

THE TRIBUNAL RESUMED AS FOLLOWS ON THURSDAY, 2ND DECEMBER

1999 AT 10:30AM:

CHAIRMAN: Good morning.

MR. HEALY: Mr. Jack Stakelum.

MR. JACK STAKELUM, HAVING BEEN SWORN, WAS EXAMINED AS
FOLLOWS BY MR. HEALY:

MR. HAYES: I appear for Mr. Stakelum and ask for limited
representation before the Tribunal.

CHAIRMAN: Very good, Mr. Hayes. In the context of that
situation, I think it was Judge McCracken or Mr. McCracken
in strict terms acceded to that application. In view of
his involvement to date in preliminary inquiries, I will
accede to that in the usual terms, Mr. Hayes.

CHAIRMAN: Thanks, Mr. Stakelum, please be seated.

Q. MR. HEALY: Thanks, Mr. Stakelum. Mr. Stakelum, you have
provided the Tribunal with a statement and I think you are
familiar with the contents of that statement?

A. Right.

Q. Do you have a copy of it in front of you there?

A. I have a copy here, yes.

Q. What I propose to do is take you through your statement and
we may go back over one or two aspects of it for the
purpose of clarifying one or two things and we will refer

them to some 69 documents you have produced and I think you have copies in front of you?

A. I have copies of some of them.

Q. If there are any I propose to mention, I will make copies available to you. You say that you are John J Stakelum fellow of the Institute of Chartered Accountants of Fairmount, Ballyronan Road, Kilpeddar, County Wicklow and this is your statement. You say you were an articled clerk with the firm of Haughey Boland & Company, chartered accountants, during the years 1956 to 1958. You left that firm, qualified as a chartered accountant in the year 1962 and returned to work as an accountant with the firm of Haughey Boland from 1962 onwards.

You became a partner in the firm in 1967 and you retired in the firm in 1975 to establish your own business.

A. Correct.

Q. While you were an articled clerk with Haughey Boland during the years 1956 to 1958, the late Mr. J Desmond Traynor was a manager with Haughey Boland and you worked under him. He subsequently became a partner and in 1962 when you returned to the firm you worked closely with him until he left Haughey Boland in or about the year 1970. During all the years you worked with him, you developed a strong personal bond of friendship and you always regarded him as a very able accountant.

When he left Haughey Boland in 1970, he went to work with

Guinness & Mahon Bank. During the years when you were working with Haughey Boland as an accountant, you specialised in liquidations and receiverships and company rescues generally and in the circumstances, you say that it was only natural that you sometimes would approach your former partner, then working with Guinness & Mahon Bank, when funds were needed for company rescues and so forth and in that way, a professional relationship continued over those years.

A. Correct.

Q. When you left Haughey Boland in 1975 you established your own business, Business Enterprises Limited, at 17 Clyde Road, Ballsbridge, Dublin 4 which was a financial consultancy dealing with all aspects of company and personal finances for clients. Again, just as had been your practice while working with Haughey Boland, when clients required funds you would sometimes approach Mr. Traynor and so the personal and professional relationship continued between you.

A. Correct.

Q. In or about the month of February 1991, you say you were requested by Mr. Traynor to take over a role which up to that stage had been dealt with by the predecessor firm to Deloitte & Touche Chartered Accountants, which was named Deloitte Haskins & Sells, which was a merger of several accountancy firms including Haughey Boland. I think we can take it, can we, that Haughey Boland was, in its current

incarnation is Deloitte & Touche along with a number of other firms which merged in Deloitte & Touche?

A. Right.

Q. It is explained to you that this role comprised of making payments on behalf of Mr. Charles J. Haughey who was then An Taoiseach and you were requested to take on this role as it was considered that the confidentiality of an Taoiseach's affairs could be better safeguarded rather than having the matter dealt with by large multinational accountancy firms and you agreed to undertake the role.

A. Right.

Q. Subsequent so that meeting, you were furnished with a cheque payments book covering the period from the 1st January 1990 to the 29th January 1991 which had been used by Deloitte Haskins and Sells for this purpose. That was the only document you received at that stage. You arranged with your secretary sorry, you arranged for your secretarial company, BEL Secretarial Limited, to open an account with Allied Irish Banks at 52 Upper Baggot Street, Dublin 4 and from February of 1991 until the 31st August 1992, that company received funds from Mr. Traynor which were disbursed in accordance with the instructions of Mr. Charles J. Haughey.

A. Correct.

Q. The way the payments worked was that instructions were received by your secretary from Mr. Haughey's secretary as to what accounts were to be paid. Your secretary received

various invoices from Mr. Haughey's secretary and then paid those invoices. The account was placed in credit from time to time by means of bank drafts received from Mr. Traynor. Whenever the account was running low on funds, you informed Mr. Traynor and you would then receive a bank draft from him to put the account into credit.

You had no input as to the amount of the lodgment to the account or lodgments to the account as you had no knowledge as to what invoices were to be paid at any future time and you simply received whatever funds were provided by Mr. Traynor and lodged them to the account. And you say that this arrangement was changed however from the 1st September 1992 in that the account of BEL Secretarial Limited at the bank was closed and you opened another account in your name trading as BEL Secretarial Services and the receipt of funds and the payments out there have continued as before through that account, which was also at AIB, 52 Upper Baggot Street, Dublin 4.

Now if I could stop there and perhaps go over one or two of the things you said. Dealing with the last two matters mentioned in your statement, I think what you are saying there is that you had, at all times, what I hope I am correct in describing as a dedicated account?

A. That's right.

Q. So the account that you used to operate the bill-paying service had no other function?

A. No other function.

Q. And everything that went into that account was used for the purpose of paying bills?

A. Absolutely.

Q. And everything that came into that account came from, with some exceptions which we will mention later, came from Mr. Traynor or through Mr. Traynor, is that right?

A. That's right. In addition to paying bills, we might have provided cash from that account.

Q. Right. I'll come to that later on as well. But in any case, the account was at all times operated by you for the benefit of Mr. Haughey for the purpose of paying the bills and making other disbursements to him or on his behalf?

A. Absolutely.

Q. If I could just go back to paragraph 2 of your statement when you were describing how you started off in Haughey Boland and you described how you worked with Mr. Traynor who was then a manager with Haughey Boland who, I take it, is a qualified accountant but not yet a partner, would that be correct?

A. That's right, at the time I was working there. He qualified I think around early 1956 and I joined later on.

Q. Was Mr. Haughey working in Haughey Boland at that time?

A. He was.

Q. Was he in the had he the same rank or status of Mr. Traynor or higher?

A. Mr. Haughey would have been one of the two founding

partners with Haughey Boland.

Q. You left Haughey Boland eventually in the circumstances you have described when you became specialised in doing company rescue work and company insolvency work and you started your own firm and then you renewed your, as it were, association with Mr. Traynor in 1991 when he asked you to take over the provision of a bill-paying service. When I say you renewed it

A. I wouldn't call it renewal. There was always work going between us and clients, you know, but that was a special request he made of me in 1991.

Q. Did you operate a similar service for any other clients?

A. No, I don't think we paid bills, not on the level that we would have been doing for Mr. Haughey, I mean in terms of quantity and the reason for the separate account was when I was asked, I was handed over the cheque payments book from Deloittes or

Q. We will call it Deloittes

A. And from looking at the level of payments, it was obvious, like, there was a substantial number of transactions, I don't know, thirty per month maybe, of that order, which I just felt wouldn't mix in with the odd one or two payments. We did pay salaries and things for clients which might be five or six cheques per month but generally for clients it might be one or two transactions, not even a monthly basis.

Q. When you took it over, you must have had some impression of

the amount of money that was going to be going through the account for the purpose of paying these bills?

A. Not really. I I don't think I remember the question I asked Mr. Traynor at the time, you know, was that was I was going to be put in funds before I made the payments and he said yes. Now, only on reflection looking back, I think the initial cheque was œ100,000 or something like that but thereafter they were mostly of the 20-œ25,000 order and that would have settled into a pattern. It wouldn't have been at that initial lunch that I would have got the cheque payments book from Deloitte; when I got it I seen the number of things and it seemed appropriately, it was my decision to make a separate

Q. It wasn't something in any case you could put through your ordinary client account and keep track

A. Well you could, but it was going to be that bit extra difficult, you would have to be extracting those payments each month so it was simpler.

CHAIRMAN: Does it follow from what you are describing, Mr. Stakelum, that it appears the late Mr. Traynor must have had a pretty accurate of idea of what would be required for each month and so ensure you had broadly the required amount or perhaps a little more in credit to meet those cheques?

A. No, I don't think like he presumably was aware of the level of expenditure prior to that but I think that might be a movable feast. I am not too sure that it was it

certainly wasn't the same every month or anything like that but the way it worked was that Mr. Haughey's secretary would telephone my secretary and say "How much money have you got?" and we reconciled that account every month so she might say 2 or 3,000 and she'd say, "Well, I have €8,000 worth of bills to pay" so then there would have to be a requisition made to Mr. Traynor and it generally was in the order of 20, €25,000 which would put you back in credit to maybe 27 and then you pay 10 and then you have 17 and that way, so it was as the need arose and sometimes there was two requests for cheques in a month and sometimes no requests for a cheque in a month if there was a carry over. There was never, I guess, more than 10 or 12,000 carried on the account until immediately after a new cheque arrived.

Q. MR. HEALY: Did you make any arrangement with Mr. Traynor for payment of this or how were you reimbursed?

A. No, personally, there was never a fee.

Q. Something you did for Mr. Traynor or for Mr. Haughey?

A. I mean it was vague, you know, Mr. Haughey had been my principal at the company and I didn't recognise there was going to be all the problems of tribunals and things after and in fact the workings of the account were 98 percent my secretary. I mean, she reconciled the bank balance every month, she would probably make a lodgment, certainly making all the payments and the communication was mostly between

Mr. Haughey's secretary and herself. I mean, I maybe was blissfully unaware of what was going on. If there was a shortage of money, I might be advised of that, that something had to be done. I didn't get very involved.

Q. In any case, one way or another you provided it and there wasn't arrangement for remuneration during the period you provided service?

A. No.

Q. Now, you described a moment ago how you were mainly paying bills and I have no interest in going into the myriad of bills that I am sure you paid on the basis of invoices that you received, that your secretary received from Mr.

Haughey's secretary but you say that from time to time that you made cash payments or you obtained cash, I presume that you simply wrote a cheque for cash, is that right?

A. I think, looking at the thing, there was probably some kind of a weekly arrangement where some kind of household cash was provided in the order of 400 or œ450 per week. I wouldn't have been involved in that, they were patterns that developed as the needs were and somebody would call from Mr. Haughey's place, a driver or something, to collect those envelopes. But then occasionally, my secretary would get a request for, I don't know, maybe a draft or cash and she would do that, she would arrange that.

Q. And that would be for a larger amount?

A. Yes.

Q. A couple of thousand pounds?

A. Yes, maybe maybe 3,000 or might be 5,000. I don't know if there were amounts bigger than that now.

Q. While that might require a special request to your secretary. Apart from the weekly household cash, as it were, would it be delivered to Mr. Haughey in the same way, his driver would come?

A. Same, yes, somebody would come, call for it.

Q. Now, if you go could go to page 8 of your statement, the arrangements you described continued up until the death of Mr. Traynor in 1994. You say "At that stage contact was made between myself and Mr. Padraic Collery who, at one stage, had been assistant to Mr. Traynor at Guinness & Mahon and who took over from Mr. Traynor in supplying the funds to me. As before, the funds were received by me by way of bank draft from Mr. Collery, usually by being delivered to my offices and then lodged by me to the BEL Secretarial Services account and disbursed as before in accordance with the instructions of Mr. Haughey, received through his secretary.

The only other change that occurred after the death of Mr. Traynor was that I received from Mr. Collery for the period from the 31st March 1994 onwards, what you call memorandum accounts detailing the balances on four separate accounts and each three months thereafter I received these account balances."

Just to deal firstly with the period up to Mr. Traynor's death, the arrangements continued as before up to that

time. You got your money from Mr. Traynor every month or bi-monthly as was required to meet the level of payments you were being asked to make?

A. Right.

Q. And then you say contact was made between yourself and Mr. Collery.

A. Yes.

Q. It's just the sort of neutral way you put it. Could you amplify that? Who contacted who?

A. I mean I wouldn't exactly remember but my best guess would be probably at Mr. Traynor's funeral I would have been in a position where Mr. Traynor's death was very sudden, you know

Q. Yes.

A. I would have been in a position whereby we had this operation of paying bills and ongoing every month and I mean with his death, aside from any other things, the source of money would have dried up. I mean, the bill-paying service would have stopped as soon as whatever float we would have had would have run out which, I don't know, might have been a few thousand pounds so and I had no idea of the source, I mean I didn't know whether that was going to be a fact and if it was, I would be communicating it to Mr. Haughey. So I don't actually remember but I suspect that probably at Mr. Traynor's funeral, like, I spoke to Padraic and I said, "Padraic, you have been giving me money or I have been getting money from

Des Traynor" and I presume I asked him "Are you aware about that?" And he said "I am aware" and I remember saying "You know that money wasn't for me" and I think he said, "I guess so." I said, "Have you an arrangement whereby the provision of monies would continue?" Don't forget I knew nothing at that stage of the memorandum accounts, that subsequently came, I didn't know whether there was an overdraft there providing this or what was the source and he said, "Yeah, I can provide, continue to provide funds to you." I can't be absolutely definite about that but that would be my guess and I think he might have said, I am not sure, having a word with John Furze or something. I knew that John Furze was there in the background for Cayman and he was a friend of Des Traynor's and things like that, so, that's what happened.

Q. Could I just maybe ask you one or two questions about that. When you say you spoke to Padraic about it, do I take it that you had some dealings with Padraic before then in connection with getting money for Mr. Haughey, something that prompted you to talk to him?

A. I don't necessarily think so. Except that I would have been aware that Padraic Collery was kind of a right hand man to Des Traynor there and, I don't know whether, I really don't know why I would have asked him except that who else would I ask? I mean, the only person I might ask would be Joan Williams, who would have been Des Traynor's secretary, and maybe I just bumped into Padraic.

Q. You could have obviously have asked Mr. Haughey. Do you remember whether you asked him?

A. I don't recall ever having any conversation with Mr. Haughey relative to this fee-paying until after Mr. Traynor died because I mean, you know, reflecting on it, I mean I wasn't asked by Mr. Haughey to handle this. I assume Mr. Traynor asked Mr. Haughey or told him he was asking me to take over from Deloitte but there was never any discussion that I recall with Mr. Haughey.

Q. Until much later, you say you never discussed?

A. Probably very shortly after Mr. Traynor died, I presume, but he didn't I didn't function with him in that kind of... Mr. Traynor was there in between calling all the shots.

Q. But in any case, as a result probably of some contact as you say, however it was instigated or whoever initiated it with Mr. Collery, Mr. Collery told you that the arrangement would continue.

A. I mean what I can't say is that it was as definite as that, I am not sure whether he said he would be checking with John Furze, I don't know who was calling the shots where and I don't know whether he would have said that or not but he did indicate that the arrangement was going to continue.

Q. And that was as soon after the death of Mr. Traynor, at his funeral?

A. I suspect so. I suspect that's where I would have met him. I wouldn't meet Mr. Collery in the normal course of

business anywhere.

Q. All I am trying to suggest is that would seem to indicate that Mr. Collery was at that time himself in a position to offer you some indication that it was going to continue or that some arrangements had been or were being put in place to continue it?

A. I would think that would be reasonable. He might have said he had to check with somebody but I think I would have been left with the impression that there would be a continuity.

Q. Now, you say that one of the changes that occurred after that time was that you began to get what you call memorandum accounts.

A. Right.

Q. And I just want to be sure that we are all talking about the same thing here because that's an expression that has come to mean a few different things and at this point, I don't want to go into the detail on these documents but I'd just like to put one or two on the overhead projector so that it will be clear what we are speaking about. Do you have a copy of that document?

A. The memorandum account?

Q. Yes.

A. Yes, I do.

Q. Now what's on the overhead projector is a page it's on the monitor in front of you as well, Mr. Stakelum, if you just look to your right. What's on the projector is a page without any heading other than 'Memorandum', in other words

it's just like a note, isn't that right?

A. Yes.

Q. And there's a date 30/9/1996.

A. Right.

Q. So it's a note or a memorandum as of that date.

A. Yes.

Q. And it's a note of the state of a number of accounts or a memorandum of the state of a number of accounts at that stage and it's from DPC, meaning presumably?

A. Padraic Collery.

Q. To J.J. Stakelum.

A. To me.

Q. Jack Stakelum. So it's a memorandum from Padraic Collery to you giving you the balances on a number of accounts. I suppose to put it in, to put it shortly, it's giving you an indication of how much money there was available for the various purposes for which you might require it from time to time.

A. Yes, for the very first time.

Q. Yes, of course.

A. For the very first time, yes.

Q. We will come back to some of these individual documents in a moment but what they do show is the balances on two sterling accounts and two US, sorry one US dollar deposit and one deutschmark deposit and I think that's the case with most of those communications that you received from Mr. Collery, and they show you how much by way of funds was

available in a number of different sources.

A. That's right.

Q. And I think it also gives what seems to me to be the interest rates at which those funds were on deposit from time to time so that, am I right in thinking if you go to the top of that, the sterling account balance as at the date of that document, the 30/9/96 was sorry, 30/6/96 was £81,346?

A. You were right the first time, 30/9/96. What it gave was the account for the three months from the 30/6 to the 30/9 and the closing balance at the 30/9 and shows the interest rate, presumably at 5 percent, for the next three months.

Q. And is that rate of 5 percent an indication of the rate at which that balance is, because I think it must be a deposit account, is it?

A. Yes.

Q. So it's obviously earning interest at that rate?

A. That's right.

Q. Giving you an idea of what funds are going to be available in the future or at the level which it's performing?

A. I think there would have been two things. As far as I am aware, Mr. Collery never had any contact with Mr. Haughey and if Mr. Traynor was handling matters up to then, presumably he could, you know, discuss with Mr. Haughey what the balances were and what interest rates and whether it would be better to have sterling or deutschmarks.

