

THE TRIBUNAL RESUMED AS FOLLOWS ON FRIDAY, 9TH JULY, 1999

AT 10:30AM:

MS. O'BRIEN: Ms. Sandra Kells please.

SANDRA KELLS, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY

MS. O'BRIEN:

CHAIRMAN: Thank you, Ms. Kells.

Q. MS. O'BRIEN: Ms. Kells, thank you. You gave evidence yesterday, Ms. Kells, in relation to a series of accounts that were held in the name of Mr. Haughey in Guinness & Mahon between 1979 and 1987 and two of those were current accounts in his sole name and two of them were loan accounts. You recall that one of those loan accounts was in the joint names of Mr. Haughey and another person.

A. Yes, that is correct.

Q. I wonder if you'd be kind enough just to confirm that the name of the joint account holder with Mr. Haughey was Mr. Harry Boland?

A. Yes, it was.

Q. And I think the position in relation to this account is that the bulk of the activity on the account appears to have related to Mr. Haughey rather than to Mr. Boland?

A. It appears that way, yes.

Q. Thank you. And in fact, we can confirm that Mr. Boland has informed the Tribunal that he knew nothing about this account?

A. Yes, I believe so.

Q. Thank you. As I said, the evidence you gave yesterday related generally to lodgments to these four operating accounts.

A. Yes.

Q. And the evidence that the Tribunal wishes to deal with today relates to specifically three lodgments to the no. 1 resident current account and the way in which they related or appear to relate to two loan accounts that were held in the name of Mr. P.V. Doyle.

A. Yes.

Q. I think that will also involve some consideration of specific transactions across the Amiens Securities account?

A. Yes, that is correct.

Q. I think, as you have told us before in evidence, that those were accounts that were controlled by the late Mr. Traynor?

A. Yes.

Q. And in fact, two of the three Amiens accounts which we will be referring to today have already featured in your evidence?

A. Yes.

Q. And I think there is one additional account which we haven't heard from you about before?

A. Yes, that is correct.

Q. I think you have again provided the Tribunal with a memorandum of the evidence which you are in a position to give in relation to this matter and there are a series of

documents, I think what I am suggesting is that we will go through that memorandum and we will consider the documents as they arise.

A. Fine, okay.

Q. Paragraph 1 of your memorandum you have set out again the details of your career with Guinness & Mahon. I think suffice it to say that you are a financial director of Guinness & Mahon?

A. Yes.

Q. And that you have held that position since January of 1997?

A. Yes.

Q. Paragraph 2, you state that there were a series of accounts held with Guinness & Mahon from the mid-1970s to 1989 in the name of Amiens companies.

A. That is correct.

Q. And these accounts were primarily in the name of Amiens Securities Limited and were controlled by the late Mr. Traynor?

A. Yes, they were.

Q. And Ms. Joan Williams was also a signatory on the accounts?

A. Yes.

Q. And I think it's the case that Ms. Williams was Mr. Traynor's private secretary in his time at Guinness & Mahon?

A. That is correct, yes.

Q. One of the accounts in the name of Amiens Securities was account 2041006 and this was an Irish account resident

current account?

A. Yes.

Q. You informed the Tribunal that insofar as statements of the account be retrieved from the bank's microfiche records, the account appears to have been operated for some short time prior to April 1983 until the 13th January, 1984 when the account was closed.

A. That is correct, yes.

Q. So it appears therefore that the account operated for some short time upwards of nine months?

A. Yes, we can't find the earlier records but we can find from April '83 onwards.

Q. And I think the bank has not been able to retrieve a complete set of account statements and of the 57 statement pages, there are 18 pages missing?

A. That is correct, yes.

Q. And I think you previously explained in evidence the bank's practice at that time was to take copies of all statements and to retain them on microfiche?

A. That was the bank's policy but we have found exceptions to that during our investigations.

Q. Now, in paragraph 3, you stated that in May of 1983, there were three transfers from account 2041006 to accounts in the name of Mr. Haughey?

A. Yes.

Q. I think in fact you referred to these transfers in the course of your evidence yesterday and the first one was on

the 5th May of 1983 and that was €10,000 which was transferred to account 2318008.

A. Yes.

Q. And I think that account to which the transfer was made was the joint loan account which was in the name of Mr. Haughey and Mr. Harry Boland?

A. That is correct, yes.

Q. And the document I think now on the overhead screen is a copy extract from the bank's daily log for the 5th May and it's simply confirms the drawing from account 2041006 of €10,000 and then the matching credit of that amount to the joint loan account in the name of Mr. Haughey and Mr. Boland?

A. On the 5th May, yes.

Q. Then the second of the lodgments that you referred to yesterday, which were made in May of 1983 from this Amiens account to accounts of Mr. Haughey, was on the 9th May of 1983 and that was in the sum of €80,000.

A. Yes.

Q. And that sum was transferred to Mr. Haughey's no. 2 account, account 3356019?

A. Yes.

Q. And I think the document now on the screen is another extract from the bank's log, this time for the 9th May and again it shows the matching debiting from the Amiens account and the crediting to Mr. Haughey's no. 2 account?

A. Yes, that is correct.

Q. And then the third of these lodgments in May of 1983 which again you mentioned in your evidence yesterday was to Mr. Haughey's no. 1 account and that was on the 19th May of 1983 and this time it was in the sum of €30,000. And the document now on the screen is again a copy of the input log, this time for the 19th May and it also shows the debiting of the €30,000 from the Amiens account and the corresponding credit, this time to Mr. Haughey's no. 1 account?

A. That is correct, yes.

Q. And I think, therefore, that between the 5th May and the 19th May, there were three transfers from the Amiens account to accounts in the name of Mr. Haughey and that those transfers in total amount to €120,000?

A. Yes.

Q. Now, I think you have informed the Tribunal that between the 5th May of 1983 which you recall was the date of the first transfer from the Amiens account to Mr. Haughey's account and the 2nd June 1983, which was about ten days subsequent to the last transfer, there were three lodgments to the Amiens account itself and that these also amounted to precisely the same amount of €120,000?

A. That is correct, yes.

Q. And I think the dates and amounts of those lodgments were as follows: The first one was on the 5th May of 1983, and was in the sum of €40,000. I think on the screen above, there is an extract from the Amiens statement of account

2041006 and that shows the first of the lodgments on the 5th May of €40,000.

A. Yes.

Q. And in fact that was the same date as the date of the first transfer from the Amiens account to Mr. Haughey's joint account.

A. And Mr. Boland, yes.

Q. Then the second of these lodgments into the Amiens account was on the 10th May of 1983, and this time the lodgment was in the sum of €30,000 and again the further extract from the statement on the screen shows that lodgment on the 10th May of €30,000?

A. Yes.

Q. And then I think the final lodgment in the series of lodgments into the Amiens account was on the 2nd June of 1983, and this time it was in the sum of €50,000 and again I think we see that lodgment across the Amiens account on the 2nd June, 1983?

A. Yes.

Q. I think those lodgments in total amount to €120,000 which is exactly equivalent to the sum transferred out of the account to the various accounts in Mr. Haughey's name?

A. Out of the Amiens account, yes.

Q. You have also informed the Tribunal that it appears that the source of each of these lodgments was a loan account in the name of the late Mr. P.V. Doyle which had an account number 6346006.

A. Yes, that is correct.

Q. And I think document number 7 in fact is an extract, a statement of Mr. Doyle's account, 6346006, and that extract statement shows each of the four debits to the account which correspond with the dates of the credits to the Amiens accounts

A. Three debits.

Q. Three debits, sorry, the Amiens accounts and they were on the 5th May, in fact the 6th May is the €30,000 and the 2nd June is the €50,000?

A. Yes.

Q. And I think the bank's internal documents, and we'll go through each of the transactions in turn, but I think the bank's internal documents confirm that each of the transfers, the source of each of the transfers to the Amiens accounts were Mr. Doyle's no. 1 account?

A. Yes, we can actually trace it.

Q. Now, the first of them, taking each of them in turn, I think the first of the credits into the Amiens account was the 5th May of 1983 and that was in the sum of €40,000?

A. That is correct, yes.

Q. And you have informed the Tribunal that it appears from the bank's daily log for the 5th May that the source of the credit to the account, to account 2041006 was a debit to account 6346006, being the account of the late Mr. Doyle and that's confirmed by the an extract from the bank's log for the 5th May, showing the debiting to Mr. Doyle's

account and the crediting of the same sum to the Amiens account.

A. Yes.

Q. And that's the first of the transfers from the account of Mr. Doyle to the Amiens account.

A. Yes.

Q. Now, the second of the transfers was on the 10th May of 1983 and was in the sum of €30,000.

A. Yes, that is correct.

Q. And I think the actual routing of this drawing was slightly more convoluted but the ultimate effect of it was that the sum drawn from Mr. Doyle's account was credited to the Amiens account?

A. Yes.

Q. I think you have informed the Tribunal that it appears from the bank's log for the 6th May of 1983, that a sum of €30,000 was debited to Mr. Doyle's account number 6346006 and was credited to account 90062019, and document number 9 shows the corresponding debit and credit and again there is an extract from the log for that date, shows €30,000 debited from Mr. Doyle's account 06346006 and credited to account 90062019.

A. Yes, that is correct.

Q. Now I think you informed the Tribunal that this account, this lateral account 90062019 was an account maintained in the bank in respect of draft issued?

A. That is correct.

Q. And I think the position is that where a draft is issued by Guinness & Mahon, or indeed by any bank, that an amount equivalent to the value of that draft is credited to a drafts issued account which is kept by the bank?

A. That is correct, it's part of our internal control procedure.

Q. It's an internal accounting control procedure?

A. Yes.

Q. Then when value is given on foot of that draft, that equivalent amount is debited to drafts issued account?

A. That's right, and the cheque is presented.

Q. And I think you informed the Tribunal that there is a copy of the draft on the bank's microfiche record for that date and it appears the draft for œ30,000 was payable to bearer and a copy of that draft is now on the screen above. You can see that it's dated the 9th May of 1983, it's payable to bearer and it's in the sum of œ30,000.

A. Yes.

Q. Now

A. That's the cheque or draft.

Q. I think it is a draft.

A. Yes.

Q. And I think it appears from the stamps on the face of the draft, that the draft itself was negotiated at Guinness & Mahon itself.

A. That is correct, the next day, on the 10th May.

Q. And it appears from the stamp that it was negotiated on the

10th May of 1983.

A. Yes.

Q. And a copy of the bank's input log for that date shows that the sum of €30,000 which, as you had just explained, was then debited to the bank's drafts issued account, was in turn credited to the same Amiens account 2041006.

A. Yes.

Q. The drafts issued account being the second account there on the balanced set entry transaction.

A. Yes.

Q. As being a drawing from 90062019 and a credit to account 2041006?

A. That is correct, yes.

Q. And I think it appears therefore that the sum of €30,000 which was debited to Mr. Doyle's loan account funded a draft of €30,000 payable to bearer and that the proceeds of that draft were in turn lodged to the same Amiens account number 2041006?

A. Yes.

Q. So that in effect there was simply an intermediary transaction which was the issuing of the draft and the lodgment of that draft back into the same Amiens account?

A. Yes, in essence the money came from the Doyle account into the Amiens account.

Q. So that was the second transfer from the account of Mr. Doyle to the account of Amiens Securities. I think the third drawing down then was on the 2nd June of 1983 and

that was in the sum of €50,000. Now, I think you have informed the Tribunal that from the bank's daily input log from the 2nd June of 1983, that that was a straightforward transfer from Mr. Doyle's account to the Amiens Securities account, 2041006?

A. Yes, that is correct.

Q. So it appears therefore that from a consideration of those documents, that all of the monies that were advanced in the name of Mr. Doyle in that period, May and June of 1983, were drawn down and were lodged to the Amiens Securities account?

A. They were drawn from the P.V. Doyle account and lodged to the Amiens account, yes.

Q. And that was the self same account from which the transfers were made to Mr. Haughey's account in May of 1983?

A. Yes.

Q. In the equivalent sum?

A. Yes.

Q. Now, I think you have informed the Tribunal that the bank's loan files include a copy of the facility letter dated 14th April, 1983, addressed to Mr. P.V. Doyle, Doyle Hotels, Leeson Close, Leeson Street, Dublin 2 and confirming to him that the bank had approved a facility of €120,000.

A. Yes.

Q. I think that letter relates that there was no security provided for the advance, that it was to be an unsecured loan, that it was to be repaid in full within two years and

certainly by the 30th April, 1985. It sets out the interest rate and it refers to the terms to be applied in the event of early repayment.

A. Yes.

Q. I think there is also a copy of a loan decision memorandum dated the 20th April, 1983 which confirms that facility.

I think that's also on the overhead projector. If you could just explain what that document is?

A. Again it's an internal document that we would have used in bank, and it would have been on the client's file. It would just show later we would expect certainly a minute number to be attached to it later because it's all the copy we can get from our records and it's showing the basic details of the loan and as I say, the key purpose of this was to show that the loan was approved and to be attached to the credit committee minute number and just the barest details.

Q. Details of the approval was granted.

A. Yes.

Q. Again I think it confirms the same terms that were set out in the facility letter. So that the name of the applicant is Mr. Doyle of Doyle Hotels, Leeson Close, Leeson Street Dublin 2. The amount was also €120,000. The purpose of the loan was stated to have been personal and again, the term is as per the letter, two years, and the source of the payments is not stated. Would that be usual or unusual to find?

A. It would be more usual to see how the repayment would be sourced.

Q. I think at the bottom left, the review date is shown as the 30th April of 1985.

A. Yes.

Q. I think the file also includes the further facility letter that appears to have been forwarded to Mr. Doyle in relation to this self same loan. And this facility letter is dated the 29th April of 1985 and again it's addressed to Mr. Doyle of Doyle Hotels, Leeson Close, Leeson Street, Dublin 2. Again it sets out the same details of the loan, and the term is extended, I think, in the third paragraph with the heading "Term in accordance with normal banking practice. All funds taken up are repayable on demand but in any case not later than 30th April, 1987."

A. Yes.

Q. So it appears therefore that the loan was extended by virtue of this letter for a further two-year period?

A. Yes.

Q. Now, I think included within the bank's files is also a copy of the credit committee meeting decision in relation to the extension of the loan?

A. Yes.

Q. And on the bottom right-hand side of the document, I think that shows the date on which it was approved by the credit committee, the 1st May of 1985, which is actually the day following the date of the facility letter?

A. Yes, and the minute number.

Q. And the minute number, again I think it's signed by Mr. Michael Pender?

A. Yes.

Q. Who I think you indicated yesterday was joint managing director at the time?

A. He would have been a director at the time. I think he came later to be managing director.

Q. Later. And again that sets out I think much the same details in relation to the loan, the amount, the term, the security, which is shown as unsecured and at the box left for background and outline of proposals states that Mr. Doyle has had the loan for two years and has paid all interest due. He may be considered good for the above sum.

A. Yes.

Q. Now, I think there is a further minute, copy minute of the credit committee decision in relation to this same loan and the bottom left-hand corner, I think that shows that this minute was taken this meeting was on the 25th May of 1987, which was two years later.

A. That's right.

Q. And the credit minute or the credit committee minute number was 1154.

A. Yes.

Q. Now, I think this authorised a further extension of the loan for a further period of one year?

A. That is correct.

Q. That would be until 1987 and the review date is then shown alongside that in the box on the left-hand side as the 30th April of 1988.

A. Yes.

Q. And I think in the box that you make provision for inserting information on the background, the background outline of proposals states "Loan €120,000 plus interest. Originally taken out in April 1983 for a period of two years to April 1985. Interest roll up to April 1985 was paid and at that time he requested and was granted an extension for a further two years to April, 1987. Present balance outstanding is €167,624. He proposes paying interest of €7,624 and has requested we give consideration to extending the balance of €160,000. This loan was originally granted on an unsecured basis and it is not considered advisable to seek security now. Mr. Doyle is regarded as good for the amount."

A. Yes.

Q. I think that's the extent of the facility letters and credit committee minutes that are within the files of Guinness & Mahon in relation to this loan?

A. Yes, it is.

Q. I think you have informed the Tribunal that Mr. Doyle's loan was cleared in February of 1988.

A. Yes, it was.

Q. And I think the document on the screen at the moment is an

extract from the statement, I think and it shows that on the 26th February, 1988, a sum of €126,312.40 was credited to the account which reduced to account balance to zero?

A. That's correct, interest was drawn down and lodged to close the account.

Q. Now, in relation to the interest payments now, I think you have informed the Tribunal that you understand that the executors of the late Mr. Doyle have informed the Tribunal that the debit balance was paid out of Mr. Doyle's estate?

A. Yes, that is correct.

Q. And I think in your evidence today, we'll be looking further at the actual source of that credit?

A. Yes.

Q. And if I could turn now to the interest payments which were made on Mr. Doyle's account during the years between 1983 when it was drawn down and 1988 when it was paid off. I think you informed the Tribunal that there were four lodgments to Mr. Doyle's account between May of 1983 and February 1988 to meet interest which had accrued on the debit balance?

