection, but what I am trying to say, or what I am saying to the Tribunal, it is another possibility, but the source of the cheques definitely came from me Sir.

Q. Right. I just want to to be absolutely clear of one aspect of it. You are saying that you have no recollection of doing it, but it is possible that you it is possible you could have given the cheques to Mr. Haughey, or it is possible that you could have given them to Mr. Fox to give them to Mr. Haughey?

A. The reason I am saying that is because if you look at all the transactions that took place, that was one of the ways they took place. So there were two possibilities.

Q. Right?

A. That I gave them direct to Mr. Haughey, or I gave them to Mr. Fox to give to somebody to give them to Mr. Haughey, whatever course they took. That's my

Q. I just want to clarify one aspect of it. I am not suggesting for one moment that you are indicating that this may be the case, but where amounts of that size are concerned, would I be right in thinking that the only person who would have been given bearer cheques in the order of either £30,000. 30,000 or we will say 14,000 or 15,000 would be yourself, or Mr. Fox?

A. I can certainly say in the order of 30,000, nobody would have got them.

Q. Right.

A. I couldn't say that with any sort of certainty when you say whether I gave someone two or three, but if I gave them one, two or three cheques.

Q. We have been through that.

A. I mean there could have been people that got three cheques.

Q. You could have given somebody £15,000?

A. It could have been £15,000. Then it would have to go, it would have been one certain person Sir, that would have got it and they get together to say "we will give our cheques to", say somebody who

Q. Would you know the kind of person that you would have given a £15,000 amount to? There is surely only a limited number of people who ever got that?

A. I wouldn't like to try. I mean I don't want to name without being one hundred percent.

Q. Of course you don't.

A. Without being very sure.

Q. I see. Well we may have to come back to it because certainly it isn't absolutely clear from your statement that you didn't or couldn't have given that sort of money to anybody but Mr. Fox or any other small group of people?

A. I could have given bearer cheques, three bearer cheques or there might be two bearer cheques of 6,800 which would be near 14; in fact I did give bearer cheques, two bearer cheques to people.

Q. Right. And if they were two œ6,800 cheques that would be œ14,000?

A. That's the point.

Q. At that time did you have any dealings with Mr. Traynor, this would have been early 1987?

A. No.

Q. Had his name ever come up in your discussions with Mr. Fox?

A. Definitely not.

Q. You had been to see Mr. Haughey in '86, do you remember that?

A. Yeah. I can't remember the exact date.

Q. Sometime in 1986?

A. Yes.

Q. And there had been no mention of Mr. Traynor at that time?

A. Definitely not, definitely not. No.

Q. Of the people to whom you could have given œ12,000 or so in bearer cheques, or œ14,000 in bearer cheques or œ15,000 or œ16,000?

A. Just say the people I gave two or three bearer cheques to,

which could amount to the figure that you are talking about.

Q. Yes, Mr. Fox's name has been mentioned. Was he one of those that could have got that type of money?

A. Yes. Yes.

Q. In due course it may be necessary to ascertain whether there were others?

A. There are others.

Q. But there can't be a large number obviously?

A. No, no I would I mean I gave the Tribunal a name, the names of people and

Q. It may be necessary to re-visit it?

A. I'll

Q. Now I want to pass on to one other matter, again in clarification of some of the evidence you gave the last time Mr. Dunne. Do you recall the evidence you gave in relation to what we have called the Carlisle cheques?

These were the cheques that were made out on the Dunnes Stores Grocery Account in November of 1992 which were channelled through Carlisle Trust and eventually ended up, as the Tribunal showed, in one case in Celtic Helicopters and in another case in an account called the Kentford account?

A. These are the grocery cheques.

Q. Correct?

A. Yes, I recall.

Q. Now, in the course of your evidence one of the things you

said, and it was a thing that you had remembered only as you came to give evidence, was that you had a vague recollection that you may have been, that you may have given those cheques to Mr. John Barnicle?

A. That's correct.

Q. And that is still your evidence; is that right?

A. Yes. That's correct.

Q. And in fairness to Mr. Barnicle, he disagrees with that, but I simply want to say that for the sake of the record.

Now, you have made a statement in connection with another relationship you had with Mr. Barnicle arising out of a proposal to acquire some land, a perfectly regular commercial proposal to acquire land. I think both Mr. Barnicle and Mr. Haughey, Mr. Kieran Haughey were interested in buying some land near Dublin Airport and Mr. Barnicle approached you in connection with it; isn't that right?

A. That's correct.

Q. And if I could just take you through your statement and you have a copy of it in front of you. You say that in or around June of 1991 you were contacted by Mr. Barnicle in relation to a private commercial deal that he hoped to carry out in respect of the acquisition of certain lands located near Dublin Airport. "Mr. Barnicle asked me to consider lending him the money for this proposed acquisition. I contacted my solicitor, Mr. Noel Smyth, and Mr. Smyth arranged through a company called Abbervanta

Limited for the loan in question to proceed. A facility of €185,000 was granted based on a lien over a deposit of €110,000 put up by myself in a legal charge on the property. And I undertook to guarantee the payment personally and to redeem the loan if requested".

So you were putting up money and effectively that money was being secured on the property that was being purchased by a company controlled by Mr. Barnicle and Mr. Haughey, ultimately they would have to pay you back, but your protection was that you had a lien on the lands, a charge on the loans?

A. That's correct.

Q. You say that "in or about March of 1994 the property was sold and from the proceeds of sale the loan to the bank together with the interest was repaid and I was personally repaid the full amount that I had advanced". Now just to clarify one detail. You were approached by Mr. Barnicle, I don't think there is any dispute about this. Mr. Kieran Haughey has informed the Tribunal as has Mr. Barnicle that both he and Mr. Kieran Haughey were involved?

A. Yeah, I mean I wouldn't disagree with that.

Q. Grand. Now when you mentioned to the Tribunal that you had a vague recollection that Mr. Barnicle is the person to whom you had given the three Grocery Account cheques amounting to €180,000, is there any possibility that there is any confusion in your mind between that and the facility for €185,000 that was the subject of this transaction?

A. None. I remember this very clearly.

Q. When you were remembering that you might have, vaguely, might have had the other dealing with Mr. Barnicle, it was not a confusion with this transaction?

A. No, I knew about this.

Q. Now this for was the transaction that went through solicitors and that involved, effectively, money being provided by a bank or being provided by you in the same way that a bank would provide it; isn't that it?

A. That's correct, yes.

Q. You didn't in fact actually hand over any money to Mr. Barnicle?

A. No.

Q. This was your own money personally?

A. Yes, it was, yes.

Q. And the grocery money was definitely Dunnes money?

A. Yes.

Q. Have you had any - has your memory of that transaction of which you had a vague recollection improved or become better in any way since you last gave evidence?

A. No. I mean I just have - the grocery payments before I actually had something else stated to the Tribunal, that I had no recollection whatsoever before I came in.

Q. That's right?

A. To give evidence here, the more I thought, I said "yes" there is something niggling, that is what I meant by a vague recollection, that is exactly the way it is.

Originally I thought that the grocery cheques went to myself Sir, that was my when I saw them originally, so it is just the vaguest of recollections and what would be helping it is the evidence that I saw in the Tribunal here, where cheques went from Dunnes Stores Grocery Account into there is just a recollection a vague recollection.

Q. And again in relation to those, my recollection is that I may have asked you about this, but those Carlisle cheques they were not given to Mr. Traynor by you personally?

A. I never gave Mr. Traynor anything personally.

Q. I see. Thanks Mr. Dunne.

THE WITNESS WAS CROSS EXAMINED AS FOLLOWS BY MR. CONNELLY:

Q. MR. CONNELLY: I have one or two matters Chairman. Mr. Dunne, I want to ask you some questions on behalf of the Revenue Commissioners. If I can just look at these bearer cheques in the context of how you dealt with other bearer cheques around that time. Can I suggest to you that by-and-large during the years, 1987 to 1991, during that period of time, bearer cheques were usually for staff bonuses?

A. By-and-large I would say, yeah.

Q. Other than that, it would be unusual, that is what I am getting at?

A. It was, yeah. I don't understand the question.

Q. Well, what would bearer cheques be for during those six years unless they were for staff purposes?

A. Yes.

Q. There were sometimes when they weren't for staff bonuses but they were unusual, that is what I am getting at?

A. Yeah.

Q. And a bearer cheque that would have been brought to you by Mr. Fox to be signed by you, would have had to have your signature effectively putting in place your authority before the payment could be made out of the company accounts to the bearer?

A. That would be right.

Q. Mr. Fox would have, I think you have told us on the last day he had the authority to go and get the cheque and fill it in, perhaps even fill in the amount, but he had to have your say so before it was passed on to anybody else?

A. That is correct.

Q. Unless of course, it was a payment to him himself, which is again perhaps in the nature of a bonus, that is the only exception to that.

A. He would still need my signature.

Q. Exactly, that was what I was going to say?

A. Yes.

Q. So even if he was making out a bonus to himself, he couldn't dictate the amount, that would be up to you, in the way of putting your signature in place, your signature was crucial to the authority?

A. He would never make a bonus cheque out to himself. And the answer is the cheque wouldn't become live without my

signature.

Q. Now I know you are saying that all of these cheques would have been effectively Dunnes money that was passed, being passed on to staff or to bearers, isn't that the situation?

A. I have said it went on for years, it was a practice going back to my father's days.

Q. So it would be your judgement as to whether it was proper that the monies would be paid out of the Dunnes to the bearers, at any given time?

