

THE TRIBUNAL RESUMED AS FOLLOWS ON FRIDAY, 3RD DECEMBER,

1999 AT 11AM:

CONTINUATION OF EXAMINATION OF MR. DERMOT DESMOND BY

MR. COUGHLAN:

Q. MR. COUGHLAN: Thank you, Mr. Desmond. I think yesterday, when we finished, I was about to take you on to the second memorandum of proposed evidence which you furnished to the Tribunal and I intend dealing with that in the same manner as I dealt with the first memorandum yesterday, if that's all right with you.

A. Certainly.

Q. And I think that as supplemental memorandum of evidence of yours and the first matter which is dealt with in that memorandum is the payment of €75,546 to Ron Holland Yacht Design, isn't that correct?

A. Yes.

Q. And I think in this memorandum you have informed the Tribunal that between April 1990 and February 1991 you paid in total a sum of €75,546 to Ron Holland Yacht Design on behalf of Mr. Conor Haughey in respect of the repair and redesign of the yacht Celtic Mist, is that correct?

A. Yes.

Q. I think you have informed the Tribunal that these payments arose in the following circumstances: Mr. Conor Haughey as skipper of the Celtic Mist indicated to you that the boat needed refurbishment but that funds were not available to

him, is that correct?

A. Yes.

Q. That you informed Mr. Conor Haughey that you would arrange a loan and an introduction to Ron Holland, the designer of NCB Ireland, is that correct?

A. Yes.

Q. I think just to pause there, NCB Ireland was a boat which was commissioned to participate in the Round the World race at that time, isn't that correct?

A. Correct.

Q. And Mr. Conor Haughey understood that he was dealing with you, isn't that correct?

A. Yes.

Q. Mr. Conor Haughey in turn made the loan to Larchfield securities, whom you understand to be the openers of Celtic Mist, is that correct?

A. Yes.

Q. I think you have informed the Tribunal that the loan has not yet been repaid but approximately three years ago you dealt with the matter in which Mr. Conor Haughey would repay, isn't that correct?

A. Yes.

Q. I think you have informed the Tribunal that it was agreed that the loan was to be repaid by Mr. Conor Haughey when funds became available to him, that's to Mr. Haughey, from the sale of Celtic Mist, is that correct?

A. Correct.

Q. And you have informed the Tribunal that no securities were formalised in relation to these liabilities, is that correct?

A. That is correct.

Q. I think then you informed the Tribunal and I want to stress you informed the Tribunal, isn't that correct, Mr. Desmond, that the following payments were made to Ron Holland Yacht Design, and we have a table which we can just set out that on the 3rd April 1990, €10,000 was made paid, isn't that correct?

A. Yes.

Q. That on the 4th April 1990, €10,000 of paid to Ron Holland Yacht Design. On the 24th April 1990, another €10,000 was paid to Ron Holland Yacht Design. On the 23rd May 1990, €38,353 was paid to Ron Holland Yacht Design. On the 30th August 1990, €4,606 was paid to Ron Holland Yacht Design and on the 14th February 1991, a final payment of €2,587 was paid to Ron Holland Yacht Design making a total of €75,546, is that correct?

A. Yes, it is.

Q. I think you have informed the Tribunal that the loans were made available by Dedeir Limited, then of 48 Lower Mount Street, Dublin 2, now of 19 Mount Havelock, Douglas, Isle of Man and Freezone Investments, care of 13 Avenue Morely, St. Peterport, Guernsey, is that correct?

A. Yes.

Q. I think you informed the Tribunal that this latter company,

that is Freezone, was wound up in January of 1997, is that correct?

A. Yes.

Q. You informed the Tribunal that the loans by both Dedeir and Freezone were consolidated in the accounts of Freezone Investments Limited, is that correct?

A. Yes.

Q. I think you also informed the Tribunal that the consolidated loan was taken over by a Mr. Colin Probets, a director and sole shareholder of Freezone Investments Limited and was subsequently taken over by you in an arm's length transaction, is that correct?

A. Yes.

Q. I think you informed the Tribunal that no assignment documents were executed in respect of the taking over of the loan by Mr. Probets or by you, is that correct?

A. That's correct.

Q. I think the next matter you dealt with in this memorandum was the payment of STG œ100,000 in September 1994, is that correct?

A. Yes.

Q. I think you informed the Tribunal that a sum of sterling œ100,000 was paid by you to Mr. Haughey in September of 1994, is that correct?

A. Yes.

Q. The sum was transferred on the 20th September 1994, is that correct?

A. Yes.

Q. The payer was Anesia Etablissement, Banque Scandinave en Suisse , Case Postale 901, Mr. Desmond, 1211 Geneva 3, is that correct?

A. Yes.

Q. The payee was Royal Bank of Scotland, 67 Lombard Street, London, EC2, sort code 16-04-002, account number 20001900, is that correct?

A. Yes.

Q. And was the account the account name Henry Ansbacher and Company Limited for credit of CIBTC, account number 190017-101, is that correct?

A. Yes.

Q. I think you now know that CIBTC was Cayman International Bank, or do you?

A. I didn't know that.

Q. And you still don't know that?

A. Until I am told now.

Q. Until you were told now. But that was the information that was supplied to you to allow the transaction to take place, is that correct?

A. Yes.

Q. I think the next matter dealt with in this memorandum is a payment of sterling œ25,000, isn't that correct?

A. Yes.

Q. I think you have informed the Tribunal that a further payment of sterling œ25,000 was made by you to Mr. Haughey

on the 25th October 1996, is that correct?

A. Yes.

Q. That the payment was made by bank transfer, is that correct?

A. Yes.

Q. The payer was Bottin International Investments Limited, Anglo Irish Bank, Isle of Man, 69 Athol Street, Douglas, Isle of Man, is that correct?

A. Yes.

Q. The payee was Royal Bank of Scotland, PO Box 64, St. Helier, Jersey, SWIFT MT 100 via AIB GESH, sort code 16-10-28, is that correct?

A. Yes.

Q. The payment was made by AIB Bank (Channel Islands) Limited, account number made to, I beg your pardon, was made to, I beg your pardon was made to AIB bank, Channel Islands, account number 11158833 reference AITC, account number 1205, is that correct?

A. Yes.

Q. I think the next matter you deal with in this memorandum was any dealings you had with Mr. J Desmond Traynor, isn't that correct?

A. Yes.

Q. And I think you have informed the Tribunal that the only two dealings with Mr. which you had with the late Mr. Traynor which may or may not relate to Mr. Charles J. Haughey were as follows: Firstly, the first instance took

place in or about November 1987 when you were approached by the late Mr. Traynor, is that correct?

A. Yes.

Q. You were asked if you would participate in a proposed five- or six-person syndicate which would advance funds to repay what the late Mr. Traynor described as, and I quote, "our friend's borrowings," is that correct?

A. Yes.

Q. I think you understood that this referred to Charles J. Haughey, "our friend"?

A. Yes.

Q. That this was the only occasion on which Mr. Traynor approached you to assist Mr. Charles J. Haughey financially and on that occasion you declined, is that correct?

A. Yes.

Q. I think the second dealing you have informed the Tribunal you had was sometime in or about the year 1988, Mr. Traynor approached you about moving private accounts from Guinness & Mahon to NCB, is that correct?

A. That is correct.

Q. I will come back to deal with some of these matters in more detail but I want to now proceed to the next memorandum and take you through that in the first instance, Mr. Desmond, if that's all right with you, and I will come back and deal with documents and ask if you can assist the Tribunal in relation to some matters arising therefrom.

I think you furnished a further supplemental memorandum of evidence and I will get you a copy of that, or perhaps you have that one?

A. Yes, I do.

Q. And I think that that supplemental memorandum of evidence is drafted in response to various queries which were raised by the Tribunal arising out of the previous memorandum of evidence, isn't that correct?

A. That's correct.

Q. And I think the memorandum in its form has both the query raised and your response to it, isn't that correct?

A. That's correct.

Q. And I think in this memorandum, the Tribunal inquired of you as to details of why the initial payments in April 1990, totalling €30,000, I think those are the first three €10,000 payments on the Ron Holland schedule we have just seen on the overhead projector, isn't that correct?

A. Yes.

Q. Were made by Dedeir Limited and why the subsequent payments amounting to €45,546 were made by Freezone Investments Limited, isn't that correct?

A. Yes.

Q. And I think you responded to that, that it was your decision to make this advance for the repair of Celtic Mist and the amounts advanced were your responsibility, is that correct?

A. Correct.



Q. You informed the Tribunal that arising from your business dealings with Mr. Colin Proberts, you had discretion over Freezone Investments Limited's bank account and you were a signatory on Freezone Investments Limited's bank account, is that correct?

A. That is correct.

Q. And you have informed the Tribunal that to the best of your recollection, there is no particular reason why the payments were made in the manner they were made, is that correct?

A. That's correct.

Q. I think the Tribunal then inquired as to the details as to why and for what purpose the payments made by Dedeir were transferred to the intercompany account with Freezone Investment Limited, isn't that correct?

A. Correct.

Q. And you responded to that by saying that it was to consolidate them in one set of accounts, is that correct?

A. Correct.

Q. I think the next query raised with you was whether the intercompany liability appears as an asset in the accounts of Freezone for each of the years ending December 1990 to December 1993 and whether such asset is identified in those accounts as an advance to Mr. Conor Haughey, isn't that correct?

A. Yes.

Q. And you responded to that query that you understand from

your recollection and from a letter from Mr. Paul Moore of the 16th April 1998, that this is shown as an advance and we'll come back to deal with Mr. Moore's letter in a moment, if that's all right?

A. Yes, that's correct.

Q. You were then asked the manner in which this asset was dealt with in the accounts of Freezone Investments Limited for the year ending December 1994 and you responded, you understand from your recollection and from Mr. Moore's letter of the 16th April 1994, that it is shown as an advance, is that correct?

A. That's correct.

Q. I think you were then asked details of why and in what circumstances the liability was taken over by Mr. Colin Probets, isn't that correct?

A. Yes.

Q. And I think you responded that the reason was the intended dissolution of Freezone Investments Limited, is that correct?

A. Correct.

Q. I think the next query was the manner in which the liability was treated in the accounts of Freezone Investment Limited for the year ending December 1995 and you responded by again referring the Tribunal to Mr. Moore's letter dated 16th April 1998, a copy of which was attached with the memorandum, isn't that correct?

A. That's correct.

Q. And, in fairness, it had also been furnished to the Tribunal at an earlier date, isn't that correct?

A. Yes.

Q. Now, I think the next query the Tribunal raised was the details of why and in what circumstances the liability of Mr. Colin Probets to Freezone Investments Limited was taken over by you, Mr. Desmond, isn't that correct?

A. That's correct.

Q. And I think your response to that was that the advance was always Mr. Desmond's responsibility and this transaction was done to regularise the fact of the situation, is that correct?

A. Yes.

Q. I think the next query raised was whether you discharged your liability to Freezone prior to the company's dissolution and if so, particulars of the payments made and the source of any such payments, isn't that correct?

A. Correct.

Q. And I think you responded that your liability was to Mr. Probets in respect of the consolidated Celtic Mist loan. That Mr. Probets assumed from Freezone Investments Limited, there currently exists a balance between Mr. Desmond, that's you, and Mr. Probets, is that

A. That is correct.

Q. I think the next query raised was you were asked for details of all your connections with Freezone Investments Limited and all circumstances in which payments amounting

to €45,546 were made by Freezone Investments Limited to Ron Holland Yacht Design at what appears to be your instigation, isn't that correct?

A. That's correct.

Q. And I think you responded to that that your connection with Freezone Investments Limited arises from your business dealings with Mr. Probets under which you had discretion over Freezone Investment Limited's bank account. In these circumstances, you were a signatory on the Freezone Investment Limited bank account, is that correct?

A. Correct.

Q. I think the next query raised by the Tribunal relates to the payment of €100,000 sterling in September of 1994, isn't that correct?

A. Correct.

Q. And you were asked for details of all requests made of you to provide the payment, isn't that correct?

A. Correct.

Q. And I think you responded that no request was made to you to provide the payment, isn't that correct?

A. That's correct.

Q. The second query that was raised was details of all matters and circumstances which prompted you to make the payment, isn't that correct?

A. Yes.

Q. And you responded, in 1994, Mr. Charles J. Haughey advised you that he was going to take up a non-executive

directorship of a German bank because he required the income and that you offered to help him out by providing funds, isn't that correct?

A. That is correct.

Q. I think the next query raised was details of all information provided to you as to the manner in which the payment was to be made and in particular, the person or persons by whom such information was provided, isn't that correct?

A. Yes.

Q. And I think you responded to that that you do not recall who gave you instructions in relation to the manner in which the payment was to be made, is that correct?

A. That is correct.

Q. I think the next query was that you were asked the details of all your dealings in relation to this payment with any of the following persons, namely Mr. Charles J. Haughey, Mr. J.J. Stakelum, Mr. Padraic Collery, the late Mr. John Furze, Mr. John Collins, Mr. Sam Field-Corbett or any other person whatsoever, isn't that correct?

A. That is correct.

Q. And you responded to that that you think that the only dealings you had in connection with this payment were with Mr. Padraic Collery, but you are unsure about it, you never met the late Mr. John Furze, Mr. John Collins or Mr. Sam Field-Corbett, is that correct?

A. That is correct.

Q. I think the next query which was raised with you was the identity of the account from which the payment was made by bank name and number and if you were not the registered holder of the account, details of your connection with the account and the circumstances in which you were entitled to give instructions for the withdrawal of funds from the account, isn't that correct?

A. That is correct.

Q. And you responded to that that the bank was Banque Scandinave en Suisse, now Banque Edouard Constant, the account holder is Anesia Etablissement and that you are the beneficial owner of Anesia Etablissement, is that correct?

A. That is correct.

Q. I think the next query that was raised with you of the provenance of the document dated 21st September 1994, entitled 'The Order to Payment Client' and the precise significance of each of the instructions on the document I'll come back to deal with that in a moment.

I just want to take you through your memorandum in the first instance, Mr. Desmond and you respond to that that the document was supplied by bank Edouard Constant to Mr. Andre de Pfyffer, the administrator of Anesia Etablissement, the detailed instructions on this document were not given either on Mr. Desmond's instruction or at his behest, isn't that correct?

A. That is correct.

Q. I think the next set of queries raised by the Tribunal

relate to the payment of sterling œ25,000 in October of 1996, is that correct?

A. That's correct.

Q. And you were asked the details of all requests made of you to provide the payment, details of all matters and circumstances which prompted you to make the payment, isn't that correct?

A. Yes.

Q. And you informed the Tribunal that sometime in or about October 1996, you were informed by Mr. Haughey of a shortage of funds on his part, is that correct?

A. That's correct.

Q. I think you were then asked for details of all information provided to you as to the manner in which the payment was to be made and in particular, the person or persons by whom such information was provided, is that correct?

A. That is correct.

Q. And I think you responded, Mr. Desmond did not recall precisely the circumstances surrounding the payment of œ25,000 sterling but that you may have had a telephone conversation with Mr. J.J. Stakelum, is that correct?

A. That is correct.

Q. You were then asked for details of all of your dealings in relation to this payment with any of the following persons:

Mr. Charles J. Haughey, Mr. J.J. Stakelum, Mr. Padraic Collery, the late Mr. John Furze, Mr. John Collins, Mr. Sam Field-Corbett or any other person whatsoever. And I think

you responded, you, insofar as you can recollect, dealt with Mr. J.J. Stakelum, you never met the late Mr. John Furze, Mr. John Collins or Mr. Sam Field-Corbett and had no dealings with any other person in relation to this payment, isn't that correct?

A. Correct.

Q. And I think the final query in this memorandum is detail of the account from which the payment was debited including the name and number of the account and details of your connection with Bottin International Investments Limited and the circumstances in which you appear to have been entitled to give instructions for the debiting of funds to an account of that company, isn't that correct?

A. Correct.

Q. You responded the account is Bottin International Investments Limited, you are the beneficial owner of this company, isn't that correct?

A. Correct.

Q. Just on this particular memorandum, Mr. Desmond, and perhaps nothing at all turns on it, at paragraph 3.4, that's dealing with the sterling payment of €25,000, you were asked the question of the details of your dealings with various people, namely Mr. Haughey, Mr. Stakelum, Mr. Collery, the late Mr. Furze, Mr. Collins, Mr. Sam Field-Corbett or any other person whatsoever and you responded that you, as far as you can recollect, you may have had a dealing with Mr. Stakelum, that you never met



Mr. Furze, Mr. Collins or Mr. Sam Field-Corbett nor had you any dealings with any other person whatsoever in relation to the making of that payment.