A. Yes.

Q. And I think the four interest payments were as follows: Firstly, on the 30th April, 1985, there was a payment of €52,495.86.

A. Yes.

Q. And I think then two years later on the 9th June of 1987, there was a payment of €9,966.74.

A. Yes.

Q. Then on the 31st July, 1987, the following month, there was a payment of £45,000?

A. Yes.

Q. And there was yet a further and final payment on the 24th August 1987 of £5,000?

A. Yes.

Q. And I think you are able to assist the Tribunal from the bank's logs in relation to the sources of each of these interest payments?

A. Yes.

Q. And I think we will take each of them in turn.

A. Okay.

Q. The first of them was the 30th April, 1985 and that was in the sum of £52,495.86.

A. Yes.

Q. And on the overhead projector is another copy extract from the statements of Mr. Doyle's account and that shows that the balance of the account on the 2nd April sorry, the balance of the account, yes, on the 2nd April was £169,797.79.

A. Yes.

Q. And that was a debit balance.

A. Yes.

Q. On the 30th April, there was a lodgment to the account of £52,495.86.

A. Yes.

Q. Now, there seems to have been a correction made on the face of that statement in manuscript, Ms. Kells. If you see there, there is initials JW. Can you assist the Tribunal as to who might have made that correction?

A. I can't, I mean it could have been anybody but it was obviously somebody correcting the statements for some reason.

Q. And the correction was then made.

A. Presumably. I mean it was on our records, so... I wouldn't call it a correction. I'd just call it an initial. I wouldn't call it a correction.

Q. Now, I think it appears from the bank's log for the 30th April, 1985 that the source of the credit was a debit to another account held with the bank which was account 8116008.

A. Yes, that is correct.

Q. And I think that was another account in the name of Amiens Securities Limited?

A. Yes.

Q. And I think that's the account that has already featured in your evidence in relation to transfers of monies in March of 1985 to an account of Celtic Helicopters Limited?

A. Yes, that is correct.

Q. I think on the same day, the 30th April, 1985, œ50,000 was transferred from the Amiens account, that's 8116008, to account number 90042263 and I think that's shown on document number 20 A which is on the screen at the

moment.

A. Yes.

Q. And that shows the drawing

A. Yes, that's it.

Q. And that shows that the sum of €50,000 was withdrawn from the Amiens account and was credited to account 90062263.

A. Yes.

Q. I think you informed the Tribunal that this was an internal account operated by the bank and it was known as sundry persons account?

A. That is correct, yes.

Q. And I think that was an account which was intended to be used for small miscellaneous transactions which did not relate to customers of the bank?

A. Yes, we would use it for just very small transactions, standardly.

Q. I think the sum of €52,695.86 which was equivalent to the amount transferred to Mr. Doyle's account was then immediately transferred back to the Amiens account?

A. Out of sundry persons, yes.

Q. I think we see that on the overhead projector. The drawing of €52,495.86 from the sundry persons account transferred back into account 08116008.

A. Yes, that is correct.

Q. And then the transfer was made of that same amount to Mr. Doyle's account to meet the first of the interest payments?

A. Yes.

Q. So that's the first then of the four interest payments into Mr. Doyle's account.

Now, the second of the payments was two years later and that was on the 9th June of 1987, and it was in the sum of €9,966.74.

A. Yes.

Q. Now, I think on the screen at the moment is a copy statement of the account and that shows the lodgment on the 9th June of €9,966.74.

A. Yes.

Q. Now, I think again the bank's internal document which is the daily input log for the 9th June which enables you to ascertain where a corresponding debit might have come to a credit to an account, I think it shows that that amount was drawn from account 10407014?

A. Yes.

Q. And I think that again is an Amiens Securities account which has featured in evidence previously given by you?

A. Yes, that is correct.

Q. I think it was that account through which the proceeds of the Tripleplan cheque were credited before ultimately being credited to Mr. Haughey's no. 1 account at the very end of May, 1987?

A. Yes.

Q. I think we also have a copy extract of that Amiens account and I think that shows that on the 14th May of 1987, which was, I suppose some three weeks prior to the transfer of

€9,966.74

A. Yes.

Q. A sum of precisely the same amount was lodged into the Amiens account.

A. Yes, it was lodged by cheque.

Q. That was a lodgment of the exact amount and again the bank's internal accounting documents for that day indicates that the source of that lodgment into the Amiens account was a cheque lodgment and that the sort code of the cheque was 90-01-80, I think we can just see that on the left-hand side.

A. Yes.

Q. That identifies the sort code of the cheque, the numbers beside it.

A. Yes.

Q. I think you have been able to retrieve a copy of that cheque from your microfiche records and the cheque is now on the overhead screen and it appears to have been a cheque dated the 14th May of 1987, was payable to Mr. Des Traynor, it was in the amount already stated and it was drawn on the Bank of Ireland, Pembroke branch account, P.V. Doyle no. 1 account.

A. Yes.

Q. And you can see therefore at the foot of it that the sort code on the face of the cheque matches the sort code as printed on your daily input log?

A. Yes.

Q. 90-01-80 I think?

A. Yes.

Q. And it appears to have been signed by Mr. Doyle.

A. Yes, it does.

Q. So that's the second of the payments, interest payments that were made to Mr. Doyle's loan account.

A. Yes.

Q. Now, the third of the payments was on the 31st July of 1987 and that was I think just two months one month later.

A. Yes.

Q. I think you have informed the Tribunal that by July of 1987, the debit balance on Mr. Doyle's account had risen to œ164,432.68.

A. Yes.

Q. You can see that there in the balance column.

A. Yes.

Q. And on the 31st July, 1987 a sum of œ45,000 was lodged to the account?

A. Yes.

Q. Again the bank's internal accounting documents are of assistance to the source of that lodgment?

A. That's correct.

Q. I think document number 27, which is a copy extract from the log, shows that the source of this transfer was the bank's own cash received account number 90039092.

A. Yes, the physical cash account.

Q. And I think that is an account into which all cash which

passes across the bank's counter is lodged before being

lodged to the specific accounts?

A. Yes.

Q. And again it's an accounting type procedure by the bank to ensure that you can keep track of monies, cash monies in and out of the bank on a particular date?

A. It's a double entry system. Credit the client, debit cash is our asset.

Q. It appears from the bank document that the source of that third interest payment of œ45,000 on the 31st July 1987 was a cash lodgment?

A. Yes, it was.

Q. Now, the final interest payment to the account prior to it being cleared was on the 24th August of 1987.

A. Yes.

Q. And that was in the sum of œ5,000?

A. Yes.

Q. And in fact, I think on the account statement which we had up earlier, we were able to see that œ5,000 being lodged to Mr. Doyle's account. I think it was the entry immediately below the 45,000?

A. Yes, that is correct.

Q. You can see there the 24th August was the date, the amount was œ5,000?

A. Yes.

Q. Now, I think again the bank's log for that date assists as to the source of that payment and it's difficult to read I

think on the overhead screen, but it indicates that the sum of €6,518.76 was lodged to the bank in cash that day?

A. In total for all customers.

Q. In total and that of that, €5,000 was ultimately lodged to the account of Mr. Doyle and I think we see there the fourth transaction down shows the €5,000 being lodged to Mr. Doyle's account?

A. Yes, that is correct.

Q. So just in the summary therefore, in relation to those interest payments, it appears that the source of the first payment of €52,495.86 was the Amiens account and that was the same Amiens account out of which the transfers were made to Celtic Helicopters in March of 1985.

A. Yes.

Q. The second interest payment of €9,966.74 made in June of 1987, the source of that appears to have been the Amiens account 20410104 I think it is

A. Yes.

Q. And the source of that in turn appears to have been a cheque drawn on account of Mr. P.V. Doyle?

A. Yes, it's through 1040174, and the cheque was the source of that.

Q. Was the source of that and then the final two interest payments made in July and August of 1987 appear to have been cash lodgments?

A. Yes, they were cash lodgments.

Q. Now, just turning to the repayment of the loan which we

referred to briefly earlier. I think you have informed the Tribunal that on the 25th February, 1988, the debit balance on the account was €123,846.69?

A. Yes.

Q. And I think move onto the next document which is the transactions of the following day, I think interest was then applied to the account on the 26th February in the sum of €2,465.71

A. Yes.

Q. And that amount of €126,312.40 was then lodged to the account on the 26th February of 1988.

A. Yes, that is correct.

Q. Now, the bank's daily input log for that date and if we could have that up on the screen, it's document number 30 I think it shows that the source of that credit to

Mr. Doyle's account was a corresponding debit to account 10407014?

A. Which was an Amiens Securities account.

Q. Which was the same Amiens account that we have been talking about during today and yesterday in relation to the payment of the €9,966 interest payment?

A. Yes.

Q. I think it appears from a statement of that same account of Amiens Securities Limited, 10407014, that on the 28th March, 1988, a sum of €150,230 was lodged to the account?

A. That is correct, yes.

Q. And the bank's internal log for that date assists in the

identification of the source of that lodgment and it indicates that the source was a cheque and that the sort code number on the cheque was 90-01-80.

A. Yes.

Q. And again the bank has been able to assist the Tribunal in retrieving a copy of that cheque from its microfiche records and it appears that the cheque was dated the 23rd March of 1988. It was in the sum of €150,230. It was payable to Guinness & Mahon and it was drawn on Bank of Ireland, Pembroke branch, account P.V. Doyle Holdings Limited.

A. Yes.

Q. So it was that cheque which effectively that was that cheque which was lodged to the Amiens account?

A. To the effect of repayments from the Amiens account to the Doyle accounts.

Q. I think you have informed the Tribunal that the total sum paid to the bank for principal and interest on Mr. Doyle's loan account number 6346006 was €238,775.

A. Yes.

Q. And I think that was made up of €120,000 pounds which was the repayment of the principal monies advanced and €118,775 made up of those four payments which we have just referred to and that was in respect of interest?

A. That is correct, yes.

Q. Now, apart from the loan account which we have been referring to in your evidence, it also appears from the

bank's loan files that on the 11th December of 1985, the bank agreed to provide Mr. Doyle with a further facility of €50,000.

A. Yes.

Q. And I think a copy of the facility letter, which was dated the 11th December, 1985, is available?

A. Yes.

Q. And I think it's on the screen now. And it's again addressed to Mr. Doyle, Doyle Hotels, Leeson Close, Leeson Street and it's confirming the bank's agreement to advance a sum of €50,000. The term was that in accordance with normal banking practice, the funds were repayable on demand but in any case not later than the 31st December of 1987, so effectively that was a two-year term loan.

A. Two-year facility, yes.

Q. And the draw-down, the funds could be taken up by way of a loan account in the name of Mr. Doyle designated no. 2 loan account.

A. Yes.

Q. And the interest provisions I think are standard interest provisions that would have applied at the time.

A. Yes.

Q. Provision for early repayment and finally the letter confirms that this loan was also being advanced on an unsecured basis.

A. Yes, similar to the earlier loan.

Q. Similar to the earlier loan. I think there is also a copy

of the bank's loan decision memorandum in relation to that loan also and I think that's on the screen now. And again it confirms that the credit committee had approved a loan to Mr. Doyle in the amount of €50,000. The purpose again is stated as personal. The term of the facility, two years. Again, in common with the last committee memo in relation to number 1 loan, the source of repayment is not stated. And under the outlines, the square left for outline and background, it says "Seek credit memo number 403 dated 1st May 1985." I take that that's the credit memo in relation to the number 1 loan?

A. That we saw yesterday.

Q. "Interest on this loan 130,000 agreed to roll up.

Interest on the new facility will be paid every six months. Considered good for the figures in question."

A. Yes, and it shows the total exposure.

Q. Can you assist me at all as to why it might have referred to his loan of €130,000 at the time?

A. We would also refer, when we are considering credit applications, to the gross credit exposure of the customer to the bank. Now, at that stage the facility had been granted to roll the 120,000 again in May of '85. You will see though that under the outline of proposal, it's asking you for the interest to be rolled up so that presumably by December '85, with the interest rolling up, the balance of 120,000 was now at 130,000, so it was an incremental, the number 1 facility was increasing because of the roll up of

the interest.

Q. The 130,000 was simply reflecting the debit balance that would have been standing on the no. 1 account at that time?

A. At that point in time it shows the total exposure then to Mr. Doyle as being 180,000.

Q. Yes, 180,000.

A. Yes.

Q. Now, in relation to the draw-down of the loan, I think the bank has been able to retrieve a full set of statements for this number 2 loan from its microfiche records?

A. Yes.

Q. And I think it appears that from the accounts statements that the loan was drawn down in five tranches, each of which was of £10,000?

A. Yes.

Q. I think the dates of draw-down were the 23rd December, in fact two on the 23rd December, one on the 29th January, one on the 14th February, that's 1986. And the final draw-down was on the 17th April of 1986.

A. Yes.

Q. And I think each of those drawdowns can be seen on the copy statement. Now, I think we will go through each of those debits to the account in turn to ascertain the account or purpose to which they were applied, but just to summarise the position before we look at them all separately, I think it is the position that with the exception of the second draw-down on the 23rd December, 1985, all other four

drawdowns were credited to another Amiens account?

A. Yes, they were credited, yes.

Q. And I think this is an account that we haven't heard of from you before, it's account 08880018?

A. That is correct, yes.

Q. We will take each of them, Ms. Kells, in turn. The first one was the 23rd December of 1985 in the sum of €10,000.

That's the very first one on that date. And I think the bank's log for the 23rd December of 1985, I think it confirms that the account to which this sum of €10,000 was transferred was Amiens account 08880018.

A. Yes, that's correct.

Q. I think you can see it there on the screen above.

A. Yes.

Q. Now, I think it also appears from the bank's files that had been retained, that on the 20th December of 1985, which was three days prior to the crediting of this sum to the Amiens account, Mr. Traynor if we could have that on the screen now Mr. Traynor sent a memo to well, I take it that JDT refers to Mr. Traynor?

A. Yes, it is.

Q. To POD, and that's Mr. Pat O'Dwyer who was the banking manager at the time?

A. That is correct, yes.

Q. So that if any drawings were to be made on an account of that type, the instructions would have been it would have been appropriate to give the instructions to Mr.

O'Dwyer, is that correct?

A. In relation to these accounts, it appears to be, yes.

Q. And the memo states "Could you please arrange to let me have a draft for œ10,000 payable to Haughey Boland & Company no. 3 account and to debit Amiens SL" I take it that means Amiens Securities "Account number 08880018."

A. Yes.

Q. If we could just move that memo slightly up the screen, I think the instruction there is to file to J. D. Traynor?

A. Yes, that is correct.

Q. So that's then the first of the drawings on the number 1 the no. 2 account.

CHAIRMAN: This Amiens account 08880018, this is the account which effectively is new to the evidence you have given?

A. This is the first time we have given evidence on this account.

Q. MS. O'BRIEN: All right. The second draw-down on the 23rd December, 1985 from Mr. Doyle's no. 2 account, I think we can see from the account statements itself that this appears to have been made in respect of a payment to Frank Glennon Limited, I think it's a little difficult to make out on the copy statement, it's just there on the left-hand side. Frank Glennon Limited. I think a description like that on the statement would usually suggest to you that the

debit is in respect of a payment to the person named in the descriptive part of the statement?

A. Yes.

Q. I think, in fact, that is confirmed by your internal log for that date, which is the next document up, which is number 40, and it shows that the sum of œ10,000 was drawn from account 6346014 and that the corresponding credit was in respect of cheque number 703541, Frank Glennon Limited. I think that's shown on the left-hand side?

A. Yes, crossed with "drafts account" which I referred to earlier.

Q. So it's the second of the five œ10,000 withdrawals from Mr. Doyle's account?

A. Yes.

Q. Now, the third of those five withdrawals was on the 29th January of 1986. I think it appears from the bank's log for that date that the sum of œ10,000 drawn from the account was transferred to Amiens Securities account.

This is the account we have just heard about now, 08880018.

A. Yes.

Q. I think that's shown on the document.

A. On the audit trail, yes, it is.

Q. I think that's shown also on a copy of the statement of account. It shows that amount of œ10,000 being lodged to this Amiens account.

A. That is correct, yes.

Q. So it's the third of the five withdrawals.

Now, the fourth of the withdrawals was on the 14th February of 1986, and it against shows that the sum of €10,000 was drawn from the account and was transferred to this same Amiens account 08880018, and that's document number 42.

A. Yes.

Q. And I think this is also shown on a copy of the account statement for the same date. It's reflected in it. You can see the lodgment there on the 14th February of 1986 of €10,000.

A. Yes.

Q. To the same Amiens account. Then that moves onto the final lodgment or final withdrawal from Mr. Doyle's account on the 17th April of 1986, also of €10,000 and that also has the same destination, the same Amiens account, 08880018.