A. Sorry?

Q. You decided, I have said it was your judgement, but you decided whether a bearer cheque was to be made out to be given to somebody or other?

A. It was a practice that went on in the business, yeah for

Q. What I am getting is that Mr. Fox would have had no independent judgement himself, he would have to seek your authority before they were paid out?

A. Again what I said, I am not so sure how often Mr. Fox wrote bearer cheques out.

Q. Yes?

A. What I am certain of is that the other accountant, Frank Bowen, would bring bearer cheques up to me with the amounts filled out. I had nothing to do with the filling of the amounts out, he filled in the amounts.

Q. Likewise Mr. Bowen was still getting your authority for payments out?

A. Correct.

Q. Of the Dunnes monies. He had to get your authority?

A. I am taking responsibility for all of it, all I am trying to say how it went on over the years in Dunnes. Before me they were brought to my father.

Q. Yes. So it was during your term of office taking over from your father. During your time involved in the running of Dunnes.

MR. MURRAY: Sorry, Mr. Chairman, it seems to me that on the last occasion the question of the bearer cheques was visited it was specifically ruled in the course of Mr. Connolly's cross-examination of Mr. Dunne which he conducted then, that his cross-examination should be limited to the six bearer cheques which were the subject of evidence on the last occasion. I respectfully submit that the same rule should now apply. He seems to be going outside the six cheques

CHAIRMAN: I think we did hear evidence, did we not Mr. Connolly, in response to Mr. Hardiman and Mr. Nesbitt that an entire settlement with the Revenue was devised some years subsequent to these matters.

MR. CONNOLLY: I wasn't exploring that Chairman. And I fully appreciate the bearer cheques which are to staff bonuses as being left aside; and I am simply looking at these bearer cheques which are not for staff bonuses, and as you will recall that is how I started my examination of

this witness. I am looking at these as to how they contrasted these six bearer cheques, how they contrasted with any other bearer cheques during that period of time and that's the scope of my inquiry at this stage.

CHAIRMAN: How does that, Mr. Connolly, pertain to your remit which is largely seeking to obviously put forward the full facts in relation to your clients and seeking to recoup taxes involving a number of named individuals and the various recommendatory aspects that then laterally appear in the Terms of Reference.

MR. CONNOLLY: My concern is, again that these are unusual items that the Revenue, even at their most efficient in examining the books of the company, or any of the individuals involved at a particular stage, would have had extreme difficulty in identifying that these were monies which ought to have come to their attention at a given time.

What I am exploring is the unusual nature of these payments, and the nature of my inquiry today is to contrast these six cheques with any of the other bearer cheques which were made at that time, and I am deliberately excluding any inquiring in relation to bonus payments made to Dunnes Stores. So my inquiries simply are apart from Dunnes Stores bonus payments, leaving those aside, let's look at other bearer cheques, which would have been unusual, and let's see how these six bearer cheques compare

to those other bearer cheques. That is the extent to which I wish to probe the matter with the witness.

CHAIRMAN: Indeed. Mr. Connolly it is indeed strictly speaking the case that, the aspect of the Revenue Commissioners involvement in the Terms of Reference is, was perhaps not meant to be uppermost in the deliberations of the Tribunal in these two initial phases. I think it was the substance of the ruling that I made that, bearing in mind Mr. Dunne has already been examined by a number of counsel, including I think yourself, that the focus should be on the particular six bearer cheques, that have emerged. I certainly have taken on board a number of questions addressed by you to this and to other witnesses, in relation to what realistically would have been accessible to the Revenue Commissioners, and I am concerned, given that Mr. Dunne has been recalled on strictly finality aspects pertaining to a number of aspects of evidence already heard, that it is perhaps defusing matters and not particularly helpful at this stage.

I certainly won't preclude you to return in due course and keeping your options open. I am just concerned when Mr. Dunne has been recalled on a isolated, on several pieces of evidence, that we seem to be going right into the whole business of a rather general inquiry into the overall remit of the Revenue at the time.

Q. MR. CONNOLLY: I appreciate that. May it please you
Chairman.

I will leave it at that on that basis Chairman

CHAIRMAN: Very good. Anyone else wish to ask any
questions?

MR. COLLINS: May it please you Mr. Chairman. I should
say firstly that I am at a some something of a disadvantage
that my client Mr. Fox is out of the country at the
moment. He obviously isn't here to hear the evidence of
Mr. Dunne. And didn't receive the additional statement of
evidence of Mr. Dunne before he left. I think I can deal
with the matters that Mr. Dunne has dealt with in his
evidence, but I would formally reserve my position if
something arises on consultations with my client.

CHAIRMAN: I appreciate that Mr. Collins, it is an
important matter from your client's point of view. I will
certainly enable you to reserve any position that may apply
from the immediate absence of your client.

MR. COLLINS: I am grateful to you, Mr. Chairman.

THE WITNESS WAS CROSS EXAMINED AS FOLLOWS BY MR. COLLINS:

Q. I have just got a few questions to ask on behalf of Mr.
Fox. Now, I think and I don't mean to be pejorative in
anyway Mr. Dunne, I think your evidence today is in a sense
speculative evidence. You pointed to a number of

possibilities which might explain the sequence of events

that the inquiry is concerned with; isn't that right?

A. I've given today, knowing that the bearer cheques reached a certain designation or into Mr. Haughey's, one of Mr.

Haughey's accounts, I have said that I believe there was only two ways they could get there. That's what I have said.

Q. Yeah. There are two possibilities you say. You don't recollect what happened to these cheques; isn't that right, that is your evidence?

A. That's correct.

Q. Thank you. Now, I think it is the gist of your evidence that there were a number of people as well as Mr. Fox who would have received more than one bearer cheque from you in sums up to €5,000 or €6,000; isn't that correct? I am not asking to you name anybody now Mr. Dunne, I just want to make that clear, but it was your evidence as I understand it today, that apart from Mr. Fox entirely, there were other persons who would have received from you, two or three bearer cheques in a total sum of possibly €14,000 or €15,000?

A. I have said that yes, yes that's correct.

Q. So it is not correct to draw from your statement - I am not saying that is what you meant to say, but it is not correct to interpret your statement as meaning that it could only have been Mr. Fox or yourself that would have had significant sums of money in aggregate, in a number of

bearer cheques; there were other people who had that sort of order of money given to them in this form, isn't that correct?

A. There would have been some others, yes.

Q. Now, I think again it is clear from your evidence today Mr. Dunne as it was on the last occasion, that no one other than yourself would ever have got six bearer cheques or any number of bearer cheques in an aggregate sum of œ30,000 or so?

A. That's correct, yes.

Q. Nobody at all?

A. No. Because they were handed to me so the only person who would have had them originally was me and what I said is that I I could say with certainty that I think I never handed six to any one person at any one time.

Q. Yes; and you said that on the last occasion in fairness to you as well?

A. Yes.

CHAIRMAN: Sorry Mr. Collins, I thought at an earlier stage in response to Mr. Healy, you have ruled yourself out too Mr. Dunne, as regards actually getting or giving yourself, since you of course had them in your custody?

A. I might be wrong there Sir. I would say I would have given myself six. So I certainly I would like to explain this very clearly. The only person who wouldn't have to get them in twos or threes would be me because I could make one any time I wanted. I could take one today or one tomorrow,

but if I was giving them to somebody I mightn't see that person for another month, so I wouldn't give them one now and then say I am giving I would only have them say for a month anyway at the very most, so the only people who would have got them in any sort of numbers would have been people in Dunnes Stores, the management or and I certainly would have had six available at any given time and I would have taken more than six myself over a period, I would have said, you know where, if I got them in February I would have used more than six in the month of February.

Q. MR. COLLINS: Now Mr. Dunne, just coming back to the original question that I asked you, you are not saying that you can recollect these particular six bearer cheques; isn't that right?

A. It would be impossible because there would have been a lot more. Now I only heard today that there is some evidence that they were that there was somebody saying there were only these six bearer cheques written out that year; is that right?

MR. HEALY: If I can assist Sir, I think the correction, the correction was that Mr. Irwin's evidence was that as far as he could recall Mr. Noel Fox had only written six he had only written or signed rather, bearer cheques once; written bearer cheques once not signed them, obviously, but he had only written bearer cheques once in his career.

A. Yeah, I thought the evidence was that there was only six written, that could be the case. What I have said is that Mr. Fox certainly wrote them less than where I got them from other sources.

Q. MR. COLLINS: Yes. Now, you don't recollect then obviously giving these cheques to anybody in particular?

A. No, no.

Q. You can't recall what became of the cheques?

A. I would have I would have received a good number of bearer cheques, so I would have an idea of what I done with them which is what I am talking about; to my management, to people who had done a good job to Dunnes Stores. Some would go to charities in cash, I may give some to some charity, but in definite terms no, I can't.

Q. I am not talking about bearer cheques in general Mr. Dunne, I am talking about these particular six bearer cheques?

A. These bearer - looking at those in isolation, no, I would have no idea.

Q. Now, I think you said in your evidence that it was a possibility that Mr. Fox, you might have given them to Mr. Fox to give them to Mr. Haughey?

A. That's one of the possibilities.

Q. And another possibility is that you may yourself have given them to Mr. Haughey?

A. That is the other possibility as well I have said.

Q. Now, Mr. Fox has given evidence in emphatic terms to the effect that he didn't know anything about what became of

these cheques and didn't know anything about how they found their way to the Guinness & Mahon bank account that we now they were lodged into. So I think, having regard to what you have just said, Mr. Dunne, you are not in the position to contradict what Mr. Fox has said?