When you were asked the same question about the payment of £100,000 sterling at paragraph 2.4 of this memorandum, you responded that you think that you may have had dealings with Mr. Collery, but you are unaware if you ever met the late Mr. John Furze, Mr. Collins or Mr. Sam Field-Corbett and do you not say that you had no other dealings with anyone whatsoever in relation to that. Is that just an error in the drafting or

A. It's an error in the drafting.

Q. There is nothing significant in it?

A. No.

Q. Now if I just may then, Mr. Desmond, in the first instance return to the payment of £75,546 to Ron Holland Yacht Design.

Now this, as we have seen on the table we put up previously, there were three initial payments of £30,000 made in April of 1990, isn't that correct?

A. Correct.

Q. And I think you have informed the Tribunal that these three payments were made by Dedeir Limited, isn't that correct?

A. Correct.

Q. What is Dedeir Limited, Mr. Desmond?

A. It's one of my investment companies.

Q. One of your investment companies?

A. Yes.

Q. And it has a registered office in Dublin or it did have a registered

A. It did.

Q. have a registered office in Dublin?

A. Yes.

Q. And did it have a staff or was it operated along with a number of other companies by a staff?

A. It used services from the accountants in use and it also had an accountant itself that devoted a lot of its time to the affairs of the company.

Q. I think Mr. Conor Haughey, as you know in relation to this particular transaction, understood that he was dealing with you all of the time, isn't that correct?

A. That is correct.

Q. As an investment company of yours, generally what type of transactions were carried on by Dedeir?

A. It had investments in various companies, whether equity investments, it made loans to companies, it borrowed, it borrowed funds. It carried out some of my personal transactions. It was a multipurpose company.

Q. That's why I am trying to ascertain was it a company that you used for many purposes or was it just an investment company?

A. It was in the main the majority assets were investment assets, but it was a multipurpose company.

Q. Was it a trading company?

A. No.

Q. Did it again I don't want to get into this in too much detail, but it held assets of yours, is that correct?

A. Correct.

Q. That was its primary purpose, was it?

A. Yes.

Q. And it traded in those assets or it dealt in those assets for you, is that it, it acquired assets, it sold assets, is that correct?

A. When I founded the company, whether a technology company or NCB, I used Dedeir to hold shares in NCB, the shares that I held or if I founded a technology company, I used the name Dedeir to hold those shares. It also carried out a number of my personal accounting transactions. If I decided to make a loan to somebody, I often made it out of Dedeir. If I raised money from banks to fund some of the operations, I made it out of Dedeir, but it didn't have a profit and loss per se, that it was a trading company established to make profit on an annual basis.

Q. Right. And why was Dedeir used to make the payments to Ron Holland Yacht Design?

A. The best way to explain it in my own, I did not write out a cheque, a personal cheque I think for ten years or twelve years between 1980 certainly and 1983 or 1993. So, all the payments went through Dedeir, all loans were made or investments made by me in a personal capacity was used by I used generally Dedeir.

Q. Now, as far as the recipient of the benefit in respect of this, that is Mr. Conor Haughey or Larchfield or whoever, Celtic Mist, if I can describe it as that for the moment, had no knowledge whatsoever that they were dealing with Dedeir, isn't that correct?

A. Yes.

Q. As far as you know?

A. Yes.

Q. And what was the initial request to you from Conor Haughey about carrying out the repairs or the refurbishment of Celtic Mist by Ron Holland Yacht Design?

A. It was a general conversation where I was talking about sailing and boats and it was topical at the time, with the Sail Ireland on, and he indicated he needed some repairs on Celtic Mist. I informed him I would get Ron Holland or introduce him to Ron Holland and look for his service to facilitate the repairs. He said that he wasn't in a position to have the funds for those repairs and I said I would arrange a loan for that, for those.

Q. That you would arrange a loan?

A. Yes.

Q. And can I take it then that the clear understanding leave aside legal niceties or the use of language in the legal sense, arrange a loan to the layman means I will organise a loan for you from somebody, isn't that correct?

A. Correct.

Q. Not from yourself?

A. Correct.

Q. And was that your understanding when or was it as tight as

that, was it very loose thinking, that's what I want to

A. They were the words that I used during our conversation, to

save myself the difficulties and the time of going out and

organising a loan, you know, it wasn't in any clear terms

with Conor Haughey, I made the payments myself. Conor

asked me when the payments were due for the boat, how they

should be paid so I told him send the invoice, tell Ron

Holland to send the invoice to say me in Ferry House and

I

Q. That was to NCB?

A. Yes.

Q. There was no formality about this particular transaction?

A. None whatsoever.

Q. When Conor Haughey spoke to you, did he ask you to arrange

financing or did he ask you for financing?

A. No, he didn't say either. He said that he was he'd

like to get work done on the boat. I was praising Ron

Holland and the excellent job he did for us. I suggest he

go to Ron Holland which he said I can't afford to get that

work done. I said told him I'd arrange a loan.

Initially it was much smaller amount than €75,000 that was

the estimate for getting work done, but so that that was

the background, no details were discussed of how that loan

was going to be made, who was to make the loan, any terms,

none whatsoever.

Q. The terms of the loan, the repayment?

A. None whatsoever.

Q. Anything of that nature. And in any event in the month of April 1990, €30,000 was paid to Ron Holland by Dedeir?

A. Yes.

Q. Just on invoices which had been sent, the instruction having been to send the invoices to you, isn't that correct?

A. Yes.

Q. I appreciate that it may have been the arrangement and the relationship may have been reasonably loose at that time, but did the particular payments have any designation when they came from Dedeir within the books of Dedeir?

A. Yeah, it would have been, I presume it would have been a loan to advance to Celtic Mist or a loan to Conor Haughey, some designation of that sort. I don't know what it was to be honest with you.

Q. I think that you have furnished a document to the Tribunal which I will get you a hard copy if I can, but we'll just put it up, all other references have been obliterated for the purpose of showing at the Tribunal other than these three particular payments. (Document handed to witness.)

Just take some time to familiarise yourself. It's part of a larger document obviously with other references on it which we have blocked out. But they are, or it has been indicated to us that the three debits there or are they

debits of €10,000 amount amounting to €30,000 going to Ron Holland project, NCB Ron Holland, Ron Holland project. Do you see those. I think they have been indicated to us as representing the actual payments of €30,000.

A. Yeah.

Q. Can you tell us what is this document, Mr. Desmond?

A. I haven't got the other part of the document

Q. This was furnished by your own solicitors.

A. I think it's a computer printout, I assume of

Q. Perhaps maybe you will just see from your own papers (document handed to witness.) Can you assist the Tribunal as to what the document is?

A. I believe it to be some accounting documentation relating to Dedeir.

Q. Some accounting documentation?

A. Relating to Dedeir, yes.

Q. And this would perhaps, as you said yourself, it looks like what we have is a copy of some sort of computer printout?

A. Correct.

Q. Would that be in accordance with your view?

A. I think so, I think so.

Q. And the reason I am asking you about this is because this is the only information that we have at the moment, Mr. Desmond, but it's described there as Ron Holland project, NCB Ron Holland payment, Ron Holland project. I think we can come back to the NCB Ron Holland payment because there was a reconciliation carried out

subsequently, isn't that correct?

A. Yes.

Q. We can come to deal with that. But you see, on the face of it, on the documentation we have, there doesn't appear to be any designation of this payment as being an advance to Conor Haughey or a loan to Larchfield or to Conor Haughey or being a loan to anybody, do you understand the question I am asking?

A. Further down in the document I have, which is not on your screen, there is a transfer to Celtic Mist of €30,000, so these three payments were consolidated, transferred out into another ledger

Q. It's on this particular document?

A. On the document on the document on the previous document

Q. Three lines further down

A. On that document

Q. Sorry, yes, you are right. There is I will just read it out for the moment. There is a number of corrections and then T/F, transfer Celtic Mist, that is on it as well, yes. And that indicates that those particular payments to Ron Holland is transferred to Celtic Mist, that would be your understanding?

A. Under the designation Celtic Mist.

Q. That would be your understanding of that particular printout?

A. Yes.



Q. Again though, Mr. Desmond, what I am trying to ascertain from you is there anything in the documentation of Dedeir that you have seen, because we certainly haven't seen, which describes it as an advance to Celtic Mist or a loan to Celtic Mist? That's really what I am trying to get at. Do you understand me?

A. Okay. Well I haven't gone through the accounts of Dedeir back there. I don't know how much is available or not, but if I can try and explain this way is that if we have an asset in our books of, say, of Dedeir's books of €30,000, it's an asset there, it's a loan or an advance, because that's why it's an asset. It's recorded there, so it was recorded in the books as an advance or loan of €30,000 on the assets side of the books, and

Q. Do you know we have never seen that? That's why I am asking you about this particular described as an advance or a loan or appearing as an asset. We have received a letter from Mr. Moore, which I will come to in a moment, but on this particular document which we have been furnished with, it's not described as an advance or a loan, isn't that correct?

A. It would be described as an advance if it's transferred to another asset ledger, it's transferred it's recognised then as a loan advance.

Q. You may be right, Mr. Desmond. What I am trying to do is inquire of you what this means. So if I could just go through this slowly with you. On the page, the portion

which we have taken out to avoid references to other matters which appear on the page, which are all payments, isn't that correct?

A. Yes.

Q. You have here what appears to be related to the Celtic Mist project. You have Ron Holland project, and that's a payment, isn't that correct?

A. Yes.

Q. On this particular document.

A. Yes.

Q. NCB Ron Holland, it's a payment.

A. Yes.

Q. It's called a payment.

A. Yes.

Q. Under that is Ron Holland project and that appears as a payment also, is that correct, whilst it's not designated but that's what it appears as on this printout?

A. Yes.

Q. And then you have three lines under, T/F Celtic Mist.

A. Yes.

Q. What does that mean?

A. I think that means transferred to Celtic Mist's ledger or Celtic Mist's account.

Q. Is there such a thing as Celtic Mist ledger or account?

A. If you go by this, that would be the understanding, if I may suggest, because what I am doing is I am guessing. I have no difficulty in getting our auditors or getting the

accountants to go back over this and confirm exactly how it was designated in the books of Dedeir and how it was accounted for. I don't have that information on hand and

Q. Well, I don't think you will have any difficulty if the Tribunal requests that particular information?

A. Not at all.

Q. And sight of that particular transaction on any of the accounts, is that correct?

A. For these transactions, certainly.

Q. Now, if it was being whatever way it have carried in the accounts of Dedeir for the moment, whether it's just reflected as a payment out for it's reflected as an advance or loan, there was no interest in respect of it, isn't that correct?

A. That's correct.

Q. So can we take it so that there wasn't ever any intention to charge interest if it was a loan, isn't that correct?

A. It depends on the circumstances of the borrower, whether I was going to charge interest or not. If the borrower had sufficient funds, I would have charged interest.

Q. Sure first of all, I suppose, Dedeir, could I just establish this, did Dedeir have a money lending licence?

A. No.

Q. Was it a bank?

A. No. But I couldn't no, but I could have charged a fee in another manner without charging interest, I could have

apportioned a fee for the costing of funds arrangement.

Q. I suppose that is so, Mr. Desmond, but in the context of this particular transaction, if it was a loan, you were just dependent on the goodwill of the person on whose behalf the monies were advanced to pay it to you?

A. That's correct.

Q. You couldn't enforce it?

A. Pardon?

Q. You couldn't enforce it in respect of interest, isn't that right?

A. True.

Q. And you would never have enforced it in respect of capital anyway?

A. I agree.

Q. Now I suppose in any event, the poor unfortunate recipient of the loan would be in the difficulty because he wouldn't have known who to pay, seeing as it was being carried in the books of Dedeir in some form or another, isn't that correct?

A. No, no, he knew that I arranged the loan. I was the person who provided I was the person responsible for the loan, irrespective of what vehicles were used and I think he has acknowledged that.

Q. Sure he pays the person he got the loan from, not the person who arranged the loan.

A. I beg your pardon?

Q. He repaid the person he got the loan from, not the person

who arranged the loan, isn't that correct?

A. Well, he got the loan he got the loan from me - Conor Haughey. The monies from Celtic Mist were monies from me, irrespective of what company I may have used to provide those funds. I always had the liability for those loans, whether in Dedeir's books or on the books of Freezone.

Q. I will come to Freezone in a moment, but perhaps I will come back to that answer in a moment if I may.

A. Certainly

CHAIRMAN: Momentarily, Mr. Coughlan, Mr. Desmond, as regards your practice of making payments in the early 1990s, you have indicated that you had virtually abandoned writing personal cheques, does this mean that had you been, for example, responding to a charity Christmas appeal, you would probably have used a Dedeir cheque rather than a personal cheque signed by yourself personally?

A. My personal account between 1980 I would say between 1981 and 1993, I would not have written more than five cheques and any payments, charity payments or any donations otherwise would have been made in the main through Dedeir.

CHAIRMAN: I see, thank you.

MR. COUGHLAN: Now, the perhaps I will just deal with it very briefly here when you say that on the question of it being a loan and saying no matter where it came from,

the loan was made by you, is that by you as far as you were concerned?

A. Correct.

Q. It was a personal loan you were making to Mr. Conor Haughey, is that correct, as far as you were concerned?

A. Yeah, absolutely.

Q. And that you had total control one way or the other as to whether it would be repaid or not, is that correct?

A. Correct.

Q. And did you ever tell that to Conor Haughey when you told him that you would arrange the loan?

A. As I have explained it a little bit earlier on, there was no discussions about the terms of the loan.

Q. Can there be could I just get back to this so. At the time you were involved in the Sail Ireland project, isn't that correct?

A. Yes.

Q. And it would have been reported widely in the media that the boat NCB had been designed by Ron Holland, isn't that correct?

A. Yes.

Q. And apart from the investments or the promotion of it by NCB, Sail Ireland was also involved in other types of fundraising, isn't that correct, in respect of the project?

A. Yes.

Q. By public subscription in some circumstances, isn't that correct?

A. Yes.

Q. And around this time, Mr. Conor Haughey, we'll just use Mr. Conor Haughey for the moment, had this boat, had acquired this boat called, which was now called Celtic Mist, isn't that right?

A. Yes.

Q. And it needed refurbishment?

A. Yes.

Q. And he was talking to you generally?

A. Yes.

Q. And he obviously, you may have been talking about sailing but he obviously knew that you were involved in a project that involved Ron Holland, isn't that correct?

A. Correct.

Q. And what way did the conversation go? Did he say that he had this boat that needed work done on it?

A. No, it came up in conversation. Again I can't be specific, it's some time ago

Q. I appreciate that.

A. It was just a general, there was no it was something he was talking about work that needed to take place on the boat. And I talked to him about Ron Holland intervening for him to get work done by Ron Holland. And give him an introduction and then funding came up and I said I would arrange the finance or arrange, I don't know if I said loan or finance, the language that was used.

Q. The funding came up, I suppose nobody knew how much it was

going to cost at that stage because the boat hadn't been surveyed by Ron Holland, isn't that correct, as far as you know?

A. Yes.

Q. And we know subsequently, and Mr. Haughey will be giving evidence and you know yourself that in fact it cost more than anyone thought it might have cost initially, isn't that correct, for the refurbishment?

A. Yes.

Q. And did the conversation go in the general form that, well, when you spoke about Ron Holland, Mr. Haughey might have said something to the effect that "I wouldn't have the money to do that" or "The money isn't there to do that" or words to that effect?

A. He said he didn't have the financial resources to meet that expenditure or that

Q. And had anyone any idea, leaving aside what it ultimately did cost, had anyone any idea in general terms of what the expenditure might have been anticipated as being?

A. The initial expenditure was in the order of something, my understanding and my recollection, and again this is a vague recollection was in the order of €30,000, between 20 and €30,000.

Q. Right. And you can't remember whether you said to him you'd effect the introduction to Ron Holland and that you'd either arrange the finance or arrange a loan. You can't remember the exact wording you used, is that correct?



A. No, that's correct.

Q. And can we take it then that that's why you believed that you were probably just arranging the finance. I don't think you ever believed that you'd recover this money if you had to go looking for it, is that right?

A. Not necessarily the case, because I was in Feltrim, Mr. Haughey was involved in Feltrim, that I would have thought that if Mr. Haughey had been successful in his investment in Feltrim or his own shareholding, that he would have used his own personal resources it wasn't there was no terms agreed. This was my personal understanding when I was making that.

Q. Would it be fair to say, Mr. Desmond, that it wasn't a matter of huge concern to you whether you were going to recover this one way or the other?

A. It wasn't of concern at all.

Q. I think that's a fair way of perhaps putting it, isn't it, that whatever it came to be described as subsequently, you believed that you were just arranging the finance. You might get the money back, but you mightn't, isn't that right?

A. It was an advance, it was a loan. We recognised it as a loan in our books.

Q. I appreciate that

A. If it was something that I wasn't going to get back, I wouldn't have kept it on the books as a loan, or as an advance.