Q. Or dollars as the case may be.

A. But in the absence of that, it's not asked for by me but presented by Mr. Collery, this memorandum, where I could show it to Mr. Haughey and he could make decisions if necessary accordingly.

Q. So was it envisaged you would make the decisions yourself about how much, or that you would discuss it with Mr. Haughey and make the decisions or that Mr. Haughey would simply be made aware of what his room for manoeuvre was, as it were?

A. Simply that Mr. Haughey would have been made aware. I wasn't asked to make any decisions and I didn't even ask for the memorandum account. I mean if Mr. Collery was going to continue to give cheques at the level forever and a day, that was fine, but presumably we, not having contacted Mr. Haughey, he felt with me having the contact, it was appropriate Mr. Haughey would know where he stood because he may have known that from discussions with Mr. Traynor up to then.

Q. From that time onwards, from 1994, May onwards, how were decisions made or, as far as you were aware, how were decisions made about how much should be lodged to your dedicated account from time to time?

A. Purely as I explained earlier, by Mr. Haughey's secretary ringing my secretary and saying, "How much money have you got?" and she might, my girl might say, "Well we have 3,000 or 4,000" and "I have bills for 8 or 10,000, I better talk to Mr. Haughey about the request" and then she like, it

could vary. I would say it was probably she ringing back my secretary to tell me it was okay to requisition another €25,000 or €20,000, at which stage I would ring Mr.

Collery. That's how it was done then.

Q. So you ring Mr. Collery, say how much you needed but this wasn't a decision that you reached off your own bat. It was as a result of discussions between your secretaries and money would come down to your account again?

A. I would requisition it from Mr. Collery.

Q. In addition

A. I would be checking that the drawings figure, you see, that I would have got that money and I probably would be checking that the percentage of the deposit was reasonable.

Q. Checking that you got, for example, the €10,000?

A. That would coincide with what my lodgments were, so to speak.

Q. You might have been checking the balances and the interest accruing to the account, which is €1,300, I am not sure there that that was correct at the rate that was indicated.

A. Yes.

Q. We can go on with your statement. You say, "As explained above, all of the funds credited firstly to the account of BEL Secretarial Limited for the period ending August 1992 and subsequently to the account of BEL Secretarial Services were supplied by Mr. Traynor up to his death and by Mr.

Collery thereafter and although some may have been by cheque, as far as I can recall, they were nearly all by bank draft. The one exception to this is a lodgment to BEL Secretarial Services on the 12th November 1996 of €24,630.50 the then equivalent of €25,000 sterling."

You go on to describe the circumstances of that lodgment.

If you look on the overhead projector, you will see your account, the one we have been talking about, the second dedicated account and that credit is shown as at the 12th November by way of a lodgment of €24,630.50. You can see it on the projector there.

A. Right.

Q. You say, "I would from time to time meet Mr. Haughey and on one occasion, in or about the month of October of 1996, Mr. Haughey asked me to contact a Mr. Dermot Desmond of NCB Stockbrokers and he indicated that Mr. Desmond would be making a lodgment for the purposes of defraying bills. I contacted Mr. Desmond as requested and subsequently received a payment from him for €25,000 sterling which was lodged to a sterling account in the name of Business Enterprises Limited Nominees, the Irish pound equivalent at that time amounted to €24,630.50 and this amount was lodged from an Irish pound client account to BEL Secretarial Services account and, as with all other lodgments, was used for the payment of invoices sent in by Mr. Haughey's secretary."

If you could just deal with the mechanics of the latter part of that first. You received a payment of €20,000 sterling. It was lodged to a sterling account in the name of well take it for short, in the name of one of your companies in any case, BEL - Business Enterprises Limited - where it remained. Am I right in saying that?

A. Right.

Q. And then independently but obviously related to that transaction, the Irish pound equivalent was lodged for, was paid from another account of yours into the bill-paying service?

A. Absolutely.

Q. Now, if we could just go back to how the payment came to be made in the first place. You said that you would from time to time meet Mr. Haughey. Was that socially or in connection with this service?

A. Never socially. In connection with this service.

Q. How often would you meet him?

A. It's difficult to say but...

Q. Roughly?

A. Probably about every three months. Probably when I got the statement from Mr. Collery of the preceding three months' transactions.

Q. And what would you discuss?

A. Go up to him and say, "Here's the score," the meetings tended to be of very short duration but I was keeping him informed of what the situation was. He didn't have a lot

of interest in it but I mean I...

Q. I see.

A. You know.

Q. On one of those occasions was in Kinsealy you met him or in your own office?

A. I couldn't remember. He may well have telephoned me. He may well have telephoned me and asked me to go and see Dermot Desmond.

Q. I see. But in any case, at either his home or somewhere in the course of some discussion concerning funds, he indicated to you or he asked you to contact Dermot Desmond?

A. That's right.

Q. Did he mean for you to go and visit him or contact him by telephone or what?

A. I think he meant me to visit him because that's what I did. I rang Mr. Desmond's secretary and I understood I understood that he had met Mr. Desmond somewhere and maybe he had said to Mr. Desmond like, "I will ask Jack Stakelum to go see you or contact you" and that's what I did. I went to see Mr. Dermot Desmond.

Q. Was that in Dublin?

A. Yes.

Q. In his office in Dublin?

A. Yes.

Q. And what was what happened at the meeting?

A. Well at the meeting, like I mean, he would have been expecting me and he would have known the nature of my chat

and came in, "Hello," and he was offering me golf vouchers for Druids Glen. I didn't know him very... met him once or twice before and we talked and he said about making a lodgment to Mr. Haughey and where will I make it to and I gave him an account.

Q. Before the money came through, did you know how much the lodgment was going to be?

A. I really can't remember whether he would have said "I will make a lodgment of €25,000" or not, I really don't remember that.

Q. In the course of your discussion with Mr. Haughey, was the amount mentioned?

A. No.

Q. You didn't suggest any amount to Mr. Haughey as a sum that might be required?

A. Oh no, because I mean if he would look at the memorandum accounts, there wasn't a need, a specific need for €25,000.

Q. There certainly wasn't. And maybe we might just look at it at that time in fact. That was October of 1996.

A. I don't have a memorandum account

Q. Well we have a memorandum account up to the 30th a memorandum of account up to the 30th September 1996. The one we were looking at a moment ago.

A. Yes, that's the last one I have.

Q. Yes. And that shows a sterling balance of €81,000-odd, €101,000 on the No. 2 account, 88,000-odd dollars and 971,000-odd deutschmarks which means that you had certainly

180 or maybe £250,000, would that be right? I am not

A. I am not sure what the rate of exchange for deutschmarks might have been at the time. I don't know whether it's mentioned anywhere but I was advised at some stage that that No. 2 account and the dollar account I think were pledged.

Q. I see.

A. That they weren't free to be drawn on. So I mean there really was a top sterling account and a bottom deutschmark account. The feeling about the £25,000 it was, you know, a general donation. I mean it wasn't to meet a specific

Q. shortfall.

A. Shortfall.

Q. Or deficiency.

A. No.

Q. Or anything like that. When you say that you received the payment from Mr. Desmond, how did you receive it? Was it put into your account or did you simply receive money

A. It was transferred into that bank account, as I mentioned there, that BEL Nominees sterling account.

Q. It was only when you saw that bank account that you realised that it had been transferred into it?

A. Yes, I well I mean, you know, in the course of business, you don't execute the follow-on procedure till it arrives, you know. I don't know whether I was advised that £25,000 would be coming, I think I probably was because that's the usual procedure and I would have advised the bank to expect

and let me know when €25,000 sterling arrived and then you'd execute the transfer.

Q. So you had to know that the 25,000 sterling was coming into your sterling account so that you could transfer the equivalent from an Irish pound account into that account and somebody obviously had to ring you, otherwise you would be putting your own money into this account?

A. That's right, yes.

Q. Was that the only time that Mr. Haughey told you to expect a lodgment like that into that account?

A. Well he didn't say to expect a lodgment like that.

Q. Sorry, was that the only time that you discussed with him

A. No. There was a previous one that I had forgotten about which is up on these things of 99,900

Q. We will come to that in a moment. Leaving your dealings with Mr. Desmond out of it, was there any other time involving any other individual that Mr. Haughey informed you you should expect money to come into the account or make arrangements to have it come in?

A. He did inform me about, I think it was a sale of a painting, to expect money from Northern Ireland but that came into my direct account of the clients' account in Dublin but that didn't go here. Like, I think I paid him that out directly, that didn't go into BEL Secretarial Services. I am not positive it was the sale of a painting but the money came from a gallery.

Q. Maybe we will get the other dealings with Mr. Desmond out of the way and I'll come back to it later. You go on to say "The lodgments to BEL Secretarial Services account and the disbursements are as shown in the bank statements relating to that account," and we may go through some of those in a minute purely for illustrative purposes.

You then go on to say that you confirm that it appears from the bank statements these lodgments included a lodgment of œ20,000 lodged on the 20th October 1992 and the further sum of œ20,000 lodged on the 13th November 1992 and as with all other lodgments as far as you can recollect, these were bank drafts received at your office from Mr. Traynor and lodged by you or your secretary to the credit of BEL Secretarial Services.

You say you do not have any details of any of these bank drafts or any other of the bank drafts as they were retained by the bank on the lodgment thereof.

Now those two sums were drawn to your attention because in the course of the Tribunal's investigative work, it wasn't possible to identify the accounts from which they were debited but I think some progress has been made on that and I will come to them in a moment. In any case, as far as you were concerned, those two credits on those two dates to your account came from Mr. Traynor in general terms, isn't that right?

A. Yes, they wouldn't have been any different to anything else as far as I was concerned, it was only referred to my statement because I was asked by the Tribunal to make that comment.

Q. I will be able to give you some more information about them later and at least one of those debits has been identified as having come from a Kentford account?

A. I got that in the last few days, a copy of the cheque-book.

Q. I see. You say, "Apart from the fact that the funds in question were furnished to me by Mr. Traynor initially and subsequently by Mr. Collery after his death and that one lodgment of €25,000 sterling furnished to me by Mr. Dermot Desmond, I have no knowledge of the source of these funds.

In relation to the invoices supplied to me by Mr. Haughey's secretary, copies of these were retained at my offices at 17 Clyde Road, Ballsbridge until I retired with effect from the 31st October 1998 at which stage, as with the offices at 17 Clyde Road, Ballsbridge, Dublin 4 were being vacated, all such invoices were returned to Mr. Haughey."

Could I ask you one thing about that date. Did you continue the bill-paying service up until that date? Up until you vacated your offices?

A. No, as I understood from Mr. Collery, there was a freeze put by the bank on the funds that were still there and I was left with only recently transferred to close the account, left with only three hundred and sixty something

pounds. Now, I am not sure what Mr. Collery has in terms of balance on those memo accounts but they were frozen.

Q. But in terms of the operation of the bill-paying service, can you say when that actually stopped?

A. I think I have a book in my briefcase down there.

Q. We can find out in a moment but

A. I'd say June 1997, June, July, August 1997.

Q. Can you remember this much you remember the McCracken Tribunal and giving evidence to that.

A. Yes.

Q. Did it continue after that Tribunal can you recall?

A. I am not sure.

Q. I see. Well is there some document you have here?

A. I have a cheque payments book that I think is written up to the finish and I think that it's in my briefcase there.

Q. We can clarify that in a minute then.

A. Can I just say this?

Q. Yes.

A. It continued until I ran out of funds anyway, you know, but I think that was that date.

Q. Do you know if anybody else has taken over that service since then?

A. No, I don't.

Q. You say that after the death of Desmond Traynor in May of 1994, when Mr. Collery took over from him, you were furnished every three months with memorandum accounts by Mr. Collery which detailed the funds available to him. You

have been asked by the Tribunal to comment specifically on a lodgment of €99,988, I think that figure might be wrong in fact and we will come to it in a moment, slightly wrong a lodgment of 99,000 odd sterling in any case made to the No. 1 sterling account referred to in the memorandum dated the 3rd October 1994.

Maybe we will go to the memorandum first. I think it's on the overhead projector. You see there's a sum there of €99,988 lodged?

A. Yes, point nought nought.

Q. It looked like lodged sometime

A. It's in the three months before September 1994.

Q. So sometime between July and September. Your recollection in relation to that is as follows, you say, "Sometime after the funeral of Desmond Traynor, I was contacted by Mr. Haughey who requested that I contact Mr. Dermot Desmond of NCB Stock Brokers and I should advise Mr. Desmond of the details of a bank account to which a payment for Mr. Haughey could be made."

"I contacted Padraic Collery and he gave me the details of a bank account code for the bank and such like and I passed on this information to Dermot Desmond by telephone. I knew from that exchange that it was proposed that Dermot Desmond would make a payment for the benefit of Mr. Haughey although I did not know the amount of it, nor did I know at the time whether or not the payment had in fact been made."

You say that "Although I saw reference to the lodgment of 99,988 in the memorandum account dated the 3rd October 1994, I did not at that stage know where it had come from. Subsequent to the commencement of the McCracken Tribunal, as I was to be called as a witness and so that I could acquaint myself with the facts, I inquired from Padraic Collery as to this lodgment of 99,988 and he informed me that it had been made by Dermot Desmond. That's the only information I have on the matter and I have no knowledge myself as to who made this lodgment other than what I was told by Mr. Collery."

A. Can I just comment there?

Q. Of course.

A. I don't know why I have in my statement dated 3rd October 1994 because I don't think I would have had that information. The only information I would have had would have been in the three months to the 30th September 1994. So I am not sure whether there was something else on that.

Q. The document we are looking at is dated 3rd October 1994.

A. Sorry, that's the day of the document but that wouldn't be the date of the lodgment in the memorandum account. The lodgment had to be earlier, sometime in the three months prior to the 30th September, yes.

Q. Your statement is correct?

A. My statement is correct, yes.

Q. So if we could just go back to the contact you had with Mr. Haughey after Mr. Traynor's funeral. When you say sometime

after the funeral, you mean some days, weeks or months?

A. Mr. Traynor died I think in May 1994 and this is sometime in the three months prior to September which could have been from the 1st July to the end of September so it was sometime after that and he would have been aware, like, that there was a continuation of a situation with Padraic Collery and he wanted to know obviously how Mr. Desmond could make a transfer into Mr. Collery's funds and I mean I didn't know either although I would have had a memorandum account and I would have rung Mr. Collery and asked him and I would have got code references and things like that they use for the transfer of funds. I had forgotten all that, it was only when the McCracken Tribunal came into being that I checked back on that and I said to Mr. Collery, "what was that?" That, you see, was obviously €100,000 less €12 bank fee I suppose and he reminded me and said, "You should know about that." It must have been a phone call because I wasn't told of an amount nor was I told whether it happened or not, you know.

Q. Well the information that you got from Mr. Haughey, did that include the bank account numbers, the bank sort codes and so forth?

A. From Mr. Collery?

Q. Well from whom did you get that information?

A. Mr. Haughey would have asked me to provide that information to Mr. Desmond so Mr. Haughey

Q. Mr. Haughey said, "You contact Mr. Collery, he will give

you the routing information" if you like "and then you pass that information on to Mr. Desmond."

A. I haven't an idea whether Mr. Haughey would know I would know and he would ask me to provide Mr. Desmond with the routing and I would have rang Mr. Collery.

Q. If I could just go to the memorandum account or the memorandum from Padraic Collery to you dated the 5th July of 1994 which is the previous communication to the one that's on the overhead projector. It's the 5th July of 1994. It's the previous memorandum of the bank.

A. I have it anyway.

Q. That memorandum does in fact seem to show that the sterling account, Sterling No. 1 Account was quite low in funds, is that right?

A. Right and at that stage, they were providing me with funds from the deutschmark account.

Q. And you refer to the Sterling No. 2 Account as probably having been blocked?

A. Yes, I mean I wouldn't have positive knowledge of that but I mean, when I got that memorandum account for the first time, there was a kind of an additional role for me to Mr. Haughey which now was to monitor the funds that he would have had and provide him with the information and then to know what it was and I would have asked Mr. Collery and I would have been told that he thought that those two accounts were blocked and those two accounts never functioned as part of funds, only the interest that they

earned.

Q. I was just going to ask you about that. If you look at that No. 2 Account and the dollar account during the entire period of the memoranda that we have here, it's hovering around the same amount, 101-102,000 and it looks like the interest has been taken off it?

A. If you look at that particular account, they were obviously keeping the No. 2 Sterling Account around the \approx 100,000 mark and any interest over that being transferred.

Q. We can see here that the interest of \approx 2,468.46 has been transferred to the No. 1 Account.

A. Right.

Q. So at that stage it would appear if those two accounts were blocked, then available or free funds were only in the deutschmark deposit and in the No. 1 Sterling Account?

A. Apparently.

Q. And the No. 1 Sterling Account was at 4,667.22 and the deutschmark account was still quite substantial, is that right?

A. Yes.

Q. 2.2 million Deutschmarks. I don't know what the exchange rate, would you know the exchange rate?

A. Well the \approx 20,000 to drawn, that resulted in 48,770 so it looks like 2.4.

Q. 2 point odd so probably \approx 1 million in any case?

A. About that.

Q. When you got the information for the routing, did you keep

a note of it? You simply telephoned Mr. Desmond and told him what the details were?

A. Yes.

Q. Do you recall even now whether any of the details of the route, for example, the fact that the money was to come from Switzerland or come via Switzerland?

A. I really don't have any idea. I mean I don't recall the name of the bank, do you know what I mean, and the codes tend to be long winded. I just don't remember.

Q. Well, if you were given a bank code, you would simply, I suppose, be given a bank code of a bank into which the money was to be put. You'd I am not suggesting that you would know, in other words, where it came from to get into the bank account.

A. I wouldn't have any idea of where it came from. This was merely advising Mr. Desmond of a routing for it but I wouldn't even recall if I personally got that information or my secretary. It would be a series of numbers and things that would be communicated to Mr. Desmond. I probably did get it myself. That would be an awful normal thing in the course of ordinary transactions, like, for all sorts of clients doing all sorts of business, leases and everything, to get a code for the bank and reference number and if we were instigating a transfer, we always advise the recipient to check with the recipient bank that they get it and all sorts of thing. It would have been a very routine matter for us.

Q. Except in this case, all you did was provide information.

There was no checking or anything else. You didn't know how much was involved before or afterwards.