A. No I can't. He could only have known what happened to the cheques that I gave him and I don't even know how many, but certainly that I gave with certainty, that I gave Mr. Fox.

CHAIRMAN: Mr. Murray?

MR. MURRAY: I have nothing further.

CHAIRMAN: Lastly Mr. Dunne, I am not going to reverse my own ruling by digressing into matters that have only emerged today, but as regards the £185,000 loan that you gave to Mr. Barnicle, and Mr. Haughey Junior, was that effectively a commercial transaction that it was accompanied by some provision that you would get more than the mere principle back?

A. What it was, Sir, is that in certain situations in business I would meet people and say "look, will you do me a favour. We need a bit of financing", it wouldn't happen a lot, if I had known John Barnicle, if he wasn't providing a service flying me around the country he would never have got the loan. Because I got a lot of requests every month or every six months from people and they would be very secure and someone would say "look, could you get me a facility of 100,000 and I will give you ten percent

interest". It is a thing I didn't often do. I done it for people that I knew and they were providing a service for Dunnes Stores, and it was not done that often.

CHAIRMAN: Yes. So it was the case that you weren't looking for an interest

A. My solicitors said that I got interest, I don't know even if I did. I don't know whether I got interest or not. I was never looking for any return. That's really

CHAIRMAN: And Mr. Charles Haughey had absolutely no hand, act or part in this?

A. Absolutely nothing.

THE WITNESS WAS CROSS EXAMINED BY MS. COSTELLO AS FOLLOWS:

Q. MS. COSTELLO: I beg your pardon, I must have missed briefly when Mr. Dunne was dealing with that, if I could just ask one question? It would be Mr. Barnicle's evidence, Mr. Dunne, that when your loan to him was repaid that it did include interest, would you accept that?

A. If it is there, I mean no question about it, whatever the facts are there; what I am saying is I didn't look at it, but the facts are there. If I got interest, no difficulty, I mean I got it. I don't know.

Q. And that the matter was handled by your solicitors?

A. Handled by my solicitor. All I was protecting was my capital.

MS. COSTELLO: May it please you Chairman.

CHAIRMAN: Thank you.

A. Thank you Sir.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Mr. Michael Murphy.

MICHAEL MURPHY HAVING BEEN PREVIOUSLY SWORN WAS EXAMINED BY

MR. COUGHLAN AS FOLLOWS:

CHAIRMAN: Thanks Mr. Murphy, again you are already sworn.

Q. MR. COUGHLAN: Mr. Murphy. Thank you, I think Mr. Murphy since you gave evidence on the last occasion when the Tribunal was in public session, you have furnished some further memoranda of evidence of proposed evidence; isn't that correct?

A. That's correct.

Q. And if we might just briefly recap that. On the last occasion you were called to give evidence, or you gave evidence relating to an investment in Celtic Helicopters; isn't that correct?

A. That's correct.

Q. And I think it is correct to say that on that occasion you informed the Tribunal that you had been approached by Mr. Barnicle of Celtic Helicopters to see if you could obtain investment for the company, and that you secured this particular investment from Mr. Gresty of DB Agencies of

Monaco; is that correct?

A. That's correct.

Q. And that this was part of the reconciliation of a running account you had with DB Agencies on which there had been outstanding sums for a period of time; is that correct?

A. That's correct.

Q. Now, I may have to re-visit some of the matters which we dealt with on the last occasion, but I will take you through the subsequent memoranda which you furnished to the Tribunal in the first instance. Do you have a copy, do you have copies of those?

A. Yes.

Q. Now, I think you furnished a memorandum of evidence to the Tribunal dated the 25th of February, of 1999, in the first instance; isn't that correct? It is the first one, sorry the second one?

A. The first one is the 9th of February.

Q. The first one was the one that was used in evidence on the previous occasion I think?

A. Yes.

Q. I think you have informed the Tribunal in this memorandum who you are, and you go on to say that since you made your statement: "On the 9th of February of 1999 which statement was prepared in haste to facilitate the Tribunal, I have had a number of employees in my company research and procure all the documentation necessary to assist the Tribunal in clarifying the issues and facts relative to the

investment by David Gresty of DB Agencies in Celtic Helicopters"?

A. That's correct.

Q. I think you also informed the Tribunal:

"I am in receipt of a letter dated the 10th of February 1999 requesting documentation on a voluntary basis from the Tribunal. I, to the best of my ability, have procured all the necessary documentation relative to the investment by Mr. David Gresty of DB Agencies here and after Mr. Gresty in Celtic Helicopters. The documents sought under paragraph 5 of the letter dated the 10th of February 1999 - contain information of a confidential nature which are commercially sensitive and, I am advised, fall mainly outside the Terms of Reference of the Tribunal.

Nevertheless the documents are being submitted in full on the understanding that the Tribunal have complied with the various statements in relation to the preservation of confidentiality on those documents".

You then go on to say: "I now wish to outline in greater detail the background of the investment by David Gresty in Celtic Helicopters. " Then you go on to deal with what you describe as details of payment.

"In August September of 1992 negotiations took place between Mr. Gresty on behalf of DB Agencies and myself on behalf of Michael Murphy Insurance Brokers Limited, regarding settlement of the trading account. (Relevant

documents exhibited at schedules 2, 3, 4 and 5 hereto)" and I think we will deal with those at a later stage when I come to ask you some questions, those were the backing documents relating to the running account on which a reconciliation was achieved?

A. That's correct.

Q. "As can be seen from the schedule of the trading account, there was at that time a claim by DB Agencies that they were due a sum of £25,418 less a sterling credit of £59,253. The statement for this account is included in the appendix of the documents at Schedule Two. Those were documents you furnished to the Tribunal?

A. That's correct.

Q. The sum due on this account represented monies due to DB Agencies, the account held insurance premia due and owing to DB Agencies that had been collected for risks placed by DB Agencies in respect of various insured?

A. That's correct.

Q. "In September 1992 I inquired from David Gresty as to whether he was interested in investing in Celtic Helicopters. Mr. Gresty agreed to the investment and directed that I procure the investment for him and pay for the same for monies held on his behalf. It was decided and directed by David Gresty that the sum would be forwarded by me on Mr. Gresty's behalf to Celtic Helicopters and that I was to hold the shares obtained in trust for Mr. David Gresty"; is that correct?

A. That's correct.

Q. I think you informed the Tribunal that "Mr. Paul Carty in his evidence to the Tribunal has indicated that he met me on two occasions, namely the 21st of October 1992 and the 2nd of November of 1992. I refer to a phone log from my company - which you referred to in the schedule - the phone log for my company clearly indicates all calls made to my company, the nature of the query and who dealt with the call. As can be seen from the phone log, Mr. Carty did meet with me on the 21st of October of 1992. My diary lists a meeting for the 3rd of November of 1992. I was not in the office on the 3rd of November of 1992, and Mr. Carty is probably correct that he did meet me on the 2nd of November of 1992. Mr. Carty on the 4th of November of 1992 contacted my office as is clear from the phone log.

The reference is Deloitte and Touche. At that time I didn't have any other business dealings with Deloitte and Touche. The relevance of this phone call is related to the letter enclosing the cheque for œ100,000 for the benefit of Suisse Bank, Zurich, to the account of Ansbacher account number 0835/ 945743/C4 which was sent by DHL on the same day";

is that correct? And I think what you are referring to there is that it was on that occasion you say that you would have been given the information which would have allowed you to have entered the name of the payee and the

account to which the cheque was to be directed to; is that correct?

A. That is correct.

Q. I think you inform the Tribunal "that at no time did I ever discuss the transfer of funds with Mr. Desmond Traynor"?

A. That's correct.

Q. "At no stage did I ever have any knowledge of the sequence of events which occurred, which concerned the transfer of monies for the payment of the shares in Celtic Helicopters"; is that correct?

A. That's correct.

Q. "As is evidenced by my phone log, it is clear that a phone call was received from Credit Suisse, I believe acknowledging receipt of the cheque on the 5th of November 1992. In my evidence to the Tribunal I originally stated that did I not receive written acknowledgment, which is the case, but it would seem that I did receive verbal confirmation that the payment had been received"?

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

Q. I think you informed the Tribunal "that I asked my auditor, Mr. Terry Quigley, of Quigley Gorman & Associates to check his records for any reference to this transaction and he has confirmed that a query was raised in the audit of 1993"; is that correct?

A. Yes, that's correct.

Q. "The query concerned the payment of œ100,000 to Credit Suisse, and it was confirmed that the payment related to DB

Agencies. Mr. Quigley is available for the information of the Tribunal, if required". You then go on to deal with DB Agencies, isn't that correct in your memorandum?

A. That's correct.

Q. And you inform the Tribunal "Mike Murphy Insurance Brokers Limited (MMIB) has had a long standing trading relationship with DB Agencies. The Managing Director who is David Gresty. DB Agencies placed insurance cover primarily in marine insurance on the request of my company for customers of MMIB. The insurance cover placed is specialised and complex and is generally placed in a market outside the Irish home market. The account with DB Agencies operated on an open cover basis.

The account rolled over on a yearly basis as is customary.

The level of business transacted in the period prior to 1990 between DB Agencies and MMIB was in to the order of 2 million pounds. Payments to the order of 2 million pounds were paid to DB Agencies in the period of time prior to 1990"?

A. That's correct.

Q. In other words you would have been sending that level of premium?

A. That's correct.

Q. To DB Agencies?

A. That's correct. That is correct.

Q. You then want to deal with the question of Section 48 accounts and we will come back to look at that because the

cheque is stamped "Section 48 client account"; isn't that correct?