Q. Well, you have said yourself that you always considered yourself personally liable for it?

A. That's correct.

Q. Isn't that correct? So really it wasn't a matter of huge concern whether Conor Haughey or Larchfield ever paid it back, isn't that right? You said so, in fairness to you I think.

A. It wasn't of concern the risk factor wasn't of concern to me. It was recorded on the books of Mr. Dedeir or Freezone and that liability, the liability for payment, while it was Conor Haughey's liability to repay on the books of Freezone and Dedeir or that's what I believe it would ultimately be, if I felt that we weren't going to recover those funds at any time, we would not we would have written it off and not kept it on our books because it wouldn't be proper books.

Q. Well, isn't the reality of the situation that the money I know you go on to deal with a restructuring or a manner in which it was to be dealt with about three years ago with Mr. Conor Haughey, that it should be paid out of the proceeds of the sale of Celtic Mist.

A. Yes.

Q. Was that just an exercise I am not criticising I am asking you, was it just an exercise relating to matters which were kept on the books of a company rather than reflecting the reality of the situation?

A. No. Mr. Haughey Mr. Conor Haughey talked to me a

couple of times in the intervening period about this loan, about the advance and not being finalised and not being repaid and that was over a period of years. I indicated to him that it wasn't of major importance to me that we would discuss it sometime and eventually we discussed it and it was basically we agreed how it would be repaid, if and when, if Celtic Mist is sold, whether it's sold tomorrow or in ten years' time or twenty years' time. I want to make it perfectly clear

Q. If and when?

A. Yeah.

Q. And that is if there was any value when it was sold?

A. Correct.

Q. So in real terms, as far as you were concerned, it has it's there on the books but it's not something that you ever expect to get back, isn't that right?

A. In banking terms, it wouldn't be good security.

Q. I'll come back to those discussions in a moment if I can, Mr. Desmond.

The balance of the payments which were made to Ron Holland in respect of this yacht sorry, boat were made in May, August May and August of 1990 and February of 1991, isn't that correct?

A. Yes.

Q. And these particular payments were made from a company called Freezone Investments Limited, isn't that correct?

A. Correct.

Q. What is Freezone Investments Limited?

A. An investment company owned by Colin Probets and in the main, managed by me or the main was managed by me.

Q. It's an investment company?

A. Yes.

Q. It was owned by Mr. Probets, you say, and it was managed by you?

A. Well, in the main.

Q. In the main. Who else was it managed by?

A. Mr. Probets.

Q. And when you say managed by you, what did that involve?

A. Well, first of all I had discretion over the, I had full discretion with Mr. Probets over the management of the assets of Freezone and the investment of those assets and then we had certain fee arrangements in relation to those assets.

Q. Was it a trading company?

A. No, it was an investment company. Trading in what way, as a business of its own in the sense of some profit and loss statement.

Q. Yes.

A. In investment terms it would have its own profit and loss statement, but not as a trading business per se.

Q. Did it buy and sell assets for itself? Is that what it was involved in?

A. Well, it bought it had investments in various companies, equity assets in the main in various companies.

Q. That means shares?

A. Correct.

Q. And that's where your management skills would have come into play, is that correct, as a stockbroker, in the management of the equity investments made by this company, is that correct?

A. Yes.

Q. Can we take it that there was no investment made by Freezone Investments Limited in the boat Celtic Mist or Celtic Mist?

A. You can.

Q. And when you say you managed, in part, the assets of this particular company, that you had an element of discretion in the type of investment the company would make, is that correct?

A. Yes.

Q. And I think you have informed the Tribunal that to, was it, perhaps to enable that type of management of the assets of the company to take place, that you had signing rights on the company's bank account, is that correct?

A. Correct.

Q. Did you have unfettered discretion from Mr. Proberts in relation to the investments that could be made?

A. I did.

Q. How was that expressed?

A. How was it expressed? Well I could buy and sell securities. I could make loans, I could draw down funds

for my own use.

Q. Make loans to whom sorry, I beg your pardon, draw down funds for your own use, yes?

A. Yes.

Q. For your own use?

A. If I I could borrow from Freezone and use it in my own companies.

Q. That is perhaps a wider designation than managing the assets of the company, is it not, Mr. Desmond?

A. Well, managing assets is a very broad term because a loan to Freezone, to Dedeir or to any of my companies would be considered an asset in any event.

Q. Yes but and I am using this in its broadest possible sense in this inquiry you would have an obligation or a duty to manage the assets of Freezone Limited in a proper way, isn't that correct?

A. Yes.

Q. You'd have an obligation to whoever the owner of the company was, isn't that right?

A. I'd have obligation in terms of the arrangement with the owner under the terms that exist between Colin Probets and myself. This wasn't a stockbroking account. This wasn't an NCB account. This wasn't handled as a stockbroking account. This was an arrangement that was entered by Colin Probets himself and Dermot Desmond and his companies.

Q. But you managed it, is that correct? You managed you managed the assets, in the main you managed the assets.

You say Mr. Probets also did it, is that correct?

A. Yes.

Q. And what I am trying to get at is this, that apart from managing the assets, was there a further agreement entered into between you and Mr. Probets that you could use the assets of Freezone?

A. There was. It was all part of the arrangements between Mr. Probets and myself.

Q. And you didn't have to ask a Mr. Probets what use you could put the assets of the company to?

A. No.

Q. So you had total freedom of manoeuvre in relation to the assets of this company?

A. I did.

Q. You could use them all for your own purposes, is that correct?

A. Could you clarify the question, using for my own purposes, what

Q. Well you say that you had an unfettered discretion in how you used the assets of the company. Obviously you had to invest in respect of the assets of the company, is that correct?

A. I had to account for the assets of all the monies that was disposed of in Freezone to Mr. Probets as a shareholder in Freezone. And I had account for it and I had to account for the purpose of which the funds we used or where they were used.

Q. Well, I can understand that in the context of managing the investments or the accounts or the assets of the company, but I thought you told us that over and above that you had an agreement or an arrangement with Mr. Probets that you could use the assets of the company yourself?

A. Yeah. Maybe I will explain this.

Q. Yes please.

A. That I could use the assets that if, for example, if I had a facility to draw down loans from Freezone and use them in my own company, but I was liable to Freezone, I was the one that was, had to ensure that those monies were paid back to Freezone. So any transaction between Freezone and my companies or myself, we were ultimately liable for those. I was personally liable for those, for the repayment of those funds.

Q. Well in that regard, if that was the arrangement, Mr. Desmond, I think you informed the Tribunal in the second memorandum you furnished when, at paragraph 5 this is the first one we dealt with this morning, Mr. Desmond, it's under the table of payments to Ron Holland that you said that "The loans made available by Dedeir Limited", and you give its address then and now, and "The loans were made by Dedeir and Freezone Investments. The latter company", that's Freezone, "was wound up in January 1997, the loans by both Dedeir and Freezone were consolidated in the accounts of Freezone Investments Limited. The consolidated loan was taken over by Mr. Colin



Probets as director and sole shareholder in Freezone

Investments Limited and was subsequently taken over by Mr. Desmond in an arm's length transaction. No assignment documents were executed in respect of the taking over of the loan by Mr. Probets or by Mr. Desmond."

Why, if as you say, you would have been you had the discretion to use the assets of the company for your own purposes but you were personally liable to Mr. Probets in respect of it, why would Mr. Probets have to take over this liability, that is the €43,000-odd sorry, €75,000 now, because the Dedeir monies had been consolidated in the accounts of Freezone, why would Mr. Probets have to take that over in the first instance and then you take it over? Could you not have taken it over directly yourself?

A. No. If I take you through it.

Q. Please.

A. The situation is that when the company was liquidated, there is a consolidated balance of, say, a lot of Dedeir there was plus and minuses between Freezone and Dedeir. This is an asset, if there is if Dedeir or my companies have loans, like the Conor Haughey loan, which are my liability, are consolidated, that's an asset of the company. And Mr. Probets took that, took that as he was the sole shareholder, he took over that asset. Therefore, it's for me to repay Mr. Probets.

Q. That's still outstanding?

A. No. There was a balance taken over which is a number of items

Q. In respect of many things but included in it would be this?

A. Correct. And there is a balance that exists between us and it changes every year. Every year it changes depending what transactions we enter into together during the year and so Mr. Probets took over that asset because it's rightly an asset of his as sole shareholder, then it's my responsibility to settle as I was responsible for the liability of those assets.

Q. Now, no assignment documents were executed in respect of the taking over of the loan by Mr. Probets or by Mr. Desmond, is that correct? That's what you have informed us.

A. No, there is only balance like getting an account bank balance, yes.

Q. So it's not reflected in any other documentation other than just the balance, is that correct?

A. There was no need and there is no need.

Q. Maybe there was a good reason but could you assist the Tribunal as to why you didn't just take over that particular liability yourself without Mr. Probets entering into it at all on the dissolution of Freezone?

A. That what you are suggesting is that Dedeir would repay Freezone and therefore it wouldn't be necessary for Mr. Probets to collect that. We did it in a different manner for our own internal reason.

Q. I know you did it in a different manner, what I am trying to ascertain is why, why this what appears on the face of it to be a convoluted manner?

A. It's not convoluted to us, or wasn't when it was decided upon, it wasn't convoluted nor do I think it is convoluted now. It's the best accounting practice and it's best manner in dealing with the number of transactions we had to deal with between Mr. Probets and myself in handling it in this manner.

Q. Of course anybody looking at the affairs of Freezone up to the time of its dissolution and even observing if this particular debt or sum or however you might describe it appearing on the books of the company would be unaware of your particular involvement in it, wouldn't they, because of the way it was dealt with ultimately?

A. No, not necessarily. If you are talking about between Mr. Probets and myself there was a clear understanding between Mr. Probets and myself that what liabilities, what assets I was responsible for recovering and

Q. Well now no, I understand, I am not making any suggestion about yourself and Mr. Probets in the dealings, in dealing with your own affairs. But anyone looking at it from outside would be oblivious of your involvement in relation to this particular transaction?

A. Mr. Probets and I, we were not catering for people looking into our accounts from outside.

Q. I know that, Mr. Desmond. I know. I appreciate that.

But what I am saying is anybody looking from outside, any regulatory authority or anybody looking from outside wouldn't know about your acceptance of a liability in respect of this particular sum, isn't that correct?

A. I'd say that was correct, yes.

Q. And an accountant wouldn't even be able to pick it up from inside, would they?

A. It depends on the arrangements or the documentation and the arrangements, where you have got full documentation

Q. Between yourself and Mr. Probets?

A. Between Mr. Probets and myself.

Q. There was no documents?

A. There was an agreement between myself and Probets on the running of Freezone, what we were entitled to do and who would take responsibility.

Q. Was that ever in writing?

A. Yes. And I had also power of attorney from Mr. Probets.

Q. What type of power of attorney? A general power of attorney to do anything?

A. Power of attorney to carry out a lot of transactions for Mr. Probets, yes.

Q. To carry out?

A. At various times I had power of attorney to carry out transactions for Mr. Probets which was given in writing.

Q. But they would have been specific transactions, would they?

A. I had general power of attorney as well. I can't remember exactly the details.

Q. Well, the first three payments were made out of Dedeir and I think you very fairly said that you can't remember whether you said that you would arrange a loan or that you would arrange financing or words to that effect and they came out of your own investment company, isn't that correct, or your own company?

A. Correct, yes.

Q. Why did the balance and that reflected, that €30,000 reflected the type of money that was in everybody's mind at the beginning of the project, isn't that correct?

A. I think so, yes.

Q. Why did the balance come out of Freezone Investments Limited?

A. Again, I can't give you a reason because I don't recall why it was done at that particular time.

Q. But Dedeir was your main company. You had Dedeir was your main, was your main personal company?

A. But I put a lot of transactions through Freezone as well.

Q. Well yes, but what I want to ask you just a simple question about this, you had full discretion effectively in the management of Freezone, isn't that correct?

A. Yes.

Q. Full discretion in relation to its assets, signing on its bank account and matters of that nature?

A. Yes.

Q. You were entitled to, yourself, obtain loans from Freezone, isn't that correct?

A. Correct.

Q. Why, if this payment had to be made on behalf of Celtic Mist, didn't you obtain the loan from Freezone, even pay it to Dedeir, and pay Ron Holland in that way? Why was it paid out of Freezone?

A. Again, I can't go back and determine why something was accounted for, you know, nine years ago. It was I am sure there was good reasons for it. Exactly what those reasons are, I can't recall.

Q. And the payments were made directly from Freezone Investments Limited, isn't that correct, by way of transfer to Ron Holland's account at the Bank of Ireland in Carrigaline, County Cork, isn't that right?

A. That's what I understand, yes.

Q. From an account in the Trustee Savings Bank in Dublin, isn't that right?

A. Yes.

Q. That's where Freezone Investment Limited kept its bank account, is that correct?

A. Yes.

Q. Is that its only bank account, so far as you know?

A. No.

Q. Now before we break, I'd just like your assistance, if you could, in telling us what this particular document, which again, in fairness, you furnished to the Tribunal, but just for the purpose of assisting the Tribunal as to what it means exactly I will get you a hard copy of that,

Mr. Desmond, if you haven't got one. (Document handed to witness.) Can you assist us as to what that particular document is? It seems to be some sort of fax to Roger

A. It looks like something that came from the bank maybe. I don't know no, sorry, it's not

Q. To Roger Conan, is it, do you know who that is?

A. Roger Conan is an accountant I would have had for the Dedeir account.

Q. And it's from Stephen Cotter, it could be from a bank, it could be. It seems to refer to the company Dedeir?

A. It seems an internal document because I know it's Freezone current account, it's Sail Ireland here.

Q. And you can see that there is, where the box is around the €30,000 Freezone current account, see €30,000 and then to the right of that is T/F transfer Celtic Mist payment.

A. I am assuming that this is an internal document where there was €30,000 transferred out of the Dedeir's books into Celtic Mist and that was transferred, there was a transfer from Freezone then to pay for those €30,000 that had been expended by Dedeir. But again I can get this clarified.

Q. Yes, yes. And perhaps I don't want to hold it, but on the face of it, just on the face of it, would look like Freezone were reimbursing Dedeir, on the face of it?

A. Yes.

Q. And that's in April of 1990, am I correct? The date is on the left-hand side. Which is the time that the Dedeir, around the time that the Dedeir payments were going to Ron

Holland, isn't that correct. Just let me check that

A. Yes.

Q. Well, do you remember I know we can come back to it again, but do you remember Freezone or did Freezone reimburse Dedeir for the first €30,000 payment which was made to Ron Holland in April of 1990 by Dedeir?

A. That I would have to check.

Q. Fine. Was Freezone used as frequently as Dedeir for your own personal transactions or was it used infrequently by you?

A. It wasn't used as much as Dedeir. For personal transactions wouldn't be the right way I didn't make any donations or charitable donations as far as my understanding, out of Freezone.

Q. "I use personal transactions," I mean in terms of your own personal affairs, business affairs?

A. It wouldn't be used as much, but it was used quite a lot. It was a relatively active company.

Q. I wonder, Sir, would this be an appropriate time to

CHAIRMAN: Yes, we have reached in view of time loss, we will resume at ten past two.

THE TRIBUNAL THEN ADJOURNED FOR LUNCH..

THE TRIBUNAL RESUMED AS FOLLOWS AT 2:10PM:

CONTINUATION OF EXAMINATION OF DERMOT DESMOND BY MR.

COUGHLAN:



CHAIRMAN: Good afternoon.

Q. MR. COUGHLAN: Mr. Desmond, I think before lunch and I just want to go through the actual payments to Ron Holland Design, I think we, before lunch, we saw on the screen a statement from Trustee Savings Bank, the account was Freezone Investments Limited and it was transferred to the Bank of Ireland, Carrigaline, County Cork, to Ron Holland Yacht Design, €38,353, is that correct?

A. Yes.

Q. Now, on whose instructions would that transfer have occurred?

A. Mine.

Q. Right. You then furnished the Tribunal, I think, with a letter dated the 30th July 1990 on the notepaper of Freezone Investments Limited and addressed to Mr. Murray at the Trustee Savings Bank and I remember asking him to supply a draft for €4,606.38 payable to Ron Holland Yacht Design, is that correct?

A. Yes.

Q. And that's signed by you?

A. Yes.

Q. And that's in respect of a payment for Celtic Mist, is that right?

A. Yes.

Q. Now, do you remember writing that letter?

A. No.

Q. Now, it looks as though the rest of the letter, some of it is blocked out, do you know if it's anything to do with this particular payment?

A. No.

Q. You don't know or

A. I

Q. Or it doesn't?

A. I didn't we didn't block it out as far as I am aware.

Q. Well that's what the Tribunal received, Mr. Desmond. You may not be aware of that specifically but that is what the Tribunal received. Do you know if the letter itself refers to other matters or does it make any other comment?