A. No, and even if there was an amount, you know what I mean, it wasn't where I was involved personally in the situation and you'd have an interest personally in seeing that it would happen for you or for a client. I wouldn't even know if a transaction was taking place. It could be contemplated and never executed.

Q. Well in any case, certainly a transaction involving money must have been come contemplated, otherwise there would have been no point in giving you the information?

A. Obviously.

Q. You then go on to say that you have been asked by the Tribunal to comment on a lodgment of œ169,036.28 sterling to the No. 1 Sterling Account referred to in the memorandum dated 30th September 1995. You say when you received that memorandum, you noted that the lodgment was referred to as being a transfer from NCB but that was all the information you had at that stage. After the McCracken Tribunal had commenced, you contacted Padraic Collery and asked him what this lodgment was and you were told by him that it was from an investment account of Mr. Haughey. .

A. Yes, I am not sure did I say Mr. Haughey in my statement. I think he said that's an investment account and I

Q. Right.

A. Like, I presume with the connotations being NCB that it was

an investment account in NCB and that, well whose it was or what it was, I hadn't any idea whether it was the balance of an investment account that was being cleared out or whether it was a specific investment or it was showing this amount of realisation but I also asked Mr. Haughey and he said something about investment account and I only would have inquired in the context of expecting to be asked about it at the McCracken Tribunal.

Q. But in any case, what you are saying, correct me if I am wrong, is that when you spoke to Mr. Collery, you are not sure that he said to you it's an investment account of Mr. Haughey but that you subsequently discussed the matter with Mr. Haughey and he certainly indicated that it was an investment account?

A. Both. I think Mr. Collery would have said an investment account, not necessarily an investment account of Mr. Haughey. I mean it could have been a conglomerate investment account or anything and Mr. Haughey said, "Isn't that something to do with investment account?" I mean both weren't terribly interested about it seemingly or didn't have

Q. Was there any doubt in your mind that it was an investment account for Mr. Haughey?

A. I had no idea. I knew that the funds had come in for the benefit of Mr. Haughey so I don't know what that was, you know.

Q. But Mr. Haughey was able to tell you it was an investment

account?

A. Well, when the McCracken Tribunal was up and I was talking to him, I would have known all the monies that came to me after Mr. Traynor's death came from this source, with the exception of the €25,000 sterling from Mr. Desmond. And then if you looked at it, the balances were all there at the time of Mr. Traynor's death with the exception of that transfer from NCB which is now being called an investment account and the 99,988 so I would have just inquired about those two amounts to be told by Mr. Collery "You should remember the 99,988" because I had sought a routing for it but I had never been told an amount and the other one I had no knowledge whatever and he just said, "Is that an investment account?" Now I don't know what information I had and when I brought it to Mr. Haughey's attention as I did the others, he said, "It's some investment account."

Q. What I am trying to get at is which came first? You spoke to Mr. Collery about it. Was it subsequently you spoke to Mr. Haughey about it?

A. It would have been after because Mr. Collery was producing the memorandum to me because he was the fountain of knowledge.

Q. What I am trying to get at, Mr. Collery produced a statement which said transfer to NCB. After the McCracken Tribunal commenced, you contacted him and he said it's an investment account and then was it after that that you contacted Mr. Haughey?

A. It was after that I contacted Mr. Haughey and I am saying here are the unusual items, if you like, on these memoranda and his comment was, "Isn't that for some investment account?" Like, what I really want to say, there's no detailed discussion anywhere, somebody seemed to believe that it was an investment account and it was coming from there and I don't know if further investment proceeds were coming from that and whether there was a final balance, I don't know.

Q. You were anxious to make sure you were prepared for the McCracken Tribunal, that you were able to respond to queries concerning this, these documents and the information contained on them so presumably you spoke to Mr. Collery and Mr. Haughey before you either gave evidence or met members of the McCracken Tribunal team.

A. Yes, I suspect that's fact, yes.

Q. And when you discussed this with Mr. Haughey, would it have been out in his house in Kinsealy or on the phone?

A. It would have been in Kinsealy. He wouldn't discuss items, I think, on the phone but I really don't think it's a question of a discussion. I mean he would be, I mean I am not sure of the extent of his interest or information or whether things had been drawn to his attention or whether he had advised somebody to close out an account. I don't know anything about NCB and an account but I would be merely drawing it to his attention that this is what I have, this is the questions I may be asked, I don't have

answers to them and I don't particularly want to have answers to them but they are there. And his comment, like it would be just a, "Isn't that an investment account some investment account?" I think he might have had 27 investment accounts for all I would know.

Q. And it was the only investment account you ever discussed with him or the only time you discussed an investment account with him?

A. Yes, I think that's discussing investment with him, here is a item from NCB of whatever, 160 something thousand and he said "Wasn't that from some investment account?" End of discussion.

Q. I am not suggesting you had a discussion in the sense of a lengthy discourse but it was the only time you mentioned an investment account?

A. And finished as far as I am concerned.

Q. When you left that meeting with Mr. Haughey, having regard to what Mr. Collery told you and what Mr. Haughey said to you and what you knew about this account, you were in no doubt that it was Mr. Haughey's investment account or could you have been in any doubt but that it was his investment account?

A. I wouldn't have known there could have been a consortium having an investment account that this was Mr. Haughey's share of the final I wouldn't know. I really wasn't terribly interested and I mean, all I am saying is that I had an answer as to one of three situations that I had some

knowledge of over which the rest were all balances at the time of Des Traynor's death and the only other thing would have gone into the account was the interest and those three items and that was my information on them.

Q. You said that you have also been asked by the Tribunal to provide details of your dealings in relation to the bill-paying service which you provided for Mr. Haughey from February 1991 onwards with a number of named individuals and you are setting out the information you have. The first individual you were asked about was Mr. Desmond Traynor, the late Mr. Traynor and you have discussed your dealings with him. You were asked about the late Mr. John Furze and you say you had no dealings with him. Did you know anything about John Furze. I think you said earlier you might have heard mention of him?

A. I knew that John Furze was involved in some director role in Cayman, I would probably have dinner with him once over the 20 years on a social basis with Des Traynor. I would have met him probably a couple of times. He was at Mr. Traynor's funeral certainly but I wouldn't have been very much aware that John Furze had any particular knowledge of Mr. Haughey's payments or anything like that other than I think when I checked with Padraic Collery, which I think might have been at Mr. Traynor's funeral and he might have said, "I will have a word with John Furze" or something like that, indicating that he would be continuing the provision of funds. He wouldn't have had any dealings with

me - John Furze.

Q. You were asked about Mr. John Collins who was an associate of Mr. Furze and you say, "I am aware that Mr. Collins worked with Guinness Mahon Cayman Trust but I had no dealings with Mr. Collins in relation to the matter. You are then asked about Padraic Collery, you have already mentioned your dealings, you were asked about Joan Williams and you say you were aware Joan Williams was the secretary of the late Mr. Traynor. You say you do recall having several telephone calls with her during Mr. Traynor's lifetime when you would advise her that the funds that you had for Mr. Haughey out of which payments were being made were running down and that further funds were required.

"And I know that she would relay this information to Mr. Traynor who then provided further funds as required. That was the only dealing I had with Joan Williams."

You were then asked about Sam field Corbett and you say "he was known to me but I had no dealings in relation to him with this matter." And you were then asked about Mr. Paul Carty or any other member of Deloitte & Touche. You say your dealings with Paul Carty in relation to this matter are set out at paragraphs 4 and 5 of your statement. And you say, "It was Mr. Carty who described to me the documents referred to at paragraph 5." We will just come back to the details of this. "The only other dealings I had with the firm of Deloitte & Touche in relation to this

matter were that Deloitte & Touche were providing a service to Mr. Haughey dealings with salaries for some of his employees, dealing with PAYE/PRSI for these employees and so forth. Out of the monies which I dealt with for Mr. Haughey, several payments were made to Deloitte & Touche to reimburse them in connection with the work they were doing and that was my only other involvement with Deloitte & Touche in relation to this matter."

Now you say your dealings with Mr. Carty were as set out in paragraphs 4 and 5. You don't mention his name but what you do mention is taking over from Haughey Boland or Deloitte Haskins & Sells, as it was, and you said he provided you with the documents meaning I think a cheque-book?

A. A cheque payments book.

Q. A cheque payments book, yes,. Did he describe to you the service he had been providing or did you have a discussion?

A. Yes, my recollection is that Mr. Carty and Mr. Traynor and myself had lunch together and that was when I was asked would I take over the service. It was on the basis that Deloitte's were multinational and couldn't maintain the confidentiality of the situation and I mean I agreed to do it and I said, well the only question I put to Mr. Traynor, "Would I be in funds before I made the payments?" "Yes," and that I would be dealing through him. And then I presume that Mr. Carty arranged to send over that cheque payments book to me. I don't know what period it covered

but I think I would have given it to the McCracken Tribunal and his I think one of his, one of Deloitte's secretaries or wage department personnel came over to talk to my secretary and I was asked at the McCracken Tribunal did I not make, paid wages for Mr. Haughey? And I said, "No, I didn't" and it wasn't very important but the comment from counsel at the time was, "well you did but it doesn't matter." I was a bit bothered and I went away.

Making payment for wages has a connotations of PAYE and PRSI and we didn't do that for Mr. Haughey but evidently what happened was that Deloitte must have been continuing to make up wages and the gross bill would come to X pounds and they would send over to us for that and we never had wage records for them and we would have presumably reimbursed them for that and I don't honestly know whether that was weekly or monthly. It was done by my secretary so I think somebody from Deloitte came over and explained some of that to my secretary.

Q. I understand. So that Deloitte & Touche continued to pay for the staff but the personal or private funding was transferred to your firm.

A. Yes.

Q. You were asked about your dealings with Dermot Desmond and you say as described, you were asked about any other dealings with Mr. Haughey and you say, "From the time I started this service for Mr. Haughey in February 1991 up to when Mr. Traynor died in 1994, I did not have direct

dealings with Mr. Haughey in relation to this matter" and then you went on to describe the other dealings you had with him. You say that, "After Mr. Desmond Traynor died and I was receiving the memorandum accounts quarterly from Mr. Haughey, I wanted to apprise Mr. Haughey of the funds that were being spent on his behalf as I was aware that he no longer had the assistance of the late Mr. Traynor in relation to his affairs. Accordingly, approximately three or four times a year after I received the memorandum accounts, I would meet Mr. Haughey at his house. Apart from that and the other matters set out in the statement, I did not have any other dealings with Mr. Haughey in relation to this matter."

You were asked about any dealings you had with Mr. Barry Benjamin. Mr. Benjamin is associated with Hamilton Ross who, you say, "I did not have any dealings with Mr. Benjamin in relation to this matter." You were then asked had you any dealings with Mr. Brian Bothwell who is also associated with Hamilton Ross and you did say, "I did not have any dealings with Mr. Bothwell in relation to this matter."

Did you ever hear of either of those individuals at any time in the course of your dealings with Mr. Collery?

A. I never heard of Mr. Brian Bothwell. I still don't know what Mr. Brian Bothwell is. I believe that Mr. Barry Benjamin was somebody involved with Mr. John Furze. I am

not quite sure. Mr. John Furze I think had left the Cayman bank operation and was starting his own operation and I don't know whether Mr. Benjamin was a partner with him or what he was. I have a feeling he might have been a successor to Mr. Furze.

Q. Apart from the dealings you had with Mr. Desmond, have you had any dealings with any other person at the request of Mr. Haughey directly or indirectly in relation to the bill saying service or in relation to providing any other funds for Mr. Haughey?

A. No.

Q. Unconnected with the bill-paying service?

A. No, not me.

Q. Or have you had any financial dealings with any other person for the benefit of Mr. Haughey but where you had no direct contact with Mr. Haughey in relation to

A. No.

Q. I just want to go through some of the tables. I am not going to take you through all of them but I just want to clarify one thing to begin with. You have been given copies of the documents which the Tribunal propose to refer to in the course of this hearing and I think you can confirm that all of those documents have been provided by you, isn't that right, apart from the Tribunal's own tables?

A. Sorry, there was a lot of detail given to my secretary yesterday or something that I haven't seen or gone

through. So I am not sure what you are

Q. Lest there be any doubt about it, we will take the documents or classes of documents one by one. To begin with, there is the memoranda, they were circulated, provided by you?

A. That's right.

Q. Then there were copies of bank statements for BEL Secretarial Services, 17 Clyde Road, Ballsbridge, Dublin 4, the account of J.J. Stakelum trading as BEL Secretarial Services.

A. Provided by me.

Q. That was provided by you. There were then bank statements also provided by you for BEL Secretarial Limited current account.

A. Right.

Q. In fact they may have been obtained from the bank

A. Right.

Q. by the Tribunal.

A. On my authorisation.

Q. Exactly, on your authorisation and subsequently identified by you and then you may have received a number of tables of credits to the BEL accounts and I am using that expression to mean the two dedicated accounts we have described from the period 1991 up to 1996.

A. Yes.

Q. And those were provided by the Tribunal. Very briefly if I could just go through them, starting with 1991. What they

show are the credits to the BEL account abstracted from all of the documents provided by you and by the bank in connection with the operation of that account and as you said yourself in evidence, you may remember that you recalled that the first payment you got was €100,000 to open up the account or to get things moving. And there was a pattern of mainly €25,000 payments with the odd 15,000 and 20,000 and then a small payment of 2 and a half thousand in November of that year, 1991.

A. Yes.

Q. Making the total for that year, €327,500.

A. Yes, there was an opening lodgment of 4,949.73 which was probably a transfer from Deloitte's.

Q. I see. That's not taken into account, it's simply a small addition making something of the order of €332,000 in that year, something of that order.

A. Right, yes.

Q. In the following year, 1992 and if you subsequently decide, Mr. Stakelum, that there was any difficulty with the arithmetic here, I am not asking you to commit yourself to the arithmetic. Simply roughly, if there was any problem, don't hesitate to inform the Tribunal and it will be corrected.

A. Okay.

Q. In 1992, the table has been split and what you have is the credits to the account from January to September of that year which come to in or around €300,000 and mainly in

amounts, in fact exclusively in amounts of €25,000 and €20,000.

A. I think there's a correction on that.

Q. Yes?

A. I think my total there would have been €285,000 but there is the 15,348.46 transfer from the limited company which isn't listed to make that correct. It's not listed in the schedule, the tot on the schedule is actually not correct.

Q. So you think that the tot should be somewhere in the order of €280,000 on the schedule?

A. No, the tot is correct but the 15,000 isn't listed in it.

The tot as it is would only come to 284,000 and something.

Q. I agree because there are certainly no pence and no small pounds in any of the figures?

A. Right. That's only the only difference there is the transfer when I closed the limited company account and opened the account trading under my name and it was a transfer from one to the other of 15,328.46 so it wouldn't have been an outside source of funds.

Q. If you took the bank statements for that year, it would come to around €300,000, total amount, credits from the bank statements?

A. There are two different bank statements because that was the year when the split came between BEL Secretarial Limited and BEL Secretarial Services so there are two different bank accounts but if you took the total for the year and couple the two, you come to €300,000 all right.

Q. In any case, can we agree that the tot on that page is

CHAIRMAN: Approximately it's 285,000.

MR. HEALY: It's 285,000 exactly, that tot?

A. Yes.

Q. Well then the credits between, to the BEL account between September, between January and September of that year come to €285,000 and we can leave the other figure out of the account for the moment?

A. They come to €245,000, you see the Tribunal split the thing into two pages with the left two payments of the new account, 11 and 12, that last two 20,000s were in September after the new account was opened and in my view, really should be across the page with the 55 so 95,000 went into the new BEL Secretarial Services account and 245,000 went into the old account.

Q. I see.

A. An the 15,348 is just closing balance coming from one to the other.

Q. I may take a bow to your superior knowledge. Can you tell me what the total tot for that year taking both periods?

A. 245,000 into the limited company account, an additional €55,000 bringing it to €300,000 in the account BEL Secretarial Services and a transfer from one account to the other of 15,328 which wouldn't be outside funds so €300,000.

Q. Went through the bill-paying service?

A. Yes.

CHAIRMAN: Sorry, Mr. Stakelum, suppose you hadn't changed the corporation structure and there had just been the one account receiving the various monies that may have been made available to meet the bills, would it have been 300,000 plus a few hundred?

A. €300,000 exactly. The few hundred arose from the transfers from one account to the other account which wouldn't have happened. €300,000.

MR. HEALY: Yes.

A. I am sorry I have to correct that. You see I am forgetting that it would have been €340,000.

Q. Right.

A. Like at the bottom of your schedule of 92, the first one, I draw the line after item number 10 and up to item number 10 there was €245,000 into the limited company account.

Q. Yes.

A. After that, you have the next two items of €20,000 each, plus the 55,000 across the page so you have €75,000 into the sorry, you have 95,000 into the new account so the total would be €340,000, Mr. Chairman, without the transfer.

Q. We will pass on to 1993 which I think is a less complicated year.

A. Yes.

Q. Subject to the tot being correct.

A. The tot is correct.

Q. For that year, between January and December, the amount that went through the service from outside sources or was credited to the service was œ305,000?

A. That's correct.

Q. And in the year 1994?

A. œ320,000.

Q. œ320,000 odd?

A. The œ42.40 was just returned cheques and there was another 163 which could be left out of the tot so it's œ320,000 exactly.

Q. œ320,000 for 1994 and for 1995?

A. I think I had a corrected one here on the list that I have, I have 5, 6, 7, 8 and 9 were left out and they came to a total of œ110,000.

Q. Well on the credits that are on the table, of the credits that are on the table, the 19 in all come to œ430,000. You don't agree with that figure, do you?

A. Can I just check it for a second?

Q. Yes of course.

A. 434,000, yes, I have it correct here, with the items in it.

Q. In any case, if any further difficulty arises, these credits are taken from the bank statements that I mentioned a moment ago and if there's any duplication, it can be corrected but on the basis for the moment

A. Well, I would have checked them off.

Q. For that year we can agree that there was €434,000?

A. Right.

Q. For 1996

A. €266,630.50.

Q. €266,630.50. Now with the exception of the items that we mentioned earlier, perhaps some large, several thousand pounds worth of cash items or drafts for several thousand pounds, most of those items were in response to or were in respect of invoices that you would have received from the staff of Mr. Haughey's secretary at Kinsealy, is that right?