A. That's correct.

Q. "In my initial examination on the 10th of February of 1999 confusion arose over the operation of a Section 48 account. A Section 48 account is described in statutory form in Section 48 of the Insurance Act of 1989, and this section sets out statutory directions on the keeping of separate bank accounts. A Section 48 account is not a client account. But an account where premia is gathered from customers for insurers who grant the appropriate cover. Section 53(1) of the same Act clearly describes how monies are held, and in this case Mr. Quigley of Gorman Quigley & Associates will indicate how the payment was properly made. This complies with the legislation". It is a technical matter as far as you are concerned?

A. That's correct.

Q. "At the end of December 1992 substantial balances were held in the firm's MMIB Section 48 accounts. These balances are certified by certified public auditors in accordance with statutory regulations, and arrangements with the regulatory body in respect of the industry my firm operates within".

A. That's correct.

Q. "While it may not be relevant to this Tribunal, I can say my firm always met the requirements imposed on it by the regulatory authorities as has been certified by the firm's accountants"?

A. That is correct.

Q. "My accountant, Mr. Quigley of Gorman Quigley and Associates is present in the Tribunal to furnish such evidence as is necessary to confirm that the payment of the sum from Section 48 account was a legitimate payment and was paid in accordance with proper accountancy procedures and practice"?

A. That is correct.

Q. I think you then wish to deal under the heading "Celtic Helicopters" with some information you are furnishing to the Tribunal; isn't that correct?

A. That is correct.

Q. I think you refer to the documents that are being produced before the Tribunal and in particular the documentation furnished by Kieran Ryan, chartered accountant of Celtic Helicopters?

A. That is correct.

Q. In the report for Larchfield Securities Mr. Ryan of course was the accountant who undertook an exercise and gave evidence before this Tribunal about the various share structures and ownerships, legal or beneficial, of Larchfield Securities and matters pertaining to the Haughey family; isn't that correct?

A. That's correct.

Q. "In the report for Larchfield Securities it would seem that the payment of the €100,000, representing the 8 percent interest in Celtic Helicopters was received by the company

by way of Carlisle Trust. I was never aware that this had occurred"; is that correct?

A. That is correct.

Q. "I was never informed that payment for the shares had been made in this way. At no time was I ever aware there was any dispute or difficulty in relation to the payment for the shareholding which I hold on behalf of Mr. Gresty"?

A. That is correct.

Q. "The evidence that has now been presented to the Tribunal by Mr. Pdraig Collery in his statement which was presented to your solicitor on the 12th of February of 1999, clearly details how the transfer of funds came from my company to the various accounts associated with Mr. Traynor and the Haughey family". That was the €100,000 made payable to Credit Suisse which you saw documentation showing a similar amount eventually ending up, in what has been described as the S8 Account; isn't that correct?

A. That is correct.

Q. "I had absolutely no knowledge of the transfer of the funds nor the accounts in which they were submitted to. I never heard of an account of Hamilton Ross until I received the documentation as furnished by the Tribunal. When the cheque left my office for the investment in Celtic Helicopters, the only acknowledgment I received is as recorded in the evidence associated with my statement from Credit Suisse on the 5th of November of 1992 when it is clear that they contacted my office to indicate that the

funds had arrived"?

A. That is correct.

Q. Now, you then go on to deal with what is described as an insurance query and it is something we should go into in more detail presently but we will just deal with it as you dealt with it in the memorandum. "MMIB had an ongoing trading relationship with Celtic Helicopters Limited insofar as MMIB provided insurance cover for Celtic Helicopters. MMIB still provides insurance cover for Celtic Helicopters on an ongoing basis"?

A. That is correct.

Q. "The Tribunal has raised queries over certain cheque payments. In the schedule of documents furnished explanation for the payments has been given and the payments relate to finances for insurance payments"?

A. That is correct.

Q. We will deal with those in due course. "Celtic Helicopters experienced difficulties in paying for their insurance and my company assisted Celtic Helicopters in these payments. These sums have substantially been repaid".

Under the heading "Haughey family", you say that "apart from the provision of general insurance to Celtic Helicopters, the only other insurance provided to the Haughey family is for the benefit of Kieran and Conor Haughey, that is a separate matter. And my company provides car and house insurance for Mr. Kieran Haughey, and you have no business dealings with Mr. Charles Haughey,

nor have I any business dealings with Larchfield Securities nor have I had in the past", you inform the Tribunal; is that correct?

A. That is correct.

Q. Dealing then with the item which has arisen in the course of the Tribunal's evidence and is the question of the assignment of the insurance claim which Celtic Helicopters had relating to the loss of the helicopter during the filming in Kerry?

A. That is correct.

Q. I think you have informed the Tribunal "that I have provided a copy of my claim file to the Tribunal. There is another file which I have furnished to Mr. Gerard Ryan, an authorised officer appointed under the Companies Act 1990. The file was furnished to Mr. Ryan on the 12th of December of 1997. I do not have a copy of this file nor have I received an acknowledgment from Mr. Ryan. The file was delivered by hand on the day it was requested. The Tribunal has raised a query as to whether I was ever notified by Celtic Helicopters of the assignment of this claim, I was not. The first notification I received was from either Celtic Helicopters or Gore & Grimes Solicitors in approximately June of 1998. I subsequently had a meeting with Keane Solicitors to discuss the claim and its progress. The issue of assignment was raised and I understand that Keanes solicitors have furnished a copy of their file to the Tribunal".

In other words, you were aware that a claim was in existence and you had no knowledge until June of 1998 that there was any suggestion that the claim had been assigned to anyone; is that correct?

A. That is correct.

Q. Now I think you furnished a further memorandum of evidence to the Tribunal dated the 2nd of March, 1999; isn't that correct?

A. That's correct.

Q. And I think in that you say, that this is a subsequent statement of evidence of Mike Murphy, further to the statement dated the 25th of February of 1999, "in accordance with further directions of the Tribunal by way of letter dated the 1st of March of 1999, in 1992 when Celtic Helicopters and Paul Carty approached me to raise finances for the company, I was aware as a result of previous knowledge and in particular their difficulties in paying their insurance that the company had its difficulties.

Under no circumstances did I wish to be the person responsible for the demise of this company due to its very close connections with Charles Haughey. It is clearly the case that if the company could not pay for its insurance it could not operate. I was prepared to assist the company in the payment of its insurance premium to enable it to trade out of its difficulties". Is that

A. That's correct.

Q. "I have been approached by Celtic Helicopters, namely Ciaran Haughey and Sean Barnicle together with Paul Carty of Deloitte and Touche. They relayed the general finances of the company to me, and their hopes for the future. I, in turn, furnished all this information to David Gresty. I suggested to David that he consider the investment. David Gresty derived practically all his income in Ireland from my company. Mr. Gresty's company had generated approximately 2 million pounds in premium income from the previous three years to his investment in Celtic Helicopters, in the previous years to his investment in Celtic Helicopters. In 1992 my company was developing the aviation business from insurance purposes. Through my contacts with Celtic Helicopters I was introduced to a number of other potential clients which had developed into, which has developed into a substantial aviation business".

Is that correct?

A. That's correct.

Q. "I introduced Celtic Helicopters to David Gresty. I discussed Celtic Helicopters company with Mr. Gresty in August/September 1992. I indicated to him that there was approximately 8 percent of the company going for €100,000. I was happy that the company could trade out of its position and had the potential, due to its contacts with the Haughey family, to obtain hopefully air/sea rescue service contracts and potentially other State contracts. I

was aware that the development of the hangar would also lead to new service and maintenance business for the company. I made it clear to Mr. Gresty the status of the company as I knew it, and he was happy to proceed with the investment as I arranged it". Is that correct?

A. That's correct.

Q. "I made a commercial decision that under no circumstances did I want it to be known, did I want to be known as the person responsible for the collapse of Celtic Helicopters, due to its obvious association with Charles J. Haughey. It is for this reason and primarily for this reason alone that I assisted the company with the payment of their insurance premium directly. It was also an important factor in my mind when discussing the matter with Mr. Gresty"; is that correct?

A. That is correct.

Q. "Since I assisted Celtic Helicopters the company has traded for the last seven years. In addition to that, because of my association with Celtic Helicopters, my company has developed further aviation business with a number of other businesses developing a broad based aviation business"?

A. That is correct.

Q. And I think you furnished one further memorandum of evidence to the Tribunal, dated the 24th of March of 1999, is that correct?

A. That's correct.

Q. In which you inform the Tribunal that this is a subsequent

statement of evidence of Mike Murphy, further to the statement dated the 9th of February of 1999, the 25th of February of 1999 and the 2nd of March of 1999. And you inform the Tribunal:

"I assisted Celtic Helicopters and enabled it to trade out of its difficulties with regards to its insurance. I also introduced an investor into the company who was a close personal friend of mine, and I guaranteed that Mr. Gresty would not be at a loss as a result of his investment.

I entered into these agreements to ensure that the company would survive. This was a business risk that I undertook.

Thankfully it has not resulted in a loss to me; and as a result my aviation business has grown to a considerable size due to references from Celtic Helicopters"; is that correct, that is what you have informed the Tribunal of?

A. Yes, that is correct.

Q. "Mr. Gresty, for his own reasons, did not want to remove the money that was due to him by my company out of the jurisdiction, this is borne out by the fact that Mr. Gresty only required the payment of the balance on this account in December of 1998. The running account, or the insurance account on which reconciliation was attempted to be affected when the initial investment of €100,000 was made"?