A. I know as much I see there.

Q. Perhaps it's something we can take up again.

A. Certainly.

Q. Because we then and again you furnished the statement of Freezone Investments Limited of Trustee Savings Bank showing that particular debit and that's on the 31st July 1990, draft, œ4,606.38, is that correct?

A. Yes.

Q. And I think you then furnished to the Tribunal another letter from Freezone Investments Limited addressed to a Mr. Brady of the Trustee Savings Banks dated February of 1991 and that is the final payment and it's asking him to provide a draft, two drafts in fact, please provide a draft for œ2,058.28 payable to Ron Holland Yacht Design and a draft for œ2,100, Yours sincerely Dermot Desmond" but the

draft for €2,058.28 is shown plus the other draft are shown in a bank statement of Freezone Investments Limited, Trustee Savings Bank. I think that's correct, isn't it?

A. Yes.

Q. And that draft was in respect of the Celtic Mist work?

A. Yes.

Q. The first 2587 draft?

A. Yes.

Q. You then furnished to the Tribunal in the first instance, two cheques made payable to Ron Holland Yacht Design in the sum of €10,000 drawn on the account of Dedeir Limited at Lombard and Ulster Bank in Mount Street, is that correct?

A. Yes.

Q. The first one was dated 3rd April 1990 and the second one dated 24th April 1990.

A. Yes.

Q. And I think in response to a query raised by the Tribunal about the third payment of €10,000, your solicitors wrote to the Tribunal in the following terms; "We refer to your request for a copy of the third cheque in respect of the payment of €30,000 to Ron Holland. Our client instructs us that this payment of €10,000 to Ron Holland for the repair of Celtic Mist was made by NCB on behalf of Dedeir. Dedeir repaid this loan together with other payments which had been made by NCB on its behalf and which are unconnected to this matter totalling €129,224 by cheque dated 6th April 1990 a copy of which is enclosed" and you enclose a copy

of a cheque for £129,224 and it's your belief or your evidence that included in that is the third £10,000 payment to Ron Holland, is that correct?

A. That's correct.

Q. And did NCB make it at the request of Dedeir through you?

A. I assume so.

Q. Yes. Now, the document we were looking at before lunch, which was the fax to Rodger Conan which appears to contain an extract or a reference to Freezone current account for the 1st April 1990 and appears to show £30,000, I don't know whether it's a debit, a credit or a liability or whatever it is, but it's indicated that it's to be transferred to Celtic Mist payments and it seems to be, on the face of it, indicating that the Freezone are paying to Dedeir the £30,000 which was made on behalf of Celtic Mist, is that correct, on the face of it?

A. Yes.

Q. So as of that stage, it would appear that all of the payments were being carried by Freezone?

A. Yes.

Q. Would you agree?

A. Yes.

Q. Now I think as a result of inquiries being made of you, again you obtained information from a Mr. Paul Moore in the Isle of Man by letter dated 16th April 1998, is that correct?

A. Yes.

Q. And do you have a hard copy of that, Mr. Desmond, there?

If, I can give you one.

A. No.

Q. (Document handed to witness.) And it's on the notepaper of Triskilion Company Limited in the Isle of Man, addressed to you, I think this arises from you making inquiries

because of inquiries we had made with you, is that correct,

"Dear Mr. Desmond, RGC Limited, previously Freezone

Investments Limited. I was a director of the above company

which was formally dissolved in December 1996. I confirm

that the above company made the following advances:

25th May 1991, Ron Holland Yacht Design, €38,353.

30th July 1990, Ron Holland Yacht Design, €4,606.

14th February 1991, Ron Holland Yacht Design €2,587.

These amounts were consolidated with advances made by

Dedeir of €30,000 Irish which amount was dealt with in the

intercompany account between the companies. I confirm that

the accounts of the above company for the years to the 31st

December 1990 included as an asset the consolidated amount

of 72,959 being an advance to Mr. Conor Haughey.

I also confirm that the accounts of the above company for

the years 31st December 1991, 1st December 1992 and the

31st December 1993 included as an asset 75,546 Irish being

advanced to Mr. Conor Haughey. This amount was transferred

to the company's account with its proprietor, Mr. Colin

Probets, in the company's next account, that is to the 31st

December 1995. Yours sincerely, Paul Moore, director."

I think you obtained that information, is that correct?

A. Yes.

Q. As of yet, Mr. Desmond, can I take it that you have no actual information or sighting of the accounts for the various years, is that correct?

A. Correct.

Q. And I think it's correct to say you have no difficulty in attempting to obtain those for the assistance of the Tribunal?

A. None at all.

Q. As of April of 1990 when the first three payments were made in œ10,000 each by Dedeir, can I take it that there was no shortage of funds or no shortage of access to funds by Dedeir for the purpose of making the payments in the first instance?

A. That, I don't know. I don't have the accounts books of Dedeir at that time. You know, I don't have them in front of me.

Q. I appreciate that but to the best of your knowledge?

A. Again, I don't know because Dedeir had invested a substantial amount of funds in various assets and had substantial borrowings.

Q. I can understand that but we can see, for example, that one of the payments appears to have been made on behalf of Dedeir by NCB, for example?

A. Ah huh.

Q. So what I am really asking

A. I don't know how that arose, that arose maybe because of Sail Ireland and because NCB was the main sponsor for Sail Ireland and Sail Ireland, as you know, was the company to set up the Whitbread Around the World Challenge and maybe the payment came into NCB, the €10,000, and it was made accidentally because of Sail Ireland. I don't know.

Q. That's perfectly understandable but there was a reconciliation done anyway between Dedeir and NCB and the €129,000 reconciliation occurred and included I don't think there's any particular suggestion or need to inquire further into that. What I am asking you is that whilst Dedeir itself mightn't have had sufficient funds or been flush with funds in its current account to make the other two payments of €10,000, that it would have been in a position perhaps to obtain that money in the normal course of the business of Dedeir?

A. Well I can't make that statement come to that unless I had the accounts of Dedeir, bank accounts

Q. Fair enough. Well could I ask you this, could Dedeir have obtained funds, for example, from NCB or some other source and recouped them at a later stage? Would it have been in a position to raise funds, is what I am asking you, even if it didn't have sufficient in the account at the time?

A. It's quite likely that Dedeir had the capability of raising funds.

Q. Yes. Because if the document which is the fax to Rodger

Conan does mean what it appears to mean on the face of it, that Freezone were paying this money to Dedeir on the 1st April 1990, it would appear that the money was being paid into the, or being paid to Dedeir prior to the drawings on the Dedeir account, on the face of it, wouldn't it appear like that?

A. On the dates there?

Q. Yes.

A. Well if that date I'd say it's quite unlikely that the date on that statement is correct, that nominal ledger statement, it appears as the 1st April and I would say that really should be the 30th April on that nominal ledger statement.

Q. You think it should cover the whole month?

A. Because there were a number of payments in April there.

It's very hard, when the payments are the statement dated the 1st April. I saw that earlier on and I said it had to be investigated.

Q. It may be covering the whole of April for all you know at the moment but, in any event, it does appear that a movement took place appears to have taken place in April anyway, in the month of April?

A. Yes.

Q. 1990. And why, or do you know, why the movement should be taking place from Freezone to Dedeir in that month?

A. If, as we have said earlier on, that the asset, Dedeir's asset of the €30,000 advanced to Conor Haughey, if that's



now being consolidated, Freezone are making the payment to Dedeir in recognition of that account requisition of that consolidation.

Q. Yes, I can I understand, I can understand the mechanics of it all right, Mr. Desmond, that it's going to be taken into the accounts of Freezone, going to be consolidated in the accounts of Freezone but what I am asking is you had agreed with Mr. Haughey or you had arrived at some loose arrangement that you would either raise the monies by way of loan or that you would raise finances for the particular work. Did Freezone come into your thinking at that stage as being a potential source of the monies?

A. No, it's unlikely is probably the best answer.

Q. Yes. And Dedeir, would always have been in your mind as the potential source or source of funds, isn't that correct, in the first instance?

A. I didn't have any I didn't pigeon-box the source of that when I said I'd look after the funding of the expenditure for the boat. I didn't say that's a Dedeir box or a Freezone box or NCB box or anything else. I said I'd make it available and when the payments came in, I said just the first payments, it was quite likely I debited them to the Dedeir account and for some other payments, whatever reason of time, they were debited to the Freezone account and rather than having two loans on two different companies in relation to Celtic Mist, we consolidated them. It was my liability right from the start. It finished my liability,

it was always my liability right the way through for the full amount here.

Q. Yes. But you had full discretion in relation to the movement over the funds and assets of Freezone?

A. Yes.

Q. And why was Freezone effectively carrying the loan or carrying the debt?

A. There was a decision taken at that point in time, probably for good reasons, that the company that should hold that asset.

Q. But that's precisely what I am trying to get at because as you say, Freezone was Mr. Probet's company as far as you were concerned, is that right?

A. Yes.

Q. And whilst you would have full discretion, you said you had whatever agreement with Mr. Probets, you had full discretion over the assets and accounts of Freezone, you had various powers of attorney and you had a general power of attorney at some time in relation to Mr. Probets but this company Freezone now was carrying this particular debt, isn't that right?

A. Yes.

Q. And this company, unlike you personally, unlike you personally, would have had no way of enforcing the debt with interest, isn't that right?

A. Yes.

Q. So as of that time, on the books of that company, a benefit

was being bestowed upon Mr. Haughey in relation to Mr. Mr. Conor Haughey, and/or Larchfield in respect of Celtic Mist, is that right?

A. I wouldn't agree with that.

Q. What do you disagree with?

A. I disagree with that, while the loan was in the books of Freezone, it was my liability, it was recognised in our books as my liability because it was in the Freezone books it was an asset and in Dedeir books it was a liability so the corresponding liability for Freezone was a liability in Dedeir's books. And in our transactions between Freezone and Dedeir, there was an interest calculation irrespective of whether Mr. Haughey paid it or not.

Q. I am just asking you this question again for the purpose of assisting the Tribunal into inquiring fully into this, Mr. Desmond, what good accounting reason could exist for that type of arrangement between Dedeir and Freezone?

A. But it's, if we just put Freezone, make it as a bank.

Q. Right.

A. And the borrower is Dedeir.

Q. Yes.

A. On the bank's books is an asset of a loan to Dedeir of €75,000. It calculates interest. On Dedeir's books there was a loan of €75,000, sorry, on Dedeir's, there's a liability of €75,000 and it calculates interest.

Q. Yes.

A. That's exactly how the calculation was done between

Freezone and Dedeir. Now, as far as Dedeir is concerned,  
as far as Dedeir is concerned, is that Dedeir then has, I  
have a liability with Dedeir for that amount, for €75,000.

Q. You personally?

A. Personally, for interest.

Q. Yes. I am with you.

A. For interest. If I only collect €75,000 from Conor Haughey  
or if he ever sells the yacht, if he doesn't repay, the  
money doesn't come into it, but if he only gives me €75,000  
for it, I am only getting back €75,000 but I have accounted  
for full repayment and I have accounted for interest also.

Q. Well

A. I could set it out on the journals quite easily which I  
will do when I

Q. Well, do you know or are you just giving as an example that  
this is the way it might have worked or do you know if  
there was, carried in the accounts of Freezone, an  
accumulation of interest owing from Dedeir and calculated  
into the books of Dedeir an accumulation of interest owing  
to Freezone?

A. I know that is correct.

Q. That is actually in the accounts of Dedeir and Freezone?

A. Of Freezone, yes.

Q. It is actually in the accounts?

A. Yes.

Q. You have seen them?

A. I haven't seen Freezone accounts but if Freezone and Dedeir

reconcile its balance and were calculating interest to Dedeir and therefore Freezone could only reconcile if it calculates interest also.

Q. What agreement was there in relation to interest between the two companies?

A. I don't know what the rate was, it was maybe interbank, maybe a percent on interbank or something.

Q. Was that a specific agreement entered into in respect of this particular asset and liability?

A. It included the balance that exists, the net balance that existed between Freezone and Dedeir and I notice in the previous statement of the Trustee Savings Bank, when there was a payment of I think £35,000, there was a reference there, I know it's my handwriting, where I put the notation Dedeir, a Dedeir liability. I think RH is underneath it.

Q. It's the first one, is it?

A. The slide that came up previously.

Q. The transfer Ron Holland?

A. I think it's that one there. (Document handed to witness.)

Q. It's not that one. I think it's on the next one, it's the 31st July 1990, the draft

A. This draft here. (Pointing to monitor) I just notice the reason why I would have put that notation is I was saying the Dedeir account, that's for the account of Dedeir. So the corresponding entry there is Dedeir.

Q. You may be correct but all we can see and all we have been furnished with at the moment is this particular entry on the statement, Mr. Desmond, do you understand me? There are obviously other transactions recorded on that particular bank statement or there may have been I presume?

A. I am I am assuming that those transactions, they all account for Dedeir.

Q. I see. All transactions account for Dedeir. Now if that be so and again it's something you may come back to when you look at the full statement, nobody is holding you to that statement at the moment but the transfer on the 23rd May to the Bank of Ireland, Carrigaline does indicate, is that your writing, RH, that looks like Ron Holland. You see over the €38,000?

A. It's my writing, yes.

Q. It may not have any significance but there is no notation on that particular statement by you that it's for the account of Dedeir or anything like that?

A. No.

Q. And the other statement which you furnished to the Tribunal on the draft for €2,587 on the 15th February 1991 again is obviously referenced RH. That's Ron Holland, I think, clearly?

A. Yes.

Q. Again there's no other notation, it may be there but there's no other notation that's referable to Dedeir, is that correct?

A. Yes.

Q. So if that is so, in respect of those, are they straight Freezone payments to Ron Holland and not referable to you at all?

A. No, every payment I made was made by Freezone was the contra-entry, including the œ30,000 in all these payments was a liability in Dedeir. So there was an asset of which were all these payments which were amounted to œ75,000 on the books of Freezone made by Freezone in one two, three, on four payments, one of œ30,000 which was repayment to Dedeir and these three other direct payments, which are by draft form, they were in books of Freezone as an asset carrying interest and a cross liability with Dedeir carrying interest. I am sure the auditors and accountants can demonstrate this.

Q. Yes. But as of some stage from April '90 to February '91, it looks as if the whole liability appeared to be carried by Freezone. In fact it appeared as an asset in Freezone, is that correct?

A. It's an asset in Freezone and a corresponding liability in Dedeir during that whole period.

Q. But Mr. Probets, whom you say is the owner of Freezone, is that correct?

A. Yes.

Q. The owner of Freezone?

A. Yes.

Q. And he is the only owner as far as you know?

A. Yes.

Q. In its widest connotation?

A. Yes.

Q. Was giving, on the face of it, a loan to Conor Haughey, is that correct?

A. No, a loan was made through Dedeir.

Q. I know it was made through I know that, Mr. Desmond, but the ultimate person making the loan at that period, the ultimate person whose money was used to make that loan was Mr. Probets in Freezone, is that correct, the ultimate person?

A. The funds came out of Freezone, correct. Just in the same way they would have come out of the bank but the bank wouldn't be the it would be the account holder that would have the asset.

Q. And who was the let's take that analogy so. If it came out, if it comes out of a bank, comes out of a specific account holder, the account holder is the lender, is that correct?

A. If it comes out of an account holder, the account holder, it may be the bank if a bank lends money to say we will call it Company X.

Q. Yes.

A. It's the bank's funds that are used but it's Company X that has the liability to the bank and this way, the same way Freezone makes the funds available but Dedeir has a liability to Freezone.



Q. Just to be clear and simple about this now, Mr. Desmond.

In 1991, a loan in respect of Celtic Mist was being carried on the books of Freezone, isn't that correct?

A. A loan in the

Q. In respect of Celtic Mist was being carried on the books of Freezone, is that correct?

A. Correct.

Q. Leaving aside the various routes either from Celtic Mist to Freezone or Freezone to Celtic Mist, that was the these were the ultimate players, is that correct, it was Freezone's money and Celtic Mist had the benefit of it, isn't that correct?

A. In simplicity terms, yes.

Q. Yes. And Mr. according to you, that's your evidence, Mr. Colin Probets was the sole owner, in its widest sense, of Freezone, in its widest possible sense, not any strict legal definition but in its widest possible sense was the sole owner of Freezone?

A. He was the sole shareholder.

Q. That's not what I asked you, Mr. Desmond. I asked you in the widest possible sense, not the if he is the sole shareholder, that is correct but in relation to anyone who had an interest in the company's success or failure or even further and wider than that, had any connection with the company, was Mr. Probets the owner of the company in that sense?

A. You'd have to define that for me and I'd have to give you

the answer differently. The widest sense, it's too broad for me to give you an answer.

Q. All right. Well I tell you the best way to approach the subject, Mr. Desmond. You tell us about it.

A. About

Q. About Freezone and Mr. Probets, you tell us about. Apart now from shareholding, you tell us everything you know.

A. In relation to this

Q. No, about Freezone.

A. No, no.

Q. What I am asking, you tell us everything you know about the structure and relationship, relationships of or with Freezone and Mr. Probets.