A. Yes.

Q. That's shown on the log which is now on the screen and it's also reflected in an entry on the account statement, €10,000 on the 17th April of 1986.

A. Yes.

Q. Which I think, just to summarise therefore on the draw-down, that apart from the second draw-down on the 23rd December, 1985 which appears to have funded a draft payable to Frank Glennon Limited, all four tranches of €10,000 were transferred directly to Amiens accounts 08880018.

A. Yes.

Q. I think it appears from statements of the Amiens account that there were a number of debits to the account which were described as payments to Haughey Boland & Company.

A. Yes.

Q. And I think that they were as follows: On the 1st October, 1985 there was €10,000 and we can see it there, Haughey Boland & Company being debited to this new Amiens account that we are looking at today for the first time?

A. Yes.

Q. Then on the 20th December, 1985, this is Haughey Boland & Company no. 3 account, on the 20th December?

A. Yes.

Q. Now I think that transfer on the 20th December was some three days earlier than the first transfer over from Mr. Doyle's account.

A. Yes.

Q. Then the third one was on the 13th February of 1986, also in the sum of €10,000.

A. Yes.

Q. I think that was just one day prior to the transfer of €10,000 from Mr. Doyle's account?

A. Yes.

Q. Then another one on the 24th March of 1986 of €10,000.

A. Yes.

Q. Again Haughey Boland no. 3 account.

A. Yes.

Q. And then the final debit which, it appears from the bank

statements, was made to this account in respect of payments to Haughey Boland, it was on the 14th July of 1986 and this was €50,000 described as Haughey Boland & Company no. 3.

A. Yes.

Q. I think the total of those five drawings was €90,000?

A. Yes.

Q. I want to move on, Ms. Kells, just to the interest payments on Mr. Doyle's no. 2 account. I think you have informed the Tribunal that Mr. Doyle's no. 2 loan account was also cleared on the same date as his no. 1 account, that was on the 26th February of 1988.

A. Yes.

Q. And that's document number 4, which is just an extract from the statement of the no. 2 account and it shows that lodgment and again we'll come back to the source of that lodgment after we have dealt with the interest payments.

A. Yes.

Q. I think you have told the Tribunal between December of 1985 and February of 1988, there were two lodgments made to the account.

A. Yes.

Q. If we could have document number 45. I think both of these lodgments were made on the 26th January of 1987 and they were in the sums of €2,000 and €13,000?

A. Yes.

Q. Now, in relation to the second of those lodgments, the €13,000, I think it appears from the bank's log for the

26th January that the source of that lodgment was Amiens account 10407014.

A. That's correct.

Q. That's the account that we have heard about from you on a number of occasions.

A. That's correct, yes.

Q. And I think the bank's log for the 26th January shows in relation to the first of the lodgments, that it was debited to your cash received notes and coins account so that it would appear that the first of the lodgments of œ2,000 on the 26th January was a cash lodgment?

A. That is correct, yes.

Q. Now, in relation to the lodgment of œ13,000 on the 26th January which came from Amiens account 10407014, I think you have informed the Tribunal that there was no lodgments to the Amiens account on that date or on a date proximate which was precisely equivalent to the œ13,000 transferred to Mr. Doyle's no. 2 loan account?

A. Yes, that is correct.

Q. But you have informed the Tribunal that it appears from the bank's log for that date, if we could have that up, that the source of the there was a lodgment of œ27,000 to the account on that date.

A. To the Amiens account, yes.

Q. To the Amiens account.

A. Yes.

Q. And it appears that the source of that œ27,000 lodgment

which is shown here as the second transaction on the screen, it's œ27,000, the currency is IR pounds. The account is 10401714 and the CR denotes that the transaction is a credit transaction.

A. That is correct, yes.

Q. The debits to meet that credit appear to be the last five transactions appearing on the log, is that correct?

A. That is correct, yes.

Q. And they are shown as the lodgment of cheques or instruments?

A. Five cheques, yes.

Q. And the cheques were œ8,000 with a sort code 90-01-31. œ4,000 with a sort code 90-01-72. œ5,000 with a sort code 90-09-73. Another œ5,000 with a different sort code, 90-13-51 and a final œ5,000 with yet another sort code 90-01-80.

A. Yes, and also it's interesting to note they are actually, both transactions are posted together, both the œ2,000 cash lodgment to Mr. Doyle's account and this transaction.

Q. I think we will come back to that if we may in a moment.

You have been able to assist the Tribunal in retrieving copies of each of these cheques from your microfiche records and I think we can put them now on the screen one after the other.

Now the first was a draft and again that copy is not particularly clear, but I think it's you probably have a hard copy before you. I think the first was a draft for

€8,000 drawn on Bank of Ireland, Montrose branch, payable to Brian Doherty.

A. Yes.

Q. The second was a draft of €4,000 drawn on Bank of Ireland, Leeson Street, payable to Jim O'Sullivan.

A. Yes.

Q. The third was a draft for €5,000 drawn on Bank of Ireland, Pembroke branch, payable to a Jim O'Sullivan also.

A. Yes.

Q. The fourth then was also a draft for €5,000 drawn on Bank of Ireland, Stillorgan branch, payable to a Paul Doyle.

A. Yes.

Q. And the final instrument in that lodgment was a draft for €5,000 drawn on Bank of Ireland, Ballsbridge, payable to a David Doherty.

A. Yes.

Q. And I think you have been informed by the Tribunal that Mr. David Doyle has confirmed that those drafts were issued for his benefit?

A. Yes.

Q. Now, if we could put back on the screen briefly document number 48. This is the document we just had up which is one of your internal documents showing the €27,000 lodgment to the Amiens account 10407014 and also the cash lodgment to Mr. Doyle's no. 2 account of €2,000 which shows, which is shown as drawn from your account 90039092 which is your cash received account, and credited which is the third

transaction on the screen to Mr. Doyle's no. 2 account 06346014. Now, if we can just move that slightly over so we can see the left-hand side of the document, I think what you indicated was it appears that those transactions were all part of the one transaction.

A. Yes.

Q. And that the number on the left is 4037?

A. Which is our deal code.

Q. Which is your deal code.

A. Yes, which would connect those transactions.

Q. And can you indicate to me the circumstances in which it's likely that transactions like that would have the same deal code?

A. If you were doing more than one transaction for one client, you would normally put the transactions together and they would be processed together.

Q. So you would use the same deal code if the transactions are for the same client, you would put the transactions together?

A. Yes.

Q. So am I correct in suggesting, therefore, that it appears that the lodgment of the sum of œ2,000 in cash to Mr. Doyle's no. 2 account and the lodgment of the five bank drafts to the Amiens account all on the 26th January may have been undertaken on behalf of the same customer?

A. Yes.

Q. Would be it be correct to assume, therefore, that there

would physically have been one single lodgment across the counter at the bank?

A. Yes, yes, I think that would be fair to assume. Now whether it was across the counter or it was, you know, done on a one-to-one basis with some executive, I don't know, but certainly it appears to be a related transaction, both sides of it.

Q. Both sides of it, thank you. Now, if we could just move onto the repayment of this no. 2 account which we already referred to briefly earlier on in passing on the 26th January of 1998 document number 54 please. The sum of œ47,363 was the debit balance on the account. I think that's shown on the balance column?

A. Yes.

Q. And on that date, interest of œ816.35 then the sum was œ40,182.27 was lodged and that reduced the account balance to zero. Now, I think the date on which that lodgment was made 26th February, 1988 and the date which the account was cleared was the same date on which Mr. Doyle's no. 1 account was also cleared?

A. Yes.

Q. I think again you have been able to assist the Tribunal from your internal documents, and document number 55 is an extract from your log for the 26th February, and it also shows that the source of the œ48,182.20 lodged to Mr. Doyle's account to clear it was the same Amiens account 10407014.

A. Yes.

Q. And I think the log also shows that this was all part of one single transaction, the lodging of œ48,182.27 to Mr.

Doyle's no. 1 account and the lodging of sorry, his no.

2 account, and œ126,312.40 to his no. 1 account?

A. Yes.

Q. And they both appear, both transactions appear to have been carried out at the same time?

A. Yes.

Q. And both from the same source.

A. Yes, from the Amiens account at the same time.

Q. I think you have informed the Tribunal that the total sum paid to the bank in respect of Mr. Doyle's no. 2 loan

account was œ62,363.92.

A. Yes.

Q. And I think that of that, œ50,000 was a repayment of the principal sum advanced and the balance was the payment of accrued interest, the balance being œ12,363.92.

A. Yes.

Q. I think, therefore, the total sum paid as between the two loan accounts, that's for repayment of the principal sums

advanced and payment of all accrued interest was

œ301,138.92.

A. Yes.

Q. I think you have informed the Tribunal that the total funds transferred on the 26th February, 1988 to clear both of Mr.

Doyle's loans was œ174,494.67.

A. Yes.

Q. Whereas the total payments which appear to have been made by the estate of the late Mr. Doyle was a cheque for €152,230 which was lodged to the same Amiens account on the 25th March, 1988.

A. Yes.

Q. I think this left a balance of €24,264.67 and this appears to have been funded out of the Amiens Securities account number 10407014.

A. Yes.

Q. So that's the position therefore, I think, in relation to both of Mr. Doyle's accounts, the manner in which the interest on those accounts was funded and the ultimate repayment of the accounts.

A. Yes.

Q. I just simply want to ask you as to whether you have, in the course of the work that you have been doing, been able to identify the source of the €24,264.67?

A. Not specifically no, not from the work we have undertaken to date on that Amiens account.

Q. Thank you. Now, there is some additional matters that we want to also cover with you, Ms. Kells, in evidence today which I don't think should take too very long, and it's the further evidence which the Tribunal intended to ask you to give in the course of this part of its sittings. And it is relatively short evidence and it relates specifically to Amiens account, 08116008.

A. Yes.

Q. And a separate memorandum of evidence has been provided in relation to the few transactions on that account which we want to look at specifically.

A. Yes.

Q. And I wonder if you have that before you. It's the sixth memorandum of evidence.

A. Yes, I have it before me.

Q. Now, this of course

CHAIRMAN: The tab number, Ms. O'Brien?

MS. O'BRIEN: Sorry, Sir, the tab number is tab 11.

I think we first go directly to Paragraph 4 of the memorandum and again we can go through it and look at the documents as they arise.

I think you informed the Tribunal that this account was operated by Mr. Traynor between January 1985 and April of 1985.

A. Yes.

Q. And I will just pause there for a moment, and the position is, is it not, that this was the account from which the sum of £75,000 was transferred in March of 1985 to an account of Celtic Helicopters?

A. On the 28th March, yes.

Q. And it's featured quite frequently in the evidence which you have given to date?

A. Yes.

Q. Now, I think you informed the Tribunal that in the three-month period, a sum of €372,132.77 was lodged to that Amiens account.

A. Yes.

Q. It appears from the accounts statements and from the bank's records that there were a number of debits to the account which may have been connected directly or indirectly with Mr. Haughey?

A. Yes.

Q. And I think we will just deal with those briefly in turn.

Now, firstly on the 25th January, 1985 if we could have document number 1 there was a debit of €25,000 to the account described as Haughey Boland & Company.

A. Yes.

Q. I think we have a copy of the bank's log which shows that that debit was in respect of a cheque payment to Haughey Boland & Company?

A. Yes, that is correct.

Q. So it's the first of the debits.

The second was on the 21st March, 1985 and that was also a debit to Haughey Boland & Company and this time it was in the sum of €10,000.

A. Yes.

Q. I think this is also clear from the extract from the bank's log, although the quality of the extract on the screen is fairly poor, but I think you do have a hard copy before you?

A. Yes, we do.

Q. I think that shows a debit from the Amiens account and a credit to the cheques issued account

A. Draft.

Q. Haughey Boland drafts issued account with Haughey Boland signifying that the debit was to fund a draft payable to Haughey Boland?

A. Yes.

Q. Then the third debit on the account which may or appears to be related directly or indirectly to Mr. Haughey was on the 28th March of 1985 and that is the debit that we have referred to in the course of today's evidence and in which you gave very detailed evidence of the 3rd March last, that was the transfer of €75,000 to an account of Celtic Helicopters?

A. That is correct, yes.

Q. And again I think that's shown there on the copy extract of the bank's log.

Then on the 9th April of 1985, there was a further €20,000 debited to same account and it was transferred this time to Mr. Haughey's no. 1 current account 03356000?

A. Yes.

Q. And in fact you gave evidence in the course of yesterday's hearing in relation to that self same transfer, but from the standpoint of it being a source of monies into Mr. Haughey's account.

A. Yes.

Q. And then the final debit to the account, which is the debit we heard about earlier today in your evidence, was the first interest payment to Mr. Doyle's no. 1 account, and that was on the 30th April of 1985 and was in the sum of €52,495.86.

A. Yes.

Q. Now, I think the total then of those debits comes to €183,495.86.

A. Yes.

Q. I think you have already indicated in your evidence that the total credits to the account between January and April were €372,132.77.

A. Yes.

Q. And what I am going to ask you to do now is to focus on just three of those credits which I'd like you to deal with in some detail.

Now, the first the three are and I'll just mention them first and then we can look at each of them in some detail. The first was on the 19th February of 1985 which was a credit of €50,000. The second was on the 22nd March 1985 and that was in the sum of €7,000 and the third credit was on the 15th April of 1985 and that was in the sum of €2,000.

A. Yes.

Q. Now, the first of those as indicated was on the 19th February of 1985, in the sum of €50,000 and the bank's log for that date, which is in the bank's internal accounting

documents for the 19th February, 1985, shows that the source of that credit to the Amiens account was a debit to your cheques received account and the cheque was a cheque bearing sort code 90-07-97 and again unfortunately it's indistinct but I think you had indicated yesterday all of these copies are retrieved from your microfiche and it depends on the quality of the microfiche.

A. Yes.

Q. That amount is €50,000 and the cheque was in the amount of lodgment which was €50,000.

A. Yes.

Q. And I think you have been able to retrieve that cheque from your microfiche and the cheque was dated the 18th February of 1985. It was in the sum of €50,000. It was payable to cash and although we can't see it from the copy on the screen, it appears to have been drawn on the Bank of Ireland O'Connell Bridge branch, on the account of John F. O'Connell.

A. Yes.

Q. So that therefore was the source of the €50,000 credit to the account on the 19th February of 1985.

A. Yes, it was.

Q. Now, the second credit which I'd ask you to look at in some detail is that credit on the 22nd March of 1985 in the sum of €7,000. I think the bank's internal document, the input log for the 22nd March of 1985 shows that this credit of €7,000 to the Amiens account 08116008 was in respect of

a lodgment of cheques to the account but there were two cheques, each for €3,500 in fact each of them are bearing the same sort code 90-01-80 and that's shown just there on the left-hand side of the screen.

A. Yes.

Q. And you have also been able to assist the Tribunal by retrieving copies of these cheques from your microfiche records, the first cheque on the screen is dated 20th March, 1985. It's in the sum of €3,500. It's payable to cash and it's drawn on Bank of Ireland Pembroke branch on an account P.V. Doyle no. 2 account.

A. Yes.

Q. And you can see there the Guinness & Mahon stamp of the 22nd March of 1985. And I think it also appears to have been signed by Mr. Doyle.

A. Yes.

Q. So that's the first of the two €3,500 cheques making up the lodgment of €7,000 on the 22nd March.

A. Yes.

Q. Now, the second cheque is also dated the 20th March, also the sum of €3,500, also payable to cash, also drawn on Bank of Ireland Pembroke branch, but this time it's drawn on the account of P.V. Doyle Construction Limited.

A. Yes.

Q. And it's also stamped Guinness & Mahon the same date, 22nd March of 1985.

A. Yes.

Q. So they are the two cheques that make up that €7,000 lodgment to the Amiens account which we are looking at in some detail.

A. Yes.

Q. Now the final lodgment to that account, Ms. Kells, that I want you to consider, is a lodgment on the 15th April of 1985 in the sum of €2,000.

A. Yes.

Q. Now, again the bank's internal documents, I think again unfortunately the quality of it on the screen is a little poor. It shows that the source of that lodgment was also a cheque lodgment?

A. Yes.

Q. The debit of that two-sided transaction is a debit to your cheques received account?

A. Yes.

Q. And the sort code this time is 90-01-80.

A. Yes.

Q. And it's a single cheque or appears from that that it was a single cheque for €2,000?

A. That's correct, yes.

Q. And again you have been able to assist the Tribunal by producing a copy of that cheque from your microfiche records and this cheque is dated the 3rd April, 1985 in the sum of €2,000 payable to Des Traynor.

A. Yes.

Q. Drawn on Bank of Ireland, Pembroke branch and drawn on

account P.V. Doyle no. 2 account.