A. That is correct.

Q. Okay. Now, if we might start at the beginning so. You have already informed the Tribunal and I think Mr. Barnicle

informed the Tribunal, that you came into contact with Celtic Helicopters for the purpose of providing aviation insurance, perhaps sometime in 1989 or thereabouts; is that correct?

A. That is correct.

Q. In 1989 what amount of aviation insurance were you carrying out?

A. Probably two or three companies.

Q. And when you say two or three companies, the major aviation insurance in the country at that time would have been perhaps Aer Lingus; would that be correct?

A. Aer Lingus as an airline.

Q. As an airline, and Irish Helicopters perhaps on the helicopter side; would that be correct?

A. On helicopter charter, yes, it would be Irish Helicopters.

Q. That business was not placed with you; isn't that correct?

A. That is correct.

Q. What other companies, aviation companies were you carrying out insurance business for as of 1989?

A. At that time I had no other aviation company, it was just individual, individual aircraft of individual companies, business companies that I had at that time. I think there were probably two others.

Q. Probably two others?

A. Probably two others before Celtic Helicopters, yes.

Q. And was that helicopter business you were, helicopter insurance you were arranging?

A. Helicopter; there was also, there was also a private yet insurance as well.

Q. And did any of that aviation insurance cover you were placing at that time relate to any of the companies who were the subject of the running account with Mr. Gresty?

A. Probably, yes.

Q. I will come to that in a moment. So, that in the normal business world, it wouldn't have been necessarily known that Mike Murphy Insurance were in the aviation business?

A. I would say probably the reverse, Mr. Coughlan, it would have been unknown.

Q. It would have been unknown. So that it would really have been by way of introduction or recommendation that Celtic Helicopters would have heard about you doing this work?

A. That is correct.

Q. And to your knowledge, do you know if that introduction or information was imparted by perhaps one or other of the two companies you may have been arranging insurance for?

A. I think possibly by a pilot of one of the companies.

Q. I think the other two companies or customers for whom you were arranging aviation insurance; were they arranging most of their business through you?

A. Yes, that's correct.

Q. So it was really a service you were providing in the broad cover of insurance you were arranging for these companies?

A. That is correct.

Q. Now, in 1992 Mr. Barnicle approached you to see if you

could arrange investment in the company?

A. For an investor, yes.

Q. Were you in that line of business?

A. Well yes, I was in the line of business of investment as well as insurance broker.

Q. Yes; and had you raised investments for other companies previous to this?

A. Not for individual companies as such, but I would have arranged investments for people all right.

Q. As an insurance broker?

A. As an insurance investment broker.

Q. As an insurance investment broker, but you weren't in the investment business?

A. Not for private companies as such.

Q. And when he did approach you, I think am I correct in my recollection of the evidence, that at some stage Mr. Paul Carty of Deloitte and Touche would have made you somewhat au fait with the circumstances of the company?

A. That is correct; but I am not sure, Mr. Coughlan, of the actual first meeting date with Mr. Carty.

Q. I don't think anything turns on it. You needn't be concerned about it. But in any event, even without being given information about the affairs of the company, you would have had some idea yourself, wouldn't you?

A. Well, I would have had an idea of how their business pattern would be going from the point of view of their payments to me, yes.

Q. Yes; and could we take it that even of your own knowledge, you might have been aware of the fact that they needed an injection of money?

A. That would be correct.

Q. And that without such an injection of money there was a potential that this company could get into difficulties?

A. That would be correct.

Q. And you have informed the Tribunal, very candidly, that you were, you were keenly conscious that you did not want to be the person who might have brought about difficulties for this company because of its close association with Mr. Charles Haughey, isn't that correct?

A. That is correct.

Q. And can we take it that that is because of the type of business you were carrying out, otherwise, and the people with whom you were carrying out that business?

A. Well, you could probably take it that way as well; but I think, Mr. Coughlan, if you look at the press I received since I came to the Tribunal.

Q. Yes?

A. Can you imagine what the press would have been had I been the cause of Celtic Helicopters' demise in 1992?

Q. But in 1992 there were two substantial incidents we will talk about now, there was the question of raising capital and injection of capital the €100,000 investment; and there was also the question of facilitating a facilitation in relation to the payment of insurance premium; isn't that

correct?

A. That's correct.

Q. Now, if you had said "look, I am sorry, I am really an insurance broker, I do a bit of investment on the side, but you know, for certain types of people, but this is really outside my sphere", and if you had also said "look, I am an insurance broker, and you will have to go and raise your finances somewhere else to pay the insurance premium", how would anyone in the broad public be aware that you had done anything at all which might have caused difficulties for Celtic Helicopters?

A. Well, there is another factor as well Mr. Coughlan. I mean I wouldn't have the broad based aviation business I have today, and not alone that, but I would have lost a client, I mean my business is not a manufacturing business it is a service business.

Q. Yes?

A. And I survive purely on contacts and referrals and therefore I don't think that anybody in business like I am, would want to kick somebody out on the first you give them a chance.

Q. I appreciate that; and of course one has to take risks and hope that the risk pays off. I understand all of that. But we are not talking about now, with the benefit of hindsight that you may have developed some business from that, back in 1992 when these approaches were made to you, for the investment and in respect of the insurance, you

have informed the Tribunal quite candidly, that you did not want to be the person who was associated or named as being the person who caused the demise of this company because of its close association with Mr. Charles Haughey, that is in 1992. We can leave aside the business aspect of it now?

A. That is correct.

Q. That is what was pressing on your mind.

A. It was on my mind, yes.

Q. And could it be, that the only ones who would have known - the only ones who would have known that you had either refused to place insurance until they obtained finances somewhere else, or who had refused to attempt to obtain investment would be people whom you were doing business with and Celtic Helicopters and Mr. Haughey; aren't they the only ones that would have known?

A. Possibly. Possibly.

Q. Now, on the reconciliation or the attempted reconciliation of the running account with DB Agencies; you have furnished certain backing documentation to the Tribunal. Having furnished the Tribunal in private session with the names of these customers to enable the Tribunal to put these particular customers on notice; isn't that correct?

A. That is correct.

Q. And perhaps at this stage we could show that running account and the customers who were the main customers on that running account. And perhaps, do we have, just for the moment it will be on a number of pages; but who

would you have described, which companies were the major customers on that running account?

A. Do you mean major customers in the context of the account or my major customers as I understood, Mr. Coughlan.

Q. Is there a distinction?

A. There is, yes.

Q. Your major customers at the time so, we will take it both ways, Mr. Murphy?

A. Well, there would have been Goodman and Keypak.

Q. Goodman and Keypak?

A. Yes.

Q. And in fact many of the companies are what would be described as generically Goodman companies; isn't that correct?

A. There are a number of them, yes.

Q. And was it for that company; was that one of the customers for whom you were providing the aviation insurance as well?

A. That is correct.

Q. Now, before you approached Mr. Gresty; I will put the account up in a moment; but before you approached Mr. Gresty, I think you approached some other investors; isn't that correct?

A. I mentioned two other, I mentioned it to two other people, yes.

Q. And can we take it; I don't want you to mention names at the moment; can we take it that that investment offer was declined by them?

A. That's correct. They weren't interested.

Q. Did you approach any of the customers who appear on the running account to make an investment?

A. I think possibly one.

Q. I will come to that in a moment, don't mention any names?

A. Okay.

Q. When you didn't secure the investment; and can we take it that the approach to those two particular people were people within this jurisdiction, they were in Ireland?

A. Oh, yes. Yes.

Q. Yes; you then approached Mr. Gresty; isn't that correct?

A. That's correct.

Q. And that was in August or September of 1992?

A. Yes. The end of the summer.

Q. And as a matter of public record, there was something extremely significant happening in this country at that time; isn't that correct? The Beef Tribunal was in progress?

A. Oh, yes. I wasn't involved in that Mr. Coughlan.

Q. And in fact isn't it correct, and you can correct me if I am incorrect, that around September of that year Mr. Charles J. Haughey was giving evidence in the Beef Tribunal, wasn't he?

A. I wouldn't have a clue, Mr. Coughlan, about that.

Q. This, I suggest to you, was an extremely sensitive investment; isn't that correct?

A. I don't quite know, Mr. Coughlan, what you mean by that.

Q. You had a clear association with placing insurance for people in the beef industry; isn't that correct?

A. That is correct, at that time, yes.

Q. The Beef Tribunal was in progress; isn't that correct?

A. If you say so, yes, I agree.

Q. Well, do you not remember, had you no interest?

A. Not really. I wasn't involved in it, Mr. Coughlan, in the Beef Tribunal.

Q. I see, I see. Your then biggest customer was very much involved in that; isn't that correct?

A. That is correct.

Q. And you were going to ask Mr. David Gresty to make an investment based on a running account which involved that very very big customer of yours at the time, who was right in the middle of a Tribunal of Inquiry into the beef industry in this country; isn't that correct?

A. I don't quite understand, Mr. Coughlan, what sorry, Mr. Gilhooley wants to say something?

MR. GILHOOLEY: The remark was not intended for the Tribunal, I think, as My Friend well knows.

Q. MR. COUGHLAN: You were going to ask Mr. Gresty to make an investment based on the reconciliation of a running account, a substantial portion of which related to your then, probably biggest customer, the Goodman Group of companies; isn't that correct?

A. I can't see, Mr. Coughlan, what relevance that has to it doesn't have any.

Q. Is that so? I am asking you is that so, is that what you were doing?

A. Would you repeat it again please, I don't quite

Q. You were going to ask Mr. Gresty to make an investment based on the reconciliation of a running account you had, involving one of your biggest, probably your biggest customer at the time, when the Beef Tribunal was being conducted; isn't that correct?