A. In concise terms, Mr. Probets is and was the only shareholder ever in Freezone. Mr. Probets was the person that put in the capital, loan capital or otherwise in Freezone. Mr. Probets had arrangements with me or I had arrangements with Mr. Probets whereby we invested and I was remunerated for that investment.

Q. When you say "we invested," you mean you and Mr. Probets?

A. Well I yes.

Q. Or anyone else?

A. No, Mr. Probets and myself, there was no other partnership or arrangements with any other parties in Freezone to the best of my knowledge.

Q. To the best of your knowledge?

A. You are going back through eight, nine years.

Q. I know, Mr. Desmond, but this particular company had a significance in your life that you must have a full knowledge of its relationships?

A. It had no, I have to make this statement now, to the best of my knowledge it did not have any arrangements or partnerships, whether

Q. Directly or indirectly?

A. Or loosely or otherwise.

Q. With anyone else?

A. Yes.

Q. So it was you and Mr. Probets?

A. Correct.

Q. And how did this come about, could you tell me, this arrangement between yourself and Mr. Probets?

A. Through we were both in the financial business.

Q. Yes.

A. His company was an investor in NCB when it started, or his company whom he was a director and major shareholder and we developed a strong business relationship and respect for each other.

Q. And at the time that the loan was, as you have informed us, consolidated in the accounts of Freezone Investments Limited, can we take it that Mr. Probets must have known about it at that time?

A. When?

Q. When it was consolidated in the accounts.

A. Sure.

Q. He would have had to know that?

A. Sure.

Q. And at the time the transfers went from Freezone to Dedeir in the month, if it was in the month of April of 1990, would Mr. Probets have known about it at that time or would it have been you acting on your unfettered discretion?

A. He would have known when he looked at the accounts, he wouldn't have been advised on the date.

Q. Not on the specific date but he would receive the statements?

A. In the normal course of the way that we reconciled the transactions.

Q. And he would have seen or would he have known that the transfers had taken place in respect of Celtic Mist, is that right?

A. I don't know, I don't know whether he seen it or not but it would have been that asset would have been notated between Dedeir and Freezone.

Q. And over the period from 1990 until the dissolution of Freezone, which is in December of 1996, Mr. Probets would have been aware that it was being carried on the books of Freezone, is that correct, or he should have been?

A. Well, once you get over reconciliation in a year of an amount in the year, you just carry balance thereafter, you don't, for myself anyway, speaking personally, I do not remember what makes up a particular balance.

Q. Right.

A. In any account.

Q. Okay. Where did this reconciliation take place? In other words what vehicle was used for this reconciliation between Dedeir and Freezone?

A. The accounts between Freezone and Dedeir, what we had on our books and Freezone had on their books.

Q. Did it ever involve a payment by one company to another?

A. It was always netted out it was the running balance.

Q. It was?

A. It was a running balance.

Q. Running balance. Would accountants do the reconciliations or would questions be asked of you and/or Mr. Probets?

A. Accountants would do the books of Dedeir and they would take the various and they would then agree with, correspond with Freezone in the course of the audit.

Q. To the best of your knowledge, who would have been doing it in the Freezone, to the best of your knowledge?

A. Well the accounting services in the Isle of Man, the accountants in the Isle of Man.

Q. I take it that when you are managing and had unfettered discretion over the assets and accounts of Freezone, you would have been furnishing information to the accountants?

A. Correct, in the Isle of Man, correct.

Q. And is there any document in existence internally now in the affairs of either Dedeir or Freezone whereby the accountants carrying out the reconciliation would be able to designate this as being an advance or a loan to Celtic

Mist?

A. Well as I said this morning, hopefully there are documents that are still available and that we will give you full reconciliation of them.

Q. What type of documents do you think there might be?

A. I don't you know, the normal, like, information that exists between companies.

Q. I can understand that looking at the

A. I can't answer that question because I didn't do it myself.

Q. All right. Could we eliminate a certain type of document which couldn't be there from the information you furnished to us already. Reconciliations could obviously take place in respect of the balances on each company looking at bank statements and matters of that nature, isn't that correct?

A. Yes.

Q. Turning to this particular transaction or series of transactions, there were no documents executed by either you or Colin Probets, is that correct?

A. Yes.

Q. There were no documents executed between you and Dedeir?

A. Correct.

Q. There were no documents executed between you and Freezone?

A. Correct.

Q. There were no documents

A. In relation to this transaction.

Q. In relation to this transaction, yes. There were no documents executed between Dedeir and Freezone in relation

to this transaction, is that right?

A. Except for accounting documentation.

Q. This is the we come to the actual consolidation in the accounts but there are no primary documents which show that this was a loan or an advance, isn't that right?

A. I think the documentation both of Freezone and Dedeir in their accounts will indicate that it's classified as an advance or loan between the companies.

Q. I understand that may be so, that it would be so described or designated but at the time that Freezone was dissolved and this particular transaction becoming Mr. Probets', isn't that correct?

A. It became Mr. Probets' as I explained to you this morning, Mr. Probets took over the assets of Freezone and one of those assets of Freezone he took over was Celtic which the corresponding liability was with Dedeir and correspondingly was with me.

Q. Yes.

A. So I took Dedeir out of the loop, Mr. Probets took Freezone out of the loop and the asset liability existed between ourselves.

Q. I understand that but all I want to establish, there were no documents executed in relation to that either, is that correct? I think that's what you informed us in your memorandum.

A. Yes. There was no assignment or anything.

Q. So on the information furnished by Mr. Paul Moore, who was

a director of RGC Limited, previously Freezone Investments Limited, was it reincarnated as RGC Limited?

A. I don't know what it was reincarnated as. I don't know what

Q. All right. In any event, if we just look at the letter, there can be little doubt he was the director of the company that was formally dissolved in December of 1996.

Now, there is no doubt that but that he can confirm that the company made the following advances, and that would be available from the bank statements of the company, isn't that correct? And that these were consolidated with advances made by Dedeir of €30,000 which amount was dealt with in the intercompany account between the companies.

Now, if there was no documentation in existence, how could he have got that information other than somebody would tell him, which would not be unreasonable I suppose?

A. Mr. Moore, is it?

Q. Mr. Moore. Mr. Moore.

A. I don't understand what you are, what you are suggesting.

Q. Okay. I am not suggesting anything, I am looking for information, that's the purpose of the inquiry.

MR. SHIPSEY: Sir, I have a query in relation to the last question by Mr. Coughlan suggesting that there were no documents. As I understand it, in relation to the documents which have been furnished, two of the pages are from the nominal ledger of Dedeir Limited, the third is described on the page itself, the page with the fax to Mr.



Conan on the top of it as general journal and that is a document of Dedeir. It's the records of Dedeir, so that is certainly a document which would be available to show the particular transaction.

CHAIRMAN: Well, I will bear that in mind, Mr. Shipsey. I think there can be some slight bearing in the context of the various classes of documents and of course you will have an opportunity to clarify the matter by way of examination in due course.

MR. COUGHLAN: I will thank My Friend for bringing the matter to my attention and those particular documents he has referred to do exist, is that correct?

A. Yes, we furnished them to you,.

Q. Absolutely. But none of the documents describe it as a loan, is that correct? It's the concept of a loan I am trying to ascertain, Mr. Desmond.

A. This is where I think if we put, it we took the primary information from the books of Dedeir and hopefully from the books of Freezone and I think we will be able to construct it in an accurate and precise way as to the evidence to what the transactions are and it is a loan and interest accumulates on the loan from Freezone and Dedeir so the, ultimately Dedeir carried the liability on my behalf and ultimately I would pay it on behalf of Dedeir.

Q. Did you?

A. Pardon?

Q. Sorry, what was the last one, that you will repay?

A. No, that I

Q. That you repaid I think you said?

A. I can say it's repaid because if there was balance... Colin Probets and hundreds of thousand pounds go through it, who is to say the first €100,000 didn't go for that loan? It's just one amount that we deal with.

Q. Well if you can say that it has been repaid and that is repaid by you, is that correct?

A. All I am saying that the balance has been there's been payments there have been payments between myself and Mr. Probets that's in excess of this loan, of this amount here which, because it's one it's a balance of lots of different transactions so when, if I transfer funds to Mr. Probets, it's not designated, these are funds for Celtic Mist or these are funds for that transaction, it's just the amount is transferred and the balance is reduced accordingly so in that way I can never come to you and say until the balance comes to zero.

Q. But would it be fair to describe the relationship as that you had a running account between you?

A. Absolutely, and still do.

Q. And the distinction between Dedeir and Freezone is what?

A. Well, Freezone and Dedeir now don't exist and it's Colin Probets and Dermot Desmond so the amounts, our balances now are personal balances between Colin Probets and myself.

Q. Both companies have been dissolved, is that right?

A. Well Dedeir is an unlimited company in the Isle of Man. It does not it's taken out of a number of its liability and dealt with it, I have dealt with them separately because of my residency and now the transactions that I enter with Colin Probets are on for him personally to me personally.

Q. On a personal level.

A. Yes.

Q. But at the time that in 1990, Dedeir was your company, isn't that correct?

A. Yes.

Q. And Freezone, whilst it was the shareholder in the company, was Mr. Probets, it was a company over which you had full discretion, isn't that correct?

A. Yes.

Q. To the extent that you could effectively run your own affairs out of it as well, isn't that correct?

A. Yes.

Q. So there probably isn't much of a distinction between Dedeir and Freezone so, is there?

A. There is. There's quite a business distinction between them. First of all, I was a majority shareholder, majority beneficiary in Dedeir. The majority beneficiary in Freezone is and was Colin Probets, I had an interest, a minority, not a majority.

Q. But you were a beneficiary?

A. I was a beneficiary but a beneficiary for fees and performance but not as a shareholder.

Q. And had use of its investments and accounts for yourself where necessary, is that correct?

A. No, use of its, the beneficiary, if Freezone invested with me, Dedeir, or with Dedeir, it paid interest.

Q. Yes.

A. Freezone got interest, it didn't take money from Freezone without recognising it had an interest liability and a repayment liability.

Q. It had the benefit of the use of Freezone's assets and accounts?

A. Absolutely.

Q. Whenever it wished?

A. Absolutely, at a cost.

Q. Now, if there was an interest liability, how in respect of this particular transaction, how was it calculated?

A. It's calculated in the books of Dedeir and Freezone.

Q. I know where it was calculated but how was it calculated?

Nobody knew when this was going to be settled, if it has, as you say, if it has been repaid as you say yourself now, wouldn't one have to look at that particular transaction, calculate the interest on that particular transaction for the period it ran in order to reconcile and quantify and reconciliation?

A. No.

Q. I see. So it was a looser accounting relationship so

A. Coming back to the original point that if we set up the journals' list, go back through the audit trail and go back

and see the balance between Dedeir and Freezone, identify what is Celtic Mist in that balance, identify does that balance of Celtic Mist, if there's an attractive interest rate, is that corresponding balance plus interest rate plus the consolidated amount, is that reflected in Freezone's account for similar interests? And therefore both of them would be accounted for.

Q. And you think that that exercise can be followed when we see the various journals?

A. I think it should be a very simple accounting exercise.

Q. Because in the can you say when that particular repayment took place as far as you know?

A. Pardon?

Q. Sorry, perhaps I should just bring everything to your attention and I am not in any way trying to catch you out, Mr. Desmond. In the letter from Mr. Moore, the Triskilion Trust Company letter of the 16th April 1998, you can see that "I confirm that the accounts of the above company for the years to the 31st December 1990 included as an asset the consolidated amount of €72,959 being the advance to Mr. Conor Haughey. I also confirm that the account of the above company for the year to the 31st December 1991, 1992 and 1993 included as an asset €75,546 being an advance to Mr. Conor Haughey." That is an advance to Mr. Conor Haughey, not an advance to Dedeir, you will note. "This amount was transferred to the company's account with its proprietor" and I don't know what the term proprietor

specifically means, it's a rather loose term, isn't it

"Mr. Colin Probets, in the company's next account." That is the 31st December 1995.

So, it's been carried, according to Mr. Moore anyway, maybe he is incorrect, in the accounts for those years as an advance to Mr. Conor Haughey, not to Dedeir. It was transferred to the company's account with its proprietor, Mr. Colin Probets, in the next year's accounts, that's 1995. So the asset which appears to have been carried in the accounts of Freezone, if Mr. Moore is correct and we haven't seen the documents yet, the asset appears to be the loan to Conor Haughey, not to Dedeir. And Mr. Probets took over that particular asset, not an asset in respect of Dedeir. So a reconciliation between Dedeir and Freezone or you and Mr. Probets was in respect of the assets and liabilities of the various companies. That's what's causing difficulty.

A. Well all I can do is we will try and look into this and examine it and see is it corresponding. I would have thought the corresponding liability should be with Dedeir even though there's a reference to Conor Haughey but I would have certainly picked up this liability with Colin Probets.

Q. Which liability, the Dedeir?

A. I pick up Dedeir's liability or any other transactions related to Dermot Desmond with Colin Probets on the one

personal balance which we settle or reconcile every year and payments are carried out during the year as well.

Q. Because just in fairness, I was going to make reference to the second press release which was issued on your behalf on the 10th January 1998 and I don't know if you have a copy of that, I will just get you a copy of that and at the beginning of the third paragraph - (document handed to witness) - it reads: "In 1990, Mr. Desmond arranged loans in consultation with Conor Haughey totalling the total €75,500 to refurbish the boat Celtic Mist of which he is skipper and owns together with the other Haughey children. These loans have been settled."

Now, it could convey the wrong impression, would you agree, that particular bald statement there, "these loans have been settled"?

A. Not to me.

Q. It doesn't?

A. No.

Q. "The loans have been settled."

A. Yes, the loans with Conor Haughey have been settled. The basis of the loan repayment is when Celtic Mist is sold and there's sufficient funds to repay the loan. That's the only

Q. I know, I know, Mr. Desmond, that this isn't a legal document so I am not using 'settled' as a term of art in the legal sense but even in the business world or in the broader world, Mr. Desmond, the term 'settled' normally

means that it's finished, doesn't it, it's settled?

A. Yes, you are right, it's finished as far as repayments are concerned. It's finished, the uncertainty is taken out of it. If it was going to be repaid, I would have used the word 'repaid'.

Q. This document was for public consumption, it wasn't for the consumption of us accountants or lawyers or people like that. This was for public consumption, would you agree that it does convey the impression that the loan has been repaid by Conor Haughey?

A. It certainly that's for the person reading it to for us who monitored it, that wasn't the case.

Q. That may be so but would you agree that is a meaning this is a public inquiry.

A. Yes.

Q. I have to ask questions on behalf of the public here?

A. Right.

Q. Would you agree with me that a member of the public reading that would say that's grand, he lent €75,000 and he got it back. Would you agree that that would be a reasonable reading of that particular statement?

A. Well I can only, I am not here to speculate what the public think. But I give you a different example that if somebody has a loan with a bank and was unable to repay, he might reach a settlement agreement how he was going to repay with the bank, it's generally called a settlement agreement and it might be through disposal of an asset, house, farm,



whatever the case is here. That's the way it is here, it's settled on the disposal of this asset.

Q. Are you saying that the word 'settled' here is used as a term of art as a lawyer would use it so?

A. No.

Q. Is that what you are saying?

A. No, more a financial person.

Q. This is for public consumption. Would you accept at all that confusion could arrive in the public's mind about this particular statement and could it not just be clarified and sorted out now?

A. This was a press release. The transaction on the method of repayment was something that was agreed with Conor Haughey and myself. It wasn't for public consumption and

Q. But, Mr. Desmond Mr. Desmond, you brought it into the public domain.

A. Absolutely, but I brought it and I said the matter has been settled. That's the best way to describe the arrangement.

Q. So you were using it, you were using it as a term of art, as a lawyer would use it, is that correct? Is that what you are saying?

A. No.

Q. And you believe, I think you have told us in your statement that this, maybe it was the term now, settlement occurred with Mr. Haughey some three years previously, is that correct?

A. Ah huh.

Q. And tell us about the exact words that were used so.

A. It was a fairly casual meeting with Mr. Conor Haughey. It was going on for some time. He raised with me about the boat, about unable to repay it and

Q. Did you ask him for it?

A. No.

Q. Did you ever ask him for it?

A. No, he was the person who raised it with me. You know, because it was on his mind that it was and I never, I just said, "We will discuss it at a later stage" so I think at one stage maybe at his home, I said, "That's repaid when the boat is sold." And that was the end of the matter so it wasn't a subject that would be raised again.