A. For payments?

Q. Yes.

A. Yes.

Q. And that would involve for your secretary presumably paying a considerable number of invoices over any one of those years. They seem to be an average of around €300,000, taking one year with the other?

A. I guess 20 to 25 a month maybe.

Q. 20 to 25 a month.

A. Yes, invoices, of that order.

Q. And all of the documentation that that generated was given by you to Mr. Haughey when you vacated your premises?

A. Right. His invoices would have been returned to him.

Q. Yes. Thank you very much.

MR. CONNOLLY: I have one or two matters. Chairman. Mr.

Stakelum, I want to ask you some questions

MR. HEALY: Sorry, this may be in ease of the Revenue, Sir, I should have drawn to Mr. Stakelum's attention the two further documents which may have been drawn to his attention. You recall, in your statement, you responded no doubt to queries from the Tribunal, there were two payments of €20,000, you mention them at paragraph 11 of your statement, two lodgments of €20,000 each to your account.

The Tribunal in fact, Sir, if you could for the moment ignore what is in paragraph 11, you were asked two specific questions, Mr. Stakelum, in relation to your knowledge of the source of the credit of €25,000 to BEL Secretarial Limited Account Number 01/826056 with Allied Irish Banks Baggot Street on the 17th October 1991. And I think your response initially was you had no knowledge in relation to that because you had no way of knowing at this juncture where you got the money from. You assume, as you say in your statements, it was by way of draft and the odd cheque to fund the services that you were operating, is that right?

A. Yes.

Q. And I simply want to clarify or introduce into evidence a photocopy of a cheque which has come to the attention of the Tribunal dated the 17th October 1991, put it on the overhead projector. It's drawn on the account of Kentford Securities, Bank of Ireland, Stephen's Green, Dublin 2,

dated 17th October, payable to BEL Secretarial Services, €25,000 and it's signed by I think that's the signature of Ms. Joan Williams, is that right, A.J. Williams?

A. She would have been A.J. Williams, I can't read the signature here on this photostat but I wouldn't know her signature anyway.

Q. I see, but it seems to be signed on my copy in any case by J. Williams.

A. Right.

Q. The reason these were brought to your attention is that Irish Intercontinental Bank had no record of any debit corresponding with the credits to your BEL secretarial account, I am not suggesting you were aware that funds were coming from Irish Intercontinental Bank or through Irish Intercontinental Bank but for the purpose of the Tribunal's work, the Tribunal wished to identify credits to your account with debits from other accounts and these were two credits to your account which couldn't be tallied with debits to other accounts and these two credits to your account in the case of this one, appear to be as a result of a cheque written on a Kentford Securities Limited account and if you look at your own bank statement, you will see that there is in fact a payment of €25,000 lodged to the account as of that date.

A. I wouldn't have any knowledge

Q. Of course.

A. Like it's extremely probable that I wouldn't even see the

lodgment. Like, we would be requisitioning money. We would be then expecting money and when it would arrive, I mean my secretary would probably just take it and lodge it and I would never see it and no one would be looking at a payment or when you are expecting money.

Q. It's money you were looking

A. Yes, I wouldn't have any recollection of Kentford

Securities, only have knowledge from what publicity in the papers it has received through the Tribunal.

Q. I think as you did say, your secretary would sometimes ring Joan Williams?

A. Yes.

Q. To requisition money as it were?

A. Yes.

CHAIRMAN: But in general terms, you took your colleague, Mr. Traynor's professional assurance at the outset that you weren't going to be left short?

A. Yes, that I was going to be in funds before I made payments and we wouldn't look at payor, you know.

Q. MR. HEALY: You have no knowledge in relation to the second credit of 25,000 sorry, œ20,000 I think of the 7th July of 1992?

A. No, I wouldn't have any knowledge of that.

Q. No.

CHAIRMAN: Thank you, thank you very much.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. CONNOLLY:

Q. MR. CONNOLLY: Mr. Stakelum, I want to ask you some questions on behalf of the Revenue Commissioners. First of all when you took over in 1991 and you got I think you describe some cheque stubs from Mr. Carty, is that correct?

A. No, I don't think so, cheque payments book.

Q. A cheque payments book.

A. That would have been the record of the cheques written out, you know.

Q. I see, it was an abstract that you received at the time?

A. I think I actually got the book. It's the book where somebody would have written down the cheques in sequence order, you know, analyse them across an analysis book.

Q. It was an abstract as such, it wasn't simply the cheque stubs which you got?

A. No.

Q. And did you receive any further documents from Mr. Carty or anyone else in Deloitte or Haughey Bolands from that time onwards. Is that all you had to work with?

A. Well

Q. Apart from what you generated yourself?

A. We didn't work with it, it was the history because I would have opened a new account and started I think the only reason that it was given to me was to show the analysis they were doing across the page which I did for a few months and Haughey seemed not a bit interested and so I discontinued.

Q. So I take it from that you were performing something similar in providing this analysis for Mr. Haughey but he didn't appear to show any interest in it?

A. No, I think that I am not sure that I had a discussion with him before Mr. Traynor's death. I don't particularly think so. It was certainly possible but if it was possible, the only basis for having a discussion would be to show him the book that I was keeping because we were spending his money. Now, I wasn't in a situation to reconcile that with anything other than with the funds I was getting in.

Q. I understand.

A. And I don't even know if I had that discussion. I do know when I had the discussion with him, he didn't have the slightest interest of any analysis and it wasn't making any great sense to me to be going to the trouble of trying to find out which column this particular cheque if nobody was interested and we just kept the total column thereafter.

Q. You ceased the exercise from that time and onwards?

A. Ceased the exercise, the analysis.

Q. The payments out?

A. Yes, I still wrote them down and recorded them and reconciled them every month.

Q. Apart from your secretary, did anyone else in the office have access to these documents?

A. I had only one colleague at this time, Ian Murray

Q. He might have them?

A. He wouldn't really be interested. I mean he would take a phone call I suppose from Mr. Haughey's secretary if we weren't there but really I never even looked at that payments book after initially showing my secretary how to reconcile the monthly balances and she kind of really handled all of that but he would have been aware that he could have looked at the book if he wanted to.

Q. Well, the invoices and your records, they were all kept in your office up to 1998, that's where they were all kept?

A. Up to 1997 yes, his invoices were kept, yes.

Q. All right. And straightaway I think you opened up a special account to deal with the cheques to be paid on behalf of Mr. Haughey?

A. Yes.

Q. Was there any particular reason why the name of the company on those, on that current account changed in September 1992 to Bel Secretarial Services?

A. Yes, there was, because some regulations emanated whereby limited companies now had to make returns to the Companies Office irrespective of whether they traded. This would be a non-trading operation but if that were the case, the mere fact that there would be a bank account in the company's name and theoretically there would be a creditor for that bank for whatever balance I had and I would have had to file accounts in the Companies Office and the confidentiality would have been lost so it was changed then from BEL Secretarial Limited to Jack Stakelum trading as

BEL Secretarial Services.

Q. The intention was to provide a greater degree of privacy and security than otherwise would have been the case?

A. Yes.

Q. Whose idea was that to make that change? Was it yours or Mr. Haughey's

A. Mine.

Q. Well, between 1991 and 1994, would you have had regular contact with Mr. Traynor in relation to these items or would these documents have been available to Mr. Traynor for his scrutiny?

A. Absolutely. I didn't know what was going to transpire but what was happening was I was getting sums of 20 or 25 or œ40,000 a month and normally with any clients, you would account for them and explain your diligent stewardship.

Nobody was interested. I mean Mr. Traynor was a very amusing guy and when I would ring him, he would say, "In the name of Jesus, what are you spending all the money on? You must be having holidays in the Caribbean." But he never ever looked at the account.

Q. Well, did you have a pattern of sending him some sort of summary or analysis?

A. Not, no, not at all. Purely a request for money.

Q. All right. Well when you were paying out bills, did you pay all bills or did you select ones to be paid in a particular order or particular timing or

A. No, not our function. Mr. Haughey's secretary would make a

detailed list of the payments she needed paying.

Q. All right.

A. And send that to my secretary with the corresponding invoices and there might be a list with 15 items on it and then she might mark off three not to be paid. Some of the things were determined by the amount of money available that I had at that time. Do you know what I mean? If she came to a total of 15,000 and we only had 10, she might knock off three or four items to be paid when we had further funds to pay them, but she determined really what was to be paid. I had no discretion in any manner of payment or didn't exercise one.

Q. All right. But there were some to be paid in a particular order and some to be paid more promptly than others and the decision on that came from Kinsealy?

A. Purely.

Q. Do you know whether there was some record keeping of these payments in Kinsealy? Was any record ever shown to you or discussed with you as to payments patterns?

A. No, no. Our procedure again to maintain the confidentiality of the situation, I had an arrangement with the bank whereby there was no annotation on the cheque-book, there was a micro-dot showing the account and we tended to take the invoice from Kinsealy, photostat it and attach the cheques to the photostat and the payment or if there were two or three invoices, we would attach that so the recipient would have no doubt what was being paid

and wouldn't have a knowledge of where the payment was coming from either.

Q. I see.

A. If you follow me, we would have retained the original invoice that was sent into us, we would only send in photostats.

Q. Let's take the recipient. What was written on the bottom right hand side? Was it Jack Stakelum cheque trading at?

A. Only the signature mostly of my secretary. I believe that my secretary

Q. There was no name of an account?

A. Micro-dot.

Q. This was another degree of privacy?

A. I arranged that with the bank, yes.

Q. When you returned all the invoices to Kinsealy in October of 1998 after you ceased these activities, was that your decision or was it Mr. Haughey's?

A. Mine, I was clearing out an office. Incidentally, the Revenue had got all those invoices prior to that and returned them to me, like photostats or something like that so they were just lying there and neither tribunal seemed terribly interested in the invoices and I had to make space to vacate the office.

Q. You mentioned to Mr. Healy from time to time there were payments of cash required probably on a weekly basis of varying amounts?

A. I think there was regular payment for Mrs. Haughey, for

household or not, of 400 or €450 a week and then there would be sporadic other cash payments.

Q. There would have been directions given specifically from Kinsealy and someone on Mr. Haughey's behalf would come to your office to direct the money?

A. That's right.

Q. Was the money physically collected from the bank by you or your secretary?

A. Yes, my secretary, it would be 400, €450, unless there was a specific request and that would be collected.

Q. Well in order to put your account in funds, the bank drafts, were they sent to your office and physically lodged in the Allied Irish Banks in Baggot Street?

A. Yes.

Q. That's what happened?

A. Yes.

Q. So that would come down from Mr. Traynor's office?

A. Yes.

Q. After Mr. Traynor's death in 1994, was that the first time that you became aware of the memorandum accounts?

A. I mean I don't know if they were even in existence before that time, whether there was a need for them before that time. If I didn't get them, I presume I would have just carried on until somebody said "halt" but obviously Mr. Collery felt, whereas Mr. Traynor had direct contact with Mr. Haughey and he didn't, that some accounting of his stewardship was necessary.

Q. Yes.

A. So I got those.

Q. When did you first become aware of the fact that Mr. Haughey was a beneficiary of these memorandum accounts?

A. Only when I got the first one.

Q. Was it sometime after May 1994?

A. He gave it to me yes, he gave the first one I got was for the three months ended March 1994 which would have been given to me subsequently, the subsequent three months, presumably shortly after Mr. Traynor death.

Q. Who told you that?

A. What?

Q. That Mr. Haughey was the beneficiary of those accounts? His name doesn't appear on any of these documents.

A. These were the accounts the source of which I was getting the money from.

Q. To pay Mr. Haughey's expenses, so in that sense you drew a conclusion rather than being told he was the beneficiary?

A. I suppose I did. I don't know any other conclusion I could draw.

Q. Well, who transferred the funds from the memorandum accounts after May 1994?

A. I only continued, I put my request to Padraic Collery now for funds and I mean

Q. Would he organise a bank draft to come across from the funds?

A. Yes.

Q. And from that time onwards, you would have met Mr. Haughey it appears three or four times a year just to discuss the state of affairs with him. Did that continue up to 1997 or '98?

A. Well, I don't think I would have seen Mr. Haughey for maybe, I don't know, eight or nine months now so there's no regular basis for me to have a discussion but it certainly would have continued up to, I finished in 1997, yes.

Q. Well at those meetings, you would have been, you would have been going out to Kinsealy to let him know what was the state of affairs on these accounts. That was the purpose of the meeting?

A. Yes.

Q. Well from what you imparted to him, I take it you would have been satisfied that he knew what his financial situation was on these accounts at any of those meetings?

A. I mean he didn't seem terribly interested so I am not sure what he would have had but I was kind of updating him with that memorandum statement which he might glance at.

Q. But you continued the procedure?

A. Yes I did.

Q. Did you leave figures with him?

A. I'd say I left copies of those memorandum, I am not sure of that, whether he would throw them back at me or something. I figured he probably would.

Q. Well was there any discussion for instance about moving money from one account to the other to get the best

interest rate? Did he have an active involvement in it at this time?

A. No, I don't recall any particular discussion but that I used to kind of monitor the situation that I was presented with where there was those four accounts and I think two of them were untouchable, locked into some situation so it was only the other two so if you ran short of it was obviously sterling and deutschmark and when they ran short, they moved to the deutschmark to make the withdrawal, which is what they had to do.

Q. Was that your decision? Was that ever your decision?

A. No, never my decision.

Q. Did you ever organise that to be done, to transfer from one to the other?

A. No, no.

Q. Between 1994 and '97 when you were involved in this taking over what Mr. Traynor had been doing, did it strike you as an unusually covert way of organising Mr. Haughey's affairs?

A. I mean I wouldn't have thought it was any different from '94 to '97 to when I took over in 1992, or whenever, or what might have happened before that. The confidentiality of his transactions actions or his personal bill-paying would have been understandable by me. Don't forget I didn't know the source of any funds and even after the memorandum accounts, I didn't know the source of the funds for those memorandum accounts and nobody chose to discuss

that with me and I am not comfortable that they didn't but it was a need to know basis. Now, it may strike you as, I think it would be accepted Mr. Haughey is an unusual man and I would have no idea of what transactions and things he would have don't forget all recent knowledge is recent knowledge and that wasn't there for a

Q. From what you have just said in your last answer, would it be correct to say nowhere between 1991 and 1997 was there any discussion with you by Mr. Traynor or Mr. Haughey about tax liabilities in any way, it never arose?

A. Never. I wouldn't be a tax expert anyway, nobody would discuss tax liabilities with me in connection with that.

Q. Were you ever asked at any stage to provide copies of the invoices which you were keeping up to 1998 so as to compile a list of expenditure of Mr. Haughey?

A. For him?

Q. For him.

A. No, I would have that cheque payments book which copies would have been submitted to the Tribunal which I would have in my briefcase, they would have detailed all the cheques on a monthly basis and we'd have done monthly bank reconciliations to show that we were in order. Now

Q. I think did anyone outside ask for this, anyone in Haughey Boland or Deloitte & Touche ask for a list of outgoing expenditure on behalf of Mr. Haughey?

A. Never.

Q. Never.

A. Never from me. And he wasn't interested in it either.

Q. Well, did that seem unusual to you at the time?

A. Yeah, like as an accountant, I would have assumed that people have to give accounts of their stewardship and used to things like reconciliations and clearing off periods and that's why, they obviously had kept an analysis book and I was using it and I was keeping it for a while and he wasn't interested and there seemed no point I could be nice about it and say he had an absolute trust in me as Mr. Traynor had and they weren't seemingly interested in the stewardship but the record is there still with me for all the payments that were made.

Q. I don't mean from that point of view that you are required to account for your stewardship. Did it strike you as peculiar no one asked you for a list of Mr. Haughey's expenditure so that he could make it available to anyone else who might have an interest?

A. Nobody asked me. I thought one of the reasons that I was doing it was that nobody else should get a look at it so I wasn't asked to provide it to anybody else.

Q. One final matter. In May 1994, after the late Mr. Traynor had passed away and you described having dinner with a number of persons at that stage and then you took on the added responsibility, whose decision was it, do you know, to bring you into this greater level of responsibility from then onwards?

A. Sorry, I am lost, have dinner with people? I didn't have

dinner with anybody that I

CHAIRMAN: I think it was a lunch

MR. CONNOLLY: I beg your pardon. It was a lunch.

A. When I was taking on the responsibility?

Q. Who decided would you take over the extra responsibility of looking after the memorandum accounts from May 1994?

A. Absolutely no decision by anybody that I was aware of. I merely got them. I merely got them. I had no information other than that, other than cheques or drafts that I would receive into the account and then I was merely sent this memorandum and looked at it, presumably I would have put a call through to Padraic Collery and he said, "This is the situation." You see I am not sure what Mr. Padraic Collery knew either but he must have felt the need to provide me with some accounting of his stewardship. I didn't ask for it and I didn't know what was there. I didn't know there was four accounts and I didn't know that there was deutschmark and dollars and sterling. I didn't know any of that. But when I got it, then I felt well here I can check my end of it, that what he says is being taken out of that is certainly what I got and I would check that. I did occasionally talk to him about the interest rates on the account to see that they were reasonably topical. I did mention them to Mr. Haughey and showed him that there was a kind of a flow now of accountability and he didn't seem awful interested, I have to say that.

Q. All right. Thanks very much, Mr. Stakelum.

CHAIRMAN: Mr. Hayes, any questions?

MR. HAYES: No questions.

THE WITNESS WAS RE-EXAMINED AS FOLLOWS BY MR. HEALY:

Q. MR. HEALY: Can I clarify one thing, it's a thing I didn't quite pick up on the system you operated with the cheque-book, Mr. Stakelum. Just for my own mind, do I understand you to say that the cheque-book didn't have any name on the bottom under where the figures are?

A. Yes, I arranged that with the bank. I was looking for confidentiality and I mean I think he was Taoiseach when I started off this operation. I suppose my concern was partly Business Enterprises Limited in the sense that if the butcher got a cheque from Business Enterprises Limited paying an account for Mr. Haughey because he would know the account was for Mr. Haughey, and if the press got a hold of this, I mean it would be very easy to come back to Business Enterprises Limited and say you paid the cheque for and that why and I didn't want any of that so how did I protect that confidentiality? And I went to the bank and I explained I needed confidentiality and they told me that they, instead of an annotated cheque-book which would show BEL Secretarial Limited or BEL Secretarial Services, that they could put a micro-dot.

Q. Would that be to assist the bank?

A. The bank presumably needed that for their sorting I suppose. They put a micro-dot which is almost invisible and the only thing on that would be a signature then which I can't say would have been a hundred percent but I would be 99.9 percent my secretary, Anne Vernon, which wouldn't have meant anything to anybody, so a butcher gets a cheque paying invoices that are very obvious because we photostated them, signed by cheque and the cheque doesn't bounce, he is happy and he mightn't bother looking at the payor and the payor wouldn't have meant anything do him and he wouldn't be easily able to trace that.

Q. When you asked the bank to afford you this facility, did you tell them for whom the facility was being afforded?

A. I did, yes, I am sure I did. I probably did, and the confidentiality of it in a bank discussion. I can't actually remember that but I doubt if I would have gone in and said, "Look I want to run an account that's extremely confidential." I probably did mention who it was in connection with, that would be with the bank manager.

Q. Can you tell me, because I don't know the answer to that, is this a facility that is readily available at banks or did it require some trouble on your part or inconvenience to set it up?

A. Well I wouldn't have known it was available as such but I went in to discuss the problem and that was their solution that they could put a micro-dot on it.

Q. So you had that one, the rest of your affairs were

conducted by cheque-books that had your name on it?

A. Well normally annotations, it might have been BEL Business Enterprises Limited or whatever. That was the only operation where I had a micro-dot and that was the bank's suggestion to maintain the confidentiality.

Q. Would there have been an account number on the cheques?

A. I presume so. The cheque wouldn't be any different to any other cheque other than that. You see my concern, like people won't or shouldn't get information about an account number as to who it might be but I mean if Business Enterprises Limited or some such connotations was up as an annotation and fell into the wrong hands, it could have a trace back to us about who it was and that were we paying Mr. Haughey's bills to so the rest was

Q. You don't know whether that type of cheque-book was being operated by Deloitte & Touche before you took over the bill-paying service?

A. I wouldn't know. I would never have asked them. I would have presumed that Deloitte & Touche were probably operating a clients' account from for many clients. I wouldn't know, I wouldn't think so.

Q. Thanks very much.

CHAIRMAN: Thanks very much for your evidence this morning and the preparatory work that you have undertaken at the Tribunal's request, Mr. Stakelum. It's nearly a quarter to two. We will resume at five to two.

THE TRIBUNAL THEN ADJOURNED FOR LUNCH.

THE TRIBUNAL RESUMED AS FOLLOWS AT 1:55PM:

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

TONY BARNES, PREVIOUSLY SWORN, WAS EXAMINED AS FOLLOWS BY

MS. O'BRIEN:

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

MS. O'BRIEN: Thank you, Mr. Barnes. Mr. Barnes, you gave evidence to the Tribunal in the course of yesterday's public sittings and on two previous occasions and on both occasions in relation to the accounts of Ansbacher (Cayman) Limited and subsequently Hamilton Ross Company Limited in the years from February 1991 to December 1996 when those accounts were held in Irish Intercontinental Bank Limited?

A. That's right.

Q. You are an associate director in the operations division of the bank?

A. That's correct.

Q. On this occasion the Tribunal has requested, as you were to give evidence in relation to those accounts but specifically in regard to a certain set of instructions that was received by the bank during the years those accounts operated and that was instructions to issue cheques payable to BEL Secretarial Services.

A. That's right, yes.

Q. And I think you have heard evidence this morning that this

BEL Secretarial Services was operated by Mr. J.J. Stakelum and Mr. Stakelum provided a confidential bill-paying service for Mr. Charles Haughey and that so simply that the public would be able to put into context your own evidence today?

A. Okay.

Q. Now, I think you have indicated to the Tribunal on previous occasions in your evidence that the Ansbacher accounts were opened in early January of 1991 in Irish Intercontinental Bank Limited?

A. That is correct.

Q. I think you produced the bank produced to the Tribunal, on foot of orders made, copies of those accounts and copies of the instructions received by the bank from Ansbacher (Cayman)?

A. That's correct, yes.

Q. And I think on that basis the Tribunal, on foot of the information provided by you, has prepared a set of tables in relation to the specific instructions received to issue payments and cheques to BEL Secretarial Services?

A. Yes, that's right.

Q. If I could just refer you initially to the tables for 1991 and from January to September of 1992, I think these tables, I think you should have copies of them these tables set out details of instructions which the bank received from Ansbacher (Cayman) Limited to issue cheques to BEL?

A. That's correct, yes.

Q. And I think all of those instructions were to debit the funds to meet those cheques from the principal Ansbacher (Cayman) sterling account, isn't is that right?

A. That's right.

Q. I think that's the account you have referred to in your evidence yesterday?

A. It is indeed, yes.

Q. I think it's the account there, the top of the fourth column of the table with a number 020158781?

A. Yes, that's the principal Ansbacher account.

Q. And I think you have had an opportunity to examine all of the letters of instruction received by the bank and also the account statements from that account and in fact your own individual dealing tickets and can you confirm, based on that examination, that the entries on the table are correct?

A. I can, yes, I have examined it and I am happy with the entries.

Q. So just to deal with a few of those entries perhaps. There are perhaps 11 sets of instructions in all in 1991?

A. Yes.

Q. And I think the first we can see there is the 18th February of 1991, is that correct?

A. That's correct.

Q. And that was to issue, the third column sets out the amount of the cheque that you received instructions to issue, is

that correct?

A. That's correct, yes.

Q. And I think in each case the cheques were in Irish pounds?

A. They were in Irish pounds, yes, made payable to the secretary.

Q. And the instruction you received presumably was to draw funds from sterling account?

A. In this case, yes.

Q. And did that involve then a foreign exchange transaction?

A. It did, yes. The equivalent would have been debited to the sterling account.

Q. And the total, and I hope the tot is correct on this table, the total I think for that year is €202,500?

A. That's correct.

Q. If we just look at one or two of the letters of instruction in the case of that table. Perhaps the first letter we can put that on the screen, I can hand it up to you.

That's the 18th February of 1991. Addressed to Mr. Garrett Logan who, I think in correspondence we opened yesterday, was the same addressee?

A. That's correct.

Q. Mr. Logan was the person that dealt with these accounts

A. He would have been the administrator of the the day-to-day administrator of the account.

Q. It's headed on Ansbacher Limited notepaper and again with a request a reply to 42 Fitzwilliam Square and the instructions are "Could you arrange to let me have for

collection an Irish pound draft for €100,000 payable to BEL Secretarial Limited and debit the sterling cost to our call account number 020158781. I would be grateful if you could let me have a note of the sterling amount debited at the same time so that I collect the draft." It's signed by Mr. J. D. Traynor.

A. That's correct.

Q. And those drafts, just to recap, I think those drafts would have been drawn on an account held by Irish Intercontinental Bank itself with either AIB or Bank of Ireland?

A. Yes, Bank of Ireland.

Q. I think Irish Intercontinental Bank didn't have facility to issue cheques on this account direct?

A. That's right. The account which is operated is exactly the same as a normal business account. It's not part of the clearing system.

Q. I think that would be pretty well representative of the instructions that you received during that year from Ansbacher (Cayman)?

A. It is indeed, yes.

Q. And I think is it the case that these instructions were usually signed by Mr. Traynor or by some other person?

A. The vast majority of the instructions would have come from Joan Williams, Mr. Traynor's secretary.

Q. They would be signed by Ms. Williams?

A. By Ms. Williams, yes.

Q. I think, in fact, if we look at the letter of instruction which is document 3A for table 1, we can see one that was signed by Ms. Williams. Again, the instruction is pretty much on the same terms, except on that occasion it's for the issue of a draft for €25,000, and I think there it's signed Joan Williams. There seems to be a stamp on that

A. Yes, that stamp means that somebody, in this case it looks like Garrett Logan, would have checked the signature to ensure that it was indeed Joan Williams' signature

Q. That would be against

A. Exactly, that would be the practice.

Q. So moving then on to table 2, table 2 is for the year from January to the end of September of 1992, again it's set out in the same way. The first column is just to identify each of the individual transactions. The second column identifies the date of the letter of instruction which the bank received from Ansbacher.

A. That's correct.

Q. The third column I think is the amount of the particular instruction and the fourth column is the date of debit to the sterling Ansbacher account.

A. That's correct.

Q. And again can I take it that in each of these instances, the issuing of the bank draft would have involved the withdrawal of the sterling equivalent from the Ansbacher account, the conversion of that to Irish pounds and the

funding of the draft issued by Irish Intercontinental Bank?

A. Yes, it was the same procedure in all cases.

Q. Can you also confirm from the documents that you have produced that the table is accurate?

A. Yes, I can confirm that the table is accurate.

Q. The total there for the period January to September of 1982, is œ265,000?

A. That's correct.

Q. I think just before we move on to table 3, you have indicated before to the Tribunal, and we can just recap on your evidence, that the bank received certain instructions from Mr. Traynor in September of 1992 to open new accounts, is that correct?

A. That's correct, yes.

Q. And could you just indicate what those instructions were?

A. Basically what he asked us to do is to transfer certain sums from the Ansbacher account into a new account in the name of Hamilton Ross. Certain accounts were identified and we duly opened those accounts and subsequently transferred the sums requested from the Ansbacher accounts into the Hamilton Ross accounts.

Q. I think, in fact, you have provided the Tribunal with two separate letters, each dated the 25th May, and maybe we can have a look at those. The first one is to Mr. Ronan Redmond, who was corporate services for the bank, and it's requesting him on the 30th September, 1992 to transfer œ1,447,767.91 from Ansbacher Limited no. 1 account

020158781 to the new call account of Hamilton Ross company

Limited no. 020135481?

A. That's correct, yes, on the 25th September.

Q. So I take it that that Hamilton Ross Limited account had been opened prior to the date of that letter of instruction?

A. Yes, it was opened around the same time.

Q. But the instruction itself was to be postponed until the 30th September?

A. Yes, it appears, certainly it appears from the letter that the actual value date for the opening of the transaction was the 30th September.

Q. Just to confirm that the account from which the transfer was to be made is the same Ansbacher sterling account that's been listed on the two tables?

A. Yes, it is.

Q. I think on the same day you received a second similar instruction from Mr. Traynor, again to be carried out on the 30th September 1992. I think you said that would be the value date of the transaction?

A. Yes.

Q. I think this time it's to transfer œ3,379, 014.01 in sterling?

A. That's correct.

Q. And again this was from the same sterling call deposit account to the new Hamilton Ross account?

A. Yes, the same account.

Q. And I think around the same time, you received instructions to convert funds into deutschmarks, is that correct?

A. That's correct, yes.

Q. And if you could just indicate briefly what those instructions were?

A. Basically what we were instructed to do was to transfer at one stage there is another account that was opened separately which you haven't identified yet, into which, well, 2 million exactly œ2 million sterling was transferred and the equivalent in deutschmarks was then transferred into a deutschmark account and subsequently then into a number of other accounts.

Q. Am I right in thinking that the first instruction you received in relation to those sets of transactions was a letter of the 22nd September, 1992?

A. Yes, you might just put it on the screen to confirm that because I haven't got all the documents here.

Q. We can hand them up to you. Now, you can see there I think on the monitor beside you, the 22nd September.

A. Yes.

Q. This was to confirm having arranged with your dealers that's presumably your foreign exchange dealers?

A. That's correct.

Q. To sell sterling œ2 million and purchase the equivalent in deutschmarks?

A. Yes.

Q. The debit should go to our call account number 020158781

and you asked if you would be good enough to place the deutschmarks in a new call deposit account?

A. That's correct, yes.

Q. Am I right in thinking there what you were being instructed to do was to withdraw œ2 million sterling from the Ansbacher (Cayman) call deposit account and to convert that into deutschmarks?

A. That's correct.

Q. And to place that into a new call deposit account?

A. Yes, that's right.

Q. And I think then you received further instructions in relation to the deutschmark sum which was yielded from the conversion of œ2 million sterling?

A. That's correct, yes.

Q. And were they on the 5th October of 1992?

A. Yes, that's correct.

Q. And I think we have two letters, two relevant letters in fact dated the 5th October 1992 which set out those instructions.

A. That's correct, yes.

Q. If you could just explain that particular letter and the handwritten notations on it?

A. What that notice is requesting is that the administrator, Ronan Redmond, would open five new accounts referenced S2 to S9 and the numbers beside it in handwriting are the account numbers which we would have designated to that account, 39215 to down to 32309. It's worth noting that

39309 is incorrect, as you will see in another, the other letter, it was subsequently changed to a separate number.

Q. Which account is this, Mr. Barnes?

A. The S, the account that's referred to there as S9.

Q. I see. That account number was changed?

A. It was.

Q. So that was the first of the instructions of the 5th October. Then I think you received further instructions relating to the allocation of the deutschmarks.

A. That's correct. We can see there on the next letter of instruction, that the S9 account as it's referred to there, is now notated at 39236 which is subsequently the number that was used. Effectively what that instruction is saying is that the equivalent in deutschmarks, which was credited to that account, would now be transferred out into the three or into the five accounts, 39215, in the amount of 196,204.63 deutschmarks and so on down in 39223, 39228, 39231 and 39236.

Q. And they were all Hamilton Ross accounts?

A. They were all the Hamilton Ross accounts which had been previously opened.

Q. Each of them with an S designation?

A. Each of them with an S designation which, I should say, meant absolutely nothing to the bank.

Q. If we just move that up slightly and we can see on whose signature that instruction

A. That appears to be Joan Williams' signature.

Q. Just the previous letter, as well, of the 5th October, if we can just have a look at the signature on that letter also.

A. That was also Joan Williams' signature, yes.

Q. So therefore at the beginning of October, there was a new sterling call deposit account in the name of Hamilton Ross Company Limited, the funds were which had been transferred from the existing Ansbacher call deposit account and there were these new deutschmark accounts?

A. Yes.

Q. And they were all in the name of Hamilton Ross?

A. All in the name of Hamilton Ross.

Q. And the monies that went into those accounts had been sterling funds debited to the Ansbacher account, converted into deutschmarks and applied to the five new Hamilton Ross accounts in accordance with the instructions you received?

A. Yes, that's right.

Q. Just to clarify the description of the accounts as call deposit accounts. Does that signify that the monies are immediately available on instructions being received?

A. Yes, it does.

Q. So at that there is no waiting period or deferred period for which you can debit monies?

A. No, if that facility was required, there would be a separate fixed deposit arranged as required. But these were available on call.

Q. That were, in fact, fixed deposit accounts?

A. There were.

Q. And also in the name of Hamilton Ross but not these accounts?

A. No.

Q. So if we could just deal then with return to what we were dealing with before we came to the opening of those accounts, Mr. Barnes, which was the instructions received to issue cheques to BEL Secretarial Services and I think the significance of the newly opened accounts will become apparent. The third table I think which the Tribunal prepared relates to instructions received from October 1992 to December 1992. Again, it's in the same form as the previous tables, each of the transactions has been numbered and you can see there were three withdrawals or three instructions received in those months of October, November and December.

A. That's correct.

Q. And I think as regards the first two instructions, that's on the 19th October 1992 and the 11th November 1992, the instructions which you received were to debit one of the new Hamilton Ross deutschmark accounts?

A. That's correct.

Q. And I think in fact from the account number 043923181, which was the account on each occasion debited. Am I correct in thinking that was the Hamilton Ross account designated S8 deutschmark?

A. It was, yes.

Q. And then the final instruction for that year on the 17th December of 1992 was to debit the sterling account, that was the newly opened Hamilton Ross sterling account?

A. Yes, that's right.

Q. And I think the total for that period was £55,000?

A. That's right.

Q. I think the total for the entire year 1992 was £320,000, is that correct?

A. Yes. 265 and 55.

Q. Then the next table, table 4 relates to the year from January to December of 1993. I think throughout, during that year, certainly up to June of 1993, I think the instructions were to debit the Hamilton Ross sterling account, is that correct?

A. That's correct.

Q. So that was for each of the instructions from January to June?

A. Yes.

Q. And I think we can see the details of all those instructions there, they are numbered 1 to 7?

A. That's correct.

Q. And then from that period on, there seems to have been involvement again of a deutschmark account, is that correct?

A. That appears to be the case, yes.

Q. I think if we just look at transactions 8 and 9 to start with, because they are a little different to all of the

other transactions, is that correct?

A. That appear to be. I mean my comment on the tables is they have been prepared and presented, the significance of the second account, the S9 or 39236 in each of those cases, I will have to be guided by you as to how important they are. I am not sure.

Q. Are we correct in saying this, in relation to transaction 8 and 9, the instruction which you received was to issue a draft payable to BEL Secretarial Services?

A. That's correct.

Q. To debit in each case the sterling account?

A. Yes, that is right.

Q. And what you can say then, although you can't say whether you did it on instructions or what those instructions were, is that an equivalent amount to meet the sterling debit was transferred from the deutschmark account?

A. That's correct.

Q. On the date as shown?

A. On the date as shown, yes.

Q. So if we just take the transaction number 8 firstly, the date of instruction was the 7th July 1993?

A. That's correct.

Q. To issue a draft for £20,000?

A. Correct.

Q. You were instructed to debit the 020135481 account with a sterling amount?

A. That's correct.

Q. Then on the 22nd July 1993, an equivalent amount was withdrawn from the deutschmark account and credited to the sterling account?

A. That's correct, yes.

Q. That appears to be the position also as regards transaction number 9 and transaction number 11 in September of 1993.

A. Yes, that's correct.

Q. I think the other transactions on that page, transaction 10 and 12 in each instance, your instructions were to debit the deutschmark account 043923681, is that correct?

A. That's correct, yes.

Q. And that, in fact, was the account with a designation S9 deutschmark?

A. Yes, that's right.

Q. That's a different account to the account that was debited in October and November of 1992?

A. Yes, it is.

Q. And if we just finish off that table. I think for November and December in each instance, the instructions were to debit the deutschmark S9 account?

A. That's correct.

Q. And the total issued in drafts by Irish Intercontinental Bank payable to BEL for that year was œ305,000?

A. Yes, it was.

Q. Then just moving on to 1994, I think throughout 1994 the account that you were instructed to debit was the S9 deutschmark account?

A. Yes, I think there was one exception or two exceptions into the sterling account. I think no. 3 there is

Q. Yes

A. Is a sterling

Q. No. 3 which was just a small debit of 42.40. I think that may have been the only exception in that year.

A. I think it was, yes.

Q. So with the exception of that very small debit, all the debits were to the S9 deutschmark account?

A. Correct.

Q. I think again you can confirm from the documents that you produced to the Tribunal that the entries on the table are correct?

A. I can, yes.

Q. And the total then for 1994 was €320,042.40?

A. That's correct.

Q. And then just moving then on to January to December 1995, which is table number 5, I think 6, I apologise, number 6 I think with the exception of the very last debit for that year, again all of the debits for the BEL drafts were from the same deutschmark accounts?

A. Yes, if you just show me the last one.

Q. The 5th December 1995.

A. Yes, that's to the sterling account.

Q. And I think you can also confirm that the entries on that table are correct?

A. I can, yes.

Q. And the total then for that year was €434,000?

A. That's correct.

Q. Then the final year is January to December of 1996, I think the total for that year is €242,000?

A. Yes, that's correct.

Q. And in that instance, in that case, that year, all of the debits were to the Hamilton Ross sterling account?

A. They were.

Q. And can you also just confirm that the entries on the table are correct from the documents which you produced to the Tribunal?

A. I can confirm they are correct.

Q. I think the total payments that were made from accounts debit in Irish Intercontinental Bank to BEL Secretarial Services from January of 1991 to December of 1996 was €1,923,542.40?

A. That's correct, yes.

Q. There is just one additional specific lodgment to the Hamilton Ross sterling account, Mr. Barnes, in which the Tribunal asked you to provide some assistance. I think that's a lodgment of €99,993 sterling on the 27th October of 1994.

A. That's correct.

Q. I think the Tribunal requested that the bank would produce whatever documents were in the possession of the bank and within its records in relation to this lodgment?

A. Yes.

Q. If we just put the statement up on the overhead projector first, we can see the lodgment there on the 27th October.

A. I can see it all right, yes.

Q. It's just there on the 27th October of 1994, and I think the dealing ticket number beside it in the description, although it's difficult to read, is number 150199, is that correct

A. If you have a copy, I will see it.

Q. I can hand it up to you there.

A. Yes, 150190.

Q. 199, is it?

A. 190, I think it is actually.

Q. 150199?

A. 150199.

Q. That's the dealing ticket which you produced?

A. Yes. Yes.

Q. Maybe we can have a look at that on the monitor. And can you indicate what information is on the dealing ticket in relation to the source of that lodgment?

A. Yes. If you just lift the ticket slightly. Basically what that is saying is that we have received the amount into our account at Royal Bank of Scotland and that it's for the credit to the Hamilton Ross account which was the main Hamilton Ross sterling account of on 26/10/94.

Q. I think you have also furnished the Tribunal with a further document in relation to that lodgment?

A. That's correct.

Q. I think maybe if we can put that on the monitor?

A. Basically that's a SWIFT instruction coming via our sterling account in Royal Bank of Scotland which is effectively telling us that we received the amount into our sterling account and it's for the account number 0201354/81 with a reference Poinciana fund. That the reference Poinciana fund would be for the information of the Hamilton Ross account that's been credited.

Q. For the Hamilton Ross account holder?

A. Yes.

Q. And is there any record of the bank in any way notifying the Hamilton Ross account holder that the reference was Poinciana fund?

A. Not that I can see from the records there, unless there was a phone conversation of some kind.

Q. Would that document itself have been forwarded to the customer? Was that the bank's practice at the time?

A. No, it wouldn't have been.

Q. That was purely for the bank's own records?

A. Yes.

Q. Is there anything on this documentation that would indicate to you, Mr. Barnes, that a fee may have been charged by any of the banks that handled this money?

A. On that document?

Q. Yes.

A. Not that I would notice, no.

Q. Is there any other information that the bank has as to

whether any fees would have been charged for this?

A. Not to my knowledge. There may be now, but not to my knowledge.

Q. Right. Thank you very much, Mr. Barnes.

MR. CONNOLLY: No questions, Chairman.

MR. COLLINS: Just a few small matters, Sir.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. COLLINS:

MR. COLLINS: Mr. Barnes, in relation to the S designations that have been referred to in some of the correspondence, did that S designation mean anything to the bank at the time?

A. No, it meant absolutely nothing to the bank and, in fact, in the operations of the accounts over the years, we wouldn't have used those designations at all. We always refer to the accounts by the account numbers which we had ascribed the accounts when they were being set up. If I recall correctly, when I was giving evidence at the McCracken Tribunal, I think it was you who brought my attention to the fact that there was an S9 reference in the first place. So it certainly meant little or nothing to us.

Q. If you look at some of the correspondence in the book and in particular at tab number 4, document 8A which is a letter of the 7th July 1993 from Hamilton Ross to the bank, you will see written on it in typescript, is DPC, please

recoup ex.S9DM account and then there is a manuscript note,

"By hand to J.J. S9 7/7/93." I think that is a copy of

that letter as it was in the records of Hamilton Ross.

Insofar as the letter was sent out by the bank, were those

items I have just referred to the instruction to recoup the

S9 account and so forth, were they on the original of the

letter?

A. No. We have never been able to identify any letters in

our possession that had those references. So we don't

believe we were given a copy with that reference on it.

Q. So the instruction, if it be an instruction to DPC Mr.

Collery presumably. Please recoup ex.S9 deutschmark

account is placed on the letter or it's been sent out by

the bank by Mr. Traynor or Ms. Williams or whatever?

A. That certainly seems to be the case.

Q. And there are other examples of similar letters in the

book. I am not going to bring you through them all. We

start at 9A for example where the same thing appears,

document 3A is the same, document 14A sorry not 14A, but

the other ones are the same. Is the position the same

regard to each of those?

A. As I understand it, yes.

Q. Were you aware of who BEL Limited was?

A. No.

Q. Was it a customer of the bank in any shape or form?

A. No, it wasn't.

Q. It was simply the payee that you were told to make the

cheques payable to you?

A. That's correct, yes.

Q. Like one of hundreds or perhaps thousands of payees that you enter on cheques on the instructions of customers?

A. That's correct, yes.

Q. Prior to the McCracken Tribunal, did you know or were you aware in any shape or form that any of these payments, whether to BEL or anywhere else were, if it is the case, being used in any way for the benefit of Mr. Charles Haughey?

A. Absolutely not, no.

Q. Was Mr. Haughey ever a customer of the bank?

A. No.

Q. Had the bank ever had any form of dealings with Mr. Haughey?

A. To my knowledge, never.

Q. In relation to the transaction that you were asked to carry out, such as the drawing up of cheques, the sending out of the bank drafts and so forth, was there anything unusual in any of that from the perspective of bank?

A. No, there was no reason for us to have a concern. These payments would have been dealt with in the normal way by the account administrator. We had no reason to treat them any differently to any other instruction from an account holder.

Q. Finally, the booklet of papers that we have been working off set out very clearly and neatly the various

transactions to BEL Limited from which one can clearly see, as Ms. O'Brien has brought us, through the various transactions. I think it's the case that in the raw material of the bank's records, it's nowhere as clearly laid out as that and in fact required very considerable trawl to extract out of the documents and information, is that the case?

A. Yes, absolutely, quite a number of months have gone in, I am sure, by the Tribunal and the bank in putting this information together. It wouldn't have been something we would monitor or tabulate in any shape or form. It would be a normal instruction like any other. So in fact the amounts that are involved here really have been the work of the Tribunal in putting it together. It wouldn't have been something we would have done or been aware of.

Q. You would have had no reason to keep a track of payments to BEL or anybody else?

A. Absolutely not. I mean it was only when the McCracken Tribunal brought the matter to our attention that we were aware at all of the significant amounts that were being paid out on a monthly basis.

Q. Thank you, Mr. Barnes.

MS. O'BRIEN: Just one matter, Chairman.

THE WITNESS WAS RE-EXAMINED AS FOLLOWS BY MS. O'BRIEN:

Q. Mr. Barnes, when you were asked there as to whether

Mr. Haughey was a customer of the bank, I take it when you said no, you were referring solely to Mr. Charles Haughey?

A. Yes, Mr. Charles J. Haughey, yes.

CHAIRMAN: You mentioned the several call deposit accounts that were set up under the Hamilton Ross name in deutschmarks and sterling. Were there some other accounts that were subject to notice or fixed term requirements?

A. There were. I mean there were a sizable number of accounts in both Ansbacher and Hamilton Ross and it's worth identifying that the transfers that took place from Ansbacher into Hamilton Ross in September '92 still left a very large number of accounts in the name of Ansbacher which operated thereafter. Though there would have been a number I wouldn't be able off the top of my head, but there were a sizable number of other accounts in various currencies in the names of both Hamilton Ross and Ansbacher.

CHAIRMAN: Given the relatively large sums of money involved in aggregate, did you find any record of any correspondence or memoranda canvassing the respective rates of interest that might be available for fixed as opposed to cold facilities?

A. Yes. I mean, I would believe that when it was favourable to move the funds into a fixed account because there was a better rate of interest on fixed, that was done and that would have been a fairly regular occurrence from my review

of the account.

CHAIRMAN: It appears that perhaps Mr. Traynor or someone on his behalf was fairly energetically assessing what might be the best return?

A. Very much so. That would be very apparent from the account. In fact, it's my view that even the timing of some of the movements into the currencies proved very beneficial and was quite astute.

CHAIRMAN: Thank you very much, Mr. Barnes.

THE WITNESS THEN WITHDREW.

MR. COUGHLAN: Mr. Dermot Desmond.

MR. DERMOT DESMOND, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS BY MR. COUGHLAN:

CHAIRMAN: Good afternoon, Mr. Desmond. Thank you for attending.

MR. COUGHLAN: Mr. Desmond, I think you have furnished various memoranda of proposed evidence which you propose giving to the Tribunal and I wonder do you have those with you in the witness-box, because you may have them with you to assist you.

A. I don't.

Q. We can arrange for you to have those and you can in the first instance, I will go through the various memoranda with you and then return to ask you some questions arising

from it, if that is all right with you.

A. Thank you.

Q. The first one, and in the first instance, what I propose dealing with, Mr. Desmond, is the question of the investment or investments in the name of Aurum or is it Aurum Nominees in NCB. That was for the benefit of Overseas Nominees. Do you remember giving that information in relation to that in the first instance?

A. Yes.

Q. So I will deal with that in the first instance. Then we will go on to deal with other matters.

A. Certainly.

Q. I think the Tribunal inquired of you as to what instructions you had received or your firm, that is NCB, to open is it Erum or Aurum, Mr. Desmond?

A. We call it Aurum.

Q. Aurum Nominees No. 6 account OS, including the name of the person from whom instructions were received and the contents of such instructions, isn't that correct? I think that was the first question that was raised with you?

A. Yes.

Q. I think you have informed the Tribunal that you were instructed by the late Mr. Des Traynor to open this account, is that correct?

A. That's correct.

Q. I think it was then inquired of you as to whether you were aware, in advance, of the amount of funds which would be

placed to the credit of this account and if so, the source,
if you had knowledge of that source, isn't that correct?

A. Yes.

Q. And I think you have informed the Tribunal that you were
not aware in advance of the amount of funds which were to
be placed to the credit of this account, is that correct?

A. Correct.

Q. And I think the third query which was raised with you was
your knowledge of the identity of the person for whose
benefit the account was held in the name of Overseas
Nominees. I should just explain, it was in Aurum Nominees
which was the nominee company of NCB, isn't that correct?

A. Yes.

Q. For the benefit of Overseas Nominees?

A. Correct.

Q. Which we know from evidence given by Mr. Padraic Collery at
this Tribunal was the nominee company of Ansbacher (Cayman)
and I think you responded to the Tribunal when you were
asked if you knew the identity of the beneficiary, the
ultimate beneficiary; that you did not know the identity of
the person for whose benefit the account was held and you
were never advised or informed of the identity of the
beneficiary, is that correct?

A. That's correct.

Q. I think the Tribunal then requested any knowledge you would
have as to the source of the funds lodged to the credit of
the account between July and September of 1998, is that

correct?

A. Correct.

Q. And you have informed the Tribunal that you have no knowledge as to the source of the funds lodged to the credit of the account between July and September of 1998, is that correct?

A. That's true.

Q. I think the next query which the Tribunal raised with you was your knowledge and dealings, if any, in relation to the transfer or reception of funds placed to the credit of the account, isn't that correct?

A. Yes.

Q. And I think you have informed the Tribunal that you have no knowledge in relation to the transfer or reception of funds placed to the credit of the account?

A. Yes.

Q. I think the Tribunal then inquired as to your role in relation to the purchase and sale of securities, that is whether the decision to purchase particular securities was solely your decision or whether this matter was discussed with any other person or whether you were instructed to purchase or sell certain shares and, if so, the extent of those instructions, the transactions to which they were related and the identity of the person from whom instructions were received. I think that was the next query that was raised with you?

A. Yes.

Q. And you have informed the Tribunal that you, Mr. Desmond, advised and discussed with the late Mr. Traynor the purchase of particular securities but the ultimate decision was always made by the late Mr. Traynor as to what securities were purchased and how much was spent, is that correct?

A. That is correct.

Q. So in other words, you would have discussed and advised in the normal course of business but Mr. Traynor always issued you with the instruction of what particular securities were to be purchased and how much was to be spent on the purchasing of such securities?

A. Sometimes he advised me. Now, we didn't have any discussions. We probably spoke three or four times a year. He would advise somebody in the NCB. I didn't have the discretion to give instructions over the account.

Q. Yes. I think the next query that the Tribunal raised with you was details of the instructions received by you for the withdrawal of monies from the account, including the name of the person from whom you received instructions and the contents of such instructions. I think you informed the Tribunal that all instructions received by you for the withdrawal of money from the account were from the late Mr. Des Traynor; that you passed the instructions onto the private client division of NCB Stockbrokers Limited for execution, is that correct?

A. That is correct.

Q. Then I think the Tribunal raised a general query with you then as to the details of all dealings which you had in relation to the account with the following persons: The late Mr. Traynor, Mr. John Furze, Mr. John Collins, Mr. Pdraig Collery, Ms. Joan Williams, Mr. Charles Haughey or any other person on behalf of Mr. Charles Haughey, isn't that correct?

A. Yes.

Q. I think you have informed the Tribunal that you did not have any dealings in relation to the account with anyone other than the late Mr. Des Traynor, and he never discussed the account with any that is you never discussed the account with any person outside of NCB Stockbrokers Limited other than with the late Mr. Traynor, is that correct?

A. Correct.

Q. So apart from discussing it in the normal course of business internally in NCB for the carrying out of various instructions or the operation or working of the account, the only other person you discussed it with was Mr. Traynor, would that be

A. Correct.

Q. Now if you don't mind, Mr. Desmond, at this stage I want to put up certain documents just in relation to the account and to ask if you can assist the Tribunal in relation to them. It really is covering the ground just in a little greater detail of the memorandum which you furnished.

Now the first document is a copy extract statement of Aurum Nominees Limited No. 6 account no. 08390866 with Ulster Bank Limited and I think it is correct to say that I will give you a set of hard copies of all of these documents. It might be easier for you to follow them.

(Documents handed to witness.)

Now I think you can confirm that Aurum Nominees Limited was was it the nominee company of NCB or was it a nominee company of NCB?

A. It was the main nominee company.

Q. It was the main nominee. And this particular account of Aurum Nominees Limited No. 6 account OS was dedicated to a particular client, is that correct? I think you can take it that that was evidence that was given by Mr. Keilthy.

It would have been dedicated and is so indicated.

A. Yes.

Q. And it is indicating that on the 26th July of 1988 that was particulars in relation to that particular account, isn't that correct?

A. Yes.

Q. on the statement. And the particulars are showing a credit of €105,586.26 to the account and that is effectively the opening balance on the account, isn't that correct, on the hard copy you have?

A. On this bank statement, it looks like it's an opening balance.

Q. And the source appears to be National City Dillon and Waldron, isn't that correct, the particulars are indicating there the source?

A. That's the reference.

Q. Now, the National City Dillon and Waldron is of course NCB's settlement account with Bank of Ireland, isn't that correct I know it's sometime ago since

A. I couldn't answer that. I know we maintained accounts in Bank of Ireland. We maintained accounts with all the various banks at that time.

Q. You can take it, Mr. Desmond, Mr. Keilthy has given evidence already to the Tribunal that that is so. I know you are no longer involved with that particular stockbroking firm, so that was that's what that particular

A. I accept that. If Mr. Keilthy said it, I accept it.

Q. Now. The next document which I wish to show is again, it's a copy extract statement, National City sorry, I beg your pardon, I will put up the it's page 2 of the same account, and that's the Aurum Nominees account with Ulster Bank Limited. And I think you can see that on the 3rd August 1988, there is a credit to the account of just €150,000, 149 thousand and a half, and again the particulars, it indicates Dillon and Waldron and I think you can take it that that again is from the same source?

A. Yes.

Q. And then again on the 6th September 1988, there is a credit

to the account of €98,500.

A. Yes.

Q. I think that shows the balance then in the account as being €338,500- odd. I think again that particular credit to the account on the 6th September 1988 is National City Dillon and Waldron.

A. Yes.

Q. So I think from the documents which you see, one can see the opening balance in this nominee account, isn't that correct, funds being credited to the account soon afterwards and it indicates that the source of those funds, immediately prior to them coming into this nominee account, was National City Dillon and Waldron, isn't that correct?

A. Yes.

Q. Now, just bear with me for a moment, I am just trying to get a document up, Mr. Desmond. Now, while it may be a little bit out of sequence in the hard copy, but you may find it if you just look at the monitor first

A. Yes.

Q. And it's showing a transfer that is showing a transfer out of the National City Dillon and Waldron No. 2 current account which was NCB's settlement account, or one of the accounts in any event, at Bank of Ireland. I am just going to show you the debits in the first instance, I am going to show you two debits. That is one debit

A. Yes.

Q. And I am just going to show you another debit again from

that account. And there is another debit on the 23rd

August from the account.

A. The hard copy I have here says 149,000 as against 145,000 on that screen.

Q. You are absolutely right. And I think that is 9 I think it's in fact the way it appears on the screen. I agree with you it does look like 145.

There is a third debit from that account which I hope you can see on the screen, I have a hard copy, which is 98 26th September 1998 for €98,504.50, do you see that?

A. Yes.

Q. Now, Mr. Keilthy has informed the Tribunal that there are, having examined the statements on that particular account, that there are two credits to the account, to the National City Dillon and Waldron account which account for those debits from the account and I want to bring those particular credits to your attention now, if I may.

A. Certainly.

Q. The first is a credit to the account of €202,195.26 and that's on the 11th July of 1988, and the second is the credit of €149,432.18 on the 23rd August. Do you have those particular credits?

A. I do.

Q. And what Mr. Keilthy has been able to inform the Tribunal by examining the settlement account of the Bank of Ireland, the National City Dillon and Waldron, he can identify credits into that account, debits from that account which

equate with the credits and then the crediting of the Aurum

Nominees No. 6 account in Ulster Bank.

A. I accept that.

Q. Are you with me?

A. Yes, I do.

Q. So the money or the funds must have, in the first instance,

if that is correct, have come into the National City Dillon

and Waldron account before it went into Ulster Bank, isn't

that correct?

A. Yes.

Q. Now, that was a punt account or an Irish pound account.

A. Yes.

Q. Now, we have been told by the Bank of Ireland, that's by

Mr. Buckley of the International Division of the Bank of

Ireland who has given evidence here to the Tribunal, that

it appears from the bank's daily input logs that the

€202,195.26 credit to the account, the settlement account

on the 11th July 1988, which is on the monitor and you have

seen in the hard copy, and the €149,432.16 credit on the

23rd August 1988 appear to have moved or funds moved from a

sterling account number 25581879. Now, the number

mightn't mean anything to you so I will just go on and

inform you of what Mr. Buckley has informed the Tribunal.

That this sterling account was in the name of National City

Dillon and Waldron with its registered offices at Ferry

House, 48/53 Lower Mount Street and the account now appears

on the bank's records in the name of Sandbank Limited. So

again, if I could follow the thread, that's back from the monies in the Aurum Nominees account, back to debits on the National City Dillon and Waldron Irish pound settlement account, that there are credits to that Irish pound settlement account to match the debits from it, but that the source of the credits in the Irish pound settlement account is from NCB's sterling account at the Bank of Ireland. Am I making myself clear?

A. I understand what you are saying perfectly.

Q. So that from start to finish, that the sources, as far as we can ascertain at this stage, of the monies that went in to open the Aurum Nominees No. 6 account and the monies that were transferred to it soon there afterwards, seems to be from the NCB sterling account at Bank of Ireland.

A. Okay.

Q. And that seems to be the situation as of now. Now, does that information assist you in assisting the Tribunal as to what the source or who the source was of the monies into the NCB sterling account in the first instance?

A. The money just to clarify the position is that money ultimately came from NCB sterling account but somebody must have credited NCB sterling account. I don't know who transferred the money to NCB sterling account. I am not aware of these individual payments. I am sure this is the first time I have ever seen these transfers or even seen these statements

Q. That may be so

A. But the person, you know, or the persons who transferred the funds or to whom the transferred funds seems to be a sterling account, I am not aware of those companies or persons.

Q. In general terms, Mr. Buckley was able to tell us about that all stockbroking firms would operate a sterling account obviously, that it would be used for the purpose of settling accounts abroad or for the purpose of receiving funds in for investment in Irish securities.

A. Yes.

Q. Now, you were the contact point with Mr. Traynor, isn't that correct, in respect of the opening of the Aurum Nominees No. 6 OS account, isn't that correct?

A. He came to me about opening a number of various accounts, this being one of them.

Q. I see. I see. And were they all we know that this one was to be held by NCB's nominee company Aurum Nominees Limited, but that as far as NCB were concerned, the beneficiary was Overseas Nominees Limited, isn't that correct?

A. I didn't know who the beneficiaries were. He approached me to open various investment accounts in NCB. Private client accounts in NCB, that were under the heading Overseas. They were Overseas Nominees. But it wasn't it was a number of accounts he was opening, not any particular one.

Q. Not any particular one. And did he open a series of them

with you?

A. As far as I am aware he did.

Q. I think Mr. Keilthy has said that he thought there was about five or six perhaps in the name of Overseas Nominees. Would that seem about right?

A. Yes.

Q. With you. Somebody would have had to have given an instruction within NCB or, would I be correct in thinking this, to have a foreign exchange deal carried out to convert money from NCB's sterling account into their Irish pound account and then transfer the money into the Ulster Bank account under the name Aurum Nominees, isn't that correct?

A. Yes.

Q. And who would have issued that instruction?

A. Well, I can't speculate because if a person was opening an account, an investment account in Irish pounds, and the funds were coming in in sterling, they would come into our account in sterling and automatically be converted, transferred in the Irish pound account. That's what that would be the procedure. Now that would be dictated in the first instance by the person who was giving the instructions if he was opening an Irish pound account. He would be determining then that he is transferring sterling into Irish pounds and we would just it would be carried out by the accounting department.

Q. So that the accounting department well somebody would have had to inform the accounting department to expect an investment?

A. Correct.

Q. And there would have to be some indication that monies coming into the sterling settlement or the sterling account were attributable to a particular client or somebody acting on behalf of a particular client if they were to be held in a nominee company, is that correct?

A. Yes.

Q. And how would that be done?

A. In the case of this account or

Q. Yes.

A. I don't know whether Des Traynor gave me an instruction and said, "Do you expect sterling in this account?" And I would have passed it on to John Keilthy who, in turn, would have passed it onto the accounting department.

Q. I know it would be done, the mechanics of it would be carried out by the accounting department. I presume in the sterling account, and I don't want to know how much was in it in any given time, but there could be large supplies of money in it in any given time?

A. Depending on the number of transactions.

Q. Were they all dedicated to individuals in that account or was it effectively a pooled account and the accounts were kept by NCB?

A. I don't know, I don't know how many sterling accounts we

effectively had and what the designation was. There would be a lot of transactions, specially in gilts, English gilts.

Q. I am trying, and what the Tribunal is trying to ascertain is the source of this particular money obviously, so what I am trying to ascertain from you is how would somebody in NCB know what to do when monies came in to the sterling account.

A. You would get normally, if a client, Mr. X, would say there is £100,000 I want transferred to you, we would get our instructions and he would tell us we'd give him an indication of the bank we want money to be credited to and he would make the lodgment, generally there would be a reference attached to that lodgment and then it would be apportioned to the account that he designated or accounts that he designated.

Q. And there would be a documentary trail effectively of instruction, isn't that correct?

A. Not necessarily.

Q. Well, that's what I am trying to get at, Mr. Desmond. You know, I take it that there would be a large number of transactions would have taken place every day, every week in NCB?

A. Most of the transactions most transactions and most of the instructions would be carried out verbally; that, you know, people would phone up, give an instruction over the phone to buy shares or to transfer money.

Q. Yes, I can understand that but somebody receiving an instruction would obviously take a note or pass a note or issue an instruction down along the line within the company to carry out certain procedures, would that be right?

A. Well, I can only tell you how we did it in NCB. I would have told John Keilthy if I got the instruction. That would be verbally. John Keilthy would have verbally contacted the accounts department and I don't think there would have been a handwritten note passed from me to him and from him onwards.

Q. I can understand that, that you could give an instruction verbally, but ultimately when it got to the accounts department, at the end of the day NCB had to account to all its clients, isn't that correct?

A. Yes.

Q. And there had to be some way of knowing that this money coming in, this money coming in to the sterling account is ultimately for the account of Aurum Nominees No. 6 account in Ulster Bank, isn't that correct?

A. Yes.

Q. And how would that be conveyed?

A. Well there is a reference on the incoming payment, or a reference from the bank where it's coming from.

Q. So if I might operate or work from the other end so. The Aurum Nominees dedicated account would have to be in the first instance, so opened, is that correct?

A. I don't fully understand the question.

Q. Right. You see I don't fully understand how the whole thing operated. That's what I am trying to find out.

A. If I can explain in my words. If somebody opens an account, an Aurum account, we'd give it a designation, give it an account number, let's call it 77, and the person who is managing that account or a beneficiary of Aurum 77 would then say I am transferring €100,000 sterling to your account, where is your account? We'd say our account is Bank of Ireland, transfer to Midland Bank in London for the account of Bank of Ireland for the National City Brokers reference 77 so when that money came in then, we would then be able to apportion that account reference 77 to our name.

Q. That's exactly what I was trying to find out. So that the person, the person who was the source of the investment would have had to be given information from National City Brokers of the account into which it was to be put?

A. Correct, yes.

Q. So can we take it so that when Mr. Traynor spoke to you about the opening of accounts or an account, that you would have known that the source of the investment was to come from outside the country?

A. No. Because if Mr. Traynor Mr. Traynor's opening account, I don't know whether he is transferring if it's an Irish pound account. I don't know whether he is transferring domestically, if he is transferring internal funds. I don't know whether it's going to be in dollars.

I am saying he is going to open an account. My

understanding is he says I want to open an account and I will transfer funds, the details of which would be handled by John Keilthy.

Q. So that as far as you were concerned, when Mr. Traynor first dealt with you on this particular account, is that all he would have told you, that he wanted to open an account, you would have said to somebody, Mr. Traynor, Des Traynor, whatever, wishes to open an account and it comes back through the system in NCB, it's Aurum Nominees 77 or whatever the number is, is that correct, and that information would be given to Mr. Traynor, is that correct?

A. Yeah what I think what happened was Mr. Traynor came into me, he said "I'd like to open some accounts for Overseas Nominees, I am moving it from Guinness & Mahon" or wherever they were, "to NCB in Irish pounds." My understanding is they were in Irish pounds. I am not even certain about that. And I would have put him in touch with John Keilthy who would have opened the various accounts, given the various designations of what those accounts are, the numbers that would be ascribed to those accounts and then Mr. Traynor either told me that there was funds coming in, which I would tell John Keilthy the funds were coming in. Or Des Traynor maybe asked where should I send funds? Then I would give him instructions which I would convey to John Keilthy and it would be handled by John Keilthy and the accounting section.

Q. So you would have never had a specific discussion BEL,

coming to the advising of the purchasing of securities, you would have had no specific discussion with Mr. Traynor about how to route funds into NCB for investment purposes?

A. He might have asked me from where is the NCB account for instruction for that, which I passed on. But I did not know where the funds were coming from. He never discussed where the funds were coming from nor have I any recollection of any discussion, whether internally or externally.

Q. But from what we can ascertain at the moment from the documentation, it appears likely that the source was in sterling, isn't that correct?

A. Yes.

Q. Which means that it had to come from outside the country, isn't that correct, or from another sterling account?

A. Another sterling account I would say.

Q. You would say?

A. Yes.

Q. All right. And that Overseas Nominees had been the nominee company of Ansbacher (Cayman) and Ansbacher (Cayman) had sterling accounts here in the country, isn't that correct well as you may now know from the workings of various tribunals?

A. Yes.

Q. Now, I think that you have informed the Tribunal in your memorandum, Mr. Desmond, that whilst there might have been discussion between yourself and Mr. Traynor as to what

particular securities the funds might be invested in, the decision was always Mr. Traynor's, isn't that correct?

A. Yes.

Q. And I think that Mr. Keilthy has informed the Tribunal that the investments were broadly in line with the type of investments that other clients of NCB would have been involved in, is that your recollection?

A. Yes.

Q. Now, if I could turn to the question of various withdrawals from the particular account, Mr. Desmond. Mr. Keilthy has informed the Tribunal that there were the following withdrawals from the account and the first one and I just refer you to a the next hard copy. It's a withdrawal from the account of €206,613.57 which was used to purchase do you see the do you have that hard copy, Mr. Desmond?

A. Yes.

Q. You can see the withdrawal there and the particulars for the purchase of a sterling draft and then I think if you look at the next document, it's a request for the purchase of the sterling draft or a requisition, do you see that?

A. Yes.

Q. Now, do you know anything or did you have any involvement in any withdrawals from the particular account?

A. The only involvement that I could possibly have was Mr. Traynor requesting to contact me and asked me to get a draft or make a payment which I would pass the instructions

on to John Keilthy. But I can't specifically say that I remember this transaction.

Q. But, you may have just and if there was contact, it would be just a request for a payment?

A. Yes.

Q. Now, the next withdrawal was on the sorry, that particular withdrawal is on the 8th May 1990. The next withdrawal was £95,000 which was withdrawn on the 15th March 1991. The hard copy may have the actual, the number you have that and that was used to purchase a sterling draft and the sterling draft is then over the page for £85,640.24 sterling.

A. Yes.

Q. Now, as far as you or NCB were concerned, the whole time, can I take it that Overseas Nominees, which you knew to be or which you believed to be a foreign entity, was the beneficial owner of this investment fund, is that correct?

A. Yes.

Q. In Aurum Nominees or is that correct?

A. Well I didn't know who the identity was so I can't say whether it was domestic or it was foreign. You had the title Overseas Nominees

Q. Well it couldn't as far as NCB were concerned, it couldn't have been domestic?

A. Of exchange control

Q. Isn't that right?

A. If they were making payments in sterling without exchange

control permission, it would be inappropriate, yes.

Q. Can we take it that the belief must have been that it was an overseas entity the beneficiary couldn't have been a resident, couldn't have been an Irish resident?

A. Without special exchange control permission.

Q. And this particular withdrawal to purchase that draft for which there must have been exchange control granted in the normal course of business, perhaps between NCB and Ulster Bank, the withdrawal of €95,000 had the effect of creating an overdraft or an overdrawn situation on the account in the sum of €23,461.94. And if just look at that on the hard copy. Mr. Keilthy has informed the Tribunal that it would be unusual to have an account, a client account in an overdrawn position, is that correct?

A. Yes.

Q. Do you know anything about that facility being afforded to this particular client

A. No.

Q. on this statement?

A. No.

Q. Well, who could have issued instructions or who could have advised the bank that they wished to have this situation?

A. I don't know the particular circumstances, because if there was a credit coming in, if we had sold stock and there was a credit coming into this account, I would have expected that an account person would have said it's all right if there is money on the way. I don't know what the

background -, what the circumstances are to this overdraft and how it was cleared.

Q. But can I take it that in general terms, maybe I am incorrect in this in relation to stockbroking firms, but that it would be most unusual to have a client account in overdraft a client account?

A. No, not necessarily.

Q. I see.

A. It's sorry, in a bank account it is, but if a client has money outstanding, it was pretty common practice in stockbroking private clients that they owed the stockbroker

Q. I can understand that. That would be the account within the stockbroking firm itself where a settlement would take place at a certain time. But a bank account to be overdrawn, a client account in the bank to be overdrawn?

A. Well it is unusual. I haven't seen it before this.

Q. In effect, it's affording a benefit or a credit to the client, isn't that correct, by allowing this particular facility, the client is effectively getting a credit of 23 thousand and a half?

A. That's true, but at the same time, if there was stock designated that's coming to our benefit and it's in the process of being credited to one of our accounts, there may be an offset there. Again I am sure that it wasn't an overdraft being afforded to this client because we decided that they were good for it, I think there must have been

some other circumstances.

Q. Well, perhaps I can show you a letter and I think you would have seen this particular letter before. It's a letter dated 19th March 1991, which is just after this withdrawal which had put the account into an overdrawn situation. It's a letter from Mr. Dermot Desmond to you at NCB at that time, and its reference is JK

CHAIRMAN: It's Mr. Traynor to Mr. Desmond.

MR. COUGHLAN: Sorry, I beg your pardon, Mr. Traynor. And the reference is JKL-918. "Dear Dermot, many thanks for yours of the 15th March together with sterling draft for œ85,604.24 being the sterling equivalent of IR œ95,000. Kind regards, yours sincerely J.G. Traynor."

What it is, it's a letter in two parts, Mr. Desmond. It's an acknowledgment of the receipt of a sterling draft for œ85,640.20 being the sterling equivalent of IR œ 95,000, isn't that correct?

A. Yes.

Q. And it's thanking you for yours of the 15th March.

A. Well, I don't know whether it was mine of the 15th March. Whether yours is it's not my reference. JKL-918 is not my reference.

Q. That's what I'd like to know. What is the ref? It's addressed to you personally as chairman of NCB, it's addressed "Dear Dermot, many thanks for yours of the 15th

March." Now, it could mean that your letter with enclosure, but it doesn't say "Many thanks for your letter of the 15th March." It's saying "Many thanks for yours of the 15th March." Can you assist the Tribunal at all as to what that may be referable to?

A. Well, the only assistance I can give you is that I did not that reference JKL is not my reference. JKL-918.

Q. Is JKL-918 a particular person in NCB I don't want you to mention the name.

A. The answer is I don't know. But it's certainly not my reference. The two possibilities are that somebody in private clients prepared the letter under their reference and asked me to sign it and he replied. That's again speculation. And/or secondly that somebody sent out this draft to him and he was acknowledging it directly to me.

Q. Well, we will be coming to a period when you were not at NCB when instructions were given to clear out the account at the end and I think you had ceased having an involvement in the workings of NCB by then, but the references and I will come to them in a moment because I will be asking you about them just for the purpose of seeking your views, if you have any views on them but the reference is always Aurum Nominee account 333006 OS and this particular reference is unusual or perhaps unique in the correspondence that we have seen in relation to the operation of this particular account.

A. I can't explain it.

Q. And as regards an actual reference, like a specific reference on the other letters, they are addressed to either Mr. Keilthy but to NCB or to Ms. Nancy Egan but they are always to NCB. They seem to go into the general post situation of NCB. This one is unique. You can you do not know what the reference JKL-918 is.

A. It doesn't pertain to me or my office, my personal office when I worked in NCB.

Q. Do you know what it is though, Mr. Desmond?

A. No, I don't.

Q. So it doesn't pertain to you and it's not you?

A. I have no doubt about it, it's probably a private client reference.

Q. A private client reference?

A. From the private client division of NCB.

Q. A personal private client as opposed to a client, a private client?

A. I would have thought so, yes.

Q. Which?

A. A person at NCB at the time in the private client division.

Q. I see. Because and this is a public inquiry, not a court case so I have to pursue a number of lines of inquiry, Mr. Desmond. The letter could be read as thanking somebody for facilitating the overdrawing of the account, could it not?

A. I wouldn't have thought so.

Q. I see. "Many thanks for yours of the 15th March together

with..."

A. I presume that was a letter or some other document that went with it, with the draft.

Q. And in the documents which have been furnished to us by NCB, there is I pointed out first of all a withdrawal of £206,000 which was converted into a sterling draft for £200,000. There is no acknowledgment of receipt or thanking anybody for receipt of that draft. This letter, the reason I am asking you about it is it appears to be unique in the series of correspondence. You can't assist us?

A. I can't comment on that.

Q. Now, can I take it did you know Mr. Traynor well?

A. I knew him.

Q. Did you know him well?

A. I met him maybe twice a year.

Q. Would you be on first name terms with each other?

A. Yes.

Q. And you would have discussed social matters as well as business matters?

A. Generally business matters.

Q. Generally business matters. Now, in 1994 I think Mr. Traynor died in May of 1994, you can take that as being correct, Mr. Desmond, but just prior to that, he wrote to NCB concerning this particular account. If I can just put that up and you can identify the hard copy when it's from sorry, I should have asked you, when Mr. Traynor

first came to you for the purpose of opening the account or for transferring monies for the purpose of investment, was it Mr. Traynor himself or was he speaking on behalf of Ansbacher (Cayman) or Overseas Nominees? How did he approach you?

A. He approached me on behalf of himself.

Q. Personally?

A. No, that he was he managed various accounts for people and he was going to transfer some of those accounts to us, the management of those funds to us.

Q. And he didn't say whether they were Irish residents or foreign residents or anything?

A. They were all he indicated was Overseas Nominees accounts he was opening up with us. He didn't specify whether external or not.

Q. So as far as you were concerned, and I know the conversation may have been fairly loose, but as far as you were concerned, Mr. Traynor Mr. Traynor himself managed particular funds?

A. Yes.

Q. And at that stage, did you know anything about funds being held, Ansbacher (Cayman) funds being held

A. No.

Q. here in Ireland?

A. No.

Q. Or that Mr. Traynor was managing or overseeing those particular funds?

A. Ansbacher (Cayman) funds in Ireland?

Q. Yes.

A. No.

Q. So as far as you were concerned, it wasn't Ansbacher (Cayman) who were issuing instructions in relation to these particular investments with NCB, is that correct?

A. Yes.

Q. As far as you were concerned

A. As far as I was concerned.

Q. it was Des Traynor?

A. Yes.

Q. Now and I don't want to get into the legal niceties or details of it, but that the funds in Aurum nominee No. 6 account, as far as you were concerned, were Des Traynor's funds, as far as you were concerned, in general terms?

A. He was in charge of those funds.

Q. In charge of them?

A. Correct.

Q. This instruction then is given to NCB, Ms. Egan there on the 8th February 1994, I think you had ceased having an active involvement in NCB by that stage, isn't that correct?

A. Yes, correct.

Q. And it's just on notepaper coming from 42 Fitzwilliam Square, Dublin 2. And it's re: the account number and it says "Dear Ms. Egan, I have received from John Furze in Overseas Nominees Limited, a copy of your letter dated 24th

January 1994 together with the valuation referred to therein. Enclosed herewith is a copy of the valuation dated 6th March 1991. I would be grateful if you would A, arrange to dispose of the total holdings" I presume that's converted into cash, would that be your understanding of that? and "B, let me have a reconciliation of the account from the 6th March 1991 to the 31st December 1993." That's from Mr. Traynor.

Now, did you know John Furze at that time?

A. I never met John Furze, never spoke to John Furze.

Q. Never spoke to him?

A. Or never met him. To the best of my recollection I haven't.

Q. And as far as you didn't know the man, you never met him, you didn't know there was a John Furze had anything to do with this particular investment account?

A. No.

Q. Well, on the basis of Mr. Traynor's letter there at least, it looks as if somebody in NCB must have known somebody of course, maybe, maybe not, but Mr. Traynor is telling I beg your pardon, there is, there is the letter to John Furze in January of 1994 and it's from Nancy Egan and "Dear Mr. Furze" it's re: the Aurum Nominee account. I will get you a copy of this

A. I have seen this.

Q. "Dear Mr. Furze, as part of your 1993 year end reconciliation of Aurum Nominee account, I enclose a

valuation of current account in the above accounts. I also enclose a safe custody statement. Should you have any queries about the enclosed, please do not hesitate to contact me." I think you have that particular letter?

A. Yes, it's here.

Q. Do you have any knowledge how anyone in NCB would have known about Mr. Furze?

A. I wasn't actually operationally involved in NCB during this period, so I haven't seen this letter.

Q. Right. But you don't know you don't know how anybody anyone in NCB would be making contact with Mr. Furze?

A. No.

Q. You ceased having any operational involvement in NCB by that time, but could the name of Mr. Furze have got into the system at any time prior to that and particularly when Mr. Traynor first of all rang you up to see if he could or if NCB would take over certain investments that he was looking after here in Ireland?

A. Well maybe I can be clear from my side because I don't know what happened with other personnel in NCB. I have never spoken to Mr. Traynor about John Furze. I have never met Mr. John Furze. To the best of my belief, I have never seen Mr. John Furze. I have had no contact or anything to do with Mr. John Furze.

Q. Well there appears to have been no activity on the account. Just for your assistance, there appears to be no activity on the account from the time that the withdrawal

of the £95,000, I mean monies coming out of the account,
until that we can see until this letter and then
Mr. Traynor's letter of the, is it the 24th sorry, 8th
February 1994 that we have just been referring to giving
instructions to sell everything in the account. You don't
know anything about it?

A. I don't know anything about it. What surprised me, the
account was overdrawn, I would have expected them to be
much

Q. There was no, you could see nothing. There was securities
then sold, the bank account the securities were sold?

A. To clear the bank account?

Q. And to create extra

A. I am not aware. I wasn't

Q. You weren't aware of any of that?

A. No.

Q. The next matter then is a letter from Mr. Keilthy to
Mr. Traynor on the 2nd March 1994 confirming that he has
carried out the instructions, that the total holdings set
out in the valuation had been sold and informing him that
in relation to the reconciliation, "I am awaiting details
on a few outstanding items in order to complete the
exercise. I will revert to you shortly with the
information." I think you have seen that particular
letter?

A. Yes.

Q. And then there is an instruction signed by Mr. D. P.

Collery, dated 12th September 1995. If we could just

take it's on notepaper

A. I see it here.

Q. Headed Hamilton Ross Company Limited. You have seen that notepaper?

A. Yes.

Q. And it's an instruction first of all referring to Mr. Traynor's letter of 1994 and asking that the balance on the account be transferred to the account of Hamilton Ross and account number is given at Irish Intercontinental Bank. And then a request for a reconciliation in respect to the account. Did you ever hear of a company called Hamilton Ross?

A. No. During this period, no.

Q. I know you may have heard of it since the tribunals, but during this period?

A. No.

Q. And as far as you know, did a company called Hamilton Ross and Company Limited ever have anything to do with the setting up or the operation of this investment?

A. I never heard of Hamilton Ross or any dealings to do with Hamilton Ross.

Q. Does it come as a surprise to you that a company that you knew nothing about was now issuing instructions, now appears to have issued instructions in relation to this particular investment account?

A. I don't know what the circumstances are, you know, it

wouldn't be fair for me to comment, whether Des Traynor gave authorisation to Hamilton Ross to carry out the or transact business there, I don't know.

Q. Well the sequence of events is that there was Mr. Traynor's letter, Mr. Keilthy's letter and then this particular letter. That was the sequence of events as far as we can ascertain. Does that seem unusual?

A. I'd have to investigate it to be honest with you.

Q. What investigation

A. Well I'd have to find out exactly what circumstances were between John Keilthy taking instructions from Mr. Collery.

Q. From Mr. Collery?

A. Yes.

Q. On behalf of a company called Hamilton Ross Company Limited?

A. Well, I assume that Mr. Keilthy would have received some form of authorisation to deal with Mr. Collery or take instructions.

Q. In any event, when the funds were transferred to a Hamilton Ross account in Irish Intercontinental Bank Limited, they were then posted by Mr. Collery for the ultimate benefit of an account which appears to have been beneficially held for Mr. Charles Haughey. Did you ever know that Mr. Charles Haughey may have had any involvement with these particular investment accounts?

A. No.

Q. I am going to, if I may, Mr. Desmond, move on to some other

matters that you have furnished memoranda in respect of and I may come back just to ask you something about that in the light of something which transpired in 1987 between yourself and Mr. Traynor.

A. Sure.

Q. I think, Mr. Desmond, it's correct to say that the Tribunal first sought your assistance other than assistance in relation to the investment matters in NCB, and I will leave those aside for the moment, arising out of two statements which you issued to the press or were issued on your behalf in January of 1988, isn't that correct?

A. Correct.

Q. Now, if I could hand you copies of those two particular statements. First of all, do you have your memorandum relating to these matters before you at the moment? If not, I will get it to you and the documents that I wish to refer to, but in the first instance to the two press statements which were issued. Just by way of background to these particular statements, I think you issued these press statements arising out of an article which had been published in the Magill magazine sometime previously, some short time previously, isn't that correct?

A. That's correct.

Q. And I think the first statement was issued on the 8th January 1998 and it reads "Following publication of an article today in Magill magazine, and the attendant comments in other media outlets, Mr. Dermot Desmond would

like to clarify issues relating to his dealings with Mr. C. J. Haughey and to correct considerable misinformation which has been reported.

Mr. Desmond did not make any payments to Mr. Haughey while he was in public office or indeed prior to 1994. Any arrangements which he had with Mr. Haughey since that time were of a private nature. Mr. Desmond never at any time collected or solicited money for or on behalf of Fianna Fail. He has no idea who might be the 'source' of information to the contrary because it is not true."

I think source in parentheses must relate to something which appeared in the Magill magazine article which I do not intend going into Mr. Desmond, is that correct?

A. That's another day.

Q. But is that what the parentheses refer to?

A. It is.

Q. "Regarding contracts awarded to NCB between 1987 and 1992, NCB and its affiliate companies were awarded nine contracts or consultancy agreements from seven state or semi-state organisations. A competing stockbroking firm and its affiliates during the same period were awarded more than twice this number. (On a comparable basis, it is believed that between 1987 and 1992, more than 100 such contracts would have been awarded.) Only two of the contracts awarded to NCB required ministerial or governmental approval. One was Irish Life, where an international competition was won which NCB and Goldman Sachs. The

other was the sale of the state shareholding in Tara Mines in which case the Government would not have publicised its intended share sale in advance and therefore a tender situation was not appropriate.

"In relation to the International Financial Services Centre, Mr. Desmond made no money from the centre nor from the building which he bought in the development. In fact audited accounts show that Mr. Desmond made a loss of €6.2 million in the purchase and sale of that building.

Mr. Desmond did not receive any favourable treatment from anyone in relation to his involvement in the IFSC; indeed he is not aware of having received any political favours from any party on any matter.

"There has been comment with regard to the litigation which Mr. Desmond has pursued against sections of the media in recent years. Mr. Desmond confirms that he has pursued actions where there have been inaccurate or defamatory statements made against him or his businesses. In 12 such cases, Mr. Desmond has agreed financial settlements totalling more than a six-figure sum, all proceeds of which have been donated to charities in Ireland. The time and cost involved in pursuing these cases has been borne by Mr. Desmond.

"For information, Mr. Desmond's solicitors are issuing proceedings against Magill magazine, its editor and the

reporter in question.

"If any of the above matters fall within the Term of Reference of the current tribunal, Mr. Desmond will offer his full cooperation, including confirmation that he is not and never has been an account holder or a beneficiary of the so-called Ansbacher accounts. In the interim, Mr. Desmond just wishes to correct the inaccuracies and mischievous suggestions which have been made.

Ends.

Dated 8th January, 1998."

Now, I think the second statement issued on your behalf was issued on the 10th January 1998, is that correct?

A. Yes.

Q. And that read:

"Further to a statement on the 8th January 1998 regarding Mr. Dermot Desmond's dealings with Mr. Charles J. Haughey, questions have been asked about any dealings which Mr. Desmond had or has with other members of Mr. C. J. Haughey's family. We wish to set out these relationships as follows:

"In 1987/88, Mr. Desmond invested €17,500 in a foal partnership operated by Ms. Eimear Mulherne. This partnership interest has continued and is now held by Mrs. Pat Desmond.

"In 1990, Mr. Desmond arranged loans in consultation with

Mr. Conor Haughey totalling €75,546 to refurbish the boat, Celtic Mist, of which he is skipper and owner together with the other Haughey children. These loans have been settled. To date, Mr. Desmond and related companies have also invested a total of €275,000 in Feltrim Mining PLC, (now Minmet plc), of which Mr. Conor Haughey was a founding director. To date, Mr. Desmond has sold shares in Feltrim to the value of €744,000 and retains shares with a current value of €112,000. The net realised and retained profits exceeds €500,000.

"In 1995, IIU Limited, of which Mr. Desmond was chairman, made a commercial advance of €100,000 to Celtic Helicopters to cover flying hours for executives. Mr. Ciaran Haughey is a director and shareholder in Celtic Helicopters. To date, hours to the value of €56,150 have been used.

"Over the years, Mr. Desmond has contributed not more than €2,000 to Mr. Sean Haughey TD in relation to funding his election expenses. There are no other gifts or payments except for wedding and Christmas presents which in aggregate do not exceed €15,000. The foregoing transactions and payments made by Mr. Desmond to Mr. C. J. Haughey since 1994 are matters that could fall within the Terms of Reference for the Moriarty Tribunal.

"Mr. Desmond has already stated that he will fully cooperate with this Tribunal. No other payments have been made or arranged directly or indirectly to Mr. Haughey and

his family by Mr. Desmond."

I think the statement ends. Those two statements were issued on your behalf, isn't that correct?

A. Yes.

Q. And I think the first instance, arising out of those statements, you were contacted by the Tribunal to ask to confirm whether those statements had been issued on your behalf, isn't that correct?

A. Yes.

Q. And whether as issued they were correct, isn't that right?

A. Yes.

Q. And I think in a memorandum or a statement to the Tribunal of yours relating to payments made to Messrs Charles J.

Haughey and Michael Lowry of the 28th April 1999, do you have that particular memorandum with you, or statement? I

will just get that to you. This is your statement to the

Tribunal. Not one that was issued in public. (Document

handed to witness.) I think at paragraph 16 of that

statement you inform the Tribunal that this

statement this is the statement under consideration

now is that full account of payments made by myself and

my companies to Charles Haughey and Michael Lowry or any

connected persons within the meaning of Ethics in Public

Office Act 1995 between the 1st January 1979 and the 31st

December 1996.

At paragraph 2 of your statement, I think you state that

"The Tribunal might bear in mind the fact that many of the events which are the subject matter of the tribunals of inquiry happened some time ago. Moreover, since I sold my shareholding in NCB in 1994, I no longer have access to NCB documents. Accordingly against this background, I wish to reserve my right to supplement this statement should this prove necessary and to expand on same in the course of any oral testimony which I may give."

And I think not unreasonably so, Mr. Desmond, isn't that correct?

A. Yes.

Q. You say at paragraph 3 "That at no time have I ever made any payment either directly or indirectly to Mr. Michael Lowry or any connected person within the meaning of Ethics in Public Office Act of 1995 of which I am aware."

A. Yes.

Q. I think then there are other matters which I am not referring to here, but if you go to the next typed paragraph in the statement. I think you have informed the Tribunal that "Between April 1990 and February 1991, I had paid in total the sum of €75,546 to Ron Holland, yacht designer, on behalf of Conor Haughey in respect of the repair and redesign of Celtic Mist." Is that correct?

A. Yes.

Q. And I think in that statement to the Tribunal you informed the Tribunal that "Between his retirement from politics in

November 1992 and the 31st December 1996, you gave €125,000 sterling to Charles Haughey, €100,000 sterling in September 1994 and €25,000 sterling in October 1996. The first of these payments was made after Mr. Haughey had mentioned to me in conversation that he was thinking of taking up a non-executive directorship of a German bank, is that correct?

A. Correct

CHAIRMAN: I am conscious, Mr. Coughlan we are obviously not going to finish Mr. Desmond's evidence today that there are Tribunal meetings and people have to give evidence at half four and that it's now four o'clock. So if unless there is some immediate matter that you wish to raise before concluding for today

MR. SHIPSEY: Could I just mention something that I did mention to Mr. Coughlan just at lunch time. That is there were discussions with the Tribunal for when Mr. Desmond would and would not be available and it's been changed around obviously to convenience Mr. Desmond and also to try to accommodate the Tribunal's requirements. He does however have an engagement which would mean that he would not be in a position to come back until about 11 or 11:30 tomorrow morning. In those circumstances I have mentioned to Mr. Coughlan if he would wish to sit longer today to make up some of that time, Mr. Desmond would be happy to, but I do appreciate and understand from what you have now

said that that there are other Tribunal meetings later this afternoon. But Mr. Desmond certainly would be prepared to sit, if you wished, longer today in view of the fact that he has a difficulty in being here before 11 or 11:30 tomorrow morning.

CHAIRMAN: Well lest the Tribunal wishes to sit, so as to incorporate what's your preference?

MR. COUGHLAN: Well, Sir, it's not so much a preference. It's just that there is a considerable amount of other work to be done but leaving that aside, there is also quite a considerable amount of information which I wish to deal with Mr. Desmond at this stage, so that by sitting for another half an hour or so, I don't think we'd break the back of it. Obviously if Mr. Desmond has difficulties in the morning, we'd understand that and if he wasn't available until 11 or 11:30, we can perhaps make up the time tomorrow evening to ensure that he'd be completed tomorrow.

CHAIRMAN: I think that's probably preferable. You think, Mr. Desmond, that as close as possible to eleven o'clock you'd be available to resume your testimony tomorrow?

A. Yes.

CHAIRMAN: Very good so. Thank you.

THE TRIBUNAL THEN ADJOURNED UNTIL THE FOLLOWING DAY,

FRIDAY, 3RD DECEMBER 1999, AT 11AM.