A. I wonder

MR. FULLAM: I wonder, Mr. Chairman, could I just interrupt at this stage? Mr. Coughlan should make it clear whether he is suggesting or implying that the money in the account was the property of somebody other than Mr. Murphy. If he is suggesting that it was belonging to the names of the companies involved in the account he should make that clear.

MR. COUGHLAN: No Sir.

CHAIRMAN: I think we better wait and see Mr. Fullam. You will have a full opportunity.

Q. MR. COUGHLAN: Mr. Fullam should be aware that the function of counsel of the Tribunal is to try and elicit facts, not to make any case. Now, isn't that so, isn't that the factual situation, isn't that correct?

A. If you just again, Mr. Coughlan.

Q. Let's take the facts one by way?

A. I have the gist of it, I just want to know what you are saying about the money in the account, I don't understand.

Q. You were going to ask Mr. Gresty to make an investment based on monies due to him on the reconciliation of a running account involving the affairs of your biggest customer at the time; isn't that correct?

A. Well, I wouldn't accept that Mr. Coughlan.

Q. You don't accept that. Tell me where that is factually inaccurate so?

A. The monies in the account, as we got bogged down in this on the last time, the monies in the account were either the property of my company or the property of the insurance company. They are nothing at all to do with the clients and therefore it is incorrect to suggest that the monies belonged to anybody else.

Q. I never suggested anything of the sort, Mr. Murphy.

A. Well,

Q. What I said to you, let's get the facts. Shall we get the facts one by one?

A. I can't see

Q. Now Mr. Murphy, just take it slowly and let's get the facts. You were going to ask Mr. Gresty, to make an investment in Celtic Helicopters, isn't that correct?

A. That is correct.

Q. Because you did not want that company to collapse because of its close, primarily because of its association with Charles Haughey, isn't that is that a fact?

A. That is correct.

Q. Right. You were going to ask Mr. Gresty to make that investment out of money which you say you owed, or your company Mike Murphy Insurance, owed Mr. Gresty, arising out of a running account for the insurances, substantially of one of your biggest customers or your biggest customer at the time; isn't that a fact?

A. That is a fact, yes.

Q. Isn't it also a fact that the Beef Tribunal was in progress at that time?

A. Yes, it is a fact, yes.

Q. And you were aware that your biggest customer had an involvement in that Beef Tribunal, isn't that correct?

A. That is correct.

Q. You were also aware that politicians in this country, including Mr. Charles Haughey, were potential witnesses in that Tribunal; isn't that correct?

A. That's correct.

Q. Did you address yourself to the sensitivity of making the investment based on this running account in the context of what was happening at that time?

A. I would have to say to you Mr. Coughlan it never crossed my mind.

Q. And you never mentioned it to your customers; are you saying that to the Tribunal, is that what you are saying?

A. I don't understand what you mean.

Q. You never mentioned it to the customers that you were

making this arrangement, no?

A. No, why would I?

Q. You didn't have that type of relationship with the Goodman organisation?

A. Not at all, not in the slightest.

Q. I see.

A. This didn't concern them, Mr. Coughlan, that is what I am saying.

Q. How do you think they would have felt that if on September or October of 1992, right in the middle of the Beef Tribunal, it emerged that this transaction was taking place? How do you think they might have felt about it?

A. I can't answer that Mr. Coughlan.

Q. And to this day, until you furnished these documents to the Tribunal nobody else has known the basis of the investment made by Mr. Gresty; is that correct?

A. That is correct.

Q. And is that why you personally guaranteed the investment made by Mr. Gresty; is that correct?

A. Could you repeat that? I don't understand what you mean.

Q. You told us in your final statement "that I personally guaranteed" that was the most recent information I gave to the Tribunal?

A. That is correct, that is correct.

Q. Yes. Why did you guarantee it?

A. Well, first of all I felt the company would trade out of the situation, as it has done; and secondly, I wouldn't

want to let any, let Mr. Gresty down. That would be the answer to that.

Q. I thought, you have told us on previous occasions and you have told us in the various memoranda furnished, that you put this to Mr. Gresty, told him the situation and told him that this company was one which had potential?

A. That's correct.

Q. Now, that was not actually what was in your mind at the time; isn't that correct?

A. I wouldn't, I wouldn't say that entirely, Mr. Coughlan. I would say the company any aviation investment is speculative, No. 1; but also there were only two helicopter company operating in the country at the time; one of them was owned by Aer Lingus and the other one is private and there was a fair bit of contract being submitted by the company at the time. I would have thought that there was a possibility that one of these companies could have been taken over and Mr. Gresty thought the same, so there was that as well. I mean it wasn't just purely to keep the thing going.

Q. But you knew it would go down the tubes if you hadn't made the investment or if you hadn't raised the money for the insurance, you knew it would go down the tubes, you were keenly conscious of that yourself?

A. I was conscious of the fact this, it might get into difficulties, as it happened it did, severe difficulties, as it happened it did.

Q. I know that, but what I want to do is ascertain your state of mind as of that date?

A. I beg your pardon.

Q. I want to ascertain your state of mind as of that date.

You thought it was going down the tubes, didn't you?

A. I didn't think it was going down the tubes. I thought it was precarious, Mr. Coughlan.

Q. You didn't want to be associated with that company because of its association with Charles Haughey?

A. It would have affected my business, yes.

Q. In what way?

A. Well, it is very hard to describe that Mr. Coughlan,.

Q. Oh Mr. Murphy, you have given a statement to the Tribunal now, where you said quite candidly you did not want to be associated with the demise or collapse of this company because of its association with Charles Haughey. Now in what way would it have affected your business, tell us that?

A. Well, I would first of all, I think would be very unwise of a man in my position after building up a business over 25 years, to make an enemy of the son of most powerful man in the State at that time.

Q. Well, why would you have been making an enemy of him?

A. Well, if you take away somebody's income Mr. Coughlan you will hardly be his friend.

Q. Now hold on a second now Mr. Murphy. It wasn't as if you were paying the wages of somebody and you were sacking them

sort of unfairly. What obligation did you have? You were the insurance broker, the business was to be conducted through you, somebody was to pay you the premium to do the business for them, and then it was your job to see what deal you could get for them?

A. Yes.

Q. So how would you, how would you have affected the business, Mr. Murphy?

A. Without insurance, Mr. Coughlan, you can't fly.

Q. Yeah?

A. So I mean .

Q. And without a premium you can't get insurance?

A. I got the premium.

Q. You got the premium?

A. Yes.

Q. But why would it have affected your business? Why would it have affected your business Mr. Murphy, if Celtic Helicopters could not have got the premium, why would that have affected your business?

A. It would have affected my business.

Q. Well tell us how?

A. Well Mr. Coughlan, it is very very difficult to describe graphically the situation.

Q. Well try, just try?

A. As I said to you, my insurance business is built on hearsay.

Q. Yes?

A. It is built on referrals and it is built on a service. And I think it would have been naive to suggest that if I were to pull the plug on that company that I wouldn't have suffered as a result of it.

Q. But you weren't going to pull the plug, you were being asked to get the money?

A. I beg your pardon?

Q. You were getting the money, you weren't being asked to you weren't going to pull the plug. Like in the normal course of events if somebody just doesn't have the funds to pay their insurance premium it is not the broker's problem?

A. You lose a client and, you know, I mean extended credit is something that everybody does.

Q. But, that is what I am trying to get at Mr. Murphy, you would have lost a customer for whom you were arranging the insurance premium to be paid by yourself; isn't that correct?

A. I was helping them out at a time in which they were needing help Mr. Coughlan.

Q. But that wasn't going to mean any particular financial loss for your company if that particular customer couldn't remain a customer, was it?

A. I agree with that, yes.

Q. Right. So it can't have been that you would have lost a customer, that's let's put that out of the equation first of all?

A. I would have lost a customer of course as well.

Q. But it would have caused no lost to your customer?

A. It was a substantial customer, Mr. Coughlan.

Q. It was a substantial customer in what regard?

A. It was, they were paying substantial insurance premiums at the time, to me.

Q. Are you being serious about this now, at the moment when you arranged this financing Mr. Murphy, are you being serious about that?

A. That was for one year only Mr. Coughlan.

Q. Yes. Yes?

A. That was only for one year.

Q. And the only other people who would have known about it might be some of your other customers who may have made the referral, and Mr. Haughey; isn't that correct and Celtic Helicopters?

A. I agree with at that, yes.

Q. Are you suggesting that you would have lost some of that other business, if you had not ensured the Celtic Helicopters, ensured that Celtic Helicopters could remain buoyant?

A. I would say, yes, that I would have, yes.

Q. That you would have lost, you believed, some of your other customers?

A. I think I would have Mr. Coughlan.

Q. Were they substantial customers?

A. Yes.

Q. Substantial customers in the beef business; is that your

view?

A. That was my feeling.

Q. Why don't you just tell us?

A. I have to be sure what I am saying Mr. Coughlan. I am doing my best.

Q. Fair enough?

A. To assist the Tribunal.

Q. That is fair enough. Because all I that was your concern. Now because you had that concern, and that was the concern you had, can we take it that some of your customers may have spoken to you about it?

A. No.

Q. So how did this fear arise in your mind so?

A. I beg your pardon?

Q. How could this concern arise in your mind?

A. Probably because of what I have said to you Mr. Coughlan, that my business is built on referrals and word of mouth and that is why I would have had that in mind. It certainly was not mentioned to me by anybody.