Q. When would that have been, about three years, 1995? Somewhere around then?

A. Somewhere around then, I didn't take any particular note.

Q. Did he know this particular matter was being carried on the books of Freezone at that stage?

A. No.

Q. Or that there had been a consolidation, did he know anything about Freezone?

A. No, because his point was me, I was the person who was liable for the arrangement of the loan and his liability was to me.

Q. And I just want to know exactly now what the conversation was between you in general terms.

A. That's

Q. Don't describe it. What words can you remember were used, Mr. Desmond? Mr. Conor Haughey did know of a company called Freezone by then and you know that he did know by then of a company called Freezone.

A. True.

Q. Because Mr. Conor Haughey has made available to the Tribunal information about evidence he was asked to give to an inspector appointed under the Companies Act which inquired into aspects of Freezone, is that correct?

A. Correct.

Q. And that may have been the first time that anything ever came to his attention about a company called Freezone, isn't that correct?

A. Yes.

Q. So, by the time this settlement and sorry, by the time back at the time that the inspector was carrying out his inquiry, you know that Mr. Haughey was asked about certain payments which had been, which appeared to have gone to Celtic Mist or on behalf of a Celtic Mist from a company called Freezone, is that correct?

A. Yes.

Q. So there can be little doubt that both you and Mr. Haughey by the time that this settlement occurred knew, both knew that there was a company called Freezone and both of you knew that payments had gone for Celtic Mist out of the company called Freezone, is that right?

A. Yes.

Q. Now I would not have expected Mr. Haughey necessarily to know the ins and outs of the company called Freezone unless he read the report, the interim and the final report of the inspector appointed under the Companies Act but there can be little doubt that there was a state of knowledge that monies had been paid for Celtic Mist out of Freezone, is that right?

A. Yes.

Q. And I think in fairness to Mr. Haughey, at the time he was asked questions by the inspector, he didn't know that there was a company called Freezone involved, isn't that right?

A. Yes.

Q. So when this matter arose in 1995 and 1996 between you and him, what transpired between you?

A. Just agreement on the basis of repayment.

Q. But sure why should he be repaying you if it appeared to him to have been repaid by Freezone?

A. Because Freezone or Dedeir never contacted Mr. Haughey, never demanded repayment and Mr. Haughey understood that I was the person that had made the monies available. I was the person that introduced him to Ron Holland. I was the person that made the payments or arranged the payments and it was consistent with the history.

Q. There can be little doubt that you introduced, that you effected the introduction to Ron Holland. There can be little doubt that you and he discussed financing of the refurbishment of the boat initially and there can be little

doubt but that the boat was refurbished to the cost of  
€75,500, is that correct? There can be little doubt about  
that on the documentary evidence as well.

When Mr. Haughey was asked questions by the inspector under  
the Companies Act about payments going to Ron Holland in  
respect of the boat Celtic Mist, did he ever come and ask  
you what's this about?

A. No.

Q. Well, I suppose it's not every day that inspectors are  
appointed under the Companies Act and it's not every day  
that somebody might be asked to come and answer questions  
to an inspector so if one didn't know anything about the  
line of questioning the inspector was pursuing, would it  
not seem reasonable to a member of the public that you'd go  
to the person whom you believed had either given or  
arranged the financing for the work on the boat?

A. Well, Mr. Haughey knew that I was the one who arranged  
the liability was with me. Like, I have no recollection of  
a conversation that I had with Mr. Haughey at that  
particular point in time.

Q. Did you have a conversation with him? Did he ask "you what  
is this Freezone thing about?"?

A. I don't have a recollection.

Q. Well you just said no a few moments ago, Mr. Desmond, come  
on.

A. I don't have any recollection.

Q. I think you know Mr. Conor Haughey, isn't that correct?

A. Yes.

Q. He is a man who has been involved in business.

A. Yes.

Q. And weren't you a financial adviser to him?

A. To Conor Haughey?

Q. Conor Haughey.

A. In a manner of speaking, yes.

Q. And you have no recollection that you weren't asked, when he was asked to go to the inspector, what was this about?

A. I have no recollection that's correct, I have no recollection. If I had I would certainly convey it to you but I have no recollection.

Q. Well would you accept that it's more likely than not that he must have asked you?

A. Unless I spoke to him beforehand, you know again, maybe that when we were given discovery of documents to the inspector that we could have advised Mr. Haughey that there was certain information we would have given up in relation to Celtic Mist and advised him then beforehand. Again I don't know, there's again speculation on my part, I would imagine that's more likely that we would have done that.

Q. I don't want to go into the discovery made to the inspector but I presume you would have furnished the inspector with the accounts of Freezone.

A. Yes.

Q. And from those accounts, it would have appeared that there

were payments made to Ron Holland Design, isn't that correct?

A. From the bank accounts, yes.

Q. And that these would have been there would have been payments out of the account to Ron Holland Yacht Design reference Celtic Mist, would you agree with that?

A. Yes.

Q. And were you aware that the inspector then made contact with Mr. Haughey?

A. Yes.

Q. And that various questions were asked of Mr. Haughey, I think you are aware of that?

A. Yes.

Q. Mr. Haughey has furnished with us with the correspondence he received from the inspector, I do not want to put it up at the moment, I will deal with it in Mr. Haughey's evidence but you were aware of those particular facts, weren't you, that the inspector made the inquiries?

A. Yes.

Q. And I think you are aware of the fact that at that time, Mr. Haughey, that's Mr. Conor Haughey, had no knowledge of Freezone, isn't that correct?

A. Yes.

Q. Would you agree that it would seem amazing that he wouldn't turn to you after he'd been asked by the inspector about this to ask you what is this about? Would you agree that's amazing?

A. He didn't have any liability to Freezone. It was a method of just payment.

Q. Yes. I know that, Mr. Desmond. I understand how it was carried but here somebody found themselves caught up in an extraordinary situation where this particular inquiry was taking place in the most controversial circumstances, isn't that correct?

A. Yes.

Q. And somebody finds themselves drawn into that when all they had done was get involved with somebody who arranged financing for refurbishment of a boat. What I am asking you, would you agree that it seems extraordinary you wouldn't have been asked by Conor Haughey what's it about?

A. I have no recollection and I think that's to be addressed to Mr. Conor Haughey. I have no recollection.

Q. You have no recollection.

A. No.

Q. So then by the time 1995, 1996 comes along, at some time when you are talking to Mr. Haughey, the question of the money spent on the boat comes up again, is that correct?

A. Yes.

Q. Brought up in the first instance by Mr. Haughey you think?

A. Well, Mr. Haughey referred to, over the years, about the loan outstanding and being unable to return to them and I just dismissed him and said, "Forget about it, we will deal with it another day" and the way that we dealt with it was this, as I said, I said, "When you sell the boat, you can



pay me out of the proceeds." It was left, that's how we settled it.

Q. And that's without knowing whether the boat would be worth anything when it was sold?

A. It's insignificant.

Q. Or when it might be sold?

A. It's insignificant.

Q. You I know it may be insignificant to you, Mr. Desmond, in terms of the amounts of money that's involved, it may be significant in the public's mind and that's the inquiry we are conducting.

A. Well, I invested 2.3 million corporately and personally in the Sail Ireland boat. You have to put it in that context.

Q. I accept that in your mind it may seem insignificant. This is a public inquiry, for the benefit of the public.

€75,000 is a significant sum of money, even you'd agree with that?

A. But I cannot get money out of somebody who doesn't have the resources to pay me and as I was the one that instigated firstly and I consider him as a friend as I consider the Haughey family as friends of mine.

Q. I think you started off this morning initially and then resiled somewhat during the day from a position that it was your view probably at the very beginning that this, there was no reality or there was no commercial reality in this as a loan, isn't that correct?

A. Correct.

Q. That it was money you were giving and if you got it back, well and good but you weren't pushed about it?

A. As I said, it wasn't bankable.

Q. Now if I may turn to the repayment of STG €1,000 in September 1994, Mr. Desmond.

A. Yes.

Q. I think you furnished sorry, this was a payment which you made to Mr. Charles Haughey, isn't that correct, as far as you were concerned?

A. Yes.

Q. And the circumstances you have informed the Tribunal was that in 1994, Mr. Haughey advised you that he was going to take up a non executive directorship of a German bank because he required the income and you offered to help him out by providing funds, is that correct?

A. Correct.

Q. Could you tell us about that?

A. Yes. I met Mr. Haughey and around the period and just general conversation mentioned about taking up a non executive chairmanship of the bank - he had been two years out of office at this stage. I asked him did he want to take up non executive directorship and he indicated that he didn't really want, the preferred option was not to take up non executive directorship but it was a matter of generating income to defray some of the expenses. I suggested he look at restructuring his assets and that if money was needed, I would make it available to him. Hence

the transfer of the €100,000. Okay. It was made payable as a loan, no repayment, no interest rate, nothing written, same Dermot Desmond style, with no security.

Q. When you said that you would make if he needed money, would you make it available to him.

A. Correct.

Q. Was this on an open-ended basis?

A. If he needs money now on the back of his assets, I would gladly make it available to him.

Q. On the back of assets?

A. Well, on the strength of his assets. Mr. Haughey people are well aware his family have substantial assets.

Q. You would be talking about, in those circumstances, a loan backed by assets?

A. No, I am quite happy to make money available on a basis without any documentation, without any interest rate, without any terms of repayment to Mr. Haughey. I was prepared then and I am prepared to do it now until such time as he resolves his difficulties.

Q. Right. That's because you admire the man?

A. I am a friend

Q. You are a friend and you are proud of that fact and there is no reason why you shouldn't be.

A. I am very pleased with all my interaction and dealings with Mr. Haughey.

Q. Very good, and you are happy to come and make that statement here in public that you then, that is in 1994,

and now, you are prepared to make monies available on the strength of his assets but unsecured on an honour basis, is that correct?

A. Absolutely.

Q. Very good. May I ask you then, Mr. Desmond first of all, let's put the documents up, on the €100,000 payment, I think there has been evidence given to Tribunal by Mr. Stakelum that he was asked by Mr. Haughey to make contact with you to furnish information as to how a payment could be made to Mr. Haughey. I think you are aware of that.

That evidence has been given?

A. Yes.

Q. And I think Mr. Stakelum said that he went to see you and furnished the information. Do you recollect that?

A. I don't have any clear recollection to be honest, I don't recollect it. I saw those reports that he did meet in my office but I'll accept that.

Q. And that particular €100,000 payment was paid by a company called Anesia Etablissement, Banque Scandivave en Suisse in Geneva, is that correct? You have informed the Tribunal that Anesia Etablissement is a company beneficiary owned by you, is that correct?

A. That's correct.

Q. Is that correct? And where is that company incorporated, to the best of your knowledge?

A. It's, I don't know whether it's a Swiss or Liechtenstein, it could be Liechtenstein company.

Q. It's not an Irish company?

A. No.

Q. Where did you say it was managed?

A. It's managed, it's a solicitor in Geneva that manages it on my behalf.

Q. And the payment and you have furnished us with this documentation, Mr. Desmond, I just want to put the position quite clearly, and the documents you furnished is a document headed 'Banque Edouard Constant'. I think that is now the name of the Banque Scandinave en Suisse, is that correct? I think this is again information which you have sought on behalf of the Tribunal when queries were raised with you and you furnished this to the Tribunal and that's why the date is 1999, it's information obtained from the bank in its new guise, is that correct?

A. Yes.

Q. And it's a query re the transfer of œ100,000 sterling dated the 20th September 1994. "We hereby confirm having executed the above mentioned instruction. As per attached document, we have transferred œ100,000 sterling on the 21st September 1994 for value dated the 23/9/1994 in favour of Henry Ansbacher & Company Limited for further credit to CIBTC to Royal Bank of Scotland, London EC 2. We hope the above is to your satisfaction." And then it's signed.

And what that is indicating is that it is the company has given, at the top of the document, Anesia Etablissement, the amount of the transfer on the date as confirmed

emanating from the account of this particular company,

isn't that correct?

A. Yes.

Q. And the information then is given as to where the money went, isn't that correct?

A. Yes.

Q. And where the money went is information that you must have obtained from Mr. Stakelum, is that correct?

A. Correct.

Q. Now, you also furnished with that particular letter this particular document from the bank, which is the payment order or payment instructions. And can I take it that just the mechanism of this that in order to make this payment, you would have made contact with the lawyer in Geneva, is that correct?

A. Yes.

Q. And he would have issued instructions to the bank, is that correct?

A. Yes.

Q. And we can see the various information which is contained in the letter there, the £100,000, there's obviously exchange taking place, transfer from Swiss francs into sterling, the beneficiary is described as being Henry Ansbacher & Company Limited for credit of CIBTC and the account number at Royal Bank of Scotland, London. And then it's for further information about Barclays Bank in London, you can see that, that may be a movement unconnected with

any information that you know about now and then it has it's in fact the settlement bank, I think it must be the settlement bank of Edouard Constant or Banque Scandinave en Suisse, it may be the settlement bank. And then the instruction says; "Please do not mention the name of Banque Scandinave en Suisse Geneva or Switzerland." Do you see that?

A. Yes.

Q. Now, did you give that specific instruction?

A. No.

Q. But the instruction to carry out the transfer occurred on your instructions through the lawyer in Geneva?

A. Correct.

Q. And that is an instruction that's been given through the company of which you are beneficially the owner?

A. Ah huh.

Q. Is there a general instruction of that nature?

A. I have never given instructions to Mr. de Pfyffer or to that the bank not to mention the name of the bank.

Q. Or the country?

A. Yes, if I was to maintain confidentiality, I would say "please don't give the information of the account of the payee, of the person," the bank is of no significance.

Q. Well it is a specific instruction, isn't it?

A. I didn't give the instruction.

Q. On this particular I am asking do you know if there is such a general instruction with Mr. Pfyffer?

A. I have not given that to Mr. Pfyffer.

Q. Has anyone on your behalf given it?

A. No, not that I am aware of. I am the only authorised person that can give that instruction, give instruction to Mr. de Pfyffer.

Q. You see, I think would you agree that the routing of this particular money to Mr. Haughey, it emanates from an offshore source, you are not, because of your residency, I am not raising any inquiry about that, Mr. Desmond, its origin is an offshore source, isn't that right?

A. Yes.

Q. And its destination is an offshore source, isn't that right?

A. Yes.

Q. Now, I am just wondering in light of what you just said of being proud to support the man then and now, on the basis of honour, why the payment should have had to take place in such a covert way?

A. From my point of view, I don't have to be covert, they are my funds, my account, legally held abroad.

Q. Absolutely.

A. Okay, so I was making a payment on instructions of Mr., one of Mr. Haughey's financial advisers where to make the payment and I put the payment, I gave no instructions covert or otherwise. It could be a standing instruction from Mr. de Pfyffer about his accounts, it could be a standing instruction, I don't know why.



Q. Well now I am not asking

A. I can inquire from Mr. de Pfyffer.

Q. I am not asking, Mr. Desmond, about the payee bank in the situation because you had no control over where the money was going.

A. Yes.

Q. You were furnished with the information as to where the money should go.

A. Yes.

Q. But you are a big boy in the business world and you knew it was going offshore, didn't you, on the information you were being given there?

A. Sure, yeah.

Q. It's your own business where you draw your own money from?

A. Yes.

Q. But in light of what you have just said about being so proud to be a friend and to support the man, why wouldn't you just walk out to Kinsealy, take out your cheque-book, write a cheque and say, "To hell with the world, I am supporting the man."? Why was there a necessity to hide it?

A. Well first of all, my payments were made from either Switzerland or Gibraltar in the main, I pay money where I have got my accounts. So that's why the payment originates there. Second of all, Mr. Haughey asked me, I got instructions from Mr. Haughey's advisor where to pay it. Now that's his own personal affair. I am not the person to

determine where I should pay him the money. I got instructions from his financial advisor.

Q. As far as you were concerned, no matter where you got the money from, that's your own business, that's your own money, there can be little doubt that on the basis of these particular transactions, it was not open to scrutiny, isn't that correct, isn't that so, Mr. Desmond, isn't it?

A. That's not for me to say. If I may add, if you pay money to a foreign account, even to a resident of this country and it's in this form, it doesn't mean it's an incorrect transaction.

Q. I didn't say it was.

A. No, but I am

Q. I didn't say it was, Mr. Desmond. I am saying that it wasn't open to scrutiny, isn't that correct?

A. Well, it depends on the it depends on whether the company that's accounted for it, whether they wanted to make it open for scrutiny or not. If it's open for scrutiny from my accountants on my side of the payee

Q. I ask you about this, Mr. Desmond, because you are a man who must be familiar with the transfer of monies around the world because of the businesses you have been involved in all your life.

A. Yes.

Q. That it would have been well-known to you that when this particular payment was being made, that it would have been virtually impossible for anyone to know about it, isn't

that right?

A. The beneficiary and the beneficiary's banks knew about it but if you are talking about somebody that is not in either of those places or countries, yes, it would be difficult to trace.