A. Yes.

Q. And it also appears to have been signed by Mr. Doyle.

A. That's correct, yes.

Q. So just to recap then, there were the three lodgments that we looked at, the first for €50,000 on the 19th February, the source of which appears to have been a cheque drawn on the account of John O'Connell. The second, the 22nd March, in the sum of €7,000, the source of which appears to have been the two cheques for €3,500 each drawn on two different accounts and each signed by Mr. Doyle. And the final lodgment of €2,000 being a cheque payable to Des Traynor in that amount and drawn on Mr. Doyle's no. 2 account at the same branch of Bank of Ireland.

A. Yes, that is correct.

Q. Now, I think there is just one final matter, Ms. Kells, which I might just ask you to assist me on and you may have been here yesterday in the course of Mr. Healy's opening or may not, but Mr. Healy referred to an application made by Mr. Haughey to the Central Bank for exchange control approval in relation to an account or a loan account from Guinness & Mahon Cayman Trust, as it then was when the application was made in late 1982. And it appeared from the application that the security for the loan was to be a lodgment of the title deeds of Abbeville to be held by Mars Nominees. Now, I understand that Mars Nominees is the nominee holding company of Guinness & Mahon

A. Yes.

Q. And I wonder you can assist the Tribunal at all as to whether there is any indication that Mars Nominees ever held the title deeds to Abbeville as security for that loan or indeed for any other loan?

A. From my initial investigations, it doesn't appear so, but I would like to check again before I confirm definitely.

Q. That's fine. We can certainly check into it and if needs be, you can perhaps deal with it in the course of your evidence next week.

A. Yes.

Q. Thank you very much, Ms. Kells.

MR. CONNOLLY: I have no questions, Chairman.

CHAIRMAN: Before I check Mr. Seligman, no one else wishes to raise any queries?

MR. SELIGMAN: Nothing arises, Mr. Chairman.

CHAIRMAN: Thank you, Mr. Seligman, and thank you again, Ms. Kells.

THE WITNESS THEN WITHDREW.

MR. HEALY: Mr. George Carville.

MR. COLLINS: I appear with Mr. James Devlin, instructed by Brian O'Donnell & Company and I'd like to apply for limited representation in the usual terms for the Doyle

Hotel Group and any of the officers who may give evidence and also for Mr. David Doyle, who is no longer connected with the hotel group in any way and who lives in Spain and who I understand is coming next Tuesday to give evidence.

CHAIRMAN: You are also appearing for him.

MR. COLLINS: For him also with the same team.

CHAIRMAN: Well I'll extend limited representation on the usual basis as you seek, Mr. Collins, and having done that, I am correct in thinking you didn't wish to take up any matters with Ms. Kells?

MR. COLLINS: No.

CHAIRMAN: Very good.

GEORGE CARVILLE, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS
BY MR. HEALY:

Q. Thank you, Mr. Carville. Mr. Carville, you have helpfully provided the Tribunal with a memorandum of your intended evidence and I wonder do you have a copy of that with you in the witness-box?

A. I have.

Q. What I propose to do is take you through the memorandum and perhaps refer to one or two documents and then I may go back over aspects of the memorandum for the purpose of seeking some clarification of one or two aspects of it, is that acceptable to you?

A. Yeah.

Q. When this memorandum was prepared, you described yourself as the deputy managing director and secretary of the Doyle Hotel Group. Is that still your position, is it?

A. No. I relinquished that position roughly four weeks ago when Jurys took over Doyles.

Q. Now, are you now associated with the hotel business at all?

A. No, I have no association at all.

Q. At the time of your association with the group, the head office of the group was located at Crankford House, Crankford Court, Stillorgan, County Dublin and I take it that it was where you mainly worked, is that right?

A. That was roughly six or seven years ago. We were in Leeson Street, Leeson Close, Lower Leeson Street before that.

Q. I see. You say that the group owned and ran seven leading hotels in Ireland including the Westbury, the Berkley Court and the Burlington hotels and that it also owned and operated the Clifton Ford Hotel in London and three hotels in Washington DC in the United States.

A. That's correct.

Q. You say that your association with the group goes back many years to when you first joined Doyle Hotels in 1961. That you were promoted and that you came to know the group's founder, the late Mr. P.V. Doyle and that you knew him well. Now, you then refer to letter of the 8th March '99 from Mr. Davis, solicitor to the Tribunal to Messrs William

Fry, solicitors, who were then the group's solicitor.

A. Yes.

Q. I think Mr. O'Donnell is now acting for the group, is that right, or for you and for the group in connection with this matter?

A. Yes.

Q. You then set out the position concerning the matters raised by Mr. Davis in his letter and that's what you deal with in the rest of your memorandum of evidence. What you are dealing with in your memorandum of evidence is the material or some of the material mentioned by Ms. Kells in her evidence a moment ago, isn't that right?

A. Correct.

Q. The advancing of certain sums of money in the name of Mr. P.V. Doyle by Guinness & Mahon & Company in 1985, 1986, 1987 and 1988 until ultimately the loans were cleared.

You say "With regard to the actual granting of the loan, which was 16 years ago, I have only a vague recollection of the late Mr. P.V. Doyle mentioning that he had guaranteed a loan to Mr. Charles J. Haughey through Guinness & Mahon, but that I need not worry as Mr. Haughey had agreed to pay the interest and refund the capital. In March of 1988, I attended a meeting in the Berkley Court Hotel, Dublin at the request of Mr. Desmond Traynor. The meeting included Mr. William Corrigan and Mr. David Doyle. You say that at that meeting Mr. Traynor explained to us, meaning the three of you, that the late Mr. Doyle had an account in Guinness

& Mahon at the date of his death with approximately
€150,000 due." I wonder could I ask you, do you remember
the date of Mr. Doyle's death?

A. I do, very clearly. The 6th February, 1988.

Q. The 6th February, 1988.

A. Yes.

Q. Thank you. You say that Mr. Traynor explained to you that
this was an account that the late Mr. Doyle had opened to
facilitate Mr. Haughey who was apparently financially
embarrassed at the time. Mr. Traynor further told you
that the arrangement was for the interest and capital to be
repaid by Mr. Haughey and that some repayments had been
made but these had stopped and the situation now was and I
think you are quoting what you recall having been said to
you, "There wasn't a hope in hell of the loan being repaid"
or words to that effect.

A. That is correct.

Q. You went on to say, as interest was running on the
overdraft of Guinness & Mahon and as it appeared that there
was no hope of recovery, we recommended to Mrs. Margaret
Doyle, widow of the late Mr. Doyle, that the account be
closed and this was done with the payment of €150,230 on
the 23rd March of 1988. You then refer to a photocopy of
the cheque in this amount which you obtained from the Bank
of Ireland and which was cashed to close off the late Mr.
Doyle's overdraft at Guinness & Mahon. I think you can
see a copy of the cheque on the projector.

A. Yeah.

Q. Or on the monitor in front of the witness-box. It's dated March 23rd 1988, it's drawn on the Pembroke branch of the Bank of Ireland on the account of P.V. Doyle Holdings Limited, is that right?

A. That's correct, yeah.

Q. And it's signed by Mrs. Margaret Doyle, is that correct?

A. That was correct, yeah.

Q. And who would have written out the cheque?

A. It would have been written out by the secretary, Mr. Doyle's secretary.

Q. Mr. Doyle's private secretary?

A. Private secretary, yeah. Deirdre O'Callaghan or, sorry, Rosemary O'Callaghan.

Q. And now the cheque, I noticed, and I think this may have been drawn to your attention before, is drawn on the account of P.V. Doyle Holdings Limited.

A. Correct, yeah.

Q. What was the relationship between that account and the hotel group or was that the holding company of the entire group?

A. It was the holding company at the top of the companies, we had roughly 10-15 companies and that was the holding company.

Q. I see. I think I should say, in fairness, that ultimately the estate reimbursed the holding company with that amount of money, is that right?

A. Yeah, it's been dealt with effectively. It went to a directors' account and has been dealt with.

Q. That was journalised in a directors' account in the company. It was effectively put down to the late Mr. Doyle and then ultimately paid out of his account?

A. Out of his estate.

Q. Paid by his estate. Now, the cheque is made payable to Guinness & Mahon.

A. Yeah.

Q. And it was it appears to have been cashed, I can't quite make out the date it looks like the 20th March, so it was presumably handed in on the day it was written.

A. Well I think it was written on the 23rd March, I think

Q. Maybe that's the 28th or the 26th. It's very hard to make it out from the stamp. In any case, you say that you believe the cheque was cashed in due course and the facility was discharged.

A. Correct.

Q. You say that "Other than a payment made in 1987 of œ9,966.74, apparently for interest charges, which I learned of as a result of the Tribunal's own inquiries, I have no other knowledge of the operation of the late Mr. Doyle's overdraft facility at Guinness & Mahon." Can I just ask you to go back over one or two of the statements you make in your memorandum and to obtain some clarification of them. I know you have made another statement and I'll come to that later on.

A. Okay.

Q. You say that with regard to the actual granting of the loan, you have a very vague recollection of Mr. Doyle mentioning to you that he had guaranteed a loan to Mr. Haughey.

A. It may not have been the word guaranteed, but certainly facilitated Mr. Haughey or accommodated Mr. Haughey.

Q. That's what I am coming to. I am just intrigued by the fact that you use the word guaranteed. Presumably you understood or at that point you didn't feel that Mr. Doyle had drawn down the money himself. You understood in some way that Mr. Doyle was backing Mr. Haughey, is that right?

A. That is correct, yeah.

Q. And Mr. Doyle said to you you needn't worry, the interest on this loan is going to be paid by Mr. Haughey and ultimately he will repay the capital

A. As far as he was concerned and I was concerned, there was no money to be paid out on it. It would be taken care of by Mr. Haughey.

Q. And that you, as an accountant and as a person responsible for the finance of the group at that time were you in fact more intimately connected with the finance of the group than you were subsequently?

A. I was connected with both actually, finance, operations.

Q. Would have been the man that Mr. Doyle would have discussed money with and finance with on a day-to-day basis?

A. I would have been, yeah.

Q. So what he was telling you was this loan wasn't going to affect the company and it wasn't going to affect himself?

A. Precisely.

Q. Did Mr. Doyle also discuss his personal finance with you?

A. At certain times, he would. He very rarely used his own personal accounts, so there was very little to discuss about his own personal...

Q. I see. Then you say you need not worry there was any suggestion on your part that Mr. Haughey wouldn't have the capacity to pay this?

A. No.

Q. Not at that time anyway?

A. No.

Q. And what was the worry that you might have had?

A. Well, I think it was he was just passing the information on to me casually to say, look, I have made an accommodation for Mr. Haughey, and it's not going to affect us financially because he is going to pay the interest and he is going to repay the loan.

Q. I see. Now, you will recall that when you had the meeting with Mr. Traynor, I will come to that again in a moment, Mr. Traynor told you that the account that Mr. Doyle had opened to facilitate Mr. Haughey was opened at a time when Mr. Haughey was apparently financially embarrassed. Was there any mention of that by Mr. Doyle when he spoke to you about the matter?

A. No, none at all.

Q. No question of that?

A. No.

Q. And did you find it in any way strange that Mr. Doyle was being asked or at least that he had agreed to facilitate Mr. Haughey in this way, that they hadn't gone through that Mr. Haughey's borrowings hadn't gone through a bank in the ordinary way?

A. No, I didn't pay much attention to it. It was a casual remark that Mr. Doyle made. I wasn't taking note of it.

Q. Now, you heard in the evidence given by Ms. Kells a moment ago that Mr. Doyle, in fact, drew down a second loan from Guinness & Mahon, you recall the evidence concerning the second €50,000 loan.

A. Yeah.

Q. And that, in fact, by the time that loan was drawn down, the total indebtedness was in the order of €180,000. Was that ever mentioned to you?

A. No, there was no figures ever mentioned.

Q. And no question of a second loan?

A. No question.

Q. Or the fact that this facility was going on and on?

A. No, no question of that. There was no discussion of the loan whatsoever after the first remark.

Q. And the next you heard of it was when the matter was drawn up at the meeting.

A. Des Traynor phoned me and said, look, I'd like a meeting with yourself and Willy Corrigan and we discussed it with

David Doyle and the three of us met Mr. Traynor in the

Berkley Court and he told us the amount of €150,230.

Q. When he rang you, did he tell you what the purpose of the meeting was?

A. I honestly don't remember. I can't be specific. It was 11 years ago.

Q. I understand that. But in order for you to bring Mr. Corrigan to the meeting, to bring Mr. Doyle to the meeting, you must have told them look, this is

A. It's possible that he did. I honestly don't know.

Q. It was a matter of some importance in any case.

A. It was, yeah.

Q. At that time, did you know Mr. Des Traynor?

A. I knew him fairly well, yes.

Q. Would you have had dealings with him over the years?

A. I would, yeah.

Q. On behalf of Doyle Hotels?

A. Yes.

Q. And you'd have been in contact with him on a fairly regular basis?

A. Yes, we went over to New York together looking at acquisitions and any acquisition we were involved in, we had a chat, Mr. Doyle and myself, with Des, for advice.

Q. So he was an adviser to the company?

A. He was an adviser.

Q. Did he have any official position in the company?

A. Not at that stage.

Q. At any point, did he have an official position in the company?

A. He was a director of the company later on after Mr. Doyle's death. He was a director of Aer Rianta at the time and he could not be a director of our hotels, so...

Q. But he would have assisted you from time to time and he was, as it were, an outside financial adviser to the company, is that right?

A. He was a personal adviser and outside. Like, if we had a problem, Mr. Doyle would say "Ring Des" and we'd meet him for lunch and he just made any problem disappear, he was so simple with his solutions.

Q. And during the time that he would have been assisting the company like this, can you say approximately how often you would have met him each year?

A. Probably two or three times a year.

Q. And at no time, therefore, during any of the meetings that you would have had with Mr. Traynor, did he mention this facility to you?

A. At no stage ever.

Q. You had the meeting in March of 1998 and at that time, you were told March of 1988, I beg your pardon, and at that time you were told there was €150,000-odd due.

A. Correct.

Q. Now, at the time that this loan was drawn down, I take it you are aware that in 1985 Mr. Traynor was an executive of Guinness & Mahon if not indeed effectively the chief

executive?

A. Yes. Yeah, I think he was joint chairman at that time, yeah.

Q. And did your company have dealings with Guinness & Mahon on an official basis, if you know what I mean, independently of this arrangement?

A. I don't think so now. I am not absolutely sure. I don't think. We mainly dealt, in fact fully dealt with the Bank of Ireland.

Q. By the time that you had your discussion

A. Sorry, we had one dealing when we purchased the Clifton Ford

Q. That's the London hotel?

A. Yeah, in 1983.

Q. And that was, you recall, the only dealing of any significance in any case?

A. Yeah.

Q. And your main banking business was done elsewhere?

A. Yeah.

Q. By the time of the meeting in March of 1988, Mr. Traynor had ceased to have any connection with Guinness & Mahon, isn't that right? He was no longer an executive of the company. He was no longer chief executive or a director, in fact?

A. Yeah.

Q. In your discussions with Mr. Traynor, you were clearly left with the impression that this loan wasn't going to be

repaid by Mr. Haughey or anybody else, isn't that right?

A. That is correct.

Q. You say that he said there wasn't a hope in hell of it being repaid or words to that effect.

A. Correct.

Q. Did you make any suggestion that Mr. Haughey would repay the loan, to prompt Mr. Traynor to say that?

A. No, I don't think so. I think we trusted Des Traynor very, very much. And if Des said it was €150,000, we would have accepted his word.

Q. And if he told you that it wasn't going to be repaid by anybody else, you assumed that was the case?

A. Yes.

Q. And there was no question of trying to negotiate the loan in any way?

A. Not from memory. Normally we would negotiate

Q. That's what I am coming to.

A. We would be classified as very good negotiators, but from memory, no. You must remember that Mr. Doyle had only been four or five weeks dead and a lot of people were in a state of shock, including Mrs. Doyle, so it wasn't the time to start haggling.

Q. Of course. To put the whole situation in perspective, here you were, as you said yourself, some short time after the late Mr. Doyle's death and Mr. Traynor came to you with what he said was a debt that Mr. Doyle owed Guinness & Mahon. This was a debt which you all knew was effectively

a facility or some support Mr. Doyle had given

Mr. Haughey. It was effectively Mr. Haughey's loan but

Mr. Doyle is being asked to repay it and I take it that

Mr. Traynor would have known, in the ordinary way, as you

say yourself, you were good negotiators and you would have

expected, especially in this kind of situation, to get some

bit of a discount, wouldn't you?

A. Yeah.

Q. But there was no question of it?

A. No, none whatsoever.

Q. Now, I just want to mention one or two aspects of the

details of what actually happened at that time.

Mr. Traynor told you that some €150,000 was due. Now, I

don't know if you have been following the banking evidence

a moment ago?

A. I have, yeah.

Q. But in fact, by that time, there was no money nominally due

in Mr. Doyle's name, isn't that right?

A. That's right.

Q. In fact, at that time the full amount of loan appearing to

stand in Mr. Doyle's name in the books of Guinness & Mahon

had been repaid as of the 28th February, I think?

A. That's right, a week earlier, or two weeks earlier.

Q. Were you aware of that at the time?

A. No.

Q. You thought there was a loan out there with Mr. Doyle's

name on it?

A. Yeah.

Q. Which is probably something that you didn't want hanging around there after he had died. Nobody wants to have any, a deceased person's debts hanging around, isn't that right?

A. That's correct.

Q. So as far as you were concerned, in advising the cheque that we had on the overhead projector a moment ago, or advising Mrs. Doyle to write it, you were advising her to clear off an indebtedness in her late husband's name?

A. That is correct.

Q. So that it wouldn't be said that her husband had gone to his grave with, leaving a debt outstanding.

A. Correct.

Q. Though the debt had actually been cleared.

A. Yeah, we wanted to end the thing finally.

Q. Now, if we could just have the cheque for œ9,966, it's memo number 5, document number 25, on the overhead projector please. In the book of documents which you have do you have a book of documents with you, Mr. Carville?

A. I have.

Q. It's document 7 or page 7 of the list of documents.

(Document handed to witness.)

A. I have the Internet notes if I can refer to those.

Q. You can refer to any notes that you like.

A. Okay, I have it now, yeah.

Q. You see that that cheque is dated May of 1987.

A. Yes.

Q. It's Mr. Doyle's, it's one of his own personal accounts obviously, which he presumably held with the Bank of Ireland also at the Pembroke branch. Does it look like a cheque that was made out by his secretary, at least that would be my judgement of the handwriting?

A. I think it is, yeah.

Q. And signed by Mr. Doyle.

A. Yeah.

Q. Now, you will see that it's made out to Des Traynor himself?

A. Correct.

Q. And of course by that time, Mr. Traynor had, as I have indicated, ceased to have any association with Guinness & Mahon as a director or as an executive. Now that cheque, or the proceeds of that cheque, it would appear, went to discharge some of the indebtedness on the loans that we have mentioned a moment ago. And you will see that the cheque was made out to Mr. Traynor himself and that would seem to suggest that there must have been some contact between Mr. Traynor and Mr. Doyle, wouldn't that be right?

A. I would imagine, yes, that he contacted him and I wasn't involved in that particular

Q. I appreciate you say yourself that you have no recollection

A. There was a direct involvement between Mr. Doyle and Mr. Traynor.

Q. And bearing in mind that there must have been some contact

between them and that indeed by that time Mr. Doyle must have been well aware that there were problems with his facility, that he had to increase it by €50,000, and he was certainly paying money back in the form of this cheque to Mr. Traynor. Does any of that assist you or prompt any further recollection on your part of any involvement or any discussion you may have had at the time?

A. No. I wasn't aware of that until I got the details from the Tribunal. I had no knowledge of that particular cheque. Now, we probably would have picked it up when we were checking in the bank

Q. That's what I was going to come to. You would have been doing or certainly some of your staff would have been doing bank reconciliations on these accounts. Maybe not you personally

A. We would have been checking if cheques went through and if lodgments went through and if there was any cheque if we had a query, we just pass it on to Mr. Doyle. Like we weren't trying to balance and reconcile his own personal accounts, which were private.

Q. Of course. But you don't in any case recall a cheque like this being drawn up?

A. No.

Q. Would you have seen many cheques drawn on the accounts of Mr. Doyle in favour of Mr. Traynor?

A. No. I particularly wouldn't have looked at his personal accounts. The only reason why we would look at his no. 1

accounts is that he had rental income and any expenses, any ground rents, ESB charges that were allowable from a tax point of view, we would pick up, but we would not be interested in anything personal.

Q. As long as the cheque on its face was signed by Mr. Doyle, you wouldn't concern yourself with it?

A. That's correct.

Q. But leaving that aside then, it is clear and I take it you'd agree that there must have been contact between Mr. Traynor and Mr. Doyle at that point and indeed there must have been some contact with him at the time that the €50,000 additional loan was drawn down?

A. Yeah, there appears to have been, yeah.

Q. Now, you made a second supplemental memorandum, Mr. Carville, and I will just briefly bring you through that. You have provided this memorandum with respect to specific cheque lodgments, some of them were mentioned, I think all of them in fact were mentioned in the course of the evidence of Ms. Kells a moment ago.

A. Okay.

Q. What you say is that "Correspondence with the solicitor for the Tribunal indicates that in the course of its investigations, documents were being produced to the Tribunal relating to accounts in Guinness & Mahon controlled by the late Mr. J. Desmond Traynor and in the name of Amiens Securities. I have been asked to provide this memorandum of evidence in relation to the following

lodgments to these accounts:" The first one you mention is lodgment of cheque œ3,500, dated 20th March, 1985 on the P.V. Doyle no. 2 account, Bank of Ireland, Pembroke branch. You say that you can not state from your own knowledge what the purpose of this payment was. It's made out to cash. But a corresponding cheque stub, which we will put on the overhead projector now, contains the legend "To Cash, Loan H." You say that you have also looked at the bank statement, dated 28th January, 1985 which precedes the date of the cheque in question, but contains a handwritten note "Loan œ3,500" or "Loan 3, œ3,500." The reference to 3 appears to relate to the cheque number.

The handwritten note appears to be an attempt to reconcile the statement with the next one in the records.

Would it be fair to say that in any case it appears to be connected with the loan or the support that Mr. Doyle was providing in relation to the loan in as much as the H couldn't refer to anything else that you are aware of, could it?

A. I honestly don't know what the H, I presume we all know, but I honestly don't know what the H

Q. I quite understand that you don't know and I am not suggesting for one moment, Mr. Carville, that you'd say loan on H, it's Mr. Haughey but from the light of the evidence that we have heard and your experience with Mr. Doyle, is there any other H that could have been involved?

A. No.

Q. Thank you.

Now, the next cheque is a cheque for €3,500 dated 20th March, 1985 drawn on P.V. Doyle Construction Limited, again Bank of Ireland, Pembroke branch. This cheque drawn on, I presume one of the companies within the Doyle Group?

A. Yes, the building company.

Q. Is payable to cash and again appears to have some, the handwriting, although in block, it seems to me and indicates to be similar to the handwriting of Mr. Doyle's secretary?

A. That's correct.

Q. And the zeros are crossed which seems to be a habit she has

A. It's Mr. Doyle's habit.

Q. Is it Mr. Doyle's own habit? I see. You say that you can not state from your own knowledge what the purpose for which this payment was made and there are no records which indicate the purpose of it. But once again, bearing in mind that this ultimately ended up in Guinness & Mahon Bankers Limited, apart from the facility which was mentioned a moment ago, Mr. Doyle had no other banking relationship with Guinness & Mahon, isn't that right?

A. That's correct.

Q. And neither did P.V. Doyle Construction.

The next cheque is a cheque for €2,000, the same year, the next month, drawn on Mr. Doyle's no. 2 account at the Pembroke branch in Bank of Ireland, in all respects the

cheque is the same except the amount is for €2,000 this time. It's again lodged to Guinness & Mahon and once again, wouldn't appear

A. It's payable to Des Traynor.

Q. It's payable to Des Traynor. And the cheque stub, if we can put up in a moment, reads Des Traynor and then (G&M), presumably meaning it's not just a cheque to Des Traynor for anything but a cheque connected with G&M in some way.

A. Well I would have thought, if I was asked then what it was, I would have thought it was a payment to Des Traynor personally.

Q. Would you?

A. Yes, but now on reflection and over the last few months, it appears to be part of the G&M account.

Q. In your statement, the last cheque you referred to the is the one we mentioned earlier which is the €9,966.74, and I don't need to refer to that again.

A. Okay.

Q. Just one final matter, Mr. Carville. You recall again in the course of the evidence of Ms. Kells that there were some very substantial cash lodgments made to Guinness & Mahon to discharge interest payments on these loan accounts. Can you tell me whether Mr. Doyle would have had access to large amounts of cash?

A. No, he wouldn't.

Q. Well wasn't he, after all, running a hotel business, wouldn't that have generated large amounts of cash?

A. Yes, but we would have very tight controls.

Q. I am not suggesting for a moment that Mr. Doyle was stealing for himself or anything like that, I am simply talking about the facility of being able to put together large amounts of cash.

A. He could write a cheque for œ20,000 in cash certainly at any stage. No problem.

Q. I presume that his various companies would also have involved taking in large amounts of cash over the counter, which had to be banked or if it wasn't banked, had to be represented by something else, such as a cheque or whatever. He would have had access, I am saying, physical access to large amounts of cash, if he wanted it?

A. I don't think he himself personally would, but if he wanted it, he would have asked me to get it but he wouldn't go in himself and look for cash at any stage.

Q. I see.

A. Like, if he wanted cash, it would be 100 pounds or 150

Q. Petty cash?

A. He would write an IOU docket and give it to the receptionist.

Q. I see. After Mr. Traynor dealt with this matter in 1988 and after the cheques that we have mentioned or the cheques we have mentioned was written, did you ever discuss this matter with Mr. Traynor up to the time he died?

A. Never.

Q. Were you not even curious to press him on it after that

time? I presume you must have continued to maintain contact with him? He became a director of the company after?

A. Yes, and he was a lot closer than he was previously. We were on committees together. No, I never. As far as I was concerned, I had a vague knowledge that there was an amount due and it was paid, thank God, and that was the end of it as far as we were concerned.

Q. At this stage you can acknowledge that by 1988 you had more than certain knowledge. It was more than a vague knowledge, it must have come as a bit of a surprise?

A. Before that I had a vague knowledge of an accommodation and when the amount was told to me to be paid, that was the end of the story as far as we were concerned. I wasn't curious to find out.

Q. You are not surprised then that Mr. Doyle would have supported Mr. Haughey in this way?

A. No.

Q. Thank you very much.

MR. CONNOLLY: I have no questions, Chairman.

CHAIRMAN: Anything you want to raise, Mr. Collins?

MR. COLLINS: Just one point, if I may, Sir.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. COLLINS:

Q. Prior to Mr. Doyle's death, Mr. Carville, did you have any

knowledge of Amiens Securities or any accounts in its name?

A. None whatsoever.

Q. And prior to Amiens Securities coming to public knowledge through the work of Tribunals, did you have any knowledge of Amiens Securities or any accounts in its name?

A. None whatsoever.

Q. Thanks, Mr. Carville.

CHAIRMAN: Thank you for your help, Mr. Carville. It's a little after half past. We will resume at five to two.

THE TRIBUNAL THEN ADJOURNED FOR LUNCH.

THE TRIBUNAL RESUMED AS FOLLOWS AT 1:55PM:

CHAIRMAN: Good afternoon.

MR. COUGHLAN: Dr. O'Connell please.

MR. O'MOORE: Sir, as you know, I appear for Dr. O'Connell and before he gives his evidence may I remind Mr. Coughlan, Dr. O'Connell's hearing is not the best by any manner or means.

CHAIRMAN: I appreciate that and will do all that we can to ensure he is not inconvenienced in any way.

DR. JOHN O'CONNELL, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY MR. COUGHLAN:

Q. MR. COUGHLAN: In fact we anticipated this and we attempted to make some arrangement for the assistance of

Mr. O'Connell and I hope it is of some assistance to Dr.

O'Connell. Could you hear me now, Doctor?

A. Perfectly.

Q. I think you furnished a further statement to the Tribunal, Doctor, and it relates to a cheque dated the 18th February, 1985 for €50,000 drawn on your account with Bank of Ireland it's fold 12, Sir and I think you furnished a statement in respect of that?

A. Yes.

Q. If I took you through the statement and asked you a few questions at the end like we did the last time.

A. Certainly.

Q. I think you informed the Tribunal that in or about 1981, you were introduced to Mr. Fustok at Goffs Bloodstock Sales, is that correct?

A. Not at the sales.

Q. He was over for the sales?

A. Yes.

Q. And you were introduced to him at that time?

A. Yes.

Q. And I think you learned that Mr. Fustok was a Saudi Arabian diplomat whose sister is married to the Crown Prince of Saudi Arabia?

A. Yes.

Q. And I think you have informed the Tribunal that Mr. Fustok is involved in the bloodstock business as far as you know and came to Ireland on numerous occasions to purchase

bloodstock, is that correct?

A. He came every year in October to the Goffs.

Q. To the Goffs sales. And I think you have informed the Tribunal that on the occasion in 1981, was that the first occasion that you met Mr. Fustok, that you introduced him to Mr. Charles Haughey?

A. No, I knew him since, I think since 1979.

Q. I see.

A. It was in 1981.

Q. That you introduced him

A. To Eimear Haughey and she in turn invited him up to their house.

Q. Right. Well, we will go back in a moment. I think you have informed the Tribunal that you subsequently became very friendly with Mr. Fustok and you used to see him regularly when he came to Ireland and sometimes you would see him in London as well and I think Mr. Fustok was interested in health and medical matters and that you, being a doctor, he often asked you advice in relation to such matters, is that correct?

A. Yes.

Q. Now, I think you have informed the Tribunal that in or about February, 1985 you were dining with Mr. Fustok and he asked you to pass on a payment of €50,000 which he stated was owed to Mr. Charles Haughey, is that correct?

A. That's right.

Q. I think you did not know what this payment was for at that

time?

A. I didn't ask him.

Q. No. I think you have informed the Tribunal that you lodged this cheque. I take it Mr. Fustok gave you a cheque, is that correct?

A. Yes.

Q. Made payable to you?

A. Yes.

Q. Yes. To your account with the Bank of Ireland, O'Connell Street, sorry, O'Connell Bridge branch on the 22nd February, 1985 and that you wrote a cheque for €50,000 on the 21st February, 1985 so whilst you had a cheque, you wrote a cheque payable to cash for Mr. Haughey which was intended to be Mr. Fustok's payment, is that correct?

A. May I elaborate?

Q. Yes, please.

A. I had the cheque from Mr. Fustok but I didn't lodge it but I phoned Mr. Haughey and told him that there was a payment of €50,000 for him and he said make out the cheque to cash.

Q. Right.

A. Now, which I did.

Q. Which you did, yes. Now, was Mr. Fustok's cheque made out to you? Was it made out to you or to cash or Mr. Haughey as far as you know?

A. As far as I recall, it's so many years ago, I think he made it out to me.

Q. Right.

A. And it was lodged a the day after I issued the cheque.

Q. Yes. Well just about that, I take it you had every confidence that Mr. Fustok's cheque would be met?

A. Yes indeed, yes.

Q. And I think you have recounted you rang Mr. Haughey, he said "make the cheque out to cash," you made it out to cash and I think did you give that cheque to Mr. Haughey yourself?

A. As far as I recall, I handed it to him, yes.

Q. I think you have informed the Tribunal that you did not know what this payment of œ50,000 was for, nor did you know what Mr. Haughey did with the money, that was at the time?

A. That's right.

Q. That you had no knowledge whatsoever of the circumstances in which the cheque was lodged through an account of Amiens Securities Limited in Guinness & Mahon?

A. Because I never heard of them.

Q. Yes, I think in fact this cheque was brought to your attention by the Tribunal as a result of inquiries being made of the Amiens Accounts?

A. Exactly.

Q. Isn't that correct?

A. Exactly.

Q. And that's how the matter came to be brought to your attention now.

A. Yes.

Q. Now, I know it's some time ago, Doctor, but what are the

circumstances you were having dinner with Mr. Fustok in London, is that correct?

A. Yes, as far as I can recall.

Q. As far as you can recall and in the course of that dinner he said that he had a payment to make to Mr. Charles Haughey?

A. He said, "I owed that to Mr. Haughey."

Q. And what did he do, Doctor? I am sorry to have to ask you to try and think about this.

A. Yes.

Q. Because I just want to know the circumstances of why a cheque that he was going to make payable to Mr. Haughey would be made out to you.

A. Yes. I couldn't answer that, though I did ask a colleague of Mr. Fustok just recently and he said, "that would be his trust in you, he'd make it out to you." That was his answer to me.

Q. But as far as he knew and I am just trying to tease this out if I may, Doctor, as far as he knew, you were, well you were obviously somebody who had been involved in politics in Ireland, he knew that, and that you had an interest in the health side of politics in particular?

A. That's right.

Q. I take it that he also knew by 1985 that you knew Mr. Haughey?

A. Yes, he met him, yes, that's right.

Q. Well, you, first of all

A. I think he met him in '82.

Q. If I could just go back to the introduction again, so if I can go back to '81/'82, you had known Mr. Fustok I think from about 1979?

A. That's right.

Q. Was that in the area of politics or was it in the area of medicine, can you remember?

A. My son graduated in, I think it was '80 or '79, it doesn't matter, and his colleague was related to Mr. Fustok, he graduated with him.

Q. Is that in the College of Surgeons here in Dublin?

A. Yes.

Q. And that's how you first got to

A. That's right.

Q. Got to know him. Now, he came every year for the Goffs sales and in 1981, you think around 1981, you made an introduction to Eimear Haughey, Mr. Haughey's daughter, is that correct?

A. That's correct.

Q. Can you remember how that came about? Were you asked to make the introduction or did you just meet each other by chance?

A. We just met casually at the sales, yes. Mr. Fustok was inspecting a number of horses with a view to making forgive me, this is going wrong Mr. Fustok was making a number of purchases.

Q. Yes.

A. He usually made purchases amounting to about 1 million.

Q. Yes.

A. Each year at the sales.

Q. Yes.

A. And as he was walking around, those interested in purchasing used to go around and inspect different horses and Eimear Haughey was there and she just said "hello" and came over and I introduced them and as far as I recall, it was on that occasion she invited him up to their house and Mr. Fustok said yes, he would go, yes, and we went up to the house.

Q. Did you go to the house?

A. Yes I did.

Q. That was to Kinsealy; is that right?

A. Yes. Mr. Fustok had hired a very big limousine and we went up to the house and I think we were talking about horses and different pedigrees, which was over, above my head at the time, I didn't know much and I never heard much until, about anything about horses but I know that Mr. this has gone a bit wrong, can you hear it

Q. I can indeed.

A. All right, at one time, Mr. Fustok had 943 horses.

Q. Right.

A. Yes. And they were, many of them were unnamed. They would be foals and young horses right up and I remember he had a book even with all details of them, a printed book.

Q. I see.

A. But to give you an indication of how many he had and I think he met Mr. Haughey about twice after that, I am not sure, I think he met him once oh yes, I am sorry, yes, the Crown Prince Abdullah, who was the brother of the King and who is now the effective ruler, Mr. Fustok suggested that the Government invite him on a state visit to Ireland and he was already visiting, intending to visit Buckingham Palace and Mr. Fustok said wouldn't be it be nice if the Irish Government could invite him over and so I said, yes, I will ask the Taoiseach, and I did ask Mr. Haughey. Now, something went wrong and there was a delay and Mr. Fustok said, I was talking to him, the Crown Prince, and he got no invitation, he said he was talking to the Crown Prince in Washington and I went and said to the Taoiseach at the time, I said there was no invitation, so he said he was surprised. He said it was supposed to come from the Minister for Foreign Affairs and he said he'd look into it and he met him then at that occasion and there was a state reception for him and as a result of that, I think well there was some presents given, including jewellery and gold daggers and

Q. Right.

A. As well as that, I arranged for the Crown Prince to get an honorary fellowship of the College of Surgeons and I know that the E.S.B., as far as I can recall, were looking for a contract or had some tender in for a contract and they wanted to meet Mr. Fustok to see, as far as I know, it was

got, I couldn't

Q. You had no direct involvement but that's your understanding of things?

A. Yes, that's my understanding of it, yes.

Q. Well, when you say that the Crown Prince came and he did come, who was the Minister for Foreign Affairs at the time?

A. The late Brian Lenihan.

Q. But was that, that would have been about 1982, would it, or thereabouts?

A. No, I think it was, I don't know the year, you know.

Q. Yes. It doesn't matter anyway.

A. He was on, I think it was on a five-day visit I think he was on.

Q. And were you surprised in 1985 that Mr. Fustok should have asked you to make a payment to Mr. Haughey?

A. Well, it was not my business. He just asked me to deliver a message. He said "I owed that" and I wouldn't question, I wouldn't feel it my business to question.

Q. I can understand that.

A. But I didn't express surprise or even, I wouldn't have thought twice about it after, I never even thought of it again.

Q. Well, what I wanted to ask you is this; I suppose you are now aware that Mr. Fustok believes this must have been for the purchase of a horse or to do with horse business of some sort anyway.

A. Yes.

Q. You didn't know any of this at the time in 1985?

A. No.

Q. And I suppose not only have you been active in medicine but you would have a fair pedigree in the world of business yourself as well over the years, would that be correct to say, in the publishing business and

A. Well, I edit a medical newspaper.

Q. Yes. Well I take it that the normal way of conducting business

A. It wouldn't be on the same scale as Independent Newspapers or anything like that.

Q. Well maybe not, but I just say that jokingly, Doctor, but I just want to establish the normal way business is conducted; if you owe somebody money like that, you stick it in an envelope or and you send it to them or you transfer it through a bank or something like that, wouldn't that be reasonable to

A. The Arabs are different people, they have a different set of rules.

Q. I see.

A. But I wouldn't say that that was the reason. I just say that they do have a different set of rules.

Q. And you think that the cheque well was it a cheque first of all that Mr. Fustok gave you, can you remember?

A. As far as I recall, it was.

Q. It was hardly cash.

A. Because I remember phoning Mr. Haughey and saying Mr.

Fustok owes you money and there's a cheque or something and I said I will make out the cheque and he said make it out to cash, I can remember that very much.

Q. That's what I really

A. I can't remember much before it or after that but that I do remember.

Q. I see. Well I wanted to ask you, you made the cheque out to cash. Did Mr. Fustok what I am really trying to ascertain from you is your memory, whether the cheque was made out, Mr. Fustok's cheque that is now, whether that was made out to you or whether it was made out to cash or whether it was made out to Mr. Haughey or whether it was made out to somebody else?

A. Well, it certainly wasn't made out to Mr. Haughey or I would have just passed it. If it were made out to cash, I would just pass it on. Do you see this is my reasoning on it so if it was made out to cash I would have just passed it on because you can, you know, that would have been it. If he said "I owed that to Mr. Haughey" and it was cash, I would have passed it on automatically.

Q. Well, was Mr. Haughey sorry, did Mr. Fustok write the cheque in front of you or was it made out already?

A. He had it made out already.

Q. It was made out already. And can you remember whether it was Irish money or whether it was sterling or dollars or, I don't know what the

A. No, I don't remember but what I did notice and looking

through the bank statements was that there was 50,000 went out and the same amount, 50,000 came in.

Q. There's no doubt about that, Doctor, yes, I think that's right.

A. That's right, so that's why it didn't it wouldn't have been a sterling because there would have been a differential even at that time.

Q. Can you remember this - was the cheque drawn on an Irish bank or

A. I wouldn't know. I wouldn't have an idea.

Q. This is Mr. Fustok's cheque now, was it drawn on an English bank, Irish bank?

A. That's the bank we are talking about, I wouldn't have any an idea. I couldn't remember a thing about it.

Q. Well, I think you are absolutely correct that on the 21st sorry, you wrote this cheque on the 18th February, 1985 for œ50,000 and you gave that to Mr. Haughey. That cleared your account on the 21st, isn't that correct?

A. It didn't, it cleared it through my account into the red.

Q. Sorry, it cleared through your account.

A. It was cleared through it, yes.

Q. It was cleared through your account on the 21st, isn't that right?

A. That's right.

Q. That put your account in the bank into the red; isn't that correct and on the 22nd, Mr. Fustok's cheque cleared.

A. Yes.

Q. Through your account and put the account back in the correct position.

A. Yes.

Q. So that when you wrote the cheque on the 18th, and gave to Mr. Haughey, you had Mr. Fustok's cheque or bank draft but cheque you think?

A. Yes.

Q. And did you, when you wrote that cheque, at the same time, lodge Mr. Fustok's cheque to allow it to be cleared?

That's what I am trying to find out.

A. No, I don't think I lodged it at the same time, I think I lodged it a day or two after, that's what I think.

Q. Right. Well, unless it was drawn on an Irish bank, and you think it was a cheque, I am sorry

A. Bear with me now. It may have been, it may even have been a bank draft, I don't know. I can't tell you.

Q. I see.

A. But the fact that they were both the same amount suggests to me it wasn't an English one, a sterling one or any other one. I am only suggesting it could have been a bank draft, I didn't even look I just know there was 50,000 and I told him it was 50,000 and I made the cheque out but I had already, the cheque or whatever it was at the same time.

Q. Yes. Well as far as you know, there was no foreign transaction took place within your own bank?

A. There was no variation

Q. In currency.

A. That's right.

Q. So you think now that it must have been

A. I am only thinking about it now.

Q. That's all I am asking is try and recollect the best you can.

A. I am only speculating now, the fact that they were the same suggests that to me now, you know.

Q. Well, can I ask you this; let's try and take it step by step so. You know that €50,000 Irish went out of your account. You know that €50,000 Irish went back into your account; isn't that correct?

A. That's right.

Q. Can you recollect if any transaction took place to convert sterling or some other currency into Irish for the 50,000 to go into your account as far as you know?

A. No.

Q. No, all right. So we can take it then that if you had a document, that it probably wasn't a cheque so?

A. I couldn't say whether it was or not.

Q. Yes, and that it must have been a bank draft but an Irish bank draft, it may have been drawn on a bank from another part of the world but it was a bank draft in Irish currency?

A. Sorry, I couldn't say that, I am just speculating now that it might have been that, which suggests to me, there being no variation, no currency differential.

Q. Yes. And what I really now want to ask you about, Doctor, is this; was this a unique transaction as far as you were concerned where you carried a payment for a sizable sum of money, €50,000, from one person to another and you did not know what it was about?

A. In general? Ah no, I have never I don't know of any events. I couldn't recall immediately. Give me time and I might think of something but I couldn't think of one at the moment but with Mr. Fustok, no.

Q. That's what I am asking you.

A. Yes, sorry.

Q. Did you ever carry a payment from Mr. Fustok to a third party or was this the only time you did it?

A. Yes, I did, yes.

Q. You did on previous occasions?

A. Yes, I did. He had a relation of his training to be a trainer in Ireland.

Q. I don't want you to go into it in detail at the moment because it's something we can discuss with you and your legal advisors whether it's relevant to be lead in public at all.

A. Money for the person's maintenance in Ireland.

Q. I am not talking about looking after a student, that sort of thing, that you might have brought some money for that purpose, that might be perfectly understandable but when I am talking about this type of transaction which is a large sum of money where you have been asked to make the payment

to a politician a senior politician in this country, is this the only occasion? Now at the time you didn't know what it was for, is this the only time that you were asked to do this?

A. Yes.

Q. By Mr. Fustok?

A. Yes.

Q. And is it the only time that you did it in respect of Mr. Haughey?

A. Yes, that's right.

Q. And I say that now in the context of a payment made or a payment made on behalf of a third party to Mr. Haughey, is this the only time you did this?

A. Yes, that's right, yes. That I did, yes.

Q. And I appreciate that Mr. Fustok was a friend of yours and a man you had respect for and that you knew Mr. Haughey also but did you think it was unusual that you were being asked to effectively carry €50,000 to Mr. Haughey by Mr. Fustok without knowing what it was for?

A. I wouldn't consider it you remember we didn't have Tribunals then. In retrospect, it's very simple to say you would be suspicious of everything but it didn't occur to me to be suspicious of anything. I have to say that to you because I was the, I delivered the message and I would do that at any time. I knew him, I knew Mr. Fustok to be a man of probity and when he

Q. And good for the money?

A. Said, "I owed that to Mr. Haughey," I wouldn't feel it my business to question why.

Q. But that's what I am trying to get . You were a politician yourself at this time, weren't you?

A. Yes, I was, yes.

Q. And you were being asked, perhaps one could understand it or the public might be able to understand it more readily if Mr. Fustok had given you a cheque made payable to Charles Haughey or Abbeville Stud or something like that and knew that you were an honest man and that you were going back to Ireland and he might say, "would you mind passing that on to Mr. Haughey, I owe him this money," it's perfectly understandable but here we have a most unusual situation, would you agree, that Mr. Fustok gives you a cheque or a bank draft, you think now, and then you come back and you talk to Mr. Haughey and you make your cheque out for transmission to Mr. Haughey but even then it's not made payable to Mr. Haughey, it's made payable to cash.

A. Well

Q. Can you see that in the public's mind that there are very unusual circumstances or features to this?

A. I think many cheques were made out to cash, I don't think that's unusual, number one. Someone tells me they owe someone money and they ask me to give it them, I give it to them, I wouldn't feel it my duty to question them. Someone says to you "I owe your friend some money, would you give it to him," he gives you the cheques, I don't think you

would ask, would you? I am here to answer

Q. I don't even mind answering a question like that, Dr.

O'Connell, if it was €50,000 I might have difficulty

putting it through. What we are talking about is a large

sum of money here.

A. It was a larger sum then.

Q. Much larger back in 1985 and here you are, you are being

asked by Mr. Haughey to make a cheque out to cash and you

were putting €50,000 through your own account.

A. That's right.

Q. Now, how would anyone looking for, at the end of the day,

say Mr. Haughey and Mr. Fustok there had forgotten about it

and Mr. Haughey said to Mr. Fustok, "you owe me €50,000, I

never got my €50,000 for the horse, how was this going to

be resolved?" Wasn't this a most unusual situation?

A. Well, Mr. Fustok would trust me and he would have never any

reason to distrust me.

Q. Well perhaps, and I don't want to pry too far at the

moment, but had you any other business dealings with Mr.

Fustok and I am not suggesting this was a business deal but

apart from being asked to carry this payment for Mr.

Haughey and the few transactions for the maintenance of

somebody in the student's position, had you any other

business positions yourself?

A. With Mr. Fustok? No. He was in, if I may, he was involved

in trying to corner the world's supply of silver and

there's a book written about it and he lost a sum of €176

million in the process, and he, 'The Silver Bubble' it's called if you care to read it but he tried to corner the world's supply of silver with Hunt, the oil magnate in America, but an indication of his wealth would be that he lost \approx 176 million in the process.

Q. Yes.

A. But that's the only thing I know about his other dealings.

Now the fact that he was brother-in-law to the Crown Prince Abdullah and the fact that he is an engineer, I think he had companies in Saudi Arabia and they build airports and things like that. That's all I know, I mean that's hearsay.

Q. That's a general knowledge you have about the man really.

A. Yes, that's right. He was his discussions with me was about health, he was obsessed about health, if I may say, fitness fanatic and he loved to talk about health, non-stop, over three hours even, three, four hours he'd talk about health.

Q. But even in the days before there were tribunals and you were asked to carry \approx 50,000 to a senior politician in your own country, would you not have been any way

A. Surprised?

Q. No, reluctant.

A. Oh

Q. In case just in case there might be something strange going on?

A. Oh no, and it never even crossed anyone's mind in politics

at that time. Never.

Q. Sorry, Doctor, what didn't cross people's minds?

A. What you say now, never be suspicious.

Q. I see. Nobody was suspicious then, is that right, back in 1985?

A. Oh heavens no, and there was never any mention of, shall we say, inappropriate funding or that, there was nothing like that even discussed at that time, you know. I don't know when the Beef Tribunal was set up but that was the first indication that we got.

Q. That there might be something?

A. Pardon?

Q. That was the first indication that you got that there might be something that one should be careful about finances?

A. Oh yes, that's my knowledge.

Q. Well, I know that you now believe that Mr. Fustok believes that this was in respect of the sale of a horse although he can't I think you also know that he can't, he doesn't recollect or know

A. Yes, I got a copy of the letter.

Q. Yes, specifically which horse he is talking about but did you at any time at that stage even have a suspicion in your mind, rightly or wrongly, that this might be political funding when you were carrying the money?

A. No, I didn't know anything about political funding at that time, I have to tell you, nothing about it.

Q. When you rang Mr. Haughey, was he expecting the money, do

you know? Did he seem surprised when you said you had this money?

A. All I can remember and I can remember it very, very clearly, his words, and I am not being too critical of him but in a gravelly voice he said, "make it out to cash," that I do remember, it was very blunt, very much to the point and there was no elaboration whatsoever. He just said, "make it out to cash" that's all, and he didn't it didn't surprise me that he said that. I just didn't think. I mean, I never heard of Amiens Securities or the other one, never heard of them. And there was never even talk in Leinster House about anything like that, to my knowledge, nothing.

Q. Well I know you can remember clearly Mr. Haughey saying to you "make it out to cash," you must have been the one who initiated the contact with Mr. Haughey when you came back to Dublin?

A. I phoned him.

Q. What did you say to him?

A. I just yes, I just told him that Mr. Fustok had given a cheque or something, I don't know that part but there was €50,000 owed to him, you see, and I said, "I am to make out the cheque to you?" And that's when he said, "Make it out to cash." I didn't say to him shall I make my cheque out to this? I just can remember that.

Q. Right. And can I

A. He never asked any questions, he never elaborated in any

way. It was very distinctive, "make it out to cash," no other thing, you know.

Q. So can I take it there was no discussion about horses at that time?

A. No, nothing.

Q. There was no discussion about Mr. Haughey saying it was a debt or anything at that time?

A. Nothing.

Q. And from what you recollect and your end of the conversation, did Mr. Haughey seem surprised that this was coming, as far as you can recollect?

A. No, but if I may pass comment, Mr. Haughey was very seldom surprised about anything.

Q. I see. You see, you now think or by a process of recall or logic, you now think that it must have been a bank draft and not a cheque you had from Mr. Fustok because œ50,000 went into your account, œ50,000 Irish went into your account on the 22nd February; isn't that correct?

A. Just bear with me now, that never even occurred to me at all for fourteen years.

Q. Yes.

A. Never even gave it a second thought but I have been thinking over it. How is it the same? I have been asking these questions so I didn't even think yesterday evening, it was only while I was speaking there, the fact that there was no currency differential would suggest that. You see, I couldn't say otherwise, other than what I have said to

you, it might have been that.

Q. Because it's exactly the same amount?

A. Yes, that's what puzzled me, you see?

Q. Yes.

A. Now, I did ask this Arab friend why did he make out it out to me and he said well he trusts you and that's why he made it out to you. Now that was his reasoning, not his knowledge, only his reasoning.

Q. Yes, his reasoning?

A. Yes.

Q. And you are trying to apply the same element of reasoning to this?

A. Yes, even when I heard first about the œ50,000, I thought it was a mistake.

Q. Yes.

A. I was very surprised when I got the letter and the letter said, it was only then at the back of the letter was a photocopy. I was absolutely flabbergasted, it never came to me, not at all, I was terribly surprised.

Q. Yes. Well I suppose, was it as a result, when you came back and you rang Mr. Haughey, applying a process of reasoning to it now, the easiest thing in the world to do if it was a cheque was just to endorse even if it was made out to you, would have been to endorse it over to Mr. Haughey, wouldn't it?

A. Yes no, I don't know whether you can or not.

Q. Just write your name on the back of it and give it to him?

A. No, you cannot.

Q. I don't know.

A. No, I don't think you can so readily. I think a crossed cheque, you can't do that with a crossed cheque. I am not saying it was a crossed cheque but I am saying that you cannot do that. Banks will tell you they wouldn't allow you do that.

Q. But you can, Doctor, and sure all you had to do was let it go through Mr. Haughey's account and clear through the banking system?

A. I think if you get a cheque that's crossed

Q. That's your belief anyway?

A. Yes.

Q. That's fine. That's fine. Now, if it was a bank draft, do you also believe that it must be made out to you?

A. Yes, they weren't made out to me, it was either to Mr. Haughey or to cash and if it was to cash, I would just pass it over, and if it was made out to Mr. Haughey, I'd hardly endorse it.

Q. And lodge it to your own account and write cash

A. Yes, I think that's, that would be totally wrong.

Q. Doctor, do you not accept that from the public's point of view, looking at this transaction, that there is a huge air of unreality to how you describe it?

A. Well, I have to tell you, I am not concerned about the public reaction. All I am telling you is my recollection of it. That's the first thing. I want to make that clear.

Q. You must be concerned, Doctor, you must be concerned because that's the purpose of having a tribunal of inquiry, it's for the public to be satisfied in relation to it.

A. But you see, I am here to tell the truth, you see, and now I am not going to manufacture a reply that might suit the public.

Q. Nobody is asking you to do that, Doctor.

A. It wouldn't be right for me to do this. All I must tell you is my recollection of events, that's what I am here to tell you about, my recollection of events. Anything less would be very wrong.

Q. Yes.

A. So I can only tell you about my recollection of events.

Q. Yes. Could we now perhaps go into them in a little bit greater detail. You were a man who held ministerial office, a doctor, you have been a politician for a long period of time and you have been in business and are you seriously suggesting to the Tribunal now, Doctor, that you cannot endorse over a crossed cheque in the first instance? Let's take it step by step, Doctor. Are you saying to the Tribunal that that's your belief?

A. Well, that's my understanding.

Q. Right. Are you secondly saying that it is usual or it was usual for an Arab businessman/diplomat to make out a cheque or a draft to you and ask you to carry that to somebody who had, at that time, been the Taoiseach of this country? You say that's normal or not unusual?

A. Well, I can only tell what happened.

Q. Very good. I am asking you do you consider it unusual from all your experience as a politician, a doctor, a minister, Ceann Comhairle and businessman.

A. Well, all those things after my name, I still think I didn't think it was unusual.

Q. All right.

A. Today I would.

Q. Right. I am going to ask you again and take it a little bit further. You now come back to Dublin today you do think it's unusual so with the benefit of hindsight you would consider it unusual?

A. Oh very much so.

Q. Very good. Can I ask you so, applying the benefit of hindsight again because what we are engaged in in this process here, that to come back and for somebody to, for you to inform somebody that you had payment for them of €50,000 and for them to say to you to make it out to cash, that again that's most unusual, isn't it?

A. Maybe today it would.

Q. I am asking you first of all

A. My recollection, it didn't seem to puzzle me, surprise me or make me suspicious, never occurred to me. I just thought it was a normal thing. I don't think anyone here even would have known about Amiens Securities or the other ones.

Q. No, I am not suggesting

A. No, vis-a-vis this is all what it's all

Q. I am not even for a moment suggesting you knew anything about Amiens Securities or Guinness & Mahon or anything like that. I am asking you just about the naked transaction itself. That you are asked to carry a payment from an Arab businessman to Mr. Haughey and then when you arrive here, Mr. Haughey says "make it out to cash." Did that whole transaction not appear to be unusual?

A. No, it didn't at the time. It didn't in the least at that time. It didn't even I didn't even bat an eyelid over it at that time. I think you had a letter, well I got a copy of it that he confirmed he bought the horse.

Q. Sorry, I beg your pardon? From Mr. Fustok?

A. Yes, a copy which I got from Mr. Fustok that he bought the horse from him.

Q. Can I ask you this and this is not a criticism and it's something that one would expect one to do in trying to assist the Tribunal, have you discussed the matter recently with Mr. Fustok?

A. Yes I did.

Q. Can you say when that was?

A. About three months ago. Sorry, I didn't discuss that matter, I discussed the that Mr. Haughey was in trouble and I have to confess that he was very sympathetic and he didn't know the facts of the case and he said that the Irish people seemed very cruel but I did say some friends in Dublin, he didn't know all the facts of the case, he

just heard, saw something on television in Florida that the ex prime minister is in trouble and he said, "I am very sorry, if ever you see him, please give him my regards."

Q. Did you pass on those regards?

A. No, because I didn't see him.

Q. Can I take it though you didn't discuss this particular transaction, it was just a general discussion?

A. That's right, he just asked about him and I told him that he was having a lot of trouble, you know.

Q. Yes. Perhaps you are mistaken there, Doctor, and I think you may, perhaps you did discuss this particular transaction and I just don't want to leave you in a position. I will just check that now. I think you may not have discussed but you were aware?

A. I sent a fax.

Q. You sent a fax?

A. That's right.

Q. Isn't that right?

A. That's right, I did.

Q. And I think you, I think you were trying to carry out inquiries for yourself to assist the Tribunal?

A. That's right, yes.

Q. Isn't that right?

A. And I told him that the Tribunal was equivalent to a High Court, something like that.

Q. But what you were doing, you were trying to find out what this was about, isn't that right?

A. Yes.

Q. And I think Mr. Fustok wrote back to you?

A. That's right.

Q. At that stage. And he thanked you for your fax about the cheque?

A. Yes.

Q. And I think he informed you that he had asked you to give this to Mr. Haughey on his behalf, isn't that correct, and I think he also informed you at that stage that "I do recall purchasing a horse from the Haughey family sometime in 1985 and I remember asking you to give him a cheque for €50,000 on my behalf." Could it be that just looking at the word and perhaps just so that you have a copy of Mr. Fustok's letter because I just want to ask you something about it and sorry, we will put it on the screen. This is from the original file, Doctor. We will put it up on the screen and you will see it coming up there in a moment.

A. Yes.

Q. I take it just to complete this chain of correspondence, that you have no difficulty arranging for your solicitors to make the fax you sent to Mr. Fustok available to the Tribunal. And this is Mr. Fustok writing to you and he says;

"Thank you for your fax about my cheque for €50,000 which I asked you to give to Mr. Haughey on my behalf.

I do recall purchasing a horse from the Haughey family sometime in 1985 and I remember asking you to give him a cheque for €50,000 on my behalf.

I am very sorry that you have been troubled with this matter but if further clarification is necessary, please let me know.

Kindest personal regards,

Sincerely,

M Fustok."

In the second paragraph there, "I do recall purchasing a horse from the Haughey family sometime in 1985 and I remember asking you to give him a cheque for €50,000 on my behalf."

It's hard for you to explain what Mr. Fustok might have meant by that but are you sure that Mr. Fustok actually gave you a cheque or gave you a bank draft or did he ask you to make a payment on his behalf and then subsequently reimburse you or is there anything else?

A. May I see this ? I don't know, it hardly would have got to me so I can quickly

Q. Yes. I think you will admit, though, Doctor, looking at the transaction, it's puzzling, isn't it?

A. No, I don't find it puzzling.

Q. I see. I think you do because you are trying to in fairness to yourself there, you are trying to deal with the matter now with the benefit of hindsight and you yourself

have been trying to put the chains together or the links together to make the chain, haven't you, over the period?

A. Yes, but you see yes. But I couldn't give a cheque for €50,000 unless I got €50,000, you see?

Q. I understand that. I understand that.

A. And as you know, that came.

Q. I understand that.

A. But I can't recall whether he, I thought I got it in advance. I thought it anyway and he is writing that with the benefit of hindsight too.

Q. And I think you are aware that Mr. Well perhaps we can get the fax at some stage.

MR. O'MOORE: Yes, there's no doubt. In fact it wasn't sent by my solicitors and they don't have a copy on the file. If they did, they'd give it. Is Mr. Coughlan finished?

MR. COUGHLAN: Just one final question if I may.

Q. That when Mr. Haughey asked you to make it out to cash, do you think he knew at that stage you were going to write a cheque on your bank account, do you think he understood that or do you think he understood that you had a cheque with the name of the payee left blank? You can't assist the Tribunal on that?

A. I just don't know.

Q. Thank you, Doctor.

MR. CONNOLLY: I have no questions, Chairman.

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

Q. MR. O'MOORE: Dr. O'Connell, can you hear me? I just have a few questions for you obviously on your own behalf. I want to ask you about two things, one is the circumstances in which you obtained the €50,000 from Mr. Fustok and the second is the circumstance which you paid over the money to Mr. Haughey. I will deal with the first of those first.

I think that you were aware that it would help you and the Tribunal greatly if the Bank of Ireland was able to find the instrument against which the payment of €50,000 into your account was made, is that so?

A. That is true, yes.

Q. And I think that you, on receipt of communications from the Tribunal, requested the Bank of Ireland to do what it could in order to find out what it could about that instrument, and I think that by a letter dated the 10th March, 1999, the bank informed you that it wasn't able to assist you in that regard?

A. That's correct.

Q. I just want to read the copy of that letter into the record, Sir. A copy of it is with the Tribunal team. I think it was sent to you at your address, "strictly private and confidential" and reads as follows:

"Dear Dr. O'Connell,

I refer to your letter of the 5th March, 1999 in connection with a lodgement to your account of €50,000 on the date of

the 22nd February, 1985.

I regret that due to the time lapsed, that we are unable to furnish you with a copy of the item which went against that particular lodgement.

If I can be of any further assistance, please don't hesitate to contact me."

And it's signed by a manager in the... section of the Bank of Ireland. I think a copy of that letter was sent to the Tribunal on the 22nd March, including other items, I think the letter from Mr. Fustok?

A. Yes.

Q. I think in a private meeting you have had with the Tribunal on I believe the 14th April, you gave the Tribunal or said you would give the Tribunal your authority to take what steps it could with the Bank of Ireland to see if that would help to move matters further. I think it's correct to say, Dr. O'Connell, that you, as much as anybody else, would be assisted by finding out more about that instrument?

A. I certainly would, yes.

Q. And if there's anything else that you can do to help the Tribunal to find out about the instrument, you would certainly do so?

A. Most certainly, I'd be I must confess I am very puzzled and I have been trying to seek answers myself for my own edification.

Q. As Mr. Coughlan said I think towards the end of his examination, you conceded you were trying to puzzle this one out yourself and make the links fit?

A. Yes.

Q. I think you accept now with the benefit of hindsight, the transaction looked, from today's perspective, was an unusual one?

A. It certainly was.

Q. At the time

A. At the time it didn't seem to be unusual.

Q. Could I ask you about that? That's the second theme that I want to explore with you briefly. Mr. Coughlan asked you about what would happen in the event that there was a dispute between Mr. Haughey and Mr. Fustok about Mr. Haughey getting the money. Suppose for argument's sake, Mr. Haughey said he never got the money and Mr. Fustok said he had given it to you and so on. At the time Mr. Haughey was the leader of the opposition in this country, isn't that so, 1985?

A. I must confess I don't know.

Q. Well, I think to help you, between November of 1982 and I think early 1987, Mr. Fitzgerald was in power so Mr. Haughey would have been the leader of Fianna Fail and therefore the leader of the opposition, does that sound right to you?

A. I must confess I can't recall that.

Q. I don't think there's any dispute about that, I think that

is so but throughout the 1980s, Mr. Haughey was either leader of the opposition or Taoiseach?

A. Yes.

Q. And I think at that point in time of course, nobody knew a fraction of Mr. Haughey's affairs of what they do now?

A. No.

Q. Did you trust Mr. Haughey if you gave him that cheque made out to cash?

A. Oh yes, I wouldn't have reason not to and indeed if Mr. Haughey had said to Mr. Fustok he never received it, I know what Mr. Fustok would say, he would never he would trust me implicitly.

Q. I will come to that in a moment but finishing with Mr. Haughey's position, it was at Mr. Haughey's insistence the cheque was made out to cash in the first place?

A. That's right.

Q. The cheque to him, that is?

A. Yes.

Q. You had no interest good, bad or indifferent whether Mr. Haughey wanted it made out to Charles J. Haughey or to cash or to a company or to the Vincent de Paul, it made no difference to you?

A. That's right.

Q. Now, with regard to Mr. Fustok, I think that you knew him very well, is that so?

A. I did, yes.

Q. And if we go back to 1985, you had known him for six years

but you had known him on quite an intimate basis over that period of time, you became a good friend of his?

A. Yes.

Q. By 1985 he had, I think, established a good relationship with you and he trusted you implicitly?

A. The only thing he hasn't succeeding in doing is converting me to Islam.

Q. Yes, he tried to do that?

A. Well, he talked a lot about it.

Q. And he was interested, or as you put it, he had an obsession with his health and he would discuss health matters with you and that was another dimension to your relationship?

A. Yes.

Q. So if the situation Mr. Coughlan had described arose and there was a row between Mr. Haughey and Mr. Fustok about whether you had passed on the money to Mr. Haughey, you believe now and would believe then that Mr. Fustok would have trusted you so much that he would have no doubt that you had done what he asked?

A. Yes.

Q. Now, Mr. Coughlan, and this is the final issue I want to discuss with you, Dr. O'Connell, Mr. Coughlan pressed you I think it's fair to say quite hard, and with his usual vigour, about whether you now found this an unusual matter; is that right?

A. Yes.

Q. Do you remember that?

A. Yes.

Q. But of course I suppose the person in whom you would have more interest, what view they take about the transaction is Mr. Haughey, isn't that so?

A. Sorry, could you repeat that?

Q. Can I put it to you this way, Dr. O'Connell; whether you find it unusual or not doesn't appear to be especially relevant, is that right, to you?

A. I must confess I don't understand.

Q. I will try it a third way and if I can't communicate it properly, I will stop the line of questioning. I think that Mr. Coughlan put it to you that the public would find the circumstances of the transaction unusual?

A. Yes.

Q. I think your response to that was that all that you can do is give evidence as to what you yourself

A. Yes.

Q. Are aware of. To your knowledge, has Mr. Haughey commented upon whether this transaction was unusual or made any comment at all about the transaction?

A. No, no.

Q. And all that you have then been able to do is provide a factual account of matters as they affect you?

A. Yes.

Q. Are you aware of any other factual account that contradicts or disagrees with what you say?

A. No, no. By the way, I met Mr. Haughey once in a restaurant and I just said, commiserated with him for about two minutes but this hadn't come up even.

Q. I understand.

A. At the time even.

Q. Thank you very much.

A. It was Christmas last.

Q. Thank you.

A. Yes.

CHAIRMAN: Thank you very much, Dr. O'Connell.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Mr. Halpin please.

MR. BRIAN HALPIN, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS BY MR. COUGHLAN:

CHAIRMAN: Thank you, Mr. Halpin.

Q. MR. COUGHLAN: Mr. Halpin, I think you are an authorised officer of the Central Bank of Ireland and you have been asked to furnish a memorandum of evidence or a statement.

A. Yes.

Q. Concerning the application by or on behalf of Mr. Charles J. Haughey for exchange control permissions relating to a loan obtained for €400,000 from Guinness Mahon Cayman Trust?

A. That's correct.

Q. And I think you have before you a copy of your Memorandum of Evidence?

A. That's right.

Q. And in it it's stated the 8th July 1999 and if I can quickly go through it because we have been to some extent through the concept of exchange control and if I take you quickly through it again. I think in paragraph 1 of your statement, you say that section 5 of the Exchange Control Act 1954 provided that "except with the permission of the Minister for Finance, the person was not to make or commit himself to make any payment through or by order or on behalf of any person resident outside the scheduled territories or (b), to place or promise to place the sum to the credit of any person so resident."

A. That's correct.

Q. I don't want to take you through the whole of the thing in great detail. If I can just ask you to confirm this, that the Central Bank became the agent of the Minister for Finance for the operation of exchange control for the purposes you are going to give evidence about?

A. Yes.

Q. And in respect of other matters, that function was delegated by the Central Bank to other banks carrying out normal commercial transactions, isn't that right?

A. Commercial banks authorised others specified delegated authority.

Q. But in relation to this particular application made by or

on behalf of Mr. Haughey, I think that you are able to say that a letter dated the 8th December, 1982 addressed to the manager, exchange control, that Mr. Haughey requested exchange control permission to borrow on behalf of Abbeville Stud the sterling equivalent of €400,000 from Guinness Mahon Cayman Trust and interest was expressed to be payable half yearly at one percent over the cost of three months fund with full repayment of principal due on the 31st January 1985.

A. Yes.

Q. And I think we can put that letter up now on the screen.

It's addressed to the manager. Dear Sir it's from

Abbeville Stud, Abbeville, Kinsealy, County

Dublin "Dear Sir, I wish to make application on behalf

of Abbeville Stud permission to borrow sterling. Details

as follows: ... Grand Cayman, British West Indies, the

amount is Irish equivalent to sterling €400,000, the

purpose is given primarily to conversion to... and

extension to the stud. The amount drawn is the first

amount of €100,000 between 1st January, 1983 and 31st

January, 1983. The repayment, full amount 31st January,

1985... and the security is joint and several guarantee of

C.J. Haughey and Maureen Haughey."

That's the letter received by

A. Yes.

Q. And going over the page, the title deeds of the stud will

be deposited with Mars Nominees Limited, 17 College Green

on behalf of Guinness Mahon Cayman Trust and an undertaking given to formalise security should this be required. That's the letter received?

A. That's correct, yes.

Q. And I think you then informed the Tribunal that it appears that Mr. Des Traynor personally delivered Mr. Haughey's letter in duplicate to Mr. Bernard Breen who was then general manager of the bank?

A. That appears to be the case.

Q. And approval for borrowing was given in the standard manner by appropriate stamp on both copies of the letter under the signature of Mr. Michael Donovan who was then manager of the Exchange Control Department. One copy was retained by the bank and the other returned to the bank to Mr. Traynor by Mr. Breen whose handwritten notes - transmission 9th December 1992 - "Should any problems arise, contact should be made directly to Michael Donovan or myself." And that's the handwritten memo you see on the screen, is that correct?

A. That's correct.

Q. The bank's copy of the letter of application appears to be kept by Mr. Donovan, who is now deceased, in his private office, the copy of the letter signed by Mr. Haughey and Mr. Breen's letter of transmission are attached to the statement?

A. Yes.

Q. Attached to the statement you furnished to the Tribunal.

A. Yes.

Q. I think you have informed the Tribunal that on the 22nd January, 1985, Mr. Traynor wrote to Mr. Donovan seeking approval for an extension of the loan repayment to the 31st December, 1986 and also requesting approval for a payment of interest. He enclosed a copy of a letter dated 2nd January, 1985 addressed to Mr. Haughey by G M Cayman signed by John A Furze managing director which, therein having been countersigned by Mr. Haughey and his wife. Mr. Donovan returned the copy of the application... with a covering letter of the 5th February, 1985 and which approval was given for the interest payment and retained copies of the correspondence."

So can we take it to pay interest on the loan, the Central Bank's approval had to be obtained as well, is that correct, payment out?

A. The initial application gave authorisation for payment of the interest but obviously when the application for renewal came in, there must have been some roll-up of interest which then they had to, you know, it was authorised.

Q. That required authorisation and it

A. Sorry?

Q. That required and obtained authorisation, is that correct?

A. Only insofar as the interest payment was being made at a different time to the original application.

Q. Right.

A. It was purely a technical aspect.

Q. And I think this correspondence appears to have been retained by Mr. Donovan in his private office and placed with the original application papers, is that correct?

A. Yes, he kept the folder in his office I think.

Q. A copy of Mr. Traynor's letters, the G M Cayman letter and Mr. Donovan's letter you attached to the statement that you furnished?

A. Yes.

Q. You say on the 21st January, 1987 an application for approval for a further extension of borrowing to the 31st December, 1988 and for a payment of interest was made by Mr. Traynor in a letter addressed by him together with a separate covering letter to Mr. Timothy O'Grady Walshe who was then the general manager of the bank. And I think that's

A. Yes.

Q. This correspondence was referred by Mr. O'Grady Walshe to the Exchange Control Department which queried one aspect of the application by telephone with Mr. Traynor who confirmed that he was seeking permission to pay the interest on the borrowing up to the 31st December 1986. A letter of approval dated 23rd January, 1987 from the then manager of the Exchange Control Department, Mr. Brian Halpin was forwarded to Mr. Traynor by Mr. O'Grady Walshe with a covering letter of the same date and this correspondence was placed with the original application papers. That's in the separate file.

A. Yes.

Q. I think you have informed the Tribunal that the bank's copy of all the above correspondence in respect of Mr. Haughey's application from 1982 to 1987 were subsequently put together in folders with papers relating to other confidential matters which had been dealt with by various managers of the Exchange Control Department. These folders were kept with other exchange control files after the abolition of exchange control in 1992?

A. Yes.

Q. The bank has no knowledge about whether the loan was ultimately repaid or not?

A. Sorry?

Q. The bank has no knowledge as to whether the loan was ultimately repaid or not?

A. We would have no record. Normally if a loan is repaid, it would simply be paid, repaid in routine fashion and the permission for the payment is given.

Q. The permission had been given in the authorisation?

A. Yes, that's what it means, in effect.

Q. And in fact seeking further approval related to quite technical matters, isn't that correct, the variation of the interest?

A. Well the roll-over, the roll-over kind of it would be automatic.

Q. Now, just as with the interest where you are rolling over the loan and you would need approval or authorisation for

that variation, if the capital was not repaid within the period of the authorisation, would one have needed authorisation from the bank to pay subsequently?

A. For subsequent yes, I mean the authorisation which would be present to the authorised dealer was the one we had issued. If it was inconsistent with the application, with the subsequent application, it would be queried back.

Q. It would receive the authorisation and no doubt but it would require it?

A. It would come back, yes.

Q. It would come back to Central Bank?

A. With the authorisation.

Q. Yes. Mr. Halpin, can the Central Bank be of assistance to the Tribunal as to why Mr. Haughey's papers were kept separately and in Mr. Donovan's office?

A. Basically because the application came in. It was where an application is particularly news worthy or particular market sensitive or such like, it can be held separately for, until that ceases to be the case.

Q. Yes.

A. Just purely a focus on confidentiality of our transactions and to minimize any possibility of inadvertent leak of any sort.

Q. Well, I take it that one may, if a large transaction is taking place, I understand the sensitivity in relation to that and that could affect the currency, for example?

A. Yes.

Q. Or the reserves of the country and it was the function of the Central Bank and the function of this exchange control to, in fact, protect the reserves of the country, is that correct?

A. Yes.

Q. That that is so. But this, as far as you described it, was a fairly routine application, isn't that correct?

A. Yes.

Q. And in fact the rolling over was fairly routine, it's the sort of thing

A. Fairly routine, yes.

Q. And whilst the sum involved was a large sum of money for an individual, it's not the sort of sum of money that the Central Bank would have been necessarily concerned about needing to provide security or confidentiality in that it might affect the currency in any way if necessary if this got out?

A. Not because of the amount but the clearly the leak of borrowing by the Taoiseach would clearly be an embarrassing situation, a person borrowing of that nature, the idea that there, that that should be leaked from a bank in any shape or form would be

Q. Nothing should ever leak from the bank. That's a given?

A. It's purely news worthy, the sensitivity of it is the only issue.

Q. But a Taoiseach, like any other citizen, is entitled to borrow money.

A. Sorry?

Q. A Taoiseach like any other citizen is entitled to borrow money, isn't that right?

A. I didn't catch it.

Q. Sorry, any citizen is entitled to borrow money?

A. Of course they are, yes.

Q. And the Taoiseach is entitled to borrow money?

A. Yes and entitled to privacy.

Q. Yes, but what's the news worthiness of the thing, that's what I am trying to get at?

A. There would be a perception in the bank that the personal financial transactions of a Taoiseach would be, might be of interest to the media.

Q. Sorry, I can't hear you.

A. That the personal financial transactions of a Taoiseach where he is borrowing money would need to be treated with political sensitivity because of the possible news worthiness.

Q. And would the bank, I use the expression the bank because that's how the Central Bank describes itself, as the bank.

A. Yes, it is a bank.

Q. Would the bank do this thing of its own motion would you think or is it something that would be requested?

A. Oh it would be automatic.

Q. It would be automatic?

A. The concern for confidentiality of personal dealings of this nature would be, clearly it's a highly confidential

matter, personal dealings.

Q. So all personal sorry, I just want to be clear about this, all personal dealings, all dealings are confidential, isn't that right?

A. All personal dealings are treated with the utmost confidence.

Q. And all commercial dealings are treated with the utmost confidence?

A. Exactly.

Q. All dealings are treated with the utmost confidence?

A. Yes.

Q. Let's get this clear now. What was the particular sensitivity about this as the bank understood it?

A. There would probably be concern about news worthiness, media interest, that's all, the possibility of inadvertent gossip.

Q. So can we take it so that even the handling of this transaction was kept to a very limited number of people within the bank?

A. Oh yes. It would be dealt with by I can only speak for myself but at the time the letter would be typed by my secretary and I returned it up the line that the information like information in a bank is generally handled on a need to know basis for reasons of confidentiality. Where there is an added risk of inadvertent disclosure of any sort, it's particularly tight.

Q. Now, I think you - the Tribunal knows well that in relation to exchange control, you had a card index system, isn't that correct?

A. Sorry?

Q. This is very difficult. You had a card index system?

A. Yes indeed, yes.

Q. And there was no coding for security in respect of that card index system, isn't that correct?

A. I mean the card index basically is a cross index for all applications so we know what individuals I don't understand what you mean by coding.

Q. Was there a card index for Mr. Haughey in the bank?

A. No, he was not put on a card index.

Q. Even a coded one?

A. No. The one file was kept.

Q. So unless somebody knew specifically about this transaction, there was no way of accessing the records of the Central Bank of Ireland to see if approval had been granted in respect of this loan application?

A. No, you would have to see the application, obviously, if a copy of the application was sent out to the applicant.

Q. And unless you physically found this file, there was no way of ascertaining from the Central Bank that approval had been granted, isn't that right?

A. The application the request would have to come to the department and the manager of the department had a copy.

Q. But we have a situation here now that didn't Mr. Donovan

die?

A. Yes, he died he was no longer manager of Exchange Control when he died, he is dead.

Q. But we had a situation and this is the situation, I just want to be clear about this, this was the situation in the Central Bank that unless you had to be lucky that the person knew about it or you hit on the right person, that there was no way of ascertaining from the files, the records of the Central Bank, that this file existed, isn't that right?

A. Well, the record, there was a record in the, kept in the manager's office.

Q. There was a file kept in the manager's office. There was no way of finding out that that file existed other than you happened to hit upon it or somebody knew about it whom you asked, isn't that right?

A. Several people knew, yes.

Q. If those people weren't there on the day or if those people

A. If all those people left? When a person leaves the

Q. I will take it slowly, Mr. Halpin. If those people weren't there on the day or if those people left the Central Bank, nobody would know that this file existed, isn't that correct?

A. If everybody who knew the file existed wasn't there, there wouldn't be somebody there

Q. Because the records, the index of the Central Bank was

silent as to it, is that correct?

A. It was not on the index, no.

Q. And did the bank ever

A. Could I just mention the value of the benefit was to Mr.

Haughey. It was the value of the benefit was to him.

And

Q. Sorry, Mr. Halpin. Does the bank have any view as to the

potential seriousness of a situation arising where

everybody involved had left the bank or had died or had an

accident and there was no way of retrieving this

information within the Central Bank?

A. The file would have been kept, was being kept securely.

The loss of the file would have only been detrimental to

the applicant and the embarrassment would have been

vis-a-vis the applicant, vis-a-vis Mr. Haughey. Obviously

the bank was most anxious to make sure that the permission

granted to Mr. Haughey was kept and would be available,

that in the event of further query by the applicant, that

we would have evidence that we had given it.

Q. Thank you.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. CONNOLLY:

Q. MR. CONNOLLY: I have one or two questions, Chairman. One

or two general questions, Mr. Halpin on behalf of the

Revenue Commissioners. Moving away from the sensitivity of

this particular transaction, I want to look at general

matters of procedure.

A. Yes.

Q. In the Central Bank. First of all, while it is a Government agency, I think the ethos of confidentiality that's prevalent in banks pervades the Central Bank inasmuch as confidentiality is paramount in consideration of considering transactions of this kind, is that correct?

A. Yes.

Q. And there would be no basis whatever on which the Central Bank, through its officials, would relay information relating to transactions of this kind to the Revenue Commissioners?

A. We don't deal direct with the Revenue Commissioners.

Q. It wouldn't be passed on?

A. Exchange control information is held on for the Minister for Finance.

Q. Transactions of this kind are not made known to the Revenue Commissioners, that is the practice?

A. No, they would be made if the Department of Finance requested the information, we would give it.

Q. Yes. And while the Revenue

A. Exchange control information. If exchange control information was requested by the Department of Finance, it would be provided.

Q. It would pertain to matters of exchange control which touch on the Irish currency, not on revenue collection matters at all?

A. No.

Q. And while the Revenue Commissioners have specific powers to go to the High Court and obtain directions to have access to bank accounts, those powers do not apply to the Central Bank, isn't that correct?

A. There is a distinction between there's a distinction between exchange control data and data collected information which is obtained say for banking supervision purposes.

Q. Well, I'll put the question another way

A. The exchange control information is obtained on behalf of the Department of Finance and this information is released on this basis.

Q. Well there's no basis on which the Revenue Commissioners could ever get access to the information which the Central Bank have in relation to overseas transactions of any customers, isn't that right?

A. I don't know vis-a-vis the as to the relationship, the rights of Revenue vis-a-vis the Department of Finance.

Q. Leaving that aside

A. Leaving that aside, there's no arrangement.

Q. There's not. Thank you.

CHAIRMAN: Anything you want to raise?

MR. HOGAN: One or two things, Mr. Chairman.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. HOGAN:

Q. MR. HOGAN: Mr. Halpin, there are one or two items of your

Statement of Evidence to the Tribunal which I might perhaps take you through formally which was to the effect that applications for permission and to borrow foreign currency from a non resident source, would he particularly be processed within exchange control as matter of routine without reference to the management or indeed the board of directors to the bank?

A. No.

Q. And indeed if an applicant for exchange control permission addressed himself to the general manager or to the manager of the department, the bank would typically respond through that channel?

A. Yes.

Q. But there would be no difference in the application of the exchange control rules to an application thus received?

A. No, the exchange control rules simply applied.

Q. And the second matter, Mr. Coughlan raised the point about the nature of the file, whether the file existed and raised the possibility the file might become lost in some manner through failure of recollection of anyone concerned. That did not in fact happen, that the file existed and it was made available to the Tribunal?

A. Yes, the file was kept in the manager's office, several people knew it was there and when exchange control was wound down, it was included with all the main files.

Q. And there were some other items, when Mr. O' Byrne of the bank gave evidence sometime ago, I referred to the fact

that the status of one bank as an authorised dealer had been withdrawn for one day?

A. Yes, several items on the one file, on the file.

Q. So certainly that matter is dealt with by the senior manager of the department?

A. Yes.

Q. The last point on confidentiality. Mr. Connolly for the Revenue and I think Mr. Coughlan also raised the point about the general rules of confidentiality as applicable to bankers generally also being observed by the Central Bank.

It's also the case there was a statutory backing for the confidentiality, confidential nature?

A. Yes.

Q. And of confidentiality by bank officers?

A. Yes.

Q. It's now represented I think by Section 16 of the 1970 Bank Act 1989 but this time I think the Central Bank Act 1942 would have been applicable under which officers actually had an oath to confidentiality?

A. Yes.

Q. And it's your experience there's a very high level of confidentiality directed by the officers of the bank?

A. No, not that I am aware of.

Q. Well sorry, it is the case that there's a high level of

A. Yes.

Q. Thank you.

CHAIRMAN: Thank you very much.

THE WITNESS THEN WITHDREW.

MR. HEALY: I think that's the end of the evidence today,

Sir. I suggest that because we have got through the evidence so quickly, that there's no point going on to anything new until next week.

CHAIRMAN: Tuesday at the usual time?

MR. HEALY: Yes, Sir.

CHAIRMAN: Thank you.

THE TRIBUNAL THEN ADJOURNED UNTIL TUESDAY, 13TH JULY, 1999

AT 10:30AM.