Q. I am going to move on to a different part of Mr. Murphy's evidence at this stage Sir. And I am just wondering if I should continue it now or would it be better to break until the morning?

CHAIRMAN: Perhaps, Mr. Coughlan, in view of the inevitable, this hour that we have passed, I don't think in fairness to Mr. Murphy and to yourself, we should go on for

a indefinite period. Perhaps another 15 to 20 minutes.

Q. MR. COUGHLAN: Very good Sir. Now I want to deal first of all with the actual mechanism of the payment of the œ100,000 which was made payable to Credit Suisse?

A. Okay.

Q. And I wonder if we could put that particular cheque up? I think we have just, very recently, as of this afternoon, received a statement from Mr. Gresty, and I think you may have been furnished with a copy of that statement as well, you may not have had an opportunity to deal with it in full; I won't go into that with you?

A. I haven't seen it yet.

Q. Yes. But we know this cheque and we know that you say that you were given the instruction to whom the payee should be and to which account it should be sent to, I think as of the 2nd of November of 1992; isn't it?

A. The 2nd or the 4th, possibly the 2nd or the 4th, or possibly the 4th.

Q. I think the 2nd?

A. There was two reference to the 2nd and the 4th I think Mr. Coughlan. Between the two of them it was anyway.

Q. But in any event you have also furnished the Tribunal with documentation which was shown previously which was the letter from you, dated the 4th of November of 1992, which was from Mike Murphy Insurance Brokers, sending that cheque to Credit Suisse in London; isn't that correct?

A. That's correct Mr. Coughlan.

Q. We also see that that particular, the cheque for €100,000 is stamped "for external control"; isn't that correct?

A. That is correct.

Q. It is approved for credit transfer to external account, Bank of Ireland; and where was that done?

A. That would have been done in the Bank of Ireland branch prior to that.

Q. By the branch?

A. I don't actually know which branch. It may have been done in Dundrum or it might have been done in, in a local branch of the Bank of Ireland in College Green on their behalf, I am not sure.

Q. And when was that done?

A. I would say before September, or in September.

Q. And was there the usual backing documentation with it?

A. There would have been, yes, there would have been.

Q. Was that there?

A. Oh, yes Mr. Coughlan.

Q. And what was the backing documentation, do you remember?

A. The statement, one of David Gresty's or DB Agencies statements.

Q. A DB Agencies statement. What would that be in the form of? An invoice or

A. Like the one that you have here, Mr. Coughlan.

Q. The running account?

A. That kind of statement would have been produced.

Q. Oh sorry, the letter?

A. No. An account, yeah, the account.

Q. That's the reconciliation account you are talking about?

A. Yes. That kind of a statement would have been produced.

Q. And the covering letter with that which sets out Mr.

Gresty's or DB Agencies position, the amount shown in our

statements are as follows: Irish pounds €257,318, in our

favour and then a balance in your favour of sterling 59

A. No, I would say the statement only, the letter wouldn't

have been produced; just the statement like that would have

been produced.

Q. Was it that statement that was produced?

A. I don't know that.

Q. Well, if it wasn't, what could it have been?

A. A similar statement from Mr. Gresty. I had many statements

from Mr. Gresty. I would suggest it was probably like that

one.

Q. Let's be clear about this now Mr. Murphy. You were

applying for foreign exchange; isn't that right?

A. That's correct.

Q. Approval. And you knew of your obligation to provide

appropriate documentation to obtain that approval?

A. That's correct.

Q. And that was the law?

A. Yes. If you are paying money outside the country you have

to produce a statement to the bank for

Q. In respect of that payment?

A. In respect of the payment, yes.

Q. In respect of that payment?

A. Correct, yes.

Q. Now, I will come in a moment to the actual cheque itself,

but whatever way we look at it, it was in respect of this

running account that the reconciliation was taking place;

isn't that correct?

A. That's correct.

Q. And the €100,000 was being paid in part?

A. In part payment

Q. In part of that. So was it this particular running account

which was taken to the bank?

A. I assume so. I can't swear definitely on that Mr.

Coughlan, but I would have to say I think so.

Q. I have to press you Mr. Murphy. What other running account

could there be that that particular sum of money was being

paid in respect of?

A. There was probably other monies due to David Gresty at the

same time but I think it most likely was that account.

Q. Well, there was another sum for 16 odd thousand?

A. That's correct.

Q. That did not relate to this account; is that correct or did

it?

A. That's correct, a different account.

Q. And did that have backing documentation also?

A. It would have, yes.

Q. Did it?

A. Yes of course, Mr. Coughlan. You have it there.

Q. No, we don't. We don't have any backing documentation that went to any bank Mr. Murphy. We have these documents. I am asking you what was taken to the bank to get it stamped for external approval, that's what I am asking you?

A. The statements were from DB Agencies to the bank.

Q. And was the payee made out at that stage?

A. No.

Q. And are you saying that you were able to go to Bank of Ireland, which ever branch, for a payment of €100,000 drawn on your account or your companies account and the payee was blank and that was stamped for external approval?

A. That is correct Mr. Coughlan.

Q. And was that so in respect of both cheques or one cheque?

A. Both cheques Mr. Coughlan.

Q. What was the point at all of any backing documentation if the bank didn't know to whom the payee or the cheque was addressed?

A. The bank saw the statements, Mr. Coughlan, and at one stage they used to stamp the statement as well, but I think at that stage the practice stopped of stamping the statement and the cheque.

Q. I am going to have to press you now to recollect which branch of Bank of Ireland you say stamped the cheque, approved for credit to an external account, Bank of Ireland, and the payee was left blank? Which account, which branch of the Bank of Ireland did that?

A. I don't know actually. It was either Dundrum or College

Green, I would suggest on behalf of Dundrum; but I can check it for you if you wish me to check it.

Q. It is very important Mr. Murphy.

A. I will try and check it. I just don't know at the moment which one it was.

Q. And you are saying that both this and the 16 odd thousand cheque were taken to the bank without the payee being filled in?

A. Yes.

Q. Was that usual, in your business practices with the bank?

A. Yes it was, Mr. Coughlan.

Q. That they stamped for foreign exchange approval, effectively blank cheques?

A. Well, I wasn't actually a Robin Hood, Mr. Coughlan, they did know who they were dealing with, but that was how they did.

Q. But they didn't know or nobody knew, you didn't even know at that stage who it was going to; isn't that right?

A. But, the statement that was produced to the bank.

Q. Um hum?

A. Would have an amount equal or more than that due on it.

Q. Well, it couldn't have been this running account; isn't that so?

A. Why not?

Q. Well, this running account doesn't say œ100,000, or this running account doesn't say 16 odd thousand; does it?

A. I was trying to explain to you earlier, you also had a

statement there, Mr. Coughlan, for the €16,000, but it is a separate statement. I think it was outside the reference possibly, of what you had asked us for. But the other one, the running account, yes, had more than €100,000 due on it. I think it had

Q. I am trying to get this clear Mr. Murphy because it is extremely serious, isn't it? Are you saying that the Bank of Ireland; it is the Bank of Ireland you are talking about at all times?

A. Yes.

Q. Regularly stamped cheques for your company for foreign exchange approval and the payee was left blank?

A. Yes, but there would have been a statement accompanying with it to the bank.

Q. All I am asking you is; are you saying, I don't know whether that is so; but are you saying that the payee was regularly left blank and then it was stamped for foreign exchange approval?

A. Yes, I am, Mr. Coughlan, but you mustn't take it out of context. There would be a statement along with it showing the amount of money due outside the jurisdiction.

Q. Yes. I am not in anyway concerned about that. And as we know in this particular case, this particular sum of money, you see the problem, never went to where it was supposed to go; isn't that correct?

A. That's correct.

Q. Now, we have no statement, no statement for the sum of

œ16,624 odd, the smaller cheque, perhaps you can get that for us overnight.

A. I thought I gave it.

Q. We have no statement, but perhaps we can get it overnight?

A. There is one.

Q. You are saying it is a statement?

A. It is a similar statement, yes.

Q. Because you had a meeting with Mr. Gresty, it seems to be common case between you and Mr. Gresty, in Paris, at the end of September or there or thereabouts?

A. That is correct.

Q. And what do you say happened about the two cheques?

A. In what way, Mr. Coughlan?

Q. In Paris; did you hand them to Mr. Gresty?

A. I handed the cheque for 16,000 odd to Mr. Gresty, right.

Q. Um hum?

A. The other one I took back with me.

Q. The other one you took back with you?

A. Yes.

Q. Was it still the payee, the payee still made out to blank?

A. Yes.

Q. And there was still, it was stamped at that stage?

A. Stamped at that stage, yes.

Q. Now, you received a letter from Mr. Gresty, isn't that correct? Dated the 5th of October of 1992; and there is

Mr. Gresty, I think, acknowledging having received œ116,624 as agreed, which you have deducted from the account. This

reduces the amount outstanding on the out shipments ADSI, as attached. I have forwarded cheques as agreed for investment in Celtic Helicopters. I have forwarded cheque as agreed for the investment in Celtic Helicopters. I note that you will hold the shares for me in a nominee account for the moment and I will instruct you later when I decide further".

He never forwarded the cheque to you; is that correct?

A. I asked him for the letter, Mr. Coughlan to protect me.

Mr. Gresty didn't particularly want his name mentioned on the investment. And I asked him for a letter acknowledging the transaction, so I would have it for my file.

Q. Why?

A. Sorry?

Q. Why?

A. Well, Mr. Gresty or myself could have been killed later, we could have died, and the account would not be cleared.

Q. For your protection, was that the first paragraph you wanted for your protection; is that correct, of your letter?

A. What does the first paragraph say?

Q. That he acknowledged receipt of the œ116,624?

A. And also the investment, he also directed that I make the investment. I didn't direct it. That was, that what that was about.

Q. But Mr. Gresty didn't want to give you this letter to begin with?

A. I beg your pardon?

Q. You said Mr. Gresty didn't want to give you this letter to begin with; is that correct?

A. No. It was I that insisted that I would get it, that is the way we would deal, Mr. Gresty and I.

Q. He not wanting you to give you a letter and you insisting on getting one?

A. No. Having done the investment the way it was done, I would look for some kind of protection from him, that is what that is about. That is why the letter arrived.

Q. And you couldn't simply have a record in your own company of shares held as nominee for DB Agencies for David Gresty, no?

A. I could have but I didn't.

Q. So you wanted it for your protection?

A. That is correct.

Q. Now, in the accounts for the year ended the 31st of March, 1993 prepared by Gorman Quigley Penrose, I think at the request of the Tribunal some information, or an exercise was carried out; isn't that correct, by your accountants?

A. Yes, but I haven't seen the documents.

Q. You haven't seen the document?

A. No.

Q. Well perhaps we will give you a copy of it. It emanates from your own accountant?

A. If it is necessary Mr. Coughlan.

Q. And it relates to your accounts?

A. It does, Mr. Quigley. It does, Mr. Coughlan.

Q. Well perhaps I will just read it for the moment. Under the heading payment of €100,000.

"As part of our standard audit procedures a review was carried out of the company cheque payment book for unusual items. This test was carried out on the 19th of July of 1993. This matter was raised at a meeting with the client on the 10th of August of 1993. I confirm the following is an extract from the notes of the meeting of the 10th of August of 1993. The following points are relevant. 4: The payment to Credit Suisse related to DB Agencies. The payment of €100,000 was posted to DB Agencies creditor's account, thereby reducing same. No further queries arose in relation to the transaction"?

A. That is correct.

Q. So in your own accounts the matter is recorded; isn't that correct?

A. That's correct Mr. Coughlan.

Q. Why did you want the further, why did you want this letter from Mr. Gresty?

A. That was before the accounts were done Mr. Coughlan. That wouldn't mean Mr. Gresty couldn't dispute the matter later on, but with the letter, he can't dispute it.

Q. Are you suggesting that - Mr. Gresty was a man you had a long standing relationship with, are you suggesting that he would have behaved dishonestly?

A. Not in the slightest am I suggesting that, but I am in

business 25 years Mr. Coughlan, and I do some things maybe a little bit different nowadays.

Q. I see. Now, but in any event you were the one who wanted this letter from Mr. Gresty of the 5th of October of 1992?

A. That is correct.

Q. How did it arrive?

A. As I said earlier, Mr. Coughlan, I lost the file belonging to Mr. Gresty, I don't have the original letter.

Q. Yes?

A. Because it was in that file and I can't find the file.

Q. You can't find it?

A. There is a file missing, as I said to the Tribunal on the first day that I was in, that there is a file, a share file missing.

Q. There is a what missing?

A. A kind of a share file, I call it, belonging to Mr. Gresty.

Q. So the original of the letter?

A. The original of the letter I haven't got.

Q. You haven't got?

A. No.

Q. What else was in the file?

A. I suspect that there was other things in the file relating to this investment in Celtic Helicopters.

Q. You suspect?

A. I suspect. I can't find the file.

Q. What sort of things?

A. Just probably records of my conversations with Mr. Carty

possibly, and the actual shareholding and that kind of thing, but I can't find the file.

Q. So I just want to, again take this slowly, because this is the first time now that we know about the contents of something. You are saying that it would have had the original of this letter?

A. The original of that letter would be in it, yes.

Q. Where did the photocopy that was furnished from the Tribunal come from?

A. That came from Mr. Gresty after the Tribunal asked him for it.

Q. That came to Mr. Gresty after the Tribunal, and was that after you had given evidence to the Tribunal on the first day?

A. No.

Q. When?

A. After I had the first visit to the Tribunal.

Q. After the first visit you had to the Tribunal when you gave evidence here?

A. No private.

Q. So privately. So it was very proximate to you giving evidence?

A. It was before I gave evidence.

Q. And you received a photocopy of the copy of the letter from Mr. Gresty?

A. That is correct.

Q. You don't have the original of the letter?

A. I do not.

Q. You are saying that the file, that the original that this letter has gone missing?

A. It is mislaid.

Q. It is mislaid?

A. It will turn up, I would say, eventually.

Q. And you say that also on that file you believe, do you believe, are notes of conversations you have had with other people relating to this investment?

A. I believe that there must be, yes.

Q. Now, what is on the file?

A. I beg your pardon?

Q. What is on the file?

A. What?

Q. What is on that file, the original file, that has gone missing or is mislaid? What is on it Mr. Murphy?

A. I would say that letter is on it.

Q. No. Is it on it? It was on it when you last saw the file?

A. I can't actually recall Mr. Coughlan.

Q. When did you last see the file?

A. Oh, it must be '93, '94. I really don't know I can't give you a date.

Q. Where was it kept?

A. It was kept in my office actually.

Q. In the filing cabinet?

A. In a file cabinet in my office.

Q. In your office. Who would have had access to that filing

cabinet?

A. Everybody had access to it.

Q. For what? Was it a file which related solely to this investment?

A. No, it was a file that David Gresty a share file.

Q. Of David Gresty's?

A. Or DB Agencies share file.

Q. And did it relate to investments you made for Mr. Gresty?

A. Precisely, yes.

Q. You are saying the original of Mr. Gresty's share file has gone missing out of your office?

A. I said it was mislaid Mr. Coughlan, I can't find it. I don't think it is gone missing. I said it was mislaid.

Q. How would it be mislaid, who would have dealings with it?

A. Well, every so often you do a bit of tidying up and that kind of thing and it could have, you know, I suspect that what happened to it was that when settling one of his accounts earlier that I may have given it to somebody to settle shares due to him or something and didn't get it back.

Q. How many other investments did you carry out for Mr. Gresty?

A. Two or three I would say.

Q. Two or three other investments. How big is the file?

A. It is a small, a tiny file.

Q. There wouldn't be that much clearing up to do on the file?

A. Oh no there wouldn't, no.

Q. Prior to this investment how many investments had you done for Mr. Gresty?

A. Just two or three. There wouldn't have been

Q. Are you saying you did two or three other investments or you did two or three in total?

A. Two or three in total. I would say maybe two others and this one.

Q. Two others and this one, and were the other two before this?

A. They were, yes.

Q. And in dealing, did you tell your advisors that you had lost this file, or you had mislaid this file?

A. I actually thought I told the Tribunal on the first time that I was there, I thought I did actually. But I certainly have mislaid it.

Q. Yes. The question I asked you; did you tell your advisors that you had mislaid this file?

A. I have, yes.

Q. In making use of this file would it be when you were communicating with Mr. Gresty or the person with whom you had placed the investment on his behalf? Why would you need to take out this file?

A. Well, only to reimburse him if I sell any shares or something for him.

Q. Did you sell any shares for him?

A. Yes, I did, yes.

Q. So you would have taken out so you think you did two

other investments for him. You never received share certificates from Celtic Helicopters?

A. That's correct.

Q. So the possibility, or so the probability is that there were two other companies in which you may have held share certificates; is that correct?

A. There would have been, yes, they would have been public companies yes.

Q. Pardon?

A. They were just public companies.

Q. Just public companies?

A. And shares were sold.

Q. And you would send the proceeds to him?

A. I would suspect that is what happened when I was sending proceeds to him, that I sent the file.

Q. Sorry?

A. I suspect that is what happened, when I was settling the account for him that I gave the file to him to send him a cheque or otherwise.

Q. And have you asked anyone in your office about the file?

A. Yes. I have yes. Yes, I have and I have made a search in my office as well. I am still looking.

Q. And you think that that file contains memoranda of conversations you had with other people about this investment?

A. Well, it is unusual Mr. Coughlan, for me not to have some notes of my meetings with Paul Carty or with anybody I

would invest with.

CHAIRMAN: Just on that, it is just half four now Mr.

Coughlan.

Q. MR. COUGHLAN: There is just one question. Now in your

second statement, the memorandum of evidence you gave to

the Tribunal, you said "since I made my statement of the

9th of February, that was the first one which statement was

prepared in haste to facilitate the Tribunal, I have had a

number of employees in my company research and procure all

the documents necessary to assist the Tribunal in

clarifying the issues and facts relative to the investment

by David Gresty of DB Agencies in Celtic Helicopters".

That is what you have informed the Tribunal?

A. That's correct, yes.

Q. But you are now informing the Tribunal that you hadn't

assembled all the documents to assist the Tribunal in

understanding this investment; is that what you are telling

the Tribunal now?

A. I am giving the Tribunal everything that I can find Mr.

Coughlan.

Q. That is not what you told the Tribunal?

A. I am very sorry. I thought I had actually told the

Tribunal that I had mislaid this file. I was convinced

that I had done that.

Q. Well now?

A. I am sorry about that.

Q. It is gone half past four as the Chairman as indicated, he is going to rise now. Perhaps overnight you will have a complete search made of your office, Mr. Murphy, and see if this original file can be located and we can look at the contents of it then? Thank you.

CHAIRMAN: Thank you. Half past ten in the morning.

THE HEARING WAS THEN ADJOURNED UNTIL THE FOLLOWING DAY,
THURSDAY THE 20TH OF MAY, 1999 AT 10.30 AM.