Q. Now, the payment of the €25,000 sterling which was in October of 1996, Mr. Desmond

A. Yes.

Q. I think that was in the context of, you have informed us, that Mr. Haughey had indicated a need for some funds, is that correct?

A. Yes.

Q. And you made that, this particular payment.

A. Yes.

Q. Can you recollect the actual circumstances of that?

A. I don't really.

Q. Well, would it assist your recollection, this particular payment was made in October of 1996 or November, I beg your pardon, of 1996. You had had a discussion with Mr. Haughey and things began to hot up around then in relation to the predecessor of this particular Tribunal, isn't that correct?

A. Yes.

Q. This doesn't assist you with your recollection of what transpired?

A. No, I think, you know, Mr. Haughey indicated that he needed some funds or money was needed and I again, I got

instructions from somebody and made a payment.

Q. And this particular payment, and again in fairness, you furnished this information to the Tribunal, is the Anglo Irish Bank Corporation, Isle of Man plc, isn't that correct, showing the it's dated April of this year and it's information you sought on our behalf and it's "To Whom It May Concern, Dear Sir, I write to confirm that on the 28th October 1996, the payment of œ25,000 sterling was made by ourselves to Royal Bank of Scotland at St. Helier's, Jersey, with the following details: Pay AIB Bank Channel Island Limited" and the account number and reference, "yours faithfully, for and on behalf of Anglo Irish Bank Limited plc."

And I think you would have again received the information from the payee bank from somebody on behalf of Mr. Haughey?

A. That's correct.

Q. And Mr. Healy asks that I should correct the transcript, that I have, I said November somewhere in the transcript, in fact the payment was made in October, isn't that correct, according to

A. Yes, 28th October.

Q. I think you informed the Tribunal that as we can see the payment was made by bank transfer, the payer was Bottin International Investments Limited in the Isle of Man and the payee was the Royal Bank of Scotland in Jersey. And the payment was made to Allied Irish Banks Channel Island Limited, is that correct?

A. Yes.

Q. Bottin Limited, is that a company of yours as well?

A. It is a Gibraltar company.

Q. And it was your company and the payment was being made out of it?

A. Yes.

Q. In relation to Anesia Establisement and Bottin, are you the only person with an involvement or an interest

A. Yes.

Q. In its widest possible sense in both of those companies?

A. Yes.

Q. The figure of £25,000, how did that arise, or do you remember?

A. I don't really.

Q. No. I think you informed the Tribunal when you were asked about any dealings you had with Mr. Traynor and you said yesterday that you would have met Mr. Traynor probably about twice a year, is that correct?

A. Yes, twice or three times.

Q. Twice or three times a year and it was for the purpose of discussing business, is that correct?

A. Yes.

Q. And for how long I am talking now prior to 1987/'88, for how long would you have been meeting Mr. Traynor?

A. Oh, I didn't know really Mr. Traynor very well prior to 1987, say. I knew him because I had some banking transactions with Guinness & Mahon and I knew him from bank investments because I had been involved in that and it was

post banking or particularly, the occasions I met him were all in relation to investment activities when he opened accounts in NCB.

Q. Yes. So you had been involved in banking and you had been involved in stockbroking, Mr. Traynor had been in Guinness & Mahon from the late sixties up to 1986 so you would have known about Mr. Traynor?

A. Yes.

Q. He was a well-known man in the banking business community of Dublin?

A. Yes.

Q. He then took over as chairman of CRH, isn't that correct?

A. Yes.

Q. And your dealings with him were more in his banking days, would that be correct?

A. No, my dealings with him or I dealt with him, I dealt with Guinness & Mahon, I met him at say functions, but I didn't have other than, which was a short period of time I had a loan facility from Guinness & Mahon, deposit accounts, I the times I met him, maybe two or three times a year at most, was when he opened the overseas accounts in NCB.

Q. Right. I will just ask you about that because it wasn't, your dealings with him didn't relate to his chairmanship of CRH.

A. No.

Q. And in the opening of the overseas accounts in NCB, what

did he tell you?

A. That, you know, he had accounts he managed, looked after people's funds, accounts he managed and he'd like to transfer them to us.

Q. Did he tell you where he was managing them?

A. No. Not that I am aware of.

Q. Right. And in any event, certain accounts were opened in NCB, is that correct?

A. Yes.

Q. By Mr. Traynor?

A. Yes.

Q. Or through Mr. Traynor?

A. Yes.

Q. And at that time, Mr. Traynor was operating from the offices, the headquarters, the chairman's office of CRH, isn't that correct?

A. Well I met him, I did meet him there once or twice.

Q. In Fitzwilliam Square?

A. Yes.

Q. And your business dealings would have related to those particular accounts, I think both you and Mr. Keilthy have given evidence that there were going to be discussions about the type of investment that might occur but that the decision was always Mr. Traynor's?

A. Correct.

Q. And that the spread of investment was not dissimilar to other clients of NCB, is that correct?

A. Yes.

Q. And that was the type of business you would have discussed?

A. Yes.

Q. And then you think that in or about November of 1987, you were approached by Mr. Traynor and asked if you would participate in a proposed five or six person syndicate which would advance money to repay what he described as "our friend's borrowings," is that correct?

A. Yes.

Q. Could you tell us about that, Mr. Desmond? Was it by phone or did he come to your office or did you see him in his office?

A. He came to my office.

Q. Came to your office?

A. That's my best understanding. Best recollection, came to my office and said he is forming a syndicate, five or six man syndicate to repay borrowings that had been generated by a friend which, you know, the other reference, it was quite obvious who he was talking about, and that was

Q. Well, there can be little doubt you would have known that Mr. Traynor was a close friend of

A. Yes.

Q. Of the friend.

A. Absolutely, yes.

Q. And when you were asked about this, you can remember that Mr. Traynor was talking about borrowings that the friend had?



A. Yes.

Q. Did Mr. Traynor give you any indication of what the borrowings might have been at that stage?

A. They were in excess of a million.

Q. That's what you were told?

A. Yes.

Q. And I think he told you that he was trying to put together a group, five or six you thought?

A. Yes.

Q. Did he mention anyone else he was approaching?

A. No.

Q. Now, I think you declined at that stage, is that correct?

A. Yes.

Q. Did you give him an answer there and then or did you think about it or did you look at your own affairs?

A. I, to my recollection, I phoned him and said I'd think about it and come back to him.

Q. Did you discuss it with anyone else?

A. No.

Q. And you think that must have been, you think in November of 1987, that's to your best

A. That's my best recollection, which wasn't a very good period for stockbrokers after the crash in 1987.

Q. Yes. Yes. But was it, did he come specifically to make this request to you or was it when other business was being discussed and the request was just made, can you remember?

A. I don't know whether it was there was other business being

discussed, I am sure we discussed other business.

Q. Yes. Well just in fairness to yourself and I think the movements started in 1988 so it may be that he wasn't discussing other business with you, the movements of the overseas money seemed to be going in 1988, maybe some went earlier but that's what it appears like at the moment so it looks as if he must have come to speak to you about this specifically, would you agree?

A. Yes.

Q. And you didn't give him an answer there and then anyway. He went away. You thought about it and you subsequently phoned him, is that correct?

A. Yes.

Q. After sorry and I don't want to pry into your own personal affairs in relation to this but did you give a reason why you were declining or what words did you use?

A. I don't remember the words I said. I think something, "I am unable to help at this time."

Q. You are unable to help at this time. Did you ever have any subsequent discussion with Mr. Traynor?

A. No.

Q. Never?

A. Never.

Q. He never spoke to you subsequently?

A. No. About making the payment to Mr. Haughey?

Q. Yes.

A. No, never discussed it.

Q. Well, can I take it that at that stage you were a friend of Mr. Haughey's or you were an admirer of Mr. Haughey's?

A. Yes.

Q. And I suppose it must have been of some concern to you that he might have had an indebtedness in general terms?

A. Yes.

Q. Did you ever make any inquiries yourself as to whether he had been fixed up or were you happy enough that Mr. Traynor would be able to resolve the problem?

A. No, Mr. Dunne told me he had made a payment.

Q. Mr. Dunne told you?

A. Yes.

Q. When was that?

A. Shortly around the same time.

Q. I see. So you had a discussion with Mr. Dunne?

A. No, Mr. Dunne told me.

Q. Told you?

A. Volunteered himself, he told me.

Q. I see. Could you just tell us what Mr. Mr. Dunne told you, if you can recollect the words now?

A. Yes. Mr. Dunne said, he said, "I know that you have been approached, I knew you wouldn't be able to help because you have got no money and I am making a payment myself for confidential reasons so that Mr. Haughey won't be subjected to any pressure from any source."

Q. Just to be clear. Mr. Dunne knew you had been approached?

A. Yes.

Q. That's what he told you?

A. He believed I had been approached or

Q. Yes. He was right of course.

A. Yes.

Q. I see. Now, can you recollect when that occurred between yourself and Mr. Dunne?

A. It was around the same time, very close to when I was approached by Mr. Traynor, to the best of my recollection.

Q. Can you remember where that happened?

A. I don't. Maybe on a golf course, maybe after in the clubhouse.

Q. Right. The election I think had occurred earlier in the summer of 1987, isn't that correct? Yes, Mr. Hogan has given me the correct the election had been earlier in the year, I think March of 1987, General Election. Do you remember that?

A. Was it in March 1987? I am not sure.

Q. I'll get the exact date from the Tribunal report. Perhaps we will take it by reference to Black Monday to try and get a fix on the date. That was the 21st October of 1987, wasn't it, around then?

A. It was the 19th October, around the middle of October, 19th October.

Q. Yes. And was it before or after that, can you remember, whether Mr. Traynor first of all approached you? I think it must have been after.

A. Well, I know that my view of the world was different.

Q. But you think it was around the same time that Mr. Traynor approached you that Mr. Dunne made this

A. I know they were within the, at the most, ten days, two weeks.

Q. Well if your memory in relation to the date firms up, perhaps you'd let the Tribunal know about the specific date, if you can.

A. I think it's unlikely. I didn't take a note and I don't have a clear recollection.

Q. All right. That's all I want to deal with at this stage, Mr. Desmond. It may be that when other documents are available, that we would request your assistance again.

A. Certainly.

CHAIRMAN: We will proceed with the remaining questions that may be addressed to Mr. Desmond, I am just somewhat concerned, I know that Mr. Haughey has attended and was asked to attend at half past three and I am wondering with the stenographer's commitment and the like, whether it's feasible to for us to proceed with evidence. Perhaps, Mr. Healy, if you were taking that evidence, you might discuss it with Mr. Charlton, the possible time implications.

MR. HEALY: I will do that whilst Mr. Desmond

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. CONNOLLY:

MR. CONNOLLY: I have some questions, Chairman. Mr. Desmond, I want to ask you some questions on behalf of the

Revenue Commissioners.

Q. Firstly, I just want to examine what documentation that might have been normally present in an arrangement such as you had with Mr. Haughey for the payment of the €100,000 and the €25,000 we have just heard about. If I understand your evidence correctly to Mr. Coughlan, you said there was no documentation at all?

A. To Mr.

Q. The payments to Mr. Haughey of the €100,000 and the €25,000. You said there was no documentation on that?

A. Well there's no documentation. I made the payments, I didn't I had an arrangement with Mr. Haughey that this is there's no set date or repayment, there's no set interest rate, there's no set basis for, at this stage for repayment.

Q. All right. So I will be more precise. As between you and Mr. Haughey, there was no documentation, there's no receipt for the payment, there was no IOU, there was no loan agreement, nothing like that and there was no schedule for repayments?

A. Yes.

Q. And there was no question of interest ever arising?

A. No, I never discussed it with him.

Q. Well at any stage after the monies were paid to Mr. Haughey, was ever any indication given by him as to when the money would be repaid to you or any request by you as to when you would be repaid the money?

A. No. I have not contacted Mr. Haughey for repayment nor am I likely to contact Mr. Haughey for repayment until such time as he gets over his present difficulties.

Q. Well, it sometimes happens where someone wishes to help out an old friend or member of the family in a financial way, that they call what's happening a loan for the sake of the dignity of both persons?

A. Yes.

Q. When in real terms no one is going to enforce the law?

A. Yes.

Q. In fairness to what was happening here, was it really loans or was it something in the category I have just described?

A. It's a loan.

Q. Well as an experienced businessman that you clearly are, don't these loans fall well short of best practice?

A. If it's designated other than a loan, at the time of designation, I would have informed Mr. Haughey.

Q. Well, given that you don't appear to have any intention of pursuing these loans, why isn't it that you didn't simply record in some way that there was a loan for your own sake or for your own bookkeeping, whatever, if these really were loans?

A. As far as I am aware, I haven't this letter in front of me, I have confirmed to Mr. Haughey's tax adviser and auditors or the company's advisers that this payment is a loan.

Q. And have you done that in writing?

A. As far as I am aware, yes.

Q. You see, why I am pressing you on this, nowhere in the three memoranda that were gone over by Mr. Coughlan in evidence, nowhere in your statements to the Tribunal or memoranda is the word 'loan' mentioned. The first time you mention the word 'loan' was this afternoon when you came to discuss these matters so I am just suggesting that the fact that it's not recorded in any of the memoranda which you gave to present careful evidence to the Tribunal, suggests that perhaps you haven't always had the view that these were really loans at all?

A. Well, as I described it, I think the best way to describe it is a debt of honour.

Q. A debt of honour. Well in the business world, is a debt of honour anything that's regarded as something that's put aside as an asset?

A. This is helping out a friend.

Q. That's what I was getting at. It's not something you'd list in your list of assets, is that fair?

A. It's another asset that's not bankable.

Q. Another asset. Well again dealing with the other matter again when you described it as not being bankable, the repayment of the repayment by you of monies that you perceived were owing to you, to Dedeir, they were paid as some part of a conglomerated repayment between yourself and Dedeir on some occasion in the past, is that a fair way of describing what happened?

A. Yes.



Q. But whether you got the money from Dedeir or from a bank doesn't really matter. The person making the payment of the loan to Mr. Conor Haughey was yourself?

A. Yes.

Q. Is that correct?

A. Yes.

Q. Thanks very much.

A. Thank you.

CHAIRMAN: We will leave you to the end, Mr. Shipsey. Mr. Charlton is there anything?

MR. CHARLTON: No.

CHAIRMAN: Mr. Shipsey?

MR. SHIPSEY: Thank you Chairman.

THE WITNESS WAS EXAMINED AS FOLLOWS BY MR. SHIPSEY:

Q. MR. SHIPSEY: Mr. Desmond, there's just a very few questions I'd like to ask you in connection with the three matters that were the subject of the inquiry and if I can start with the first matter which is dealing with the opening of the accounts by Mr. Traynor on behalf of Overseas Nominees in NCB. This occurred I think in 1988 but I'd just like you to give us some background, if you would, in relation to NCB as to when you became involved in NCB and what your involvement was in NCB in 1988.

A. In 1988 I was chairman and chief executive of NCB.

Q. And how many employees did NCB have in the stockbroking arm of NCB in 1988?

A. In excess of one hundred.

Q. And were there various divisions within NCB as there would have been in other stockbroking houses at that time?

A. Yes.

Q. And was there, for example, a private clients' division?

A. Yes, a gilts division.

Q. An investor division?

A. Yes.

Q. And I think Mr. Keilthy was the head of the private clients division?

A. That's correct.

Q. In or about that time in 1988, where would NCB have ranked in the ranking of stockbrokers by size in Dublin?

A. Number three at first.

Q. And insofar as you have been described by Mr. Keilthy and questioned by Mr. Coughlan as the contact person, what does contact person mean or what, how would you have been a contact person within NCB?

A. Well I was chief executive and a lot of people dealt through me through to the various other divisions. People that came in for corporation finance advice, they would generally come to me or discuss matters with me and then I would have involved, say, the corporation finance department. The same way with the private clients side, they would communicate with me and I would pass them over

to the private clients department.

Q. And having come in as the contact with you or following a contact with you, would you have ordinarily have had any day-to-day involvement with any of the private clients thereafter?

A. No.

Q. Now in relation to the contact which was made with you by Mr. Traynor in 1988, you have indicated that this was on behalf of a number of clients and I think you agreed with Mr. Coughlan that they were of the order of five to six, is that correct?

A. Yes.

Q. And they were designated under the head of Overseas or Overseas Nominees, is that correct?

A. That's my understanding.

Q. In 1988, did you know that Overseas Nominees in turn was connected with Ansbacher Cayman?

A. No.

Q. Was that disclosed to you at any time that you can recall?

A. I am not aware.

Q. You were asked also in relation to the source of the funds that came into the Overseas Nominees accounts in general and the particular Overseas Nominee account, I think it was No. 6 in particular and you recall Mr. Coughlan showed you documentation showing the monies coming in to the individual account of the client from what I think was a settlement account, an Irish pound settlement account in

the name of National City Dillon and Waldron and before that, from a sterling account also in the name of National City Dillon and Waldron. Can you tell us in relation to this sterling account, how active or how many transactions would be likely to be passing through that account on any given day or week?

A. I would assume, I guess I would say it would be maybe between, I would say not less than fifty transactions a day, forty to fifty transactions.

Q. And monies in this sterling account would come from a number of sources and in a number of different manners, would that be correct?

A. Yes.

Q. Either a transfer from another sterling account within or outside of Ireland?

A. Yes.

Q. From the proceeds of the sale of securities denominated in sterling?

A. Yes.

Q. And would there be any other manner or matter which money could come into that account?

A. It's generally they would be, it would reflect the transactions we had in various securities or gilt edged securities.

Q. From the opening of the several Overseas Nominees accounts in 1988 by Mr. Traynor, you have explained that you had meetings with Mr. Traynor maybe twice or three times a year

and would I be correct in understanding that those discussions were of a rather general nature in relation to the possible purchases that might be made by Mr. Traynor for the five or six clients who comprised the Overseas Nominees clients in NCB?

A. Yes.

Q. Was there ever any discussion between you and Mr. Traynor directed to the purchases that might be made on behalf of any individual client among the five or six Overseas Nominees clients that you can recall?

A. No. I didn't know the identity of any of the accounts.

There's only one account I knew the identity of and that was sometime later on.

Q. You recall that in, I think it was March of 1991, the Aurum Nominees Limited No. 6 Account OS was debited an amount of œ95,000 by way of sterling draft and from the account statement which was shown to you, this created an overdraft on that particular account?

A. Yes.

Q. I think you said yesterday that it was unusual that you would have an overdraft. Did you, at the time, know or were you made aware that the Aurum Nominees Limited No. 6 Account OS had come into an overdraft situation?

A. No, not that I can recall.

Q. Were you ever asked for overdraft facilities?

A. No.

Q. Can you explain the circumstances under which an overdraft

balance of approximately 23 odd thousand pounds could arise on a client's account within NCB?

A. If they purchase stock in excess of the amount of cash available in their account they could get overdrawn, it could go overdrawn.

Q. And in those circumstances, could it also arise that they have other stock which are held in the NCB nominee account?

A. Well, that could be the case.

Q. And whose authorisation would be required for such to happen within? Is that something that would have come to you as chief executive within NCB?

A. In a situation, while it's an unusual transaction and I agreed with counsel yesterday, I wasn't aware of any account ever going overdrawn as such for any lengthy period but if there was substantial securities that we had for the same beneficiary or the same account, it would be up to the discretion of an accounts executive or certainly the private client director to approve that. He certainly would have not have to take it to board level or even to me to give his authorisation.

Q. I think sometime in 1990 when you stepped in as chairman

A. In 1991 - September.

Q. September of 1991, and I think your shareholding in NCB was sold by you sometime in late 1993 or completed in early 1994, is that correct?

A. Correct.

Q. Between September of 1991 and December of 1993 or January

of 1994, what executive position did you hold and what executive function did you fill within NCB?

A. None.

Q. You recall I think yesterday being referred to a letter I think from Mr. Collery who you referred to as Mr. Coleary but Mr. Collery giving certain instructions in 1995, effectively closing down the Aurum Nominees No. 6 OS Account and directing that the proceeds would be paid to Hamilton Ross and I think yesterday you said that you had no knowledge at that time of Hamilton Ross. At any time prior to September of 1991, had anyone ever mentioned to you Hamilton Ross or made any connection between Aurum Nominees No. 6 OS Account and Hamilton Ross?

A. No.

Q. Can I move then on to the €75,000 lent for the repair of the Celtic Mist and if I can just ask you firstly, by training, Mr. Desmond, you are not an accountant, is that correct?

A. Yes.

Q. Certain account information has been furnished on your behalf in relation to this transaction and I think you have agreed with Mr. Coughlan that further account information will be furnished?

A. Yes.

Q. Your involvement with the, I think what became known as NCB Ireland on the Sail Ireland Project when is it that first occurred?

A. Maybe sometime in late '86, maybe early '87. Exact dates I can't give you. I'd have to look it up.

Q. And eventually however the

A. Well, Sail Ireland I was approached by Eddie Curneen to get involved in sponsoring a boat that would participate, the Irish entry in the Whitbread Round The World Race.

Q. Had there ever been an Irish entry before?

A. No.

Q. Do you remember what the initial guesstimate was in relation to the project?

A. The initial guesstimate was in the order of 4 million.

Q. And do you remember how much the actual project cost?

A. Well the, what they looked at the time, what they said to us is they wanted a main sponsor for 1.6 million. Now, maybe I may be 100,000 wrong here but my memory is and that they would generate funds from yacht clubs and other sponsors so this trust was established. We made two conditions for the trust, we said we would sponsor it on the basis that Howard Kilroy became chairman of the trust and that they would generate, they would find the monies to complete the project.

Q. Now, the main sponsor became NCB, is that correct?

A. Yes.

Q. And you have indicated that the estimate was about 1.6 million for the main sponsor. You mentioned a figure I think to Mr. Coughlan of it costing in excess of that amount or you having to contract or NCB having to contract



in excess of that. Do you remember what the project eventually cost?

A. The project cost in excess of 6 million and Sail Ireland were unable to generate the funds to meet, to complete the round the world challenge. And the balance, the shortfall in excess of €1 million which Sean Kilroy and myself paid personally.

Q. Do you recall what the Sail Ireland or NCB Ireland cost you personally in total?

A. Somewhere in excess well, I was the majority shareholder in NCB so I would, with the other shareholders in NCB, it cost us a minimum of 1.6 million, a minimum of 1.6 million and my own payments in relation to this were in the order of 700,000 so roughly 2.3 million collectively.

Q. The designer of this was Ron Holland?

A. Yes.

Q. In Cork. Had you ever had dealings with Mr. Holland before that?

A. I am not a sailor and I haven't sailed. In fact I can't even swim so this was my first venture into sailing but it was a matter of, it was a reflection of the period that we were going through in Ireland and it was our belief that we should be able, as an island, to race, we should be able to challenge because we had a first class design with Ron Holland.

Q. Did you have a good relationship with Mr. Holland?

A. Yes.

Q. In relation to the Celtic Mist, have you ever sailed on the Celtic Mist?

A. No.

Q. Have you ever seen the Celtic Mist?

A. In the distance maybe but I have

Q. Now I know, Mr. Desmond, you have said you are not an accountant and you are going to certainly try to assist the Tribunal in relation to the accounting treatment within Dedeir and Freezone but could I ask you just to look to the computer printout which was furnished by or on your behalf to the Tribunal and then I want you to look at the letter from Mr. Moore. Do you have that three page computer printout?

A. No. (Document handed to witness.)

Q. Mr. Desmond, my understanding of the first two pages of this three page computer point printout is that the first two pages are from the nominal ledger of Dedeir and that the third page is from the general journal of Dedeir.

A. Ah huh.

Q. If you turn to the second page, Mr. Coughlan has already taken you through what are described as the three €10,000 payments described as Ron Holland Project, NCB Ron Holland Project and the third one Ron Holland Project, all for €10,000. And you will see that two of them are described as Ron Holland Project and the middle one of the three is described as NCB Ron Holland Project.

A. Yes, Ron Holland payment, yes.

Q. Ron Holland Payment, I am sorry. Now in terms of the primary records that have been furnished to the Tribunal, you have produced two cheques from Dedeir in the amount of œ10,000 and the third cheque that has been produced is a cheque from Dedeir to NCB for a larger amount of œ129,000?

A. Yes.

Q. Is it the case then that the three payments that are reflected there, or in the case of the first and third of the three, represented by the cheques that were paid by Dedeir and the NCB Ron Holland payment is a payment made by NCB subsequently reimbursed by Dedeir to NCB?

A. Correct.

Q. And then if you just go down two lines further, there's either transfer or transferred forward to Celtic Mist of œ30,000.

A. Yes.

Q. That nominal ledger there, Mr. Desmond, again I am not sure to what extent you can assist in relation to this, the debits would be shown on the left and the credits would be on the right, is that correct?

A. That's usually the case.

Q. And if you go over the page to the last of the three pages, you will see under the line which says "Control Total" there's a reference to an input date, do you see that, of the 25/5/1990?

A. Yes.

Q. And then there's the word "YR" and "CI" I take to mean

current. The period would be zero four which would be the month of April and the type is General JNL, general journal, is that your understanding?

A. Yes.

Q. And all the dates that occur on the left-hand column of that page, if you just move the screen slightly over to the right, all of those are showing a date at the 1/4/1990 but I suggest that refers to the period, to the month of April 1990 and that seems to be accepted by Mr. Coughlan.

A. Yes.

Q. And the last two items there show an amount of €30,000 credited to the Sail Ireland Nominal Ledger Account, isn't that correct?

A. Yes.

Q. And a debit in respect of the Freezone current account referring to, in the case of Freezone, balance 6101?

A. Yes.

Q. Now, on the assumption that the input date is the 23rd May 1990, that suggests, does it not, that the journal entries were made in respect of the month of April on that input date of the 23rd May of 1990?

A. Yes.

Q. That's also the date upon which the first Freezone draft is transferred from the Trustee Savings Bank to Ron Holland in Cork, isn't that correct?

A. Yes.

Q. So on the assumption that this journal entry is made on the

23rd May 1990 and that the first payment from the Freezone account occurs on that day, that would suggest, would it not, that the transfer out of the Dedeir account of the liability into the Freezone account and the consolidation of the amount in the Freezone account took place towards the end of May, the 23rd May 1990?

A. Yes.

Q. The next thing I want to ask you about is in connection with a letter from Mr. Moore of the 16th April 1998. And again as Mr. Coughlan has fairly said, this was procured by you for the assistance of the Tribunal from Mr. Moore. Do you know who Mr. Moore is or what his qualifications are?

A. He is an accountant based in the Isle of Man.

Q. And this letter to you confirms certain advances having been made and the three dates are mentioned, isn't that correct?

A. Yes.

Q. And that's presumably taken from the bank statements of Freezone showing the three advances being made in May and July of 1990 and February of 1991?

A. Yes.

Q. And then it says, "These amounts," that is the three amounts "were consolidated with advances made by Dedeir of £30,000 which amount was dealt with in the intercompany account between the companies."

Now, the companies that are talked about there, the

intercompany account, I take it that that's the intercompany account between Dedeir and Freezone?

A. Yes.

Q. And then it goes on, "I confirm that the accounts of the above company for the years to 31st December 1990 included as an asset" and it mentioned a sum of some €72,000, that's slightly less than the eventual total amount because the final payment wasn't made until February of 1991. That included as an asset the consolidated amount of €72,959 being an advance to Conor Haughey.

Now, insofar as I understand that and I am just wondering if you can assist in confirming my understanding, Mr. Desmond, is that the asset in the accounts of Freezone was the money that was owed to it by Dedeir on the consolidated intercompany account?

A. Yes.

Q. And that the notation being an advance to Mr. Conor Haughey is descriptive of what it was in respect of?

A. Correct. That's my understanding.

Q. And similarly for the following years, what was in the accounts of Freezone or what will be shown in the accounts of Freezone is an asset in the intercompany account between Freezone and Dedeir of €75,000 odd and again, the description of that as being an advance to Mr. Conor Haughey?

A. Yes.

Q. Can I move then finally to the last item which is the

payment in September of 1994 and the payment in October of 1996. Firstly, insofar as the dates of these payments are concerned to Mr. Haughey, I think it is the case, Mr.

Desmond, that Mr. Haughey resigned as Taoiseach in the month of February of 1992, some two and a half years before the first of the two payments?

A. Yes.

Q. Is that your recollection?

A. Yes.

Q. Mr. Haughey ceased to be a TD following the dissolution of the Dail in November of 1992, some twenty-two months before the first of the two payments.

A. Yes.

Q. Is that your understanding?

A. Yes.

Q. The payments therefore that were being made by you in September of 1994 and October of 1996 were being made to Mr. Haughey two to two and a half years after he had retired from politics, is that correct?

A. Yes.

Q. In making the payments, be it in September of 1994 or October of 1996, was there any reason at that time why you would have been required or it would have been necessary to make that payment open to scrutiny?

A. No.

Q. Insofar as the McCracken Tribunal was concerned, my recollection, Mr. Desmond, what became known as the 'Dunnes

Payment' story broke in late November of 1996. Do you recall that or not?

A. Not really.

Q. And that it wasn't until early December of 1996 that there was any connection made in the public arena with Mr.

Haughey. Do you recall that?

A. Not specifically.

Q. There has been, over the past two or three days and certainly didn't emanate from Mr. Coughlan, but reporting suggesting that these two payments were uncovered, that is the payments of €100,000 in September of 1994 and October of 1996. Can you explain how these two payments came to light, Mr. Desmond?

A. Well, we supplied the well first of all I had indicated that I had made payments since 1994 and there was a tribunal inquiry about these, I supplied them with information.

Q. It was information that you had volunteered?

A. Yes.

Q. And provided?

A. Yes.

Q. I think in the instance, you had in your statement in January 1998 referred to payments being made after Mr. Haughey ceased to hold public office which you didn't mention the amounts of the payments at that stage?

A. Correct.

Q. And initially I think you, on advice, took the view that



payments after Mr. Haughey ceased to hold public office might not be within the terms of reference but ultimately that information was furnished by you and the documentation from the various banks was furnished on the 22nd March of 1999, is that correct?

A. That's correct.

Q. Thank you.

CHAIRMAN: Mr. Coughlan?

MR. COUGHLAN: Other than to say, Sir, My Friend has raised an issue at the very end, I do not intend pursuing something that I may have to return to at a later stage. That's all I say.

CHAIRMAN: Should that arise you will address it then. Mr. Desmond, if there had been a third person present at the brief meeting between Mr. Conor Haughey and yourself that preceded the arrangement to finance Mr. Holland's refurbishment of Celtic Mist, he or she would readily have supposed it was a straightforward agreement between you and Mr. Haughey personally?

A. Correct.

CHAIRMAN: It was only subsequently because of your own business commitments the two companies with which you were connected and the relationship with Mr. Probets that the particular ramification of we have heard much of today took place?

A. That's right.

CHAIRMAN: You confirmed to Mr. Coughlan indeed it was only at the time of Mr. Glackin's examination appreciably later that Mr. Haughey appeared to become aware of the respective companies?

A. That's true.

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

A. Thank you.

MR. HEALY: I don't know, Sir, whether you wish to proceed any further with the evidence of Mr. Haughey. I am concerned more about the stenographer.

CHAIRMAN: I am going to sit if you wish to be heard, I am concerned it's a long day and we are almost up to 120 pages, if there's some urgency, if I thought the witness would be very short of course I'd sit late but Mr. Haughey's statement is not inconsiderable.

MR. HEALY: I think it preferable to leave it until Tuesday, subject to you, and Mr. Ryan can be here on Tuesday but not on any other day so it might be preferable if both he and Mr. Haughey were taken on that date.

CHAIRMAN: The only matter would be we would have a skeletal day on Tuesday with evidence alone.

MR. HEALY: There would be a difficulty with Mr. Ryan later on in the week. There may be no way around it except to deal with both those witnesses on that day.

CHAIRMAN: I think it is potentially a further hour and it's probably somewhat unfair on the reality. Mr. Charlton, if you press me very strongly...

MR. CHARLTON: No, Sir.

CHAIRMAN: I think it's probably preferable after quite a long time. Mr. Shipsey?

MR. SHIPSEY: Just in relation to Mr. Desmond, I take it Mr. Desmond can step down.

CHAIRMAN: Indeed, yes.

MR. SHIPSEY: And will be notified of any further

CHAIRMAN: Of course, Mr. Shipsey.

CHAIRMAN: I think it would be appropriate that any in-house Tribunal matters be ventilated at public sittings, I think this is exception because it is the last day that we have the benefit of the services of Miss Annette O'Connell as our professional registrar and I think it would be invidious not to note that she has continuously served this Tribunal and before at the McCracken Tribunal so that she has been in these sittings for almost the greater, very much the greater part of the last three

years. It is worth bearing in mind that the role of being a tribunal registrar is not limited to mere matters of swearing in witnesses and the like but it extends to considerable aspects of management of tribunal business, liaising with various government departments and not least, liaising with representatives of the media and with members of the public. In all of those roles, Miss O'Connell has been an invaluable participant in the Tribunal's affairs and whilst we congratulate her warmly on the promotion that will bring her next week to the senior management position in the new courts service back in the Four Courts, we very much regret her passing and I think I speak on behalf of all persons working in the Tribunal in extending not only congratulations but warmest appreciation for all she has done over the last considerable period.

10:30 on Tuesday.

THE TRIBUNAL THEN ADJOURNED UNTIL TUESDAY, 7TH DECEMBER  
1999 AT 10:30AM: