

1 THE TRIBUNAL RESUMED AS FOLLOWS ON WEDNESDAY,  
2 17TH SEPTEMBER 2003 AT 10.00 AM:

3  
4 MR. O'NEILL: Good morning, Mr. Chairman.  
5 Mr. Seddon is here from London to give evidence to the Tribunal.  
6 Mr. Marry represents him.

7  
8 MR. MARRY: Members of the Tribunal, good morning. I appear on behalf of  
9 Mr. Anthony Seddon of Seddon Solicitors in London, instructed by Mr. Terry  
10 Leggett of Eugene F. Collins Solicitors, and I am formally applying this  
11 morning for limited legal representation on behalf of Mr. Seddon, before the  
12 Tribunal.

13  
14 CHAIRMAN: Well that will be granted.

15  
16 MR. MARRY: Thank you very much. Just before Mr. O'Neill commenced his  
17 examination of Mr. Seddon, and before Mr. Seddon takes the witness-box, with  
18 the liberty of the Tribunal, I would propose just reading from a brief  
19 statement on behalf of Mr. Seddon relating to matters which occurred prior to  
20 the request by the Tribunal to attend, asking Mr. Seddon to attend before the  
21 Tribunal. It's a very brief statement. I think with the liberty of the  
22 Tribunal, I propose to read from that.

23  
24 CHAIRMAN: Very good, I wonder would you pull the microphone a bit closer?  
25 Thank you.

26  
27 MR. MARRY: I would like to take this opportunity to correct certain  
28 misunderstandings about Mr. Seddon's attendance before this Tribunal. It was  
29 never Mr. Seddon's intention to refuse to travel to give evidence and  
30 Mr. Seddon regrets if there was ever the impression given to that effect.

1 Mr. Seddon's previously scheduled appearance was, I think it is fair to say,  
2 set up in some haste and at short notice.

3  
4 When the extent of the evidence required from Mr. Seddon became clear,  
5 Mr. Seddon felt that time constraints imposed by his own workload and the  
6 necessity to be fully prepared rendered it prudent for Mr. Seddon to postpone  
7 his attendance here.

8  
9 Mr. Seddon did not mean to suggest, as was portrayed at the time, that he would  
10 never appear, and his presence here today proves that point. It has also been  
11 suggested in various quarters that costs outstanding to Mr. Seddon's firm were  
12 an impediment to Mr. Seddon and his cooperation to the Tribunal. That is not  
13 the case and never has been. In fact, Mr. Lawlor does not owe Mr. Seddon's  
14 firm any significant amount of fees. The subject of Mr. Seddon's own costs for  
15 attending here was dealt with quite clearly in correspondence with the Tribunal  
16 solicitors and is not an issue.

17  
18 Mr. Seddon's firm provided extensive discovery at Mr. Lawlor's request and has  
19 not looked for payment either from him or from the Tribunal. For professional  
20 and personal reasons, Mr. Seddon and his firm are quite happy to cooperate with  
21 the Tribunal and I'd like to thank you, members of the Tribunal, for this  
22 opportunity to put the record straight.

23  
24 CHAIRMAN: Thank you.

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26 MR. O'NEILL: Thank you. Mr. Seddon please, could you come forward to the  
27 witness-box?

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ANTHONY SEDDON, HAVING BEEN SWORN, WAS EXAMINED  
AS FOLLOWS BY MR. O'NEILL:

CHAIRMAN: Morning, Mr. Seddon.

MR. O'NEILL: Good morning, Mr. Seddon, if you'd like to sit down.

A Thank you.

Q 1 Mr. Seddon, you are a solicitor by profession and you carry on the practice of  
solicitor, both in London and in Prague, is that so?

A That's correct.

Q 2 And Mr. Liam Lawlor, who is the subject of the current inquiry before this  
Tribunal, has been a client of your firm and has had dealings with you in the  
practice of Seddon's?

A That is correct.

Q 3 In its most recent inquiries of you by letter of the 1st August of this year,  
the Tribunal wrote to you to ask you to provide a detailed narrative statement  
of certain dealings which you had had with Mr. Lawlor, and in particular, in  
connection with the sum of 100,000 pounds which was received by your firm, you  
recollect that correspondence?

A Yes, indeed.

Q 4 The letter reads that "the members have requested that your client", this was  
collected to your solicitor, Mr. Leggett, furnish to the Tribunal, detailed  
narrative statement incorporating, but not limited to the following:

1, your client's firms dealing with the cheque of the 6th September 2000, in  
the sum of 100,000 pounds and the cheque of the 24th September 2001 in the sum  
of 17,500 pounds. Your client should provide full details of:

A, what instructions he received in respect of the aforementioned monies from  
Mr. Liam Lawlor.

B, details of accounts into which such monies were lodged.

1 C, details of instructions of Mr. Lawlor regarding the disbursement of the  
2 monies.

3 D, furthermore your client is required to deal with the invoices of Seddons  
4 dated the 10th January 2001 and issued to Lunar Sea Developments Limited. Your  
5 clients statement should state whether this invoice was issued by Seddons  
6 solicitors.

7 E, in the event that the invoice did issue from Seddons, the circumstances in  
8 which it issued.

9 F, what inquiries have been made from staff at Seddons solicitors regarding the  
10 invoice.

11 G, what access, if any, Mr. Lawlor has in Seddons solicitors office in Prague  
12 and London."

13  
14 It went on then to deal with the Zatecka company, and my pronunciation of that  
15 I am sure is not the appropriate Czech pronunciation, it's spelled ZATECKA.

16  
17 You were also invited to make a statement in relation to that. I propose  
18 firstly, Mr. Seddon, to deal with the question of the 100,000 and we'll move on  
19 to deal with Zatecka a little later.

20  
21 In response to this request of you, you provided a statement to the Tribunal  
22 which was received by the Tribunal, I think, on the 10th September of this year  
23 and I will just read, for the record, that part of your statement which deals  
24 with the 100,000 and the queries that are addressed in correspondence so far.

25  
26 It's headed "Statement of Anthony Morris Seddon".

27 One. Cheque for 100,000 pounds.

28 On or about the 6th September,2001, Mr. Liam Lawlor was in contact with me when  
29 I was in my London office at 5 Portmans Square, London, W1.

30

1 I believe that we had a brief telephone conversation when he told me he would  
2 be receiving some commission in England and would like me to collect it for  
3 him. On the 7th September 2001, he called at my office and gave me a cheque  
4 drawn on the account of Lunar Sea Developments Limited in the sum of 100,000  
5 pounds. I remember the incident clearly, as I was amused by the name of the  
6 company. Mr. Lawlor informed me that the payment in question was commission  
7 due to him in respect of a transaction relating to a property in Picadilly,  
8 London. I had not previously spoken about such a transaction nor had I  
9 previously heard of the company, Lunar Sea Developments Limited. This cheque  
10 was, on Mr. Lawlor's instructions, paid into my firm's general account on the  
11 same day."

12  
13 Sorry, my firm's general client account on the same day.

14  
15 "I say that when I gave Mr. Lawlor a statement at short notice in July this  
16 year at the request of the Tribunal, I mistakenly referred to October 2001, the  
17 date of receipt was the 7th September, but in October 2001 some payments were  
18 made on behalf of Mr. Lawlor.

19  
20 The second payment from Lunar Sea Developments Limited was made more than a  
21 year later. A cheque for 17,500 pounds was received on the 26th September  
22 2002.

23  
24 Like the first cheque, this was paid into my firm's general sterling client  
25 account, maintained at Barclay's Bank PLC, Media Banking Centre, 27 Soho  
26 Square, London, W1D 3XR. That was not a separate account maintained for  
27 Mr. Lawlor.

28  
29 I had not been aware of the second payment until recently as it was credited  
30 for the purposes of my firm's accounting records to a different file, in

1       respect of which the day to day matters were being dealt with by different  
2       partners in my firm.

3  
4       I understand that Mr. Lawlor has given discovery of all the client ledgers  
5       maintained by my firm in which Mr. Lawlor had an interest which clearly show  
6       how these funds were utilised. The document which is described as the "invoice  
7       in Seddons" dated 10th January 2001, is not an invoice of Seddons. The  
8       document which I have seen only a photocopy, is not on the stationery of  
9       Seddons and would appear to have been created using copies of our notepaper. I  
10      have asked the head of my firm's accounting department, Miss Lois Davidson, to  
11      comment, and her written response is attached hereto.

12  
13     Mr. Lawlor appears to have accepted that my firm did not produce the document  
14     in question. Whilst it was hardly necessary to make inquiries of my staff, the  
15     document clearly not being on our paper. I nevertheless did so and the response  
16     is one of incredulity that it should be suggested that it had been prepared in  
17     either of our offices. Mr. Lawlor has visited our office in both London and  
18     Prague on numerous occasions since 1994. In London, he would have had access  
19     only to meeting rooms, whereas in Prague, which is a much smaller office, he  
20     would during the early years of our acquaintance, have had to pass through my  
21     secretary's office to go into my office.

22  
23     However, with the enlargement of our premises, client access during the past  
24     four years has been largely confined to ground floor meeting rooms. Mr. Lawlor  
25     is a forceful character and would, however, walk upstairs to speak to myself or  
26     my secretary without waiting to be invited to do so. My staff regarded  
27     Mr. Lawlor as demanding, though always a courteous client, but did make efforts  
28     to ensure that he was confined to areas of our offices which would not cause  
29     any concerns for client confidentiality. However I have no reason to believe  
30     that Mr. Lawlor ever made use of our stationery other than the note pads which

1 are provided for clients' use.

2

3 The statement goes on to deal with Zatecka, I'll deal with that later.

4

5 I'll revert, now, Mr. Seddon to the circumstances of this particular receipt.

6 I think firstly, you might agree with me the date of the 6th September 2001, in

7 fact is an error and it should be the 6th September, 2000.

8 A Yes, that seems to be an error.

9 Q 5 It follows also that the second cheque received one year later was not received

10 in the year 2002 as stated, but rather in 2001.

11 A 2001, it appears from the ledger, yes.

12 Q 6 Are there any other errors manifest you would like to correct in your statement

13 or would you like to elaborate on any matters since the preparation of this

14 statement, you are satisfied, may be of capable of another interpretation?

15 A On looking at the statement again, I have to say that I cannot be sure that I

16 actually saw Mr. Lawlor on the 7th September. I know that we received the

17 cheque on that date. I know that I spoke to Mr. Lawlor, but it may have been

18 on the telephone. I cannot be sure that I actually saw him at that time.

19 Q 7 When did this hesitation as to whether or not there was such a meeting first

20 present itself in your mind?

21 A Well, on thinking back, trying to remember the precise dates, which is not so

22 easy after three years, I couldn't be sure and I wouldn't want to be absolutely

23 categoric to say that I saw him on a particular day when I wasn't sure.

24 Q 8 Right. You did, however, see him on a day when he presented to you the cheque

25 in question, is that right?

26 A No, no, what I mean is that I don't know if he left the cheque at my office on

27 that day, having spoken to me about it on the telephone.

28 Q 9 Well, shall we look firstly at the cheque itself? You have been provided,

29 Mr. Seddon, with the five volumes of documentation which were produced to the

30 Tribunal by Mr. Lawlor as representing the files which he had received from

1 you. And from those files, the Tribunal has prepared an extract of certain  
2 documents which were provided to you also in file form with the intention that  
3 these particular documents may be referred to in the course of your  
4 examination, is that right?

5 A Yes.

6 Q 10 Do you have that document before you? It's headed the "Seddon Brief" and yes,  
7 if you would like firstly to page number 19 in that and if that document can be  
8 put on screen?

9 A It may be an appropriate moment to correct one other point that's in the  
10 statement in relation to the payment in of the cheques. I referred to payment  
11 in as Barclay's Bank. What I had forgotten was that I believe that around  
12 about this particular time, my firm changed its banking from National  
13 Westminster to Barclays, so it's quite possible that this cheque was paid into  
14 our client account at National Westminster Bank rather than Barclay's Bank, but  
15 I don't think anything hangs on that.

16 Q 11 I take it, Mr. Seddon, in the preparation of a statement which you expected to  
17 be examined on oath before a Tribunal of Inquiry, you would have taken certain  
18 steps to ensure the accuracy of the statement, surely? These seem to be very  
19 fundamental errors that could have been resolved by even the most cursory  
20 examination of your file?

21 A Well, I was responding to a request to give information, which I gave, and  
22 the -- I was referring to my firm's client account, and I didn't really  
23 consider the question of the relevance of which bank it was maintained at.

24 Q 12 Wasn't the whole purpose of the inquiry directed towards establishing how it  
25 was that a sum to which various explanations had been given as to its source,  
26 ultimately found itself treated in your accounts, which were on the state of  
27 the evidence at the time, generated on foot of a false invoice? Surely nothing  
28 would be more serious, from your point of view, professionally, to ensure the  
29 accuracy of this statement that you intended to provide to this Tribunal?

30 A I had not -- it had not occurred to me that it was a point of relevance.



1 Q 13 I see. Well, if we look to the cheque which is on screen now and it's in hard  
2 copy before you, page 19 of the file, you will see that the drawer of the  
3 cheque was Mr. Michael Whelan. The amount of the cheques is written in  
4 manuscript, as is the figure of one 100,000. But the entry in respect of  
5 Seddons solicitors (client account) is in a different hand?

6 A Yes.

7 Q 14 Isn't that so? Have you been able to identify who entered the word "Seddons  
8 Solicitors (client account)" on that cheques, is it yourself, a member of your  
9 staff?

10 A I believe it was myself.

11 Q 15 I see. So, when you received this cheque, it was, in effect, a blank cheque  
12 for 100,000 pounds?

13 A Correct, yes. Didn't have the name of the payee in the top line.

14 Q 16 Yes. And didn't Mr. Lawlor hand this cheque to you or did he leave it in an  
15 envelope in your office?

16 A He either handed it to me; as I said before, I can't be absolutely sure whether  
17 he left it for me, but it certainly came into my possession from Mr. Lawlor.

18 Q 17 On whose instructions were the words "Seddon solicitors (client account)"  
19 written on the cheque?

20 A Mr. Lawlor's instructions.

21 Q 18 I take it you do a fair amount of international business as a solicitor on  
22 behalf of your clients, transacting extra jurisdictional transfers of money,  
23 the receipt of money, etc.?

24 A Certainly.

25 Q 19 And what explanation did Mr. Lawlor give to you for the fact that the cheque  
26 was in blank?

27 A I don't recollect. I don't recollect him giving an explanation.

28 Q 20 Well, if he didn't give one, presumably you asked him for one?

29 A I'm afraid I don't recollect.

30 Q 21 Well, you know, as a solicitor, Mr. Seddon, that there are requirements which

1 you must go through before you receive monies in your firm, in particular into  
2 a client account in your firm, isn't that right? You have to be satisfied of  
3 certain things.

4 A Well, I was satisfied that the information Mr. Lawlor gave me would be correct,  
5 that this was --

6 Q 22 What was that information?

7 A That this was money which was earned by him for commission on a property  
8 transaction and that it was paid to me to pay into his account, or into our  
9 client account, to be credited in his favour.

10 Q 23 And what explanation, if any, did you seek or obtain as to why the cheque  
11 wasn't made payable by the drawer of the cheque, Mr. Whelan, to Mr. Liam Lawlor  
12 as the payee?

13 A I simply don't recollect.

14 Q 24 Well, did you engage your mind at all as to why it was, that a cheque for a  
15 very large sum of money should be produced in this format to you with the  
16 explanation that it is a commission due to Mr. Lawlor without Mr. Lawlor's name  
17 appearing anywhere on the cheque as the drawer?

18 A If I was to expand on an explanation, I would only be -- I would only be  
19 guessing at what my thoughts were at the time because I cannot remember the  
20 thought processes then.

21 Q 25 You say that you remember the incident quite clearly. In your statement and  
22 the second paragraph, you say "I remember the incident clearly as I was amused  
23 by the name of the company."

24 A Yes, I remember the receipt of the cheque, certainly.

25 Q 26 Well surely the most obvious matter about the receipt of the cheque, other than  
26 its size, was the fact that it was a blank cheque.

27 A Well certainly at that time I had no reason to suppose that anything Mr. Lawlor  
28 was telling me was not the truth.

29 Q 27 Is there any reason, Mr. Seddon, why you didn't send the cheque back to  
30 Mr. Lawlor and say "please insert your own name here as the payee because I may

1 well have to account for dealing with this money at a later stage"?

2 A Well I would have to account for it anyway.

3 Q 28 Yes.

4 A It was clearly paid for the benefit of Mr. Lawlor and it was paid to an account  
5 that was clearly not with his name.

6 Q 29 Well clearly marked in your internal records in Seddons as being for his  
7 benefit?

8 A Certainly.

9 Q 30 But not for anybody else's. Not clear to, for example, Mr. Whelan here, who  
10 would have written the cheque?

11 A It appears from the statement that I have been given, appears that the name of  
12 my firm is clearly on his bank account so he would be aware where it was paid  
13 to.

14 Q 31 Well we know that that is not in respect of this cheque, the word Saville's was  
15 entered against this particular cheque in his account, the 17,500 pounds cheque  
16 which was written was in fact written by Mr. Barrett to Seddons, and it appears  
17 in the accounts as "Seddon" but my question at the moment, Mr. Seddon, is  
18 centred on what your responsibilities were as a solicitor receiving a blank  
19 cheque for 100,000 pounds from a client. I am asking you why it is that you  
20 didn't insert, on the face of the cheque, the name of the person who was  
21 entitled to these funds, Mr. Liam Lawlor? As far as you were concerned, why  
22 you chose to put your reference here, "Seddons solicitors (client account)" on  
23 the document?

24 A Because that's where I was instructed to pay it. The fact that it was made,  
25 paid into a client account indicated that it was for a client and not for me.  
26 For my firm.

27 Q 32 Well for what purpose were you receiving the funds for Mr. Lawlor? What did he  
28 indicate that he was paying these monies to you as a solicitor for, as opposed  
29 to lodging it in his bank account, which there are quite a number?

30 A He told me that he wished me to make certain payments and that he intended the

1 money to be used for investment purposes in connection with various matters  
2 which he was involved in at the time.

3 Q 33 What matters were the monies specifically to be directed towards?

4 A At that time there was a list of payments subsequently given which payments  
5 were made, and those are the payments which I referred to in the list that was  
6 produced for the Tribunal in July.

7 Q 34 Yes. That is a list which we will deal with shortly, Mr. Seddon, which records  
8 withdrawals from the client account. All of which, with the exception of the  
9 sum of 3,250 pounds and the payment to a firm of accountants who acted for  
10 Mr. Lawlor, were direct payments to Mr. Lawlor himself, is that right?

11 A Correct, yes.

12 Q 35 They would not require him to use you as a solicitor to structure payments to  
13 himself in the normal course, is that right? It's his 100,000 pounds, should  
14 he chose to pay himself or Demographic Consultants sums of money, he does not  
15 have to do so by channelling the funds through your client account, is that  
16 right?

17 A If it was his money in his bank account, he could do what he wished with it.

18 Q 36 If it was in his bank account?

19 A Yes.

20 Q 37 But it wasn't in his bank account, it was in yours?

21 A And therefore, subject to his instructions what he wants to be done with it.

22 Q 38 You were allowing your bank account, your client bank account to be used by  
23 Mr. Lawlor for the purpose of withdrawals for his own personal reasons and for  
24 matters which did not necessarily involve Seddons solicitors in the  
25 transactions. For example, the 15,000 pounds in cash which was withdrawn on  
26 two occasions. There was no underlying legal transaction for which those funds  
27 had been received in Seddons account.

28 A No, there wasn't.

29 Q 39 So you, in effect, were allowing your account to be used as Mr. Lawlor's  
30 account, isn't that right?

1 A Well insofar as any client we hold money for, we allow the client to use our  
2 account for purposes of holding money certainly.

3 Q 40 But is it not fundamental to the operation of a client account that the  
4 solicitor only receives money into that account if it is for some underlying  
5 legal transaction which is being conducted by the firm and requires those funds  
6 to be in a client account for that purpose, rather than for the benefit of the  
7 client in his own personal capacity.

8 A I don't think that proposition is correct. There are numerous occasions when a  
9 solicitor may receive funds from a client who wished it to be held for all  
10 sorts of purposes.

11 Q 41 Yes, but those purposes being purposes that require the involvement of the  
12 solicitor other than as a person with whom monies had been parked, if I can use  
13 that express. You don't operate a bank, Mr. Seddon, isn't that right?

14 A I am not a banker, no.

15 Q 42 So that if you receive funds as a solicitor, it is on the basis, inherently,  
16 that those funds will be applied by your firm, on behalf of your client in a  
17 legal transaction of sorts, rather than that the monies are merely sitting in  
18 your deposit account in his name, do you not accept that?

19 A No, I don't accept that. There may be many reasons why a client wishes a  
20 solicitor to hold funds and there's nothing improper in that.

21 Q 43 Mr. Lawlor, in effect, was sheltering his money in your account, is that right?

22 A Well, you are looking at a situation in hindsight, knowing facts which I was  
23 not aware of at the time.

24 Q 44 Well, what facts were you aware of at the time? What purpose did you receive  
25 into your account 100,000 pounds for that would involve Seddons solicitors?

26 A I was instructed that Mr. Lawlor had earned a commission in connection with a  
27 property deal in London in Picadilly for which he was entitled to a commission.  
28 He told me that he wanted to, he used this in connection with the property  
29 dealings which he was running through his Zatecka company. He had in mind  
30 various investment possibilities at the time. What in fact happened relatively

1           shortly afterwards was that he caused the money to be withdrawn. There were a  
2           number of payments for his various personal purposes, and subsequently the  
3           balance of the money was paid out to him, his trading company, Demographic  
4           Consultants.

5 Q 45 So none of these funds were applied for the reason you say he gave you in the  
6           first instance?

7 A       No, they weren't used for investment in the event, no.

8 Q 46 As the person who was setting up this account from your own internal accounting  
9           purposes, it was necessary for you to give a narrative or oral account of what  
10          these funds were for, isn't that right?

11 A       Yes, to say who the monies were received from, certainly.

12 Q 47 Well I think you went further than that, Mr. Seddon. You didn't merely say  
13          "funds for Liam Lawlor", isn't that so?

14 A       I would have said "funds from Lunar Sea Developments, whoever was the payer.

15 Q 48 If we look to page 24 of the brief, we'll see that this document is an internal  
16          Seddons document, it represents a printout of the accounts ledger. It was  
17          prepared on Monday, 24th September 2001, at two o'clock. You see that at the  
18          bottom left hand corner of the page? Maybe it was cut off. In the hard copy  
19          you see it. These are the details of the account into which the 100,000 pounds  
20          you received from Mr. Lawlor found itself?

21 A       That's correct.

22 Q 49 And if we work our way across from left to right. In the top left hand corner  
23          you see the date, the 7th September 2000, there's "Run" I don't know if we have  
24          to deal with that in particular, "type; status; CER", what does that mean?  
25          Perhaps CCR, I'm not sure?

26 A       It may be "check credit", I would think.

27 Q 50 "Czech credit", is that Czech Republic?

28 A       No, no.

29 Q 51 You give it a reference and then a narrative, "investments funds from Lunar Sea  
30          Developments Limited"?

1 A Yes.

2 Q 52 Was that intended to convey that these funds were going to be invested by Lunar  
3 Sea at some future stage?

4 A No, meaning investment funds of Mr. Lawlor received from Lunar Sea  
5 Developments.

6 Q 53 Is there any reason why it didn't record what in fact the funds were, and that  
7 is commission due to Mr. Liam Lawlor from Lunar Sea Developments?

8 A That amount of detail wouldn't normally be put in this ledger in this way.

9 Q 54 "Commission, Liam Lawlor"; how much detail is required there as opposed to  
10 using "investment funds from"?

11 A Well it could have been put that way, but it wasn't. I can't really say more  
12 than that.

13 Q 55 But this is the attribution for this payment you chose to use, do you think it  
14 fairly reflects the nature of this payment?

15 A It reflects what I was given to believe it was for at the time that I received  
16 it. But I had been told at the time that was his money by virtue of being  
17 commission. That's what I was told.

18 Q 56 So you opened the account as "LAW 001" or you refer to it in the top left-hand  
19 corner, "LAW 001, Mr. Liam Lawlor", is that right?

20 A It was an account that was opened in February of that year, yes.

21 Q 57 So it was into an existing client account or client account designation that  
22 you treat this payment?

23 A That particular matter was the first receipt of that file, yes.

24 Q 58 And we see running down to the very end of this page on the 29th December,  
25 there is an auto interest calculation?

26 A Yes.

27 Q 59 I think that's generated by the computer, is that right, as a matter of course?

28 A Yes, bank interest earned on the money which would be for the credit of the  
29 client, yes.

30 Q 60 But as regards the dispositions out of the account, they are shown under the

1 individual headings or lines running from the 28th September, sorry from the  
2 10th October, the first withdrawal, until the 28th December.

3 A Yes.

4 Q 61 Which was the last; and if we look to the second last entry on the balance, we  
5 see a balance of zero at the 28th December, isn't that right?

6 A That's correct.

7 Q 62 When you were asked by Mr. Lawlor, Mr. Seddon, to provide details of the  
8 payments which had been made out of this account, you did so from Prague, you  
9 were contacted in Prague?

10 A I did.

11 Q 63 And having done so, you prepared a manuscript document which is page 17. Now  
12 you head that document "Liam Lawlor statements" re: 100,000 pounds received for  
13 credit of your client account. That's presumably LAW 001.

14 A Yes.

15 Q 64 Receipt 7/ 10/2000. You correct that in your statement to the Tribunal and  
16 accurately put it in as 7/9/2000, interest added to account 232.06 pounds and  
17 then you list payments out to the equivalent amount, so that the withdrawals  
18 balances the amount which was lodged into the account.

19 A Yes.

20 Q 65 Is this document which was provided to the Tribunal by Mr. Lawlor intended to  
21 reflect the account ledger transaction as shown in Seddons, for the receipt of  
22 the 100,000 pounds?

23 A Yes, that was the question that I was requested late one evening by Mr. Lawlor  
24 that he had been asked by the Tribunal that I prepare a statement showing what  
25 happened to the money that came in and how it went out again and I did that  
26 under some pressure, hence perhaps the mistake about the date, having to do it  
27 at some technical difficulty because I was having to use a computer link to the  
28 London office which wasn't terribly, working terribly well. So, that's how it  
29 was prepared that particular evening.

30 Q 66 I think you refer to it specifically in your letter of the 8th July which



1 accompanied this document, which is at page 16 of the brief of documents where  
2 you say "I have Internet access to my London accounts but not for the purposes  
3 of printing. However the position is very clear as to what happened to the  
4 money as will be seen from the enclosed", the enclosed being the document on  
5 the screen.

6 A Yes.

7 Q 67 You didn't indicate any difficulties other than the fact that you couldn't  
8 print down your account, ledger account, is that right?

9 A Well I didn't make a meal of saying how inconvenient it would be.

10 Q 68 Well, whilst it may have been inconvenient for you to do it at that location,  
11 there was no technical difficulty in your being able to access the account,  
12 absorb the information that was in it and transcribe it?

13 A It wasn't completely straightforward but I was able to manage it, yes.

14 Q 69 Well what document did you consult which allowed you to prepare this document?  
15 This handwritten document. We have already seen on screen the printout of the  
16 particular account. Page 24.

17 A The equivalent of the ledgers in electronic form.

18 Q 70 Well if we looked at page 24, Mr. Seddon, that is the printout of account  
19 number LAW 001. And presumably if you were endeavouring to access Mr. Lawlor's  
20 dealings with this 100,000, you will find this account in the form we see it on  
21 the computer, isn't that right?

22 A Yes, eventually, that's the information that I would have accessed.

23 Q 71 And is that the information then that you would have transmitted in the  
24 handwritten document?

25 A That was the source of my information, various ledgers.

26 Q 72 Why do you say "various ledgers"? This is a ledger which is set up to deal  
27 specifically with the 100,000 pounds, it runs from the date the 100,000 pounds  
28 the lodged to the date upon which the funds were exhausted and a zero balance  
29 is shown in that account?

30 A Yes.

1 Q 73 Is this not the comprehensive document which would allow you to prepare for the  
2 Tribunal and for Mr. Lawlor the explanation for the withdrawal of funds?

3 A Well, as you would clearly, clearly see, it refers to a further account which  
4 relates to the -- relates to Z80-001 which refers to a journal entry which were  
5 the final payments making up the balance of the money we calculated.

6 Q 74 The document which is the handwritten document on page 17 does not in fact  
7 reflect the withdrawal position from account LAW 001, but is an amalgam of two  
8 accounts, LAW 001, which was an account of Mr. Lawlor's and Z80-001 an account  
9 which at times is attributable to Zatecka 14 S.R.O, isn't that so?

10 A Yes.

11 Q 75 Is there any reason why you didn't set that out on this document because this  
12 document here purports to be a statement of the one 100,000 received for credit  
13 of his client account and it makes no reference to the fact that the last two  
14 sums appearing on that were not withdrawn from that account but were withdrawn  
15 from a separate account?

16 A They were all -- it was all one account, it was all the same account, but I was  
17 responding to the question that I was asked, which was what money came in and  
18 where it went and that is, I answered what I was asked to do.

19 Q 76 You were setting out here pay outs; and the clear inference from this document  
20 is that this is a pay out from the client account?

21 A Yes, it was.

22 Q 77 But not from LAW-001, the client account of Mr. Liam Lawlor?

23 A I haven't referred to that account, have I?

24 Q 78 Sorry?

25 A I haven't said that there was any particular ledger.

26 Q 79 Was that deliberate or otherwise, Mr. Seddon?

27 A It was to be simple. I was asked a question to set out what money was received  
28 and when and how it was paid out and that's exactly what I did.

29 Q 80 It would have been a simple matter for you, I suggest, to have taken the  
30 information which was on Mr. Lawlor's credit account, which we have seen on

1 page 24 which, would show that there was a transfer of funds in the sum of  
2 60,858 pounds and 8 pence made on the 28th December 2000. Those funds were  
3 transferred from Mr. Lawlor's credit account to the account Z 80-001. Isn't  
4 that so?

5 A Yes.

6 Q 81 Now, had that taken place, would that then have disclosed to any person,  
7 considering the manuscript document, that the funds were disbursed through two  
8 separate accounts?

9 A I have no idea that that was a relevant matter.

10 Q 82 Well you decided then the relevance of the information you were going to give.  
11 You weren't going to give the information as it appeared on the ledger because  
12 had you chosen to do that, the Tribunal would have received a copy of page 24  
13 which would have shown the disbursements and would have revealed to the  
14 Tribunal the fact that the account was cleared, in effect, on the 28th  
15 December, by a transfer of those funds to another account.

16 A By far the easier thing for me would have been to print off those ledgers, had  
17 I been able to do so I would have done so.

18 Q 83 Could you not have given instructions to your London office to print it out and  
19 give it to Mr. Lawlor by fax or E mail?

20 A I was asked to fax something that evening and that's what I did.

21 Q 84 And what you faxed was what you thought would be the end position rather than  
22 the mechanics as to how the withdrawals were structured, isn't that right?

23 A Yes, I thought that was information that was required.

24 Q 85 The withdrawal of funds, I take it, from client account has to be upon the  
25 written instruction of the client, is that right?

26 A No.

27 Q 86 You take oral instructions from your client to withdraw funds from client  
28 accounts?

29 A Certainly.

30 Q 87 And what instruction did you receive on the 28th December which we see recorded

1 on page 24 as JNL funds were client instructions, AMS transferred to Zat 001/1.  
2 What instructions did Mr. Lawlor give you in relation to that transaction?

3 A What I was told is these monies were to be regarded as belonging to the company  
4 Zatecka because he was using Zatecka as his umbrella vehicle for his properties  
5 transactions and the money therefore should be routed through that company to  
6 be shown in the accounts of that company. So I made arrangements for a journal  
7 entry for the balance of the money that was sitting there to be shown as a  
8 receipt of Zatecka 14 S.R.O.

9 Q 88 So Zatecka 14 S.R.O. is a separate legal entity having its place of business in  
10 the Czech Republic, is that right?

11 A Yes indeed.

12 Q 89 And one must respect the distinction between those two entities from a legal  
13 point of view, is that right?

14 A Certainly.

15 Q 90 One cannot necessarily treat one as the other?

16 A Indeed.

17 Q 91 Unless one receives a clear instruction from the effective owner of the legal  
18 entity who happens to be the individual who has the account, is that right?

19 A Yes.

20 Q 92 So from your point of view, Zatecka 14 S.R.O. and Mr. Lawlor are in effect  
21 synonymous, the same entity, albeit Mr. Lawlor has set up Zatecka 14 S.R.O. for  
22 investment or commercial purposes?

23 A Not quite identical, but as will have been apparent to you, I took, my firm  
24 took instructions from Mr. Lawlor regarding Zatecka on the basis that he was  
25 the principal.

26 Q 93 The controller of the company?

27 A Yes.

28 Q 94 The company in fact, as we will see, was one which by reason of Czech legal  
29 requirements had to have a Czech resident or national as its director, is that  
30 right?

1 A Yes.

2 Q 95 And for that purpose, it was originally intended that you yourself would be the  
3 director of it, but ultimately your secretary Sarka Therova became the  
4 director, is that right?

5 A That's right.

6 Q 96 We'll deal with it perhaps in more detail when we are looking at Zatecka 14  
7 S.R.O. and its role in his finances at a later point. But on page 24, could I  
8 suggest to you that if you intended to account for the expenditure on the part  
9 of Mr. Lawlor, you could have printed out, or written out the detail which we  
10 see on page 24 which would have shown as the last entry the fact that 60,858.08  
11 pounds was transferred to the account of Zatecka, isn't that right?

12 A Yes, to the ledger.

13 Q 97 Sorry, which page is that? It's page 24. The very last entry on it -- the  
14 second last entry I should say on page 24. It indicates that there is a zero  
15 balance in the account.

16 A Yes.

17 Q 98 So if you were required to provide details as to what had happened to  
18 Mr. Lawlor's 100,000, you could have provided this information and it would  
19 have shown exactly what happened?

20 A If I had stopped there that wouldn't have been the full story because I was  
21 asked to say where did the money, where did the money go, where? And it went  
22 from our client account, according to the list that I provided. If I simply  
23 said that it went to the account of Zatecka and nothing more, then presumably  
24 that would have been regarded as an incomplete statement because the money was  
25 paid to the order of Mr. Lawlor, to Demographic.

26 Q 99 Well, if we --

27 A And I was asked to set out where the money, what money was received by us and  
28 where it was paid to.

29 Q 100 Well it in fact was paid to Zatecka and it doesn't appear anywhere in your  
30 document that it was so paid, isn't that right?

1 A To say that it was paid, nothing actually happened other than there was a  
2 journal entry. The actual payment was made from the account as was on my list  
3 of payments and that is what I understood the Tribunal is interested in  
4 knowing.

5 Q 101 You knew that the Tribunal was endeavouring to establish, amongst other things,  
6 what the relationship of Mr. Lawlor and Zatecka were?

7 A I don't think I could tell you at that time what I knew was required or was --  
8 it wasn't the question that I was being asked. I was asked to perform a task  
9 which I did. And --

10 Q 102 If we look now to page 26 in the hard copy, Mr. Seddon, you will see this is  
11 another accounts ledger. In this we see the client ZAT 001 to be Zatecka 14,  
12 S.R.O.

13 A Yes.

14 Q 103 And if we move down to the 28th December, we see the journal entry which  
15 corresponds with the last entry, LAW 001 which is recorded on receipt of our  
16 client instructions AMS transfer of LAW 001.3, 60,858.08. You deal with that  
17 in the following manner, you deliver your own bill for 3,250 which is deducted  
18 from and you pay by Swift, Demographic and Strategic Consultants invoice number  
19 2026 of 57,680 and 8 pence.

20 A Yes.

21 Q 104 Can you explain why it is that that payment sequence took place in that  
22 fashion? We know Mr. Lawlor is Demographic & Strategic Consultants, it's a  
23 business name, it's not a limited liability company, it's a name he chose to  
24 use in the course of his consultancy, it's not operated distinct from Mr. Liam  
25 Lawlor and so Mr. Lawlor indicated to the Tribunal, he doesn't have to account  
26 to anybody else for any part of the funds that come to him from Demographic &  
27 Strategic Consultants, in effect it's Mr. Liam Lawlor. You know that?

28 A I know that now, yes.

29 Q 105 You knew it then?

30 A Well I -- I knew that it was his trading name that he used, yes.

1 Q 106 So can you explain how it was indicated to you that the funds which were  
2 already in Mr. Lawlor's client account should be transferred from that client  
3 account to another client account of which he is, in effect, the controller,  
4 albeit that it is in the name of Zatecka and that that fund is going to be used  
5 to pay Mr. Lawlor. It is a circular transaction in which Mr. Lawlor represents  
6 the principal at each level and I want to know what explanation Mr. Lawlor gave  
7 you for this transaction?

8 A As I think I mentioned, Mr. Lawlor had said to me that he was carrying out his  
9 property consultancy work using the company Zatecka as his umbrella. For that  
10 reason he wanted the money to go through the accounts of that company. For his  
11 services, he rendered an invoice from Demographic to the company, to Zatecka,  
12 and funds were remitted to him which would be part of his income in Ireland and  
13 the funds in question were remitted to his bank account in Ireland, account of  
14 Demographic.

15 Q 107 Well, presumably Mr. Seddon, you are aware that Zatecka provided no services to  
16 Lunar Sea, isn't that right?

17 A I didn't know that. What I -- what I -- sorry, what I knew was that Mr. Lawlor  
18 told me that he had provided services.

19 Q 108 Yes. There's a distinction between Mr. Lawlor and Zatecka for certain  
20 purposes, but certainly from what you tell us so far, you were not given to  
21 understand by Mr. Lawlor that Zatecka, that is the company operating in the  
22 Czech Republic, had provided any service to Lunar Sea, is that so?

23 A No.

24 Q 109 By Mr. Lawlor?

25 A What he said was he wanted to use that company as his umbrella company for  
26 providing property consultancy and that the earnings that he received from that  
27 should be routed through the company and that's why the money was, the balance  
28 of the money was transferred to that name.

29 Q 110 But is there any reality in that situation, Mr. Seddon, was there any service  
30 provided by Zatecka which would have entitled Mr. Lawlor to treat the money in

1           this particular way or was it merely to suit his convenience that he nominated  
2           Zatecka as the account into which these things should go prior to them being  
3           sent to him?

4   A     Do you mean did he provide services to Zatecka or did Zatecka provide services?

5   Q 111Either. In relation to this 100,000?

6   A     Certainly in terms of services to Zatecka, yes, he did, because nobody less was  
7           providing the sort of, providing the sort of consultancy that he did. Apart  
8           from these -- apart from these funds, which came from the London company, the  
9           only transaction of any substance that I'm aware of was in relation to one  
10          particular transaction where Mr. Lawlor did generate a considerable amount of  
11          money for Zatecka.

12   Q 112He was in effect Zatecka. Zatecka had nobody else conducting this business?

13   A     That's correct.

14   Q 113Though it had been your secretary carrying out the financial transactions as  
15          requested, isn't that so?

16   A     Indeed, yes.

17   Q 114So he was Zatecka rather than he was a consultant to Zatecka.

18   A     Well, as I say, you have to make some distinction between the person and the  
19          company, he was the agent of Zatecka. He was the active person involved just  
20          as any company has to have people active to do business. But he was that  
21          person.

22   Q 115He was a person who did all the business of Zatecka rather than its director  
23          and shareholder who merely held, by reason of having to do so under Czech law,  
24          Mr. Lawlor couldn't.

25   A     Yes.

26   Q 116That person was, in effect, his agent --

27   A     He could have been a shareholder.

28   Q 117-- rather than the other way around?

29   A     Not a director, yes.

30   Q 118Insofar as there's a principal involved in the affairs of Zatecka, it is



1 Mr. Lawlor is the principal rather than the agent of the company, isn't that  
2 so?

3 A He was the principal agent for in the business of Zatecka, yes.

4 Q 119But he wasn't in any subservient position to anybody else. He wasn't the agent  
5 of the company, he was controlling the company.

6 A That's a matter of fact, I would say, yes, not as a matter of law.

7 Q 120If it was as a matter of law, Sarka Therova was, but she had not put up the  
8 funds to set up the company, he had?

9 A Correct.

10 Q 121And if he had wished to have her do anything in relation to the assets of the  
11 company, she was duty bound to follow his instructions?

12 A Yes.

13 Q 122And did so?

14 A Yes.

15 Q 123I just want to deal with this Zatecka account here which we see on page 26.

16 The 57,608 pounds which came out of that account and effectively closed the  
17 account, was money which went to Mr. Lawlor, isn't that right?

18 A The 57,608 pounds went to the account of Demographic & Strategic Consultants  
19 which I understand to be his trading name.

20 Q 124So the circular route the money followed was that it was in Mr. Lawlor's  
21 account with Seddons, it left Mr. Lawlor's account in Seddons and went to  
22 Zatecka's account in Seddons. It left Zatecka's account in Seddons and went to  
23 Mr. Lawlor's account in the Ulster Bank on foot of this Swift transfer, so that  
24 Mr. Lawlor at all times controlled the money. He controlled it when it was in  
25 your account, controlled it when it was Zatecka's account and controlled it  
26 when it was Demographic?

27 A He controlled it, we would act on his instructions, yes, he wouldn't have any  
28 ability to do it himself.

29 Q 125Why not? He would simply pick up the telephone instruction --

30 A He couldn't instruct the bank to pay, that's all I mean, it was under his

1 control to the extent he could give us instructions to make payments.

2 Q 126And why is that, Mr. Seddon, what did you as a solicitor understand the  
3 position to be in relation to these funds which were in your account? What was  
4 the essential underlying purpose of having used the Zatecka account and the  
5 Demographic invoice to achieve the payment of monies to Mr. Lawlor in Dublin  
6 for services, from a fund which had not been generated as a result of the  
7 Zatecka transaction?

8 A The purpose -- the money was transferred on the ledgers to the Zatecka company  
9 because it was correct, according to how he described the money, the receipt of  
10 the money, as being belonging to that company. Just as --

11 Q 127Just stop at that point, how did it belong to that company?

12 A He said it was work carried out on behalf of Zatecka. He said he was carrying  
13 out work as a consultant to Zatecka.

14 Q 128But there is no documentation anywhere in the file of yourself or otherwise  
15 where you satisfied yourself that Zatecka had actually performed any work in  
16 London which generated this amount of money, is that right?

17 A Other than what he told me.

18 Q 129But you were conducting affairs in Prague with Mr. Lawlor on behalf of Zatecka.  
19 There were two transactions which Zatecka was involved with as a company, one  
20 which concerned the Hybernska building and one which concerned respective  
21 acquisitions of another building called Zatecka, is that right?

22 A Yes.

23 Q 130They were prolonged dealings in relation to both of those affairs which ran  
24 from approximately November of 1999 until the later part of the year 2000 when  
25 we are dealing with this documentation, isn't that right?

26 A Yes.

27 Q 131And could I suggest to you that at no point in any of that was there ever any  
28 indication given to director of the company, Sarka Therova, that any dealings  
29 were taking part on behalf of Zatecka in London, is that so?

30 A Only after the event.

1 Q 132Only after which event?

2 A After the payment, after receipt of the money.

3 Q 133How many years after the receipt of the money was it indicated that there was  
4 going to be any connection with Zatecka and the generation of these monies?

5 A Oh, that was mentioned by Mr. Lawlor if not at the time, very soon afterwards.

6 He said to me he always intended to carry out his consultancy work using

7 Zatecka as a vehicle for doing so.

8 Q 134His consultancy work in London?

9 A Anywhere.

10 Q 135You presume, or did he tell you he was going to use it as an international  
11 vehicle for his affairs?

12 A I know nothing of activities outside the Czech Republic or the few dealings in  
13 England, but I understood it to mean any activity outside the Republic of  
14 Ireland.

15 Q 136And when did this understanding come to you, Mr. Seddon?

16 A Well, out of discussions with Mr. Lawlor when he would be telling me what his  
17 intentions were.

18 Q 137We'll deal a little later with the manner in which you have explained the role  
19 of Zatecka in correspondence with Mr. Lawlor's other solicitors in Ireland at  
20 the time, which was transmitted in due course to the Tribunal. But in relation  
21 to the Zatecka ledgers, if we look to page 27 of the hard copy, we will see the  
22 account of "ZAT, 001, Liam Lawlor" on the top.

23 A Mmm.

24 Q 138The information which is contained in that printout is identical to that, when  
25 it covers the same period, to the information contained in page 26. How is it  
26 that your ledger accounts are showing Zatecka 14 S.R.O. and Liam Lawlor under  
27 the client details in your accounts ledger?

28 A What happened was that in the summer of this year, we changed the firm's  
29 computer operating system and what it did was to, on a number of frequent  
30 number of occasions on the ledgers was that to three into the name of the

1 client the name of the principal contact to whom letters were addressed. It  
2 was a new O.M.S, office management system which was supposed to integrate all  
3 files with the accounting system but it through up some anomalies and one of  
4 them was to change names of clients on ledgers.

5 Q 139 So your computer system in your office drops the name of the client in this  
6 instance Zatecka 14 SRO and substitutes somebody who is not the client?

7 A Correct.

8 Q 140 Did you correct that?

9 A The anomaly was noted and steps were taken to correct it, I can't say what the  
10 steps were, it's a technical matter I am not equipped to comment on?

11 Q 141 In providing your statement to the Tribunal, you indicated that Mr. Lawlor has  
12 already furnished to the Tribunal the account ledgers in your firm, isn't that  
13 right?

14 A I think I would have said I provided them to him for the purposes of discovery.

15 Q 142 You say "I have not been aware of the second payment until recently, as it was  
16 credited for the purpose of my firm's accounting records to a different file in  
17 respect of which the day to day matters were being dealt with by different  
18 partners in my firm. I understand that Mr. Lawlor has given the discovery of  
19 all the client ledgers maintained by my firm in which Mr. Lawlor had an  
20 interest which clearly show how these funds were utilised."

21  
22 Would it not have been appropriate at that time in the knowledge that you had,  
23 Mr. Seddon, I'm sure, ledgers were not accurate because of a computer error to  
24 have drawn the attention of the Tribunal to the fact that these documents  
25 produced on your files by Mr. Lawlor may contain the error that Mr. Lawlor's  
26 name, might be substituted as client on files where in fact Zatecka 14 S.R.O.  
27 was the nominal client?

28 A I hadn't noticed this particular point until you have drawn it to my attention.

29 Q 143 When you say this particular point, are you saying that the --

30 A This particular file had this particular anomaly.

1 Q 144But would every file generated after say, you programmed your computer on a  
2 given date --

3 A No it didn't.

4 Q 145Would have thrown up exactly the same?

5 A You might have thought so you but it didn't.

6 Q 146Are you saying its unique to Mr. Lawlor's account?

7 A Certainly not.

8 Q 147It's happened to others?

9 A Numerous.

10 Q 148Did you not carry out an audit to find out which clients are now being miss  
11 named on the account ledgers of your firm and did it not reveal that Mr. Lawlor  
12 fell in that category? No?

13 A Of course. Of course we dealt with that. These are internal ledgers that  
14 happened to throw up a computer anomaly.

15 Q 149But there's an absolute obligation on solicitors, is there not, Mr. Seddon, to  
16 keep accurate ledgers, whether it be on computers or otherwise and in the event  
17 there is an inaccuracy displayed in those, there is surely an absolute  
18 obligation to remedy that immediately and to ensure that any person who might  
19 have received documentation such as this which is you say is false has that  
20 position corrected?

21 A Our ledgers are accurate, why sometimes on printouts this should happen, I  
22 don't know. It did, but we maintain and are required to maintain very strict  
23 accounting records as you may know.

24 Q 150Yes, I do and I'm curious therefore how it is one can have the same document  
25 produced with two different names appearing on it as a client, you tell me it's  
26 because of the changing of the computer system and if that is the case, I would  
27 have expected that once this error was detected, that you would have ensured  
28 that the Tribunal would have been alerted to the particulars where you are  
29 providing the statement, about Mr. Lawlor's financial affairs, referring to  
30 your own ledger entries which can only be these hard copy documents which you

1           knew are could have known showed errors on the face of them.

2 A       Well I fail to see the relevance.

3 Q 151Well is it not relevant that your documentation, with your knowledge and your  
4       consent, is being produced before a Tribunal of Inquiry as being accurate  
5       information. You know now that it is inaccurate information and it arises only  
6       in the course of cross-examination of you rather than the information  
7       volunteered in the written statement which you prepared after some deliberation  
8       for the Tribunal?

9 A       There was a computer error, what more can I say.

10 Q 152Why not inform the Tribunal of the fact that certain of the --

11 A       I wasn't aware until you mentioned it to me today.

12 Q 153When did you correct it?

13 A       When was it corrected?

14 Q 154Yes.

15 A       I have said to you I wasn't aware of this until you mentioned it this morning.

16       I can hardly tell you when it was corrected.

17 Q 155You did tell me it was corrected?

18 A       What I had told you was an nominee had been discovered and steps were being  
19       taken to correct that, not in relation to this particular file.

20 Q 156When was the anomaly discovered?

21 A       It would have been shortly after the system was introduced during the summer.

22 Q 157This summer. If we take June as the commencement of the summer, would it have  
23       been June, July?

24 A       I can't tell you precisely, it would be silly of me to --

25 Q 158It was current at the time you were providing a statement to the tribunal in  
26       which you were expressly referring to the fact that there were ledger documents  
27       which had been produced from the files by Mr. Lawlor.

28 A       Ledger documents were produced of and were all copied as they were and sent  
29       off.

30 Q 159But if you consulted those before you made this statement, you would see?

1 A I didn't see myself what was sent.

2 Q 160But then why did you say "I understand that that Mr. Lawlor has given discovery  
3 of all the client ledgers, questioner walking of these ledgers here, maintained  
4 by my firm in which Mr. Lawlor had an interest, which clearly shows how these  
5 funds were utilised." how could you say that if you didn't see the ledger  
6 entries yourself?

7 A I was asked to arrange to have print offs made of every single ledger. That  
8 was done. These were the print offs, the situation as it was at that  
9 particular time of the request, they were printed, made available, collected or  
10 either directed or sent by courier to Mr. Lawlor in July to enable him to make  
11 discovery.

12 Q 161It would have been open to you to consult with your own files, take it you only  
13 sent him a copy? I take it the documents you sent to Mr. Lawlor for  
14 transmission to the Tribunal were copies of originals?

15 A The original is electronic. The -- what was sent were print offs from the  
16 computer.

17 Q 162Did you keep copies of the print offs on your own file before sending it off to  
18 Mr. Lawlor?

19 A I had no reason to.

20 Q 163If we can look to document 32 which is the invoice raised by Mr. Lawlor, this  
21 is an undated invoice bearing the number 2026, is addressed to Zatecka, the  
22 address is Zatecka's registered office, which happens to be your office in  
23 Prague?

24 A Correct.

25 Q 164It's for year end consultancy, an even sum of 100,000 Irish pounds expressed to  
26 be consultancy of negotiations regarding a number of property projects in  
27 Prague throughout the year 2000. The above is the year 2000 consultancy fee to  
28 be paid to Demographic and Strategic Consultants, Ulster Bank, Lucan, Co.Dublin  
29 Ireland, account number, sort code. VAT not applicable, 100,000".

30 That clearly indicates that is in respect of work done in Prague, isn't that

1 right. That is what it claims?

2 A That's what it states.

3 Q 165 So in paying that out of funds which were generated in a London transaction, it  
4 is not the same fund, isn't that right?

5 A The funds were funds belonging to the company where somebody is paid an invoice  
6 from, is not necessarily to do with the transaction where the matter generating  
7 the fee is, so if this was an obligation of the company to pay Mr. Lawlor for  
8 his services during that year, then it would be for the company to pay it out  
9 of whatever resources it had available and the company had resources available  
10 and the time in both London and in Prague.

11 Q 166 So the fact that was paid out of funds generated otherwise, the first  
12 transaction is not, doesn't seem particularly relevant. It would all be assets  
13 of the company for accounting purposes and -- it would have to be accounted for  
14 at a minimum by Zatecka as an accretion in its funds, that is the money coming  
15 in, the 57,000 to account for this thing, isn't that right.

16 A Yes.

17 Q 167 Do you know, in your dealings as a director, I think you are now the director  
18 of Zatecka 14 S.R.O.?

19 A No, I am not in fact. There hasn't been any change.

20 Q 168 Sarka Therova has not resigned?

21 A No, the situation is the same.

22 Q 169 Do you know whether the accounts for the year 2000 will show that there was an  
23 increase in the funds of Zatecka 14 S.R.O by an amount of 57,808 pounds  
24 received in London on the 28th December 2000.

25 A My understanding is that the accounts in fact show the whole of the amount from  
26 Lunar Sea because on looking through the files, I see that the accountants  
27 asked to clarify it with documentation, and they had received all details  
28 regarding the payment, and in fact drafted a document dealing with that to  
29 cover the fact that payments had been made to Mr. Lawlor out of those  
30 particular receipts.



1 Q 170The question I was asking you is whether or not the accounts of Zatecka 14  
2 S.R.O. record that that company received from Mr. Lawlor on the 28th December  
3 2000, the sum of 57,808 pounds.

4 A Yes, I believe it would.

5 Q 171You may be able to locate that document for us, Mr. Seddon, certainly in our  
6 review of the documentation, there would not appear, in the auditor's  
7 examination, was funds in the company to be any reference to this having been  
8 received. I appreciate that there is documentation generated which would  
9 indicate the existence of a loan between Zatecka and Mr. Lawlor in the sum of  
10 117,500 pounds but that loan, I am suggesting to you, is not part of the  
11 accounts of the company.

12 A Well, the document was prepared by the auditor and I would assume that he would  
13 not have requested it without having been aware of the full amount of the money  
14 that was paid.

15 Q 172You say the auditor prepared a loan agreement to be signed by Mr. Lawlor and by  
16 the company, is that right?

17 A I believe that the auditor requested it to record the payments.

18 Q 173The auditor cannot request people to enter into an agreement between  
19 themselves, isn't that right? He can either ask for evidence of there having  
20 been such an agreement in which case the agreement is produced to him; but are  
21 you suggesting that the auditor directed that there would be an agreement drawn  
22 up which would show the 117,500 in the account as a loan?

23 A The auditor, I believe, said that for the Czech accounting purposes that is how  
24 it ought to be characterised and that being what happened, they required to  
25 have a document which confirmed it.

26 Q 174It was on your direction this agreement was drawn. You gave the direction  
27 personally?

28 A Yes, so I would have confirmed that should be covered by a document.

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30 CHAIRMAN: Mr. O'Neill, I am going to stop for just about ten minutes.

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MR. O'NEILL: Certainly.

THE TRIBUNAL THEN ADJOURNED FOR A SHORT BREAK  
AND RESUMED AS FOLLOWS.

MR. O'NEILL: The invoice we have on screen, Mr. Seddon, there is an invoice issued by Mr. Lawlor effectively to Mr. Lawlor, is that right?

A From Mr. Lawlor's business name to a company which he controlled, effectively.

Q 175 Yes, all of which was known to you at the time?

A Yes.

Q 176 And this transaction goes through your accounts so that you send the -- sorry the transaction that you carry out at Mr. Lawlor's behest, we see at page 31, which is a statement from your bank, it records the Swift details, isn't that right? And this would be a record which would allow the receiving bank of these funds to know what the nature of the transaction was, isn't that right?

A Yes. Yes.

Q 177 And it then appears to be a payment made by yourselves to the Demographic & Strategic Consultants on foot of a particular invoice for the commercial transaction, is that right?

A Yes.

Q 178 And nowhere on the face of this document is it apparent that this is in fact the withdrawal by Mr. Lawlor of 57,608 pounds which was in his account in Seddon's the day before, but until the interim has passed through the account of Zatecka and has come to satisfy the payment on an invoice, is that right?

A The reference is the reference of Zatecka.

Q 179 It is, yes, precisely. So that what Mr. Lawlor has achieved through this is that his own money, which was on deposit in London, has now come to in satisfaction of a business expense, incurred by --

A -- part satisfaction.

1 Q 180 In part -- well there's nothing here to suggest it's part satisfaction.

2 A Well the invoice appears to be 100,000 Irish pounds and I think that's worth  
3 more than 57,000 sterling.

4 Q 181 It is. But there's no reference in the bank transaction to the fact that it's  
5 part payment of an invoice, it merely refers to the --

6 A Refers to the invoice, yes.

7 Q 182 So on its face, this document indicates that the accretion of funds to  
8 Mr. Lawlor's Ulster Bank account on this date is as a result of the  
9 satisfaction of a commercial debt, isn't that so?

10 A No, it says it's in relation to an invoice number 2026 which is what it was.

11 Q 183 Presumably he wasn't providing services to Seddon's solicitors, Mr. Lawlor,  
12 that is. He wasn't invoicing you?

13 A No, this is clearly from our client account and is clearly with a reference of  
14 Zatecka.

15 Q 184 Yes.

16 A Relating to the invoice that he has quoted.

17 Q 185 Exactly. So one generates invoices for services or goods supplied, isn't that  
18 right?

19 A Yes.

20 Q 186 One doesn't invoice oneself?

21 A Well you might do if you have a company that you use for particular purposes.

22 Q 187 Well then, you are invoicing another company within your group?

23 A Well this isn't a group, this is him personally invoicing a company which he  
24 controlled.

25 Q 188 Yes, but the effect of that is that he secures the withdrawal of funds which  
26 were already in his own deposit account, through yourselves in London, the day  
27 before. That is what he has achieved.

28 A Well you say he has achieved this.

29 Q 189 Yes.

30 A He could equally have said "please pay to this bank account this money".

1 Q 190 He could have and didn't. But elected to go through a process using your  
2 facilities whereby you transfer money, which you say is Mr. Lawlor's  
3 unencumbered funds, which is sitting in your client account in London.

4 A Sorry, I didn't say that. I didn't. What I said was that he had indicated to  
5 me that these were funds which should belong to the company and that is why  
6 they were characterised in that way.

7 Q 191 Mr. Seddon, the funds were received as a 100,000 pounds cheque which was  
8 cashed, the proceeds of that cheque went into an account called LAW 001 in the  
9 name of Mr. Liam Lawlor and remained there until the 28th December. Now, on  
10 the 27th December, the balance of the funds standing in that account were  
11 Mr. Lawlor's sole funds, isn't that so?

12 A They were held on his ledger, certainly.

13 Q 192 His ledger, Mr. Liam Lawlor's ledger, in your bank account, not Zatecka, not  
14 anybody else.

15 A It's not to say that they were not entitled to those funds.

16 Q 193 That's a separate issue. If they were the person whose account it was held  
17 in --

18 A You said were.

19 Q 194 You would have transferred it.

20 A Yes, at that time if he had told me before saying that they were funds that  
21 were properly payable to Zatecka, if he had said they are funds I should pay to  
22 him, then I would have been obliged to do so. When he said they were funds  
23 that are due to Zatecka, then I made the appropriate ledger change.

24 Q 195 You did so on the 28th December.

25 A Yes.

26 Q 196 Right. Until that date, they were Mr. Lawlor's unencumbered funds standing on  
27 his account with yourselves in London, is that right?

28 A Up till that time, they were simply held on that ledger account under that  
29 name.

30 Q 197 Sure. And if he had wanted to take down this money, he could have simply asked

1           you to send him the balance of the funds on that account, which was 60,858  
2           pounds, isn't that right? He could have done that, is that right?

3 A       Certainly.

4 Q 198Effectively what he was doing was closing this client account by taking out all  
5           the available funds which were in the account as of the 28th December, isn't  
6           that right?

7 A       That's correct.

8 Q 199And you took off fees of 3,250 for services provided by yourselves and you  
9           transferred the balance?

10 A      Yes.

11 Q 200And you could have done that had he requested it, by a transfer similar to that  
12           which we see on the NatWest document, but it would have been from account LAW  
13           001 to Mr. Liam Lawlor and there would have been no reference to an invoice,  
14           isn't that right?

15 A      Yes, if that had happened, that would have happened.

16 Q 201But what happened was that the funds were taken out of this account on this  
17           day, they were transferred into the Zat account and they were transferred from  
18           the Zat account to the Dublin Ulster Bank account of Demographic which had the  
19           effect, I suggest to you, of indicating that this was a commercial transaction  
20           engaged in by Mr. Lawlor, as a result of which he received a payment on foot of  
21           an invoice generated by him, isn't that so?

22 A      Yes.

23 Q 202Did he ever explain to you why it was that he chose to receive the funds in  
24           this manner rather than as a straight withdrawal from that account?

25 A      Because he said that the monies were properly belonging to Zatecka and should  
26           be accounted in that way and that he would take the money that was in the  
27           London account as part payment of that invoice.

28 Q 203Did you record that instruction anywhere?

29 A      I don't recollect.

30 Q 204You don't recollect or it didn't happen or what?

1 A I said I don't recollect recording the instruction, clearly it would be  
2 recorded on the ledger, which it was.

3 Q 205 Well what is recorded in the ledger is that it says "per client's instructions"  
4 and then there's reference to yourself and a series of asterisks.  
5 "Journal funds per clients instructions (AMS \*\*\*) transfer to Zat."  
6 It's page 24. What do the fact that your initials are in brackets and the  
7 three asterisks mean?

8 A I have no clue what the asterisk means and suspect that they don't mean  
9 anything at all. My initials would indicate that I was the partner giving the  
10 instruction for the journal entry to be made.

11 Q 206 Do you not consider that you have an obligation if you don't get your client's  
12 instructions in writing, to prepare a written instruction for the transfer of  
13 funds out a client account, yourself?

14 A That wasn't the transfer out of a client account, it was an internal transfer  
15 from one ledger to the other.

16 Q 207 But is that not to another client's account? You were taking it out of  
17 Mr. Lawlor's account, you recognise the existence of the separate legal  
18 identity --

19 A It was all the same account, as you probably realise.

20 Q 208 And the reason it's all the same account is because Mr. Lawlor is Zatecka, is  
21 that the position?

22 A No, it's all one account because we have one account with all clients' money --

23 Q 209 But surely Mr. Seddon you are not saying you can transfer, make a ledger entry  
24 which on its face shows one client in your firm having a credit let's say of  
25 100,000 one day and then move that across to show another client reference  
26 having that credit of 100,000? You can't have every one of your clients with  
27 the same amount of money in their ledger account, can you?

28 A Sorry, I really don't understand your question.

29 Q 210 I'll try, rephrase it.

1 You say that since this is an internal ledger document, it makes no  
2 difference --

3 A It's not that it makes no difference, at any one time our client account has to  
4 balance with the total of monies that are held for clients. At any one time  
5 there may be several thousand different balances held on one account.

6 Q 211 Absolutely. But as between the clients equally, you are obliged to ensure each  
7 one has the appropriate sum attributed to his share of that client account.

8 A Of course.

9 Q 212 So if you are transferring funds which are in Mr. Lawlor's account and they are  
10 going to find themselves in the account of another client, Z 14 S.R.O, there  
11 must be either a written instruction from Mr. Lawlor to do it, or if there  
12 isn't a written instruction, there has to be a written record kept by you as  
13 the instructing solicitor who has directed that within the client account, the  
14 funds that were credited to Mr. Lawlor were to be part of Zatecka, isn't that  
15 so?

16 A There would be a written accounts document to record that.

17 Q 213 Sure, that was my question and if it was, it should be on the file?

18 A It would be on the accounts file, certainly.

19 Q 214 Right. Has that been discovered to Mr. Lawlor, certainly it's not within the  
20 documentation that's been discovered to the Tribunal?

21 A I have no idea.

22 Q 215 Well, where would it be if it wasn't on that file, on that accounts file?

23 A All original account documents are held in our Accounts Department.

24 Q 216 So you are saying that there should be a written record of the instruction  
25 which you would receive from your client in order to effect this transaction?

26 A I am not saying that.

27 Q 217 There should be a written record from you authorising the withdrawal from LAW  
28 001 to ZAT 001, are you saying that?

29 A I am saying that there would be a written instruction for a journal entry to be  
30 made. No money moved from any account to another account at such. It was all

1 in the same account, so there was a journal entry relating to part of the  
2 totality of that account.

3 Q 218I'd like you to look at the document on page 23, you might be able to assist  
4 the Tribunal with some of the manuscript in relation to that. Here is a  
5 document which at the bottom we see the following words, if I deciphered  
6 correctly. "Helen, this is not to be paid unless he produced a written  
7 authority from Lunar Sea Developments Limited per" somebody and various  
8 initials. Do you know whose writing that is?

9 A I think, I am not sure, it's the writing of one of my partners.

10 Q 219Right. So if we look to the 15,000 which is referred to here, this is the 18th  
11 October of the year 2000. There is a cash to client and it's Mr. Lawlor,  
12 15,000.

13 A Yes.

14 Q 220Does it seem that whoever was being asked to authorise this payment within your  
15 firm had a reservation about paying out that money in view of the fact that the  
16 funds were recorded as being investment funds to Lunar Sea?

17 A I think that was the nature of the queries being raised.

18 Q 221So the narrative that you gave at the time of the opening account was such that  
19 even your own partners in the firm believed that this gave rise to an  
20 obligation towards Lunar Sea in the event of any of these funds being applied  
21 for purposes other than investment, is that so?

22 A No.

23 Q 222No?

24 A No. What it would have been was that a request would have been made for  
25 payment to be made and I wouldn't have been there, and in the absence of any  
26 explanation, if there was a query, then to make sure that everything was  
27 correct, the payment would have been delayed pending an explanation of what the  
28 position was on that particular ledger, and who was entitled to the money.

29 Q 223Well at a minimum, does that not indicate it was unclear from your narrative at  
30 the time of the opening of this account as to exactly what the relationship was



1 with Lunar Sea Developments and the 100,000 pounds lodged to this account?

2 A I agree that the narrative could have been better expressed.

3 Q 224Well, the reason for the narrative was that the account itself, I suggest to  
4 you, gave rise to a belief that investment funds had come in from Lunar Sea  
5 Developments to this account, and consequently that they had an interest in  
6 those funds.

7 A That's an interpretation on that reading which wasn't a fact, so as I said, the  
8 narrative could have been better expressed, and in hindsight I would have  
9 expressed it differently.

10 Q 225So at least in October then, somebody must have got in touch with you about  
11 this query because if it --

12 A Or --

13 Q 226If it wasn't resolved --

14 A -- or to Mr. Lawlor himself as the client.

15 Q 227Who are the persons whose initials are at the bottom here? HPI?

16 A That's Harvey Ingram, the second I can't make out what that is.

17 Q 228CAS? So at a minimum there was some discussion in October?

18 A There was obviously a discussion in my absence because any payment of this  
19 nature would require two partners to authorise it.

20 Q 229Right. Now, if those funds were Zatecka's funds at that point in time, that  
21 would have come up at that point in time, isn't that right?

22 A Indeed, yes.

23 Q 230So the first attribution of Zatecka having a connection at all with these funds  
24 probably came on the 28th December when the instruction was received from  
25 Mr. Lawlor effectively to close this account and to transfer the outstanding  
26 balance to the Zat 001 account?

27 A It wouldn't necessarily have been that day, it may have been a matter of  
28 discussion or consideration over a period of time with the intention of making  
29 the transfer before the year end.

30 Q 231Can you say whether or not in December of the year 2000 there was any

1 discussion as to whether or not this 100,000 should be treated as a loan to  
2 Mr. Lawlor by Zatecka?

3 A I don't recollect any such discussion at that time.

4 Q 232 So from the time the money was in the LAW 001 account until the time that that  
5 account was closed, those funds were dealt with by Mr. Lawlor as if they were  
6 his own funds, isn't that is right?

7 A And from September until October 2000, that would appear to be the case.

8 Q 233 He paid his own accountants, Burns Blake, he paid two sums to himself in cash,  
9 15,000 on each occasion. He paid a sum to yourselves for legal fees, but those  
10 were legal fees generated in respect of Zatecka, the 3,850 and the 50,000 he  
11 paid to Demographic. When it came to pay fees on this LAW 001 account, a sum  
12 of 3,500 pounds was generated as fees due on that account, isn't that right,  
13 you will see it on page 25. 31st July '02.

14 A Yes, that was a considerable time later, yes.

15 Q 234 3,500 pounds is a bill generated by yourselves.

16 A Yes.

17 Q 235 It is satisfied by attributing the interest which was earned on the 100,000  
18 whilst it was in the client account, namely 667 pounds and some pence, against  
19 that sum.

20 A Yes.

21 Q 236 Isn't that right? And the balance then of 2,832.21 is payable by Zatecka.

22 A Yes.

23 Q 237 So as between the two of them, there's a sorting out, the bill of Lawlor is  
24 paid by Zatecka, the bill of Zatecka is paid by Lawlor.

25 A No, the bill of Zatecka was paid by Zatecka out of any monies Lawlor  
26 transferred --

27 Q 238 On the same day?

28 A That time in December, yes.

29 Q 239 Can we move now to the instruction which you gave in relation to the setting up  
30 of the loan agreement. It appears on page 41 of the hard copy of documents

1 before you. And I'll read it and if I err, perhaps you would stop me and  
2 correct me. It's an undated document. It's headed.  
3 "Sarka. Please arrange for one of the assistants to do another loan agreement  
4 between Zatecka 14 S.R.O. and Liam Lawlor. This will be for 117,500 pounds  
5 sterling, do in English and Czech. Refer to the fact that the customer, Lunar  
6 Sea Developments had paid this money to Liam Lawlor in England on commission  
7 due to Zatecka 14 S.R.O.

8  
9 The intention is or was", I am not sure which word that is -- "the intention  
10 was that Liam Lawlor would invest it for Zatecka in London property and pending  
11 completion of such investments on behalf of Zatecka 14, the money is to be --  
12 is to treat it as a loan to Liam Lawlor. Liam Lawlor needs these documents  
13 this week."

14  
15 Now firstly, as regards the date of preparation of this document, could I  
16 suggest to you that this was in April of the year 2002. Does that accord with  
17 your recollection?

18 A I must admit that I don't actually recollect when it was done, but it could  
19 well have been done at that time when the, when accounts were being prepared.

20 Q 240 It may assist you to look at the next page 42, which is a fax from Liam Lawlor  
21 to Seddons, to Sarka, and you will see from the screen at the top there, that  
22 it's dated the 8th April, 2002.

23 A Mmm.

24 Q 241 And if you move on to page 44, you will see a loan agreement which carries the  
25 same date reference on the fax on the top left hand corner?

26 A Yes.

27 Q 242 This agreement would appear to be the agreement that you had directed would be  
28 drafted by one of the assistants, it expresses itself to be a loan agreement  
29 between Zatecka and Mr. Lawlor saying that "whereas a customer of the creditor  
30 Lunar Sea Developments Limited had paid certain funds to the debtor ... it was

1 the intention of the parties of such funds be used for proposed investment for  
2 creditor in a London property and the commission so paid to be the debtor as  
3 agent for the auditor shall, pending investment in the name of the creditor, be  
4 treated by the parties as a loan to the debtor".

5 It doesn't make sense, because I think auditors should read probably creditor.

6 A I think you will find in the Czech version that's what it says.

7 Q 243Yes. The auditor is not a party to this agreement, it's clearly an error?

8 A It's an error.

9 Q 244It's agreed between the parties as follows:

10 Article one, loan: The creditor undertakes to provide the debtor upon his  
11 request the loan of 117,500 pounds sterling, the loan to be paid in accordance  
12 with the debtors.

13 Request: By payment of the debtor by a customer of the creditor.

14 Loan duration, the loans will be provided for a definite period until 31st  
15 December 2006, after expiration of the said period the debtor shall be obliged  
16 to repay the loan to the creditor.

17 Article 3 interest: The parties agree not to charge interest against the loan  
18 on this agreement.

19 Miscellaneous, the agreement shall be executed in three counterparts, each of  
20 the counterparts to be deemed as original, each of the parties should obtain  
21 one counterpart.

22 This agreement shall become effective of the date of signing by both parties".

23 We see here it's signed by Mr. Lawlor and came by fax from his office to your  
24 office in Prague on this date.

25 A Yes.

26 Q 245Can we take it then that that this document is generated in April of the year  
27 2002?

28 A It would appear to be, yes.

29 Q 246And it's in respect of a transaction which relates to monies which were  
30 provided in 2000 and 2001.

1 A Yes.

2 Q 247If we move on to page 48, we will see the final page of the Czech equivalent of  
3 this document, again signed by Mr. Lawlor. On this occasion there is a date on  
4 it and that date is the 8th September, 2000. Which is the date upon which  
5 100,000 pounds funds were received in London.

6 A Or just afterwards.

7 Q 248Just afterwards. Now that date bears no apparent relationship to the  
8 preparation of this loan agreement, isn't that right? Do you know why it is  
9 that it would appear that this document certainly is backdated as an agreement  
10 having been reached in the year 2000, when in fact it was not executed until  
11 2002?

12 A Well it was drafted to record something that had happened.

13 Q 249But it couldn't have happened, Mr. Seddon. It couldn't have been the case that  
14 117,500 was lent by Zatecka to Mr. Lawlor in September 2000.

15 A That's correct.

16 Q 250That's correct?

17 A It's recording what had been, the purpose of it was to record what historically  
18 had happened.

19 Q 251But that is not what historically happened.

20 A That Mr. Lawlor had 117,500 pounds in total.

21 Q 252In September 2000.

22 A No, he hadn't received it at that point.

23 Q 253He hadn't received it at that point. He couldn't have. The 117,500 wasn't  
24 received until a year later.

25 A Correct.

26 Q 254So this agreement could not be recording what took place in December or in  
27 September of the year 2000 because the most that had been received by  
28 Mr. Lawlor at that time was 100,000, not 117,500. 17,500 was paid on the 24th  
29 September 2001, isn't that right?

30 A Yes, that's what I was saying. When it was prepared, it was recording

1 historically what had happened.

2 Q 255 It is dated the 8/9/2000.

3 A On one of the versions in the handwritten, the handwriting of Mr. Lawlor.

4 Q 256 The purpose, I suggest of that, was this document was to be produced at some  
5 point in time as being an agreement which had been executed on the 8th  
6 September 2000 and which had made the provisions contained within the document,  
7 namely that Mr. Lawlor was as of that date, lent 117,500 pounds, isn't that  
8 what the document reads, if one adds this date to it?

9 A Well the, that date doesn't make sense in the context of what has been said.

10 Q 257 Is that because the whole agreement does not make sense, because there was no  
11 such loan agreement between Zatecka and Mr. Lawlor regarding this 117,500 save  
12 an ex post facto arrangement made on the 8th April 2002, when this document was  
13 generated?

14 A Which is not in any dispute. As far as I can see, Mr. Lawlor received a total  
15 of 117,500 from this particular party as recited, and that was paid to him, if  
16 he had declared to the company auditors, Zatecka, that this was money which was  
17 intended for their benefit, then if he had the use of that money, then the  
18 matter of accounting, the only way that could be dealt with was by recording  
19 the fact and saying that he had had the money, and therefore had had to be  
20 treated as a loan repayable to the company.

21 Q 258 Is that how the money was treated at the time when the money was in fact  
22 received?

23 A The --

24 Q 259 Was the 100,000 component treated as a loan, as far as you were aware?

25 A As far as I was aware the whole of the money was treated according to the  
26 instructions of Mr. Lawlor.

27 Q 260 Yes, so there was no question as far as you were concerned when you were  
28 dealing with this money between September and December of the year 2000, that  
29 it was the loan proceeds, isn't that right?

30 A If the money was the entitlement of the company and if the company paid it to

1 him for no reason other than he wanted to have it, then the result of that  
2 payment is that a loan had been created.

3 Q 261But that wasn't the case as you well knew, Mr. Seddon, because it wasn't until  
4 December, and only in respect of 57,000 of the money that there was any  
5 suggestion of an involvement with Zatecka. Before that, the balance of the  
6 funds, the 43,000 had been dealt with without reference to there being any  
7 loan; good, bad or indifferent?

8 A Yes, subsequently Mr. Lawlor said "this is money which I have earned for  
9 Zatecka". I have had the money, therefore it's a loan to him.

10 Q 262Subsequently he said "I want this money treated as if it were a loan of 117,500  
11 by Zatecka to me" and you implemented that direction by drawing up a loan  
12 agreement which reflected that, isn't that so?

13 A Yes.

14 Q 263But it in fact was not the case. The money was not lent, and particularly not  
15 lent on the 8th September 2000 to Mr. Lawlor on the terms which we see  
16 contained within this loan agreement, isn't that so?

17 A Certainly on the 8th September, it couldn't have been.

18 Q 264Right. So this document, if it was propounded to anybody in this form would  
19 have been a false document insofar as it is inaccurate as to the circumstances  
20 in which the monies were held by Mr. Lawlor, isn't that so?

21 A If it is a document that is, and I don't know if this is the completed final  
22 version that's been presented here, then the effective date of it shouldn't  
23 have been the September 2000, clearly.

24 Q 265It should have been --

25 A But the fact that for whatever reason, if Mr. Lawlor inserted that date in it  
26 doesn't render the actual content of how the money should have been  
27 characterised, that doesn't negate that. I was perfectly entitled to accept  
28 the instructions of that is how the money is to be treated.

29 Q 266Whilst that might be how the money was to be treated in the year 2002, would  
30 you agree with me, it follows that Mr. Lawlor could in the year 2002, direct

1 you as to how you should treat the money which he dealt with in the year 2000  
2 in a fashion other than what is contained within the document you had prepared?  
3 In other words that Mr. Lawlor would treat this money as his own money in the  
4 year 2000, but two years later would request you to prepare a document showing  
5 that this was a loan which he had received from another company. He could do  
6 that?

7 A Of course he could do that. If the money, if he said, if he instructed me that  
8 the money belonged to that company and if he had had that money, then the  
9 conclusion from that is that he must have had it for a reason and that it had  
10 to have some legal characterization to it. If it wasn't a distribution to the  
11 company, which it wasn't, then the only thing that it could be was a loan,  
12 which he owed back to the company.

13 Q 267 So if he said that, you would prepare the appropriate document to reflect that?

14 A Yes.

15 Q 268 But if you did that, you surely would have put in the date on which it was  
16 signed by the company?

17 A I would certainly normally have had the date as a typed date and I don't know  
18 why that didn't happen on this occasion.

19 Q 269 You were suggesting in your evidence a little earlier, Mr. Seddon, that this  
20 document was generated at the request of the auditors.

21 A I may have been -- I may have been mistaken.

22 Q 270 Well were you or were you not mistaken?

23 A Well I'm not sure about that because it would appear from the note that I made  
24 at the time that Mr. Lawlor had requested it.

25 Q 271 Yes.

26 A But certainly there had been, around this time, had been a sequence of payments  
27 from the company to Mr. Lawlor where the auditor had said that rather than  
28 journal entries saying that met with a loan, there should be a formal signed  
29 note confirming the fact that Mr. Lawlor had taken loans.

30 Q 272 Can you remember recording the circumstances which the loan agreement was to be



1 prepared? Mr. Lawlor mentioned to you, he required this document for a  
2 discovery obligation he had to the Tribunal, which was urgent, and required him  
3 to swear an affidavit within two days or so of this instruction.

4 A I don't recollect the purpose. I'm aware that discovery was going on because  
5 my firm had had to supply considerable amounts of copy documentation at that  
6 time. I am not sure if it was at that time or an earlier time, in fact. I  
7 knew that he had obligations of discovery.

8 Q 273And this document was discovered by him in an affidavit on the 10th April of  
9 2002.

10 A I have no idea about that.

11 Q 274And it was offered, presumably by him as an explanation for the generation of  
12 the invoice for 100,000 by Demographic & Strategic Consultants, and the payment  
13 of 57,000 --

14 A It may have been. The recital of the agreement was consistent with everything  
15 that he had told me since the matter first started.

16 Q 275I think you were, at that time, endeavouring and for a period thereafter and  
17 perhaps even continuing to this day, to wind up the affairs of Zatecka, is that  
18 right?

19 A Certainly.

20 Q 276And that this --

21 A It's a --

22 Q 277It would have to be done in compliance with Czech law, isn't that so?

23 A Well if the process would have to be done in compliance with Czech law  
24 certainly, the reason is that the company really no longer has a useful  
25 function, or one that I want to continue to be involved with.

26 Q 278And whether for that reason or as a matter of practice, one would have to  
27 prepare annual accounts and submit them to the finance authorities in the Czech  
28 Republic, isn't that right?

29 A On an annual basis, yes.

30 Q 279And that was done in relation to the accounts for the year 2000, isn't that so?

1 A Yes.

2 Q 280And that caused the Czech authorities to issue a summons to the company, isn't  
3 that so?

4 A There is fairly strict obligations of accounting on an annual basis with an  
5 accounting year to the 31st December in each year and with a strict timetable  
6 for the delivery of papers, and it's not unusual to request a meeting after the  
7 accounts had been delivered to discuss points of clarification with the finance  
8 office; and on one occasion that did happen and there was an inspection and a  
9 discussion and the requirements or questions of the finance office were dealt  
10 with.

11 Q 281Yes. If we look to page 122, we'll see a translation which was prepared for  
12 your benefit by your secretary, Sarka Therova, of a document which was received  
13 from the Czech authorities in relation to the financial affairs of Zatecka.  
14 Dating this, it appears to have been received on the 27th July of 2001, and it  
15 relates to the accounts for the year 2000. The above mentioned tax  
16 administrator on the basis of doubts about the correctness and truthfulness of  
17 the tax returns filed by you for the tax on return of legal entities for the  
18 periods 15th February 2000 until the 31st December 2001 filed on the 28th June  
19 2001".

20  
21 I think that clearly must be an error as regards the middle date there, it  
22 should be 2000, I think.

23 "Invites you, under paragraph 43 Section 1 of the Act 337 of 1992 on  
24 administration of taxes and fees as amended to express yourself to the doubts;  
25 There are doubts on correctness of data on lines 10 to 290. To properly  
26 declare truthfulness of these data, present accounting and other records, for  
27 example, contracts relating to lines 10 and 40, including analytical accounts  
28 of the account 378.

29  
30 You can express yourself to the above doubts in writing or orally at the above

1 tax administration within 15 days from the delivery of the summons, paragraph  
2 43, Section 2 of the Act on administration of taxes and fees.

3  
4 Advice. If you do not eliminate the doubts or do not keep the given period,  
5 the tax administrator is authorised to establish the tax base and to determine  
6 the tax according to tools it has or it will obtain itself, even without  
7 cooperation with you. (paragraph 44 of the Act on administration of taxes and  
8 fees .)

9  
10 It's not possible to appeal against this summons nor to use an extraordinary  
11 remedial instrument (paragraph 48, Section 42; and paragraph 56A, Section 3 of  
12 the Act on administration of taxes and fees)

13  
14 Otakar Mestek, Head of Assessment Department"; and this is referred to in a  
15 memo prepared by Sarka Therova and was sent to you, page 119.

16  
17 Zatecka 14 S.R.O, it reads: On the 27th July 2001 we received a letter from  
18 finance office, (which translation I enclose)". And I suggest that that was  
19 that translation.

20 "There's a limit of 15 days to submit information they required, it also came  
21 to" some individual, I think it's the accountant", by registered post, he  
22 managed to prolong the period until the end of this month. I have spoken to  
23 him, Mr. Vozenilek today and he advised me of what needs to be signed until the  
24 end of this month.

25  
26 Finance office requests and evidence of payments from Zatecka account, it is  
27 therefore necessary to submit these agreements". And it lists a number of  
28 agreements. I suggest none of these agreements is the agreement for the  
29 117,500 pounds as between Zatecka and Mr. Lawlor.

1 It goes on to deal with his credit card expenditure of 167,957 and so many  
2 cents in Deutschmarks and various services of Dr. Kavalek, etc. At this point  
3 Sarka Therova is saying to you:

4 "I would like to finish my position as jednatal and owner of Zatecka company  
5 and we should therefore arrange for you to take over my jednatal position and  
6 owner of the company. Barbora discussed this possibility with LP already and I  
7 like it." Obviously Ms. Therova at this point in time wants to distance  
8 herself from any future involvement of the company.

9 A Yes.

10 Q 282A position which has not been resolved to date.

11 A No. As you mentioned, the fact the company is effectively at an end and steps  
12 have been taken with regard to that.

13 Q 283Yes. We see on page 121 a schedule prepared by the auditors of the company of  
14 the various bank transactions which took place in that year involving Zatecka.

15  
16 Now, this is confined to the incoming and outgoing funds in two accounts, the  
17 first a Czech crown account and the second a deutschmark account. You see that  
18 the figures involved are 17 million Czech crowns, odd and 9.1 million Czech  
19 crowns which is which is the equivalent of 500,000 deutschmarks in the Czech  
20 crown account and then in the deutschmark account, it's 1 million Deutschmarks.  
21 Neither of these obviously features the transactions which took place on behalf  
22 of Zatecka through your account, that is the Seddon's client account maintained  
23 for Zatecka in London which dealt with the 57,808 pounds which found itself  
24 being paid to Demographic & Strategic Consultants, is that right?

25 A There is no reference to that here.

26 Q 284No. Nor is there any reference to it in Miss Sarka Therova's memorandum to you  
27 setting out the agreements which would be required to evidence various loan  
28 transactions which had been made to Mr. Lawlor and others, isn't that so?

29 A That's correct.

30 Q 285Could I suggest to you that that is because the transactions which were

1 conducted on behalf of Zatecka through your London account were not advised to  
2 the auditor of Zatecka in preparing the annual accounts for that period.

3 A I don't know if that is a comprehensive list or just a list on which queries  
4 have been raised, but it would certainly appear that the, it was only in 2002  
5 that that was being documented from what we have seen before.

6 Q 286But these were transactions which should have featured in the books of account  
7 of the company Zatecka for the year in which those transactions took place,  
8 namely the year 2000, isn't that right?

9 A I think they do show it.

10 Q 287Yes. So what is the explanation for the fact that this transaction, which paid  
11 Mr. Lawlor on foot of his Demographic & Strategic Consultants invoice for  
12 100,000, why is that not recorded in the accounts for that year?

13 A I don't know that it -- I can't say for sure that wasn't. If it wasn't, then  
14 clearly it had been overlooked or not characterised at that time as being  
15 transactions of the company.

16 Q 288Yes. It would then have been treated really as one of Mr. Lawlor's own  
17 transactions in London rather than one of Zatecka's transactions, isn't that  
18 right?

19 A Yes, I think that's probably correct.

20 Q 289If it had been the case that Mr. Lawlor's 57,808 pounds coming out of his  
21 account with Seddon's had been given to Zatecka for the purposes of Zatecka  
22 meeting a liability which it had to Mr. Lawlor on foot of an invoice for  
23 100,000 pounds, there would have to be a suitable accounting entry in the books  
24 of account of Zatecka which should show, firstly, that they had incurred a  
25 liability to Mr. Lawlor of 57,808 pounds, isn't that so?

26 A They had made a payment to him of that amount, you mean?

27 Q 290No, they had made a payment to Demographic & Strategic but they did so out of  
28 funds which came from him, so their accounts would have to show in addition to  
29 the sums which are recorded in tabular form earlier, as being the receipts to  
30 Zatecka, that is the 17 million, the 9 million and the 1 million. There would

1 also have to be a record of a loan done with the, from which they received  
2 57,808 pounds sterling, is that right?

3 A Or the whole amount.

4 Q 291Sorry?

5 A Or the whole amount, or the whole 100,000, if that was the entitlement of the  
6 company.

7 Q 292They never received the whole 100,000 from your accounts?

8 A I say for accounting purposes, if they had been entitled to the money then it  
9 would be the whole amount, not just part of it.

10 Q 293Right. But in either event, it would have to be accounted for?

11 A In either event, it should be accounted for.

12 Q 294But hasn't been accounted for?

13 A I don't know -- it would appear that it's not in these lists that we are  
14 referring to now.

15 Q 295So, the loan agreements which were being drawn up for Mr. Lawlor in respect of  
16 the items of personal withdrawals by him from the Czech account and the  
17 deutschmark account of Zatecka were drafted by your office, isn't that so?

18 A Sorry, what were drafted?

19 Q 296The loan agreements which were drawn up to account for the withdrawals of funds  
20 by Mr. Lawlor from Zatecka.

21 A If they were not drawn -- if they were not informed or requested by the  
22 auditors, whether we drafted or prepared them, it would have been a combination  
23 of the two, I would think. The auditors would have said what was required to  
24 record the payments.

25 Q 297What was required to record them in a fashion which would indicate that they  
26 were not income of the company itself but rather loans to Mr. Lawlor?

27 A These were payments out of the company, not income of the company.

28 Q 298Well if we look to page 121 again, which shows the various funds which came  
29 from Zatecka and see where they went. We'll see that the first withdrawal from  
30 the account of the Czech account was to Dr. Kavalek, who was a Czech lawyer, is

1 that right?

2 A That's correct.

3 Q 299And this was a payment of two and a half million Czech crowns which was a  
4 payment in connection with his services, is that so?

5 A I believe so.

6 Q 300And is he a lawyer who is acting in the disposition of the Hybernska building?

7 A That's correct, he was representing Aspen Properties.

8 Q 301The next payment then is a sum which is received from Aspen properties of 17.09  
9 million crowns. Was that the balance of funds which had been put up by a  
10 company called Ballymore, which was buying the Hybernska building?

11 A That's correct, that was the funds left over, the amount that they paid and the  
12 amount that had to be paid for the purchase price. By Aspen.

13 Q 302And how much in sterling, approximately, is that sum?

14 A The 17 million, it would be approximately 300,000. At that time I think --

15 Q 303About 55 crowns to the pound?

16 A Approximately. I don't remember the exact exchange rate in April 2000 but --

17 Q 304In and around 300,000; and the next receipt of funds is 500,000 deutschmarks  
18 paid by Ballymore Properties.

19 A 500,000 deutschmarks which converted into 9 million odd crowns.

20 Q 305Then if we move to the deutschmark account, it was a million deutschmark?

21 A The initial payment, yes.

22 Q 306Now, it would appear then that the withdrawals that are made from these  
23 accounts with the sum of two and a half million to Dr. Kavalek; 55,000 to  
24 yourselves, is that for professional fees?

25 A I believe that one would have been, yes, I think so, I think there were two  
26 separate invoices that were discharged regarding that transaction.

27 Q 307And these are fees in relation to the expenses incurred by Zatecka, is it, in  
28 its dealings with Mr. Lawlor's company and Mr. Mulryan's company?

29 A Ballymore, relating to the acquisition of the building.

30 Q 308You were acting for Zatecka?

1 A I was acting for --

2 Q 309-- initially.

3 A -- I was acting for Mr. Lawlor and in the course of the, or at this time,  
4 Zatecka was created and incorporated as you have seen, it was incorporated in  
5 February 2000.

6 Q 310And the bill that is paid here, 55,000 is paid by Zatecka to your firm?

7 A Yes.

8 Q 311What services were provided by your firm for that amount to Zatecka?

9 A These were legal services in connection with the acquisition, disposal of the  
10 property at Hybernska which were, which was a difficult complicated  
11 transaction.

12 Q 312Your client in this, Zatecka did not own it?

13 A At no point.

14 Q 313And never owned the building?

15 A No.

16 Q 314It never conveyed any title in the building to anybody?

17 A No, it never acquired it. So as you have seen in the statement, it had at one  
18 point intention it be used as the acquisition vehicle, but that didn't happen.

19 Q 315The next transfer then is one to Niall and Marybeth Lawlor, who are the son and  
20 daughter in law respectively of Mr. Liam Lawlor, and they received a sum of  
21 140,000 US\$, do you know what that is in relation to, in connection with  
22 Zatecka?

23 A They were payments made at the request of Mr. Lawlor to lend the money to his  
24 son, for what purpose I either didn't know or have forgotten.

25 Q 316Well, whilst this is subsequently the subject of a loan agreement --

26 A Yes.

27 Q 317Is it not the case that the monies were being transferred at Mr. Lawlor's  
28 request?

29 A Certainly.

30 Q 318For the purpose of a deal that he hoped to carry out in New York at the time?



1 A I don't know, I don't recollect what the precise purpose was.

2 Q 319 Was it not stated in the document?

3 A It may have been, I just don't recollect offhand.

4 Q 320 I'll refresh your memory. Whilst we are searching for the document,

5 Mr. Seddon, perhaps I might move down through some of the other withdrawals.

6 There is a withdrawal to yourself, Anthony Seddon, for 9100,000 Czech crowns,

7 do you remember whether that was professional fees or funds to be distributed

8 to Mr. Lawlor on foot of his instructions?

9 A I am afraid I don't recollect it. It was -- it may have been for him.

10 Q 321 Well the ones that you can identify as being not to Mr. Lawlor, perhaps are

11 simpler to find, there was Hannibal S.R.O, a company of Mr. Ron Smith?

12 A Correct.

13 Q 322 And he was being paid an agreed fee. He having been a property agent involved

14 in the Hybernska transaction?

15 A Yes.

16 Q 323 And then Mr. Lawlor withdrew 50,000 deutschmarks and then withdrew 10,000

17 sterling and then there's a further withdrawal of 10,000 sterling to yourself,

18 do you know what that was in relation to?

19 A It was probably another payment for Mr. Lawlor.

20 Q 324 Do you know why he was channelling these payments through you rather than, in

21 this instance, rather than asking for the money --

22 A It would have simply been a person who drew out the funds, and that's the way

23 it would have been described.

24 Q 325 The record of the company would have shown you as the person drawing out the

25 fund, and consequently when this schedule is prepared by the auditor, they were

26 seeking explanation for it?

27 A And then they would have received an explanation. I should add that every item

28 was explained to the satisfaction of the auditors in the finance office, even

29 if I can't remember today what each one was, and I wouldn't have been dealing

30 with each and every payment or each and every answer.

1 Q 326 Well is it correct to say that these were explained to the auditor by loan  
2 agreements subsequently being produced which indicated that these monies were  
3 loans?

4 A If a payment was a payment to Mr. Lawlor and there was no other reason for it,  
5 for a specific expense or specific payment on behalf of the company, then it  
6 would be characterised as a loan to him. If it had no other reason to be made.

7 Q 327 The document that I referred to earlier and I couldn't find, is page 154, could  
8 you put that on screen please?

9 A That's the first payment to his son and daughter in law that you referred to.  
10 That was him giving an instruction to make the payment.

11 Q 328 It's addressed to Sarka Therova at Seddons solicitors.

12 A Yes.

13 Q 329 It's from Zatecka 14 S.R.O. Although we'll see at the bottom of it, Mr. Lawlor  
14 signs as Zatecka 14 S.R.O, isn't so that?

15 A He certainly did do so on occasion.

16 Q 330 Yes. And he is directing Sarka Therova who happens to be the director of  
17 Zatecka --

18 A To follow his instructions.

19 Q 331 To follow the instructions.

20 "Can you please transfer from the Zatecka 14 S.R.O. cheque account number, the  
21 equivalent of 140,000 US dollars to the following: name of account holder,  
22 Niall and Marybeth Lawlor. Bank name: Chase Manhattan Bank, 331-337 South End  
23 Avenue, New York 10280, New York, USA.

24 I appreciate if this matter could be put in hand today as I am due to close a  
25 deal in New York as soon as the funds arrive. " That was the narrative  
26 accompanying this request, is that right?

27 A Yes.

28 Q 332 It's apparent from that document that the funds were not being expended in  
29 relation to any Zatecka business, isn't that right?

30 A Clearly.

1 Q 333Sorry? Is that correct?

2 A I said that seems to be quite clear.

3 Q 334Yes. And presumably Sarka Therova, as a director of the company, would have in  
4 some way to be satisfied that expenditure which is being authorised by the  
5 company and through you, Seddons solicitors was for the benefit of the company?

6 A That wasn't a decision that she would be making, because as we have made clear  
7 already, the person controlling the decisions regarding the company's money was  
8 Mr. Lawlor, who gave the instruction and the instruction was followed.

9 Q 335Right. Can we take it then if Mr. Lawlor is a person who controlled the  
10 finances and decision-making of the company as regards disbursement of its  
11 funds, that he can control all other aspects of Zatecka's activities?

12 A Ultimately, that is probably correct. It depends what you mean by all its  
13 activities.

14 Q 336Well all activities of the company, if the company has to do anything,  
15 Mr. Lawlor is the person who authorised its doing.

16 A Well there would be some functions which he would not be able to control. He  
17 wouldn't be able to give an instruction which would be contrary to the  
18 commercial codes in the Czech Republic. He wouldn't be able to prevent the  
19 officer filing the tax returns and matters of that nature, so --

20 Q 337He couldn't sign certain documents on behalf of the company, he couldn't do  
21 anything illegal through the company.

22 A Correct.

23 Q 338Isn't that right?

24 A Correct.

25 Q 339But certainly he is the person who could authorise the production to the  
26 Tribunal of Inquiry of all the documents that are in the possession of that  
27 company and could have done so from day one, isn't that so?

28 A Ah, if that was a request made, then yes, but -- and I don't know the nature of  
29 all the requests that were made. I know that we did, we were asked by  
30 Mr. Lawlor to make copies of many things, like all the credit card payments

1           which he made through the company and those, I believe, were discovered. The  
2           nature of everything else that he was asked to do, I'm not completely in the  
3           picture.

4 Q 340 Could I suggest ten to two for a resumption?

5

6           CHAIRMAN: Certainly.

7

8           MR. O'NEILL: That will allow the parties --

9

10          CHAIRMAN: All right. We'll adjourn until ten to two.

11

12          MR. O'NEILL: Thank you.

13

14          THE TRIBUNAL THEN ADJOURNED FOR LUNCH.

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1 THE TRIBUNAL RESUMED AS FOLLOWS AFTER LUNCH:

2

3 MR. O'NEILL: Mr. Seddon before the lunch break we were discussing the company  
4 Zatecka, and I think it's correct to say that you had had correspondence from  
5 early 2001 in connection with that company and Mr. Lawlor to Delahunt  
6 Solicitors, who were the solicitors acting for Mr. Lawlor in his dealings with  
7 the Tribunal at that time, is that so?

8 A. Yes. I believe there was some correspondence.

9 Q.341And I think if we look to page number 90 we'll see a draft letter, I can't say  
10 it was ever sent to Delahunts, a draft letter from yourself to Delahunts  
11 Solicitors?

12 A. Yes. I believe that was a draft of a letter that I had been asked to prepare.

13 Q.342Yes. Who asked you to prepare that letter?

14 A. It was, this was on the request of Mr. Lawlor, who wanted me to write a letter  
15 to deal with matters in a letter, regarding the company Zatecka, and I think  
16 that a letter had been sent to the company and this was the response to that  
17 letter.

18 Q.343The letter which had been sent to the company was a letter which had come from  
19 Mr. Lawlor's then solicitors Delahunts, was written to Zatecka looking for  
20 details of that company's relationship with Mr. Lawlor, wasn't that so?

21 A. I believe so, yes.

22 Q.344Of course, that is a matter which Mr. Lawlor would know intimately, because  
23 from your evidence today, he in fact was Zatecka in all but record, isn't that  
24 so?

25 A. He was the -- he was the person who was the controlling client I would say.

26 Q.345Yes. Now at his behest then you wrote the following letter saying.

27 "We are instructed by Zatecka 14 SRO to respond on their behalf to your request  
28 for information which was acknowledged to your client on the 15th of January"  
29 their client which is Mr. Lawlor?

30 A. Yes.

1 Q.346When you refer here to "We being instructed" do I take it that that is you  
2 being instructed by Mr. Lawlor?

3 A. No. The request was a request formally to the company, so the instruction to  
4 formally, had come from the company to respond to the letter.

5 Q.347Are you saying that your secretary, Sarka Therova, instructed you to write this  
6 letter?

7 A. No. I am not. You know I am not saying that.

8 Q.348Well when you talk about the company, in this instance I want you to be  
9 specific. Who particularly told you to write this letter, was it Sarka  
10 Therova?

11 A. I was, as I said before, I was asked by Mr. Lawlor to prepare a letter in  
12 response to the letter that had been sent to the company.

13 Q.349Right. Well having done so, you write in the following terms, they are your  
14 words not mine "We are instructed by Zatecka 14 SRO to respond on their behalf  
15 to your request."

16 I am asking you a straightforward question. Who gave you that instruction?  
17 Was it Mr. Lawlor?

18 A. I have already said that Mr. Lawlor asked me to prepare a letter in response,  
19 but I don't think that's controversial, that's a fact.

20 Q.350"You will appreciate our client", this is Zatecka, "had to obtain clearance  
21 from the company which it's controlling, which presumably is which, is it's  
22 controlling parent, as Mr. Lawlor is neither an officer or a shareholder in the  
23 company". Would you explain why you expressed yourself in those terms?

24 A. That was being factual.

25 Q.351You will appreciate, that is Delahunt, Mr. Lawlor's solicitors, "will  
26 appreciate that Zatecka had to obtain clearance from the company, which is it's  
27 controlling parent."

28  
29 Now to date you haven't told us anything about having sought such consent from  
30 any person other than Mr. Lawlor who requested that you wrote the letter. Did

1 you obtain clearance from a company? And if so when, how and from whom?

2 A. The -- obviously this is to go forward some period in time. Before March 2001  
3 Mr. Lawlor was informing me that the company was to be held beneficially, not  
4 simply for him, but for another entity, namely Sinclair Holdings I think, or a  
5 creature of Mr. Nicholas Morgan.

6  
7 And the -- at one time I was lead to believe that the controlling shareholder  
8 was going to be Sinclair, as 75 per cent -- although, subsequently that became  
9 25 per cent, and there was a certain amount of confusion that I had in that  
10 regard from instructions from Mr. Lawlor. But my current understanding is that  
11 the beneficial interests were 75 per cent for Mr. Lawlor and 25 per cent for  
12 Sinclair.

13 Q.352What I am seeking to establish Mr. Seddon at this point in time, is what when  
14 you wrote this letter on the 6th, 15th of March or drafted this letter on the  
15 15th of March 2001, what was the basis for you saying that you had had to  
16 obtain clearance from a company? Did you in fact obtain clearance from a  
17 company? And if so, from whom and what clearance did you get?

18 A. Yes, I did. I did have the permission of Mr. Morgan to give information about  
19 the company.

20 Q.353Did you request specific information or specific clearance from Mr. Morgan to  
21 write this letter? Or are you saying you had a general authority from  
22 Mr. Lawlor to act on the instruction, if given, of Mr. Morgan?

23 A. I believe that I spoke to Mr. Morgan, and we had a discussion about the  
24 question of giving information about the company, and I was asked by both him  
25 and Mr. Lawlor to write in these terms.

26 Q.354So this is --

27 A. To give information about the company.

28 Q.355This situation of Zatecka now having a controlling parent, was that a situation  
29 which had arisen at some time between the time that the company was formed in  
30 February 2000 and this date in March 2001? When it seems to have a controlling

1 parent?

2 A. Yes. At the time of it's incorporation I had not heard of the other party.

3 Q.356And at the time that you were dealing with this company and it's affairs, which  
4 resulted in it receiving funds from the Ballymore company, of one and a half  
5 million Deutschmarks and 17 million Czech crowns at any time in that period had  
6 you been told that there was another company behind Zatecka, and that it was a  
7 company called Sinclair?

8 A. I have no such recollection.

9 Q.357In any event, we'll proceed further with the letter.

10

11 Where you state here that as Mr. Lawlor is neither an officer nor shareholder  
12 of the company, was it intended in that response that you were distinguishing  
13 the affairs of Zatecka from the affairs of Mr. Lawlor, was that the purpose of  
14 this reference?

15 A. I was making a distinction. Whether that was the purpose I am not sure, but  
16 that is the -- I was stating a fact.

17 Q.358Well were you endeavouring to qualify the ability of Mr. Lawlor to obtain  
18 documentation from Zatecka on the basis that as he was neither an officer nor a  
19 shareholder of the company he did not have the power to call for the  
20 documentation of the company, was that the underlying purpose of this letter?

21 A. Yes. I was putting forward -- I was putting forward a reason why there had  
22 been a delay of two months to respond to the request.

23 Q.359And was that delay of two months because Mr. Lawlor had interposed another  
24 corporate entity in the equation, namely Sinclair Holdings?

25 A. I believe that Sinclair Holdings was on the scene long before that.

26 Q.360But --

27 A. That would be my recollection.

28 Q.361Right. But in what capacity was it there originally?

29 A. Originally.

30 Q.362Yes, was Sinclair holdings there as a parent of Zatecka or was it there as a



1 body which would perform functions on the instruction of Mr. Lawlor for  
2 Zatecka, do you appreciate the difference?

3 A. As the parent -- as I was instructed to, by the parent of the company.

4 Q.363 Was that always your belief of what it was, it was the parent of --

5 A. No it wasn't always my understanding, because the situation seemed, didn't seem  
6 to be cast in stone and appeared to change; because it started with my  
7 understanding that, from Liam Lawlor, that we were forming a company for him.  
8 Then subsequently he told me that it was to be used as a vehicle to earn money  
9 and his share of the profits were going to be paid, repay a loan that he owed  
10 to Mr. Morgan or a company of Mr. Morgan or something of that nature, and at  
11 that time he told me that it was going to be 75 per cent.

12

13 Subsequently, that was clarified and I was told that the 75 per cent was to be  
14 the share of profits, which he would receive and, which he would pay to  
15 Mr. Morgan by way of repayment of, reduction of an outstanding loan.

16 Q.364 May we take it that at the time of the incorporation of this company there was  
17 never any indication given to you that any person other than Mr. Liam Lawlor  
18 would be beneficially entitled to whatever profits or share holdings might  
19 exist in the company Zatecka?

20 A. At the time of the incorporation I don't believe that I was, had anybody else  
21 to consider, but he would of course be perfectly entitled to pass on an  
22 interest to somebody else, or if he chose to do so, at a later date.

23 Q.365 Of course. If he has it he can give it to somebody else, isn't that right? If  
24 he owns the company he can pass it to Mr. Morgan or what have you?

25 A. If that was their arrangement then he would be at liberty to do that.

26 Q.366 You go on in the letter to say; "a question has been made for copies of all  
27 documents and records etcetera relating to the dealings of Mr. Lawlor with the  
28 company in particular with regard to MasterCard credit card number" and the  
29 number is given here. "It is first necessary to give some explanation of the  
30 involvement with Mr. Lawlor with the company Zatecka 14 SRO. It was

1 established in February 2000 with the intention of it being an investment  
2 and/or consultancy vehicle in the Czech Republic."  
3

4 Now whilst that is true it probably would be more complete to say, that it had  
5 been established with the intention of it being an investment and/or  
6 consultancy vehicle in the Czech Republic for Mr. Liam Lawlor, isn't that so?

7 A. If those words had been added it would have been accurate, yes.

8 Q.367By not adding the words, it would appear that some party other than Mr. Lawlor  
9 certainly, was the founder, is that right?

10 A. No.

11 Q.368No? We'll proceed.  
12

13 "We are informed (but neither this firm nor the company was involved) that it's  
14 incorporation related to a profit sharing arrangement made with an offshore  
15 company and that Mr. Lawlor was to be appointed as a consultant to the company  
16 in connection with property matters."  
17

18 Now you are informed by who? Was it Mr. Lawlor who informs you?

19 A. Yes, yes indeed.

20 Q.369Right. And can you date when it is that you were so informed by reference to  
21 either the date of formation of the company, which was the 15th of February  
22 2000, or the date of this draft letter the 15th of March 2001. When did  
23 Mr. Lawlor tell you that the incorporation was related to a profit sharing  
24 arrangement?

25 A. I can't be precise about that, but I would believe that it would have been  
26 after the conclusion of the acquisition of the Hybernska building the previous  
27 year, 2000, and since, after that time, the company wasn't successful as far as  
28 I am aware in any other business. So it, it may well have been any time in  
29 between.

30 Q.370Part of the arrangement was that Mr. Lawlor was to be issued with a credit card

1 on the company's bank account which could be used for expenses incurred in the  
2 company's business, and also for personal expenditure which would be treated as  
3 payment on the account of any entitlement of Mr. Lawlor" was there any such  
4 arrangement? Or was it merely the fact that Mr. Lawlor instructed Sarka  
5 Therova to obtain for him a debit card for his use, which he used without  
6 reference to her?

7 A. He certainly made the request and gave the instruction for a credit card to  
8 be --

9 Q.371Yes.

10 A. -- to be accurate I think it was a debit card, but certainly a card which he  
11 could draw expenses. And whether or not that was after discussions with  
12 Mr. Morgan I really can't say because I wasn't privy to what was going  
13 discussed between them.

14 Q.372As far as Zatecka 14 SRO is concerned there is in fact no arrangement evidenced  
15 in writing certainly between that company and Mr. Lawlor, which would contain  
16 the information here namely that he was to have a credit card for a certain  
17 purposes?

18 A. The arrangement was made.

19 Q.373The arrangement was made, that he obtained a debit card which gave him  
20 unlimited access to the entire funds on deposit in that account, and there is  
21 no auditing or no prior authority required by Mr. Lawlor to draw any funds from  
22 that account, isn't that so?

23 A. The ability of Mr. Lawlor to use the credit card would have depended on the  
24 amount of funds in the particular account at any given time and it was issued  
25 with the usual bank agreement, with his signature at his request.

26 Q.374Yes. But that is between the card holders and the bank? What I am saying is  
27 that there is no evidence of there being any agreement between Zatecka 14 SRO  
28 and Mr. Lawlor regarding the terms on which he could use the debit card, isn't  
29 that so?

30 A. There was no formal -- no documentary agreement.

1 Q.375No. And the only person he could consult, I suggest to you, for any of these  
2 withdrawals, which were taken down in the year 2000 was your secretary  
3 Ms. Therova or himself, isn't that it?

4 A. No other authority was required.

5 Q.376No. So to say that there was, it was part of an arrangement is to suggest that  
6 there was such an agreement between the company and Mr. Lawlor, I am putting to  
7 you, that there was no such arrangement, he merely had the credit card and drew  
8 on the, debit card more accurately, and drew funds as he at his sole  
9 discretion, decided, from that account, isn't that so?

10 A. Well, I was instructed that that was an arrangement that he, that when writing  
11 this letter I was instructed that that was an arrangement that he had reached  
12 and that I could refer to that.

13 Q.377Is that what Mr. Lawlor told you?

14 A. Yes.

15 Q.378Right. But you would know from Sarka Therova your secretary, whether or not  
16 there was such an agreement or arrangement isn't that so?

17 A. I am talking about his arrangement with Mr. Morgan.

18 Q.379Well how do we know that Mr. Morgan had anything to do with the setting up  
19 either of the Erste Bank account on which this debit card was involved, or any  
20 withdrawals?

21 A. He had no --

22 Q.380He had what?

23 A. He had no involvement in it.

24 Q.381No part in it at all? So why do you say Mr. Morgan had any involvement, good,  
25 bad, or indifferent in sanctioning any payments to Mr. Lawlor by means of this  
26 debit card?

27 A. Well if he had an agreement.

28 Q.382If -- but where is there any evidence of the arrangement which you refer to  
29 here, saying part of the arrangement was that -- that is a statement of fact.  
30 What's the factual basis?

1 A. I wasn't concerned with that. I was concerned with what I was instructed was  
2 the arrangement between him and another person.

3 Q.383Fine?

4 A. And I was to give effect to that.

5 Q.384Was that instruction the instruction given by Mr. Morgan or by Mr. Lawlor,  
6 instruction in relation to this arrangement?

7 A. As I have -- this is, the instructions I had were from Mr. Lawlor.

8 Q.385Right. Not from Mr. Morgan?

9 A. Not from Mr. Morgan. I did subsequently have some instructions from  
10 Mr. Morgan, I had some discussions with him but he was, he was not regarded by  
11 me as being the prime client, shall we say.

12 Q.386"Some difficulty was caused to our client company in relation to the request  
13 for credit card statements".

14 This is because the card in question was not a true credit card but a debit  
15 Card issued by Erste Bank.

16 "As a result no credit card statements exist, but only the company's normal  
17 bank statements showing payment as normal debit items on the company's bank  
18 account, we have extracted all the items listed in date order and are sending  
19 copies."

20  
21 Here you are distinguishing between your power to send copies of the companies  
22 bank accounts to Mr. Lawlor as opposed to entitlement to send him extracts in  
23 relation to the credit card expenditure, isn't that right? He wasn't going to  
24 get the bank accounts on this statement, he was getting a presse which you  
25 would prepare having extracted from the bank accounts the items which were  
26 incurred on the debit card, isn't that right?

27 A. Yes. I was providing information that I was requested to provide.

28 Q.387Right. Well inherent in that is there being a clear distinct between  
29 Mr. Lawlor's entitlement to the company's bank accounts and Mr. Lawlor's  
30 entitlement to a record of his use of the debit card; isn't that right?

1 A. No. I don't think so.

2 Q.388 Well, why didn't you just send the bank statement of the company, which would  
3 have shown not only the transactions on the company's account but also  
4 Mr. Lawlor's use of the debit card?

5 A. Because I wasn't asked to.

6 Q.389 You weren't asked by Mr. Lawlor's solicitor Mr. Delahunt to do so is that  
7 right?

8 A. That's my understanding. I was asked to produce the credit card details and  
9 also other details of payments made to Mr. Lawlor or for his benefit.

10 Q.390 You go on to say that the company has received the Demographic and Strategic  
11 Consultants invoice and you say "This firm was instructed to pay to this  
12 business on behalf of the company the sum of Irish 75,000 pounds. As we  
13 understand the other part was to be retained in the connection with the profit  
14 sharing agreements" in any event the sum here is in brackets, why is that?

15 A. This was a draft letter.

16 Q.391 A draft. Okay?

17 A. The final version which you may refer to is at page 93.

18 Q.392 Yes. Now we see then on page 83 that the draft is amended somewhat in new  
19 format it is again addressed to Delahunt Solicitors, although it is accompanied  
20 by a letter to Mr. Coyne who has just become the solicitor on --

21 A. Yes, I understand he changed solicitors about that time.

22 Q.393 Yes. And in this document you refer on the 28th of March, at page 93 -- at  
23 the bottom of the page, "As part of the activities of the company Mr. Lawlor  
24 had given advice and consultancy services to a leading property company in  
25 connection with property acquisition in Prague. This includes introducing a  
26 property to a prominent Irish property company?"

27 A. Yes.

28 Q.394 Now, you then go on at the second last paragraph of that letter to refer to the  
29 payment of 60,858 sterling as follows; "This firm was instructed to pay to this  
30 business" that is Demographic and Strategic", on behalf of the company 60,858

1 sterling. As we understand the other part was to be retained in connection  
2 with profit showing arrangements" this is the same 60,000 we see coming out of  
3 Mr. Lawlor's client account with your firm?

4 A. Yes, yes.

5 Q.395And it is here expressed as a payment of 60,858. In fact it was 57 that went  
6 to Strategic -- Demographic and Strategic. The balance went to yourselves  
7 isn't that right?

8 A. Yes, part of it was used for an invoice to my firm.

9 Q.396It wasn't used though to pay the Demographic and Strategic invoice it was used  
10 to pay legal bills which Zatecka owed to you?

11 A. Yes probably accurately, I overstated the amount that was paid to Demographic.

12 Q.397The reference to the balance being retained in connection with the profit  
13 showing arrangements, how could it happen if Zatecka had a liability to an  
14 outside contractor, Strategic and Demographic, for a hundred thousand and if  
15 the company paid only 57 of that, how could one say that the balance was being  
16 retained in connection with the profit showing agreement? There was no balance  
17 firstly. There is no balance on an invoice.

18 A. I agree, that's quite illogical.

19 Q.398So, is it the case Mr. Seddon, that you were putting in this letter whatever it  
20 was that Mr. Lawlor wanted you to put in the letter? You were acting on his  
21 direct instructions rather than from your own? --

22 A. I was certainly acting on instructions as I would. This particular sentence  
23 is, I don't understand in hindsight now, that sentence doesn't actually make  
24 sense. But certainly this would have been a letter which I would have prepared  
25 on the basis of what I understood was required. I would have drafted it and  
26 what you have seen, there was a draft has been discovered in the -- and the  
27 final version of the letter followed slightly changed. Presumably I would  
28 think after discussion.

29 Q.399With Mr. Lawlor?

30 A. I -- I don't know. I really wouldn't remember after three and a half years if

1       there was discussion with the recipient of the letter or not. But most likely  
2       Mr. Lawlor.

3

4

5       JUDGE KEYS: Excuse me Mr. Seddon if I could just ask you one question, all  
6       these letters you have been referring to in the last couple of minutes, you  
7       were on instructions from Zatecka; Were those letters issued from your office  
8       without putting them by or put to whoever gave you the instructions? Did you  
9       not run through the letter with them to have the letter approved before it was  
10      sent out from your office?

11    A.    I think I pointed out that the first letter we were looking at was a draft  
12      letter. Which undoubtedly would have been discussed.

13

14      JUDGE KEYS: Yes, but you got instruction from somebody as to what the letter,  
15      what was to be in the letter, isn't that correct? And I take it when you  
16      prepare the letter, did you then confirm with who was giving you the  
17      instructions as to, that the content was to their approval before it was sent  
18      out to Delahunts?

19    A.    Yes, I believe that was.

20

21      JUDGE KEYS: Who was that person?

22    A.    As I said before, Mr. Lawlor was the person who gave the instructions to give  
23      this information.

24

25      JUDGE KEYS: So, therefore Mr. Lawlor was telling you what was to go into the  
26      letter from a letter which had been sent by Mr. Delahunt on the instructions of  
27      Mr. Lawlor, is that correct?

28    A.    He was discussing with what should be in the letter that went to his --

29

30      JUDGE KEYS: His solicitor?



1 A. His solicitors, Delahunts.

2

3 JUDGE KEYS: I see. Thank you.

4

5 MR. O'NEILL: Was Mr. Delahunt ever informed by you that Mr. Lawlor was your  
6 client, just as he was his client?

7 A. Mr -- I don't know --

8 Q.400I think to be more accurate, sorry Mr. Seddon, Mr. Delahunt had dropped out of  
9 the scene by the time you were writing this letter?

10 A. Yes.

11 Q.401You had drafted it with the intention of sending it to Mr. Delahunt. You in  
12 fact sent it to Mr. Coyne, so if I can rephrase -- did you at this point in  
13 time tell Mr. Coyne that of course Mr. Lawlor, whilst he was your client, is  
14 also my client?

15 A. Mr.-- I am sure Mr. Coyne was well aware that we acted for Mr. Lawlor and he  
16 would have been aware that he, Mr. Lawlor was a client of my firm.

17 Q.402You see, you start your letter here on the 28th of March saying that his  
18 request for information was acknowledged to your client on the 15th of January.  
19 Now, that would appear to suggest that, or certainly to bolster a belief that  
20 his client was Mr. Lawlor and your client was Zatecka?

21 A. His client was Mr. Lawlor.

22 Q.403Yes.

23 A. And they were, as I understand it representing him in the question of the  
24 Tribunal of Inquiry and I had no such position.

25 Q.404But, Mr. Lawlor was in fact our client, not your client, in this context?

26 A. The request for information was made to the company and I was responding on  
27 behalf of the company, and that was what I was instructed to do.

28 Q.405The next letter I would like to you look at is again a letter of yours of the  
29 4th of April 2002, one year after the event. Page 100.

30

1 You are now writing to Mr. Coyne.

2 "I am writing to you further to my letter of the 26 of March in relation to  
3 your request for discovery of documents relates to the above" that's Liam  
4 Lawlor and Zatecka 14 SRO.

5  
6 "In the letter I will deal with the relationship of Mr. Lawlor to the Czech  
7 company Zatecka 14 SRO. Please note in the Czech Republic the law does not  
8 allow the direct ownership of real estate by a foreigner, but no restriction on  
9 ownership of companies. According whenever a foreign person or company wishes  
10 to purchase real property in Czech Republic it is necessary to interpose a  
11 Czech registered company to act as legal owner.

12  
13 My firm was instructed to form a Czech company in connection with proposed real  
14 estate transaction. This was a property at Zatecka 14 Prague 1. \*Mr. Lawlor  
15 was negotiating the purchase of the property with a view to advancing joint  
16 cooperation arrangements with his business associate Mr. Nicholas Morgan. We  
17 were authorised by Mr. Nicholas Morgan to form a Czech company for this  
18 acquisition which we duly did. The company was registered as Zatecka 14 SRO  
19 with a share capital of 100,000 Czech crown."

20  
21 That in fact is untrue isn't it Mr. Seddon?

22 A. The my recollection now, is that the instruction was solely from Mr. Lawlor.

23 Q.406 So that this is untrue? You were never instructed or authorised by  
24 Mr. Nicholas Morgan to form a Czech company Zatecka 14 SRO as you state in this  
25 letter?

26 A. I -- my recollection now is that the instruction was solely from Mr. Lawlor. I  
27 may be mistaken, but and it may be that at the time when this letter was being  
28 discussed I was being reminded that an instruction or authorisation had come  
29 from Mr. Morgan. But, I don't think that that is the -- my recollection is  
30 that that is inaccurate.

1 Q.407I take it, Mr. Seddon, you were aware from your contacts with Mr. Lawlor that  
2 he was having what he called, "difficulties "with regard to his discovery  
3 obligations in the High Court in Ireland, where he was being asked to produce  
4 documentation in relation to the company Zatecka 14 SRO, to which he was  
5 responding by saying that, it was an entity which was independent of him and  
6 over which he did not have the power to compel the production of documents?

7 A. I don't know exactly what he was saying. I wasn't representing him in those  
8 proceedings. I was aware that he was having difficulty because that was  
9 something which was public knowledge.

10 Q.408What he was endeavouring to do, I suggest to you this letter was written with  
11 the intention of advancing that cause, was to indicate that he did not have  
12 control of Zatecka, but that it was an entity, which was independent of him and  
13 part of a group or conglomerate of which Mr. Nicholas Morgan was the principal,  
14 is that why this letter was written?

15 A. I don't recollect the purpose of the letter at the time. Certainly between the  
16 time of the incorporation and the writing of this letter we were instructed  
17 that Mr. Nicholas Morgan was involved with the company.

18 Q.409The letter goes on to state;

19 "The intention was that this company would, as a member of his group, be  
20 beneficial owner of Zatecka 14." That "referring to the building in Prague of  
21 the same name; isn't that right?

22 A. That, yes, yes.

23 Q.410Now, that also is not the case; isn't that right? The company was not to do  
24 anything as a member of a group. The company was to own this building as an  
25 investment for Mr. Lawlor, isn't that so?

26 A. Subject to whatever he was agreeing with Mr. Morgan.

27 Q.411Well, that's something you supposedly learned at some considerable later date,  
28 but the intention --

29 A. Not necessarily considerably later and I can -- I was aware that Mr. Morgan was  
30 a person with whom Mr. Lawlor had dealings.

1 Q.412Mr. Seddon, at the time that the company was incorporated, that's Zatecka 14  
2 SRO, and immediately prior to it's incorporation, the intention was that the  
3 building would be acquired called Zatecka 14, isn't that so?

4 A. Yes.

5 Q.413At that time, when that intention was formed, there was I suggest to you, no  
6 intention that it would be part of a group, at the time of incorporation?

7 A. It wasn't a question of my intention, what was in the mind of Mr. Lawlor is  
8 quite another matter.

9 Q.414But he expressed his intention to you, and you recorded the intention for  
10 which, a company was required in your memorandum T, includes no reference to  
11 the company being part of a group, isn't that so?

12 A. That's correct.

13 Q.415Yes. So whilst you write this letter, again you had no basis other than the  
14 instruction that Mr. Lawlor was giving you in April 2000?

15 A. That is correct. The basis of the information was the instruction of  
16 Mr. Lawlor. That was the source of my information.

17 Q.416And it is information, which would appear to run contrary to the intention that  
18 he had expressed to you at the time that he was intending to form the company  
19 isn't that so?

20 A. Yes. The intentions seemed to be something of a moveable feast.

21 Q.417In the letter Mr. Coyne was seeking documentation of Zatecka's and you in the  
22 final paragraph of this letter deal with that by saying, at page 101, "With  
23 regard to the papers of Zatecka 14 SRO I repeat that questions which I made in  
24 my letter of the 26 of March and repeat the suggestions made in the last  
25 paragraph of the letter in relation to those documents.

26

27 We trust the above will meet the discovery requirements of the Tribunal.

28 If we can be of any further assistance please contact the under signed."

29

30 It's clear is it not, from those final paragraphs, that this letter was being

1 written in the context of Mr. Lawlor's ability to comply with the discovery  
2 requirements of the Tribunal, isn't that so?

3 A. It was certainly written in the context of the Tribunal requirements.

4 Q.418 And in that context you were outlining the instruction of Mr. Lawlor that the  
5 company was one which was part of a group engaged in a profit sharing  
6 arrangement with Mr. Nicholas Morgan isn't that right?

7 A. Indeed, yes.

8 Q.419 I would like to turn now to some of the documentation which deals with  
9 Mr. Morgan's involvement with Zatecka and with yourself? If we turn to page  
10 number 50 please?

11  
12 This is a document which I think contains the signature of Mr. Lawlor at the  
13 bottom of the document. It's addressed to you at the London office, probably  
14 went by fax, reference Zatecka 14 SRO. It is the 4th of August 2000. "The  
15 attached fax has been submitted to Nicholas Morgan.

16  
17 "I have informed him that you are at the London office today, prior to going on  
18 vacation next week.

19  
20 Could you issue the appropriate instruction to Sarka to action the transfers  
21 next week when Sinclair Holdings Limited provide the bank name and account  
22 numbers to receive the transfers.

23  
24 The Czech crowns should be converted to sterling for transfer"

25  
26 Now, you will see on the face of this document that here, Mr. Lawlor is  
27 instructing you to instruct Sarka, who is the director of Zatecka 14 SRO to  
28 action the transfers next week.

29  
30 When we turn to the next document on page 51, you will see that this is an

1 instruction to Nicholas Morgan of Sinclair Holdings on letter heading of  
2 Zatecka 14 SRO, it's dated 4th of August 2000, it is I suggest, the attached  
3 fax that is referred to in the earlier document. And in this Zatecka is  
4 telling Mr. Morgan that an instruction is to be forwarded to Seddons solicitors  
5 for a transfer for consultancy work, the amount of the Czech accounts and  
6 Deutschmark accounts at the Erst Bank to Sinclair Holdings bank accounts,  
7 appropriate invoice to be prepared and submitted to the UK company. Also  
8 confirm to Seddon that the following two accounts will be discharged by  
9 Sinclair Holdings when the appropriate invoices have been submitted and the  
10 instructions confirmed as already discussed.

11  
12 Then two amounts are specified here, which I think you might recollect were  
13 paid to Dr. Kavalek and Mr. Smith.

14  
15 Now these two documents in effect, establish what the relationship was between  
16 Mr. Lawlor, Mr. Morgan, yourselves and Mr. Morgan isn't that right?

17 A. They establish --

18 Q.420 Yes. They indicate that the role that Mr. Morgan's company was to perform was  
19 that at Mr. Lawlor's behest it, Sinclair Holdings, was to write to you. It was  
20 to seek from you for consultancy work, which it Sinclair Holdings had performed  
21 for Zatecka?

22 A. Yes I -- I see what you mean. Yes, they -- they were acting on his  
23 instructions you mean.

24 Q.421 Yes. They were acting on his instructions but so were you acting on his  
25 instructions?

26 A. Yes.

27 Q.422 And their role in this particular transaction was that at Mr. Lawlor's  
28 instructions, they were to write to you, you also being alerted to what they  
29 were going to be seeking because of the authority and knowledge which you had  
30 received from this fax which was sent to you on the 4th of August. That you

1 were going to receive a letter from a company called Sinclair Holdings Limited,  
2 which I suggest you had had no dealings with to that point in time? That  
3 company was going to send you an invoice for money, which was the equivalent of  
4 the funds standing in the Czech accounts and Deutschmark accounts of Zatecka.  
5 And acting on foot of the invoice for those sums you were to transfer the funds  
6 in question to the accounts nominated by Sinclair; isn't that right?

7 A. That's what it says.

8 Q.423 Yes. This instruction to Mr. Morgan, which was contained in this fax was not  
9 acted upon by Mr. Morgan and you followed it up by a letter on the 16th of  
10 August 2000 which appears at number 52. Where you write to Liam Lawlor saying.

11  
12 "I refer to your fax of the 4th. I have not heard anything from Nicholas  
13 Morgan.

14  
15 I think the first priority in that regard is to deal with Kavalek's outstanding  
16 fee".

17  
18 Mr. Kavalek has become somewhat anxious that his fees in respect of the work  
19 done for Hybernska had not yet been paid isn't that right?

20 A. Yes.

21 Q.424 Now, we'll see on page 54 a fax to you dated the 18th August of 2000 from  
22 Sinclair Holdings Limited, I suggest to you that this is the response to your  
23 query to Mr. Lawlor of the 16th regarding the fact that the instruction which  
24 he had given to Mr. Morgan on the 4th of August had not been implemented to  
25 that date and is now going to be implemented and is implemented by this  
26 document here.

27  
28 It's a letter which reads firstly it's from Sinclair Holdings, it gives his  
29 administrative office at Chancery Chambers, 8 Duhamel Place, St. Helier,  
30 Jersey, Channel Islands. Registered office East Asia Chambers, PO Box 901 Road

1 Town, Toriola, British Virgin Islands. Another address appeared on their  
2 documentation and it bears the reference of NSTCM, Mr. Nicholas Morgan's  
3 reference.

4  
5 It says "Further to our recent telephone conversation, I should be grateful if  
6 you would arrange to transfer the balances standing to the credit of the above  
7 companies Czech account and Deutschmark account at Erste Bank to Sinclair  
8 Holding as per details set out below.

9  
10 Representing payment for consultancy work carried out, the invoice of which  
11 will follow under separate cover."

12  
13 Now, if I could stop at that point Mr. Seddon, it is clear that this demand is  
14 not a demand being made on the basis of any profit sharing arrangement which  
15 exists between Mr. Morgan and Mr. Lawlor, in relation to the proceeds of  
16 Zatecka's activities, but rather that an invoice will be generated by Sinclair  
17 Holding, a Jersey company, for consultancy services which it has provided to  
18 Zatecka, and in turn it will be paid the outstanding, current balance of the  
19 funds in the Czech account, isn't that so?

20 A. That's what it says.

21 Q.425 It goes on to say "I also confirm that the two relevant invoices for 15,000  
22 Irish pounds and 10,000 pounds sterling will be discharged directly by Sinclair  
23 Holding Limited when appropriate invoices have been submitted and instructions  
24 confirmed as already discussed."

25  
26 Those I think deal with the requirement of Mr. Smith and Dr. Kavalek to be paid  
27 their funds offshore; isn't that right?

28 A. There were two invoices for two separate fees, and they had each of the parties  
29 had asked for payment to be made in a particular way.

30 Q.426 What's that particular way, that they would be paid offshore for services which



1 they had provided in relation to a Czech activities, Czech property  
2 transactions?

3 A. I am presuming that these are still the invoices relating to additional fees  
4 concerning the Hybernska property.

5 Q.427Yes.

6 A. Yes.

7 Q.428And they were to be invoiced, they were to invoice a Jersey company and to be  
8 paid through that means for that work; isn't that right?

9 A. That is what they had requested, yes.

10 Q.429Yes. And that is what was being facilitated by this correspondence isn't that  
11 correct?

12 A. Yes indeed.

13 Q.430Now, in relation to the funds which were in the account of Zatecka, the  
14 instruction given was that those funds were to leave the account of Zatecka and  
15 find themselves in the account of Sinclair Holdings Limited, isn't that right?

16 A. That's what the request was, yes.

17 Q.431And we then see the details of where those funds are to be lodged.

18 A. Yes.

19 Q.432The Czech balances should be converted to sterling and 120 thousand sterling  
20 sent to the following. Sinclair Holdings Limited, Banque Multi Commerciale.  
21 1, rue de la Tour de L'ile, case postale 5415, Geneve, Switzerland.

22 To account 002682.

23

24 2,the balance to be converted to Czech crown found and balance of the  
25 Deutschmarks account, which should be converted to sterling is to be sent to  
26 the following account, Sinclair Holdings Limited, VP Bank, FL 9490, Vaduz, Im  
27 Zentrum, Lichtenstein, account 310924014.

28

29 I would be grateful if you could advise us by fax of the converted amounts that  
30 are being transferred, and of the date of transaction, so that we can advise

1 the recipient bank accordingly".

2

3 And we see Nicholas Morgan's signature at the end of that document.

4

5 So, how would you describe the nature of the transaction, which was taking  
6 place -- intended transaction to take place between yourself and Mr. Morgan in  
7 relation to these funds?

8 A. This was a request to pay everything out of the company's accounts to accounts  
9 which he controlled.

10 Q.433Did you know why that money was being taken out?

11 A. No -- do I know why the request was made?

12 Q.434Yes. Did you know at the time of this instruction why it was that the funds of  
13 the Czech company, standing in the account, in it's bank accounts were being  
14 taken from that account and transferred in different portions to Switzerland  
15 and to Lichtenstein?

16 A. Do I know why?

17 Q.435Did you know at the time, what the purpose of this transaction was? We know if  
18 it had been implemented it would have had the effect of taking the money from  
19 one account and putting it into two others, what was behind this wish to take  
20 monies from the Czech account and to distribute them into these two accounts in  
21 Switzerland and Lichtenstein?

22 A. I can only surmise that it was so that he could take control of the money. I  
23 presume that was his purpose.

24 Q.436So, that you think, so that Mr. Morgan could take control of the money?

25 A. Well, the accounts were his, two of his accounts.

26 Q.437But, can you not see from Mr. Lawlor's instruction of the 4th of August that  
27 all this was being done at the request of Mr. Lawlor who was giving the  
28 instruction to Mr. Morgan to write to you in these terms?

29 A. Certainly.

30 Q.438So, that the money would be under the control of Mr. Lawlor, not necessarily

1 under the control of Mr. Morgan?

2 A. As to what would have happened, had that happened I can't say, but that would  
3 depend on the nature of the relationship between Mr. Lawlor and Mr. Morgan.

4 Q.439 Well, can I suggest to you, that the relationship which is established by these  
5 documents is that Mr. Morgan was acting upon the instruction of Mr. Lawlor and  
6 not that Mr. Lawlor was acting under any compunction to Mr. Morgan in relation  
7 to these funds, isn't that so?

8 A. Yes, what would have been the position afterwards I have no idea. I have no  
9 idea about the dealings that might or might not take place on these accounts,  
10 who were the beneficial owners or anything about them. I have no knowledge.

11 Q.440 But, if this instruction was to have been implemented, it was going to be  
12 implemented on the basis of an invoice for consultancy services being raised by  
13 Sinclair Holding to Zatecka SRO which would equate to the monies on deposit?

14 A. That is what the request was referring to, yes.

15 Q.441 Had you any reason to believe that Sinclair had ever provided consultancy  
16 services to Zatecka in any shape or form, or in particular services which would  
17 have the effect of clearing an account in which there was a minimum of 120  
18 thousand pounds sterling on deposit?

19 A. No, I was aware of no such services.

20 Q.442 So, this business of raising an invoice supposedly for consultancy for  
21 Sinclair's services was a facade, can I put it that way, there was no  
22 commercial reality in the generation of an invoice by Sinclair Holding because  
23 it had not advised Zatecka as far as you were concerned, isn't that so?

24 A. As far as I remember they didn't issue any invoices either.

25 Q.443 True. This was a proposal?

26 A. It was a proposal.

27 Q.444 A proposal which was conceived by Mr. Lawlor, as we see, which was to be  
28 implemented through the use of Mr. Morgan's services and yours?

29 A. I can't confirm whose idea it was because I don't know. But certainly the  
30 letter that I received was a letter from Mr. Lawlor to Mr. Morgan saying do

1 this.

2 Q.445Yes. And when you received the letter from Mr. Morgan in which he is doing  
3 that?

4 A. Yes. I subsequently received that letter.

5 Q.446Right. So that Mr. Morgan is here implementing the strategy which has been  
6 devised by Mr. Lawlor to deal with the funds which are on deposit in the Czech  
7 Republic in the Erste Bank account, isn't that so?

8 A. Yes. That is the face of the document.

9 Q.447What happened in response to this?

10 A. Nothing happened.

11 Q.448Well, you couldn't choose to ignore the instructions of Mr. Lawlor if he is  
12 your client in this, or Mr. Morgan if he was the client, though he doesn't  
13 express himself as the client, it simply didn't just go away. Did you discuss  
14 it with somebody as to whether this was an appropriate or safe means of --

15 A. I am sure I discussed it and made my views known about it.

16 Q.449Well did you?

17 A. I am sure I did.

18 Q.450Right. With Mr. Morgan and Mr. Lawlor?

19 A. I certainly would have spoken to Mr. Lawlor, I probably spoke to Mr. Morgan.

20

21 JUDGE MAHON: Mr. Seddon, what were your views, you say you, you are fairly  
22 certain you discussed your views with Mr. Lawlor and possibly Mr. Morgan, what  
23 were your views about this entire transaction?

24 A. Now, is that a question that I can properly answer? If --

25

26 CHAIRMAN: Well if you, you yourself have mentioned that you had views. So --  
27 there is nothing improper about being asked what were your views. And what  
28 views would you have expressed to Mr. Lawlor?

29 A. Well, I think the fact that the suggested procedure didn't take place may give  
30 you the answer.

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CHAIRMAN: Well, is it that you are suggesting that you felt this was an improper transaction or an improper way of dealing with money?

A. I think inappropriate certainly.

MR. O'NEILL: Was it clear to you from your knowledge of Zatecka's affairs since the time of its incorporation and up to, and including this date in August, that it would be wholly inappropriate for you to have complied with the stated request of Mr. Morgan, which was contained in the fax of the 18th of August?

A. Well I didn't do so. And no doubt I would have explained my position, and if I had made my position clear I am not surprised that the parties concerned didn't choose to argue the point.

Q.451 In fact, you must have advised him that it was an inappropriate use of the Czech company to strip it of its funds on foot of an invoice for services which were never prepared and that it was likely to cause problems; isn't that right?

A. I think it would be unfair for me to say now exactly what was said then, when I wouldn't remember exactly what I said. But, I think that I would have made it clear that it was not appropriate to take those steps, which would have had the effect that you have described.

Q.452 If we look to the document at page 200 we'll see how you responded officially to this request.

This is your letter of the 25th of August 2000 to Nicholas Morgan.

"Dear Nick, thank you for your fax of the 18 of August and I note what you say.

I am currently arranging for a statement to be prepared and will let you have details in due course.

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I am due to see Liam within the next few days and will clarify a number of points regarding the future administration of the company.

You will appreciate that my secretary here is the responsible person for the company, with various legal obligations and it was always understood that nothing would be done which could cause her any potential liability with the finance office.

Accordingly, we'll need to agree with Liam an appropriate method to arrange the winding down of the company's activities, with appropriate documentation to enable a financial statement to be prepared in such a way that no tax liability will fall on the company. This should be done before all funds are sent out of the company's account.

I cannot be sure of the exact balance held on the company's account because Liam tends to use the credit card on the account without reference to this office.

The current balances are to the best of my current knowledge.

44,300 Deutschmarks and 12,500,000 crowns."

Something about quarter of a million pounds, is that right, or not?

A. A little bit less.

Q.453Okay. So this is your response to them in relation to the instruction which was given. And it appears to indicate that you immediately identified them, if the instruction given in the fax of the 18th had been implemented your secretary would find herself in trouble with the financial office in Prague, isn't that so?

1 A. The company may have been in a position where it was disposing of it's assets  
2 without being able to cover it's liabilities.

3 Q.454Yes. Again, the role that Mr. Morgan is playing here, is not as the decision  
4 maker, merely advising him of what the position is, but you indicate that you  
5 are due to see Liam within the next few days and will clarify a number of  
6 points regarding the future administration of the company.

7

8 So, I suggest that as of this date it is clear that Mr. Lawlor is still the  
9 person who is in control of the decision making and all other processes of  
10 Zatecka 14 SRO, isn't that so?

11 A. Indeed yes. Though he had been telling me that Mr. Morgan or Mr. Morgan's  
12 company was to have an interest and to have the share in the company.

13 Q.455Yes. Whilst Mr. Lawlor has indicated to you at a point in time that obviously  
14 the company was set up as part of the group, that was part of the profit  
15 sharing arrangement, that it was intended that the profits would be applied  
16 towards the reduction of a loan while that loan was supposedly granted by  
17 Nicholas Morgan's late father and the Longwater Estate, none of that  
18 information was provided to you up to this date when they were intending to  
19 take the funds of the company and lodge them to accounts in Switzerland and  
20 Lichtenstein; isn't that right?

21 A. That I am not -- that I wouldn't be sure about because, I really can't remember  
22 at what point Mr. Lawlor was telling me his involvement with Mr. Morgan. I  
23 never had very much in the way of detail regarding their arrangements and I --  
24 this was my sole point of contact, so to speak with the affairs of Mr. Morgan.

25 Q.456Now, Mr. Morgan writes to you in the following year, 2001, at page 79 of the  
26 hard copy document before you here, he says.

27

28 "Dear Tony, I refer to the above company which you arranged to incorporate in  
29 the Czech Republic on the 15 February 2000.

30

1 The shares in this company should be issued to or held for Sinclair Holdings  
2 Limited, care of our address and I would be grateful if you would forward to me  
3 in due course, the relevant books and papers relating to this company together  
4 with any other relevant information that we should hold here in relation to  
5 it's affairs.

6  
7 In relation to the funds standing to the credit of the company's bank accounts,  
8 perhaps you will advise me if or when these documents can be remitted to us,  
9 after making any due provisions for legal fees and expenses. In this respect  
10 any balance remittable from the company's Czech balance should be converted to  
11 sterling and sent to the following account" account in Geneve I have already  
12 outlined. The balance of convert funds in Deutschmark to be sent to the  
13 Lichtenstein accounts "As I will be unavailable in hospital tomorrow perhaps  
14 you will liaise with my secretary Helen Griffin in this respect.

15  
16 Yours sincerely, Nicholas Morgan."  
17

18 Now, this is February 2001. You had already indicated in August of the  
19 previous year to Mr. Morgan your unhappiness about the implementation of the  
20 direction, which had been given at that time and you have indicated that there  
21 would have to be an orderly winding down of the company; isn't that right?

22 A. Yes, and nothing had happened in the intervening period to change that.

23 Q.457But, what had happened here now was that, Sinclair Holding, instead of being a  
24 company which was going to invoice Zatecka for services, which it was going to  
25 claim to have provided, was now put in the position where it was going to be a  
26 shareholder of Zatecka, isn't that right?

27 A. Yes, that's what he is proposing.

28 Q.458Which is --

29 A. That's what he stated.

30 Q.459Sorry?



1 A. That's what he's stating.

2 Q.460 Yeah. Which is a radically different relationship with Zatecka than had been  
3 previously suggested, isn't that right?

4 A. Yes it's -- it is different and the -- I don't think ever in my discussions  
5 with Mr. Lawlor had it ever been suggested that Sinclair Holding were to be the  
6 sole beneficial owners.

7 Q.461 Sorry, could you speak just a little --

8 A. Sorry. I don't think it had ever been suggested that Sinclair Holding should  
9 be the sole beneficial owners, by Mr. Lawlor, so that would have been a very  
10 radical change, had that happened, it's not to say it couldn't have happened  
11 should Mr. Lawlor have chosen to give all the shares away for example or signed  
12 them --

13 Q.462 Yes. If he had chosen to do so there would have been accounting and other  
14 record keeping changes which would have to be carried out in your firm because,  
15 obviously Mr. Lawlor would no longer be responsible for some of the matters  
16 which he might have been responsible for to that date and Sinclair Holding  
17 would be the people you would be billing, isn't that right?

18 A. In this particular case the, if it was work relating to the company then, it  
19 would be the company which would be billed, but you are right that if they had  
20 taken over as the sole owner then he would, if we were to represent him as the  
21 owner of the company, he would have become the client and that would have  
22 required documentation.

23 Q.463 But, documentation would be required in the event of any share holding in the  
24 company, being disposed of to any person other than the founder suspect, isn't  
25 that right?

26 A. To be an effective assignment of the interest there would have needed to be  
27 documentation certainly.

28 Q.464 Yes. And I take it that in the normal course you would endeavour to ensure  
29 efficacy in all the transactions that you were called upon to perform, so that  
30 if somebody asked you to transfer the shares from an existing shareholder to a

1 new one, you would set about drawing a share transfer certificate, you would  
2 have it signed by the shareholder and it would be transferred to the new  
3 shareholder, isn't that right?

4 A. Well, it wouldn't exactly be like that in this particular jurisdiction, but if  
5 there had been the wish or the agreement or arrangement for the beneficial --  
6 for a definite beneficial share to be transferred from one person to the other,  
7 then I would expect at the very least a declaration to be made to that effect,  
8 even if there were no shares issued, because in fact it wasn't a company that  
9 had shares which could be issued as such.

10 Q.465 But, to give effect to what I might call a change of ownership, irrespective of  
11 how it's done, a change of ownership in the share holding of either Zatecka or  
12 it's assets, would require some formality, isn't that right?

13 A. It would, where shares, share holding, a company was held as a nominee, it  
14 would require very little in the way of formality. But, it would have needed  
15 a, it would have needed an instruction, certainly from the original owner.

16 Q.466 Mr. Lawlor?

17 A. Mr. Lawlor.

18 Q.467 And do we have that on any of the files in relation to this company?

19 A. The only instructions I believe in that regard that I can remember are oral  
20 ones.

21 Q.468 Oral ones. And the only written instruction is one coming from Mr. Morgan  
22 which says the shares in this company should be issued to or held for Sinclair  
23 Holding care of our address. It doesn't say whether it is the entire share  
24 holding, it doesn't say whether --

25 A. I would assume that the shares in this company means the normal English would  
26 mean the entire, and that was also possibly a lack of understanding on his part  
27 of how this particular company was held, as it didn't actually have shares  
28 being an SRO company.

29 Q.469 And certainly there is nothing in this letter which would indicate that as, and  
30 from the time of it's incorporation it's beneficial ownership was always to be

1           invested in a company called Sinclair, but rather this being a change of  
2           material information?

3 A.       The way it is expressed I think one could read into it that that had been the  
4           original intention.

5 Q.470Well, if that had been the original intention it should have been followed up a  
6           year beforehand with the declaration that that was the case, isn't that right?

7 A.       I would have expected to have been told something about it.

8 Q.471Sure. In fact you were specifically told by Mr. Lawlor, it was for his  
9           investment purposes and there was no mention of Sinclair ever having an  
10          interest in it at the time of this formation?

11 A.      That's what he told me, I have no means of knowing what he had promised  
12          Mr. Morgan, if anything.

13 Q.472The effect of this documentation if there had been a transfer of the shares of  
14          Zatecka to Sinclair would mean that information regarding the Zatecka would  
15          have to be approved, the release of information would have to be approved by  
16          Sinclair, isn't that right?

17 A.      If Sinclair Holding was the owner, or rather, whoever controlled the company  
18          let's put it that way, would have been the person who in normal circumstances  
19          would have been able to give that instruction.

20 Q.473And so we see any de facto change in your instructions after this date or do  
21          they still come from Mr. Liam Lawlor in relation to the affairs of this  
22          company?

23 A.      I regarded Mr. Lawlor as my client and the person who gave effective  
24          instructions.

25 Q.474And it was not altered by the content of this fax document or letter which came  
26          to you?

27 A.      I don't think the position as far as I was concerned, as far as I was concerned  
28          changed, although I had been made aware that there was this intention for  
29          Mr. Morgan, Sinclair Holding to have shares.

30 Q.475There is a memorandum Mr. Seddon, at page 83, which I think is in your

1 handwriting, not one which is as yet deciphered by you, you might just decipher  
2 it for us if you would.

3 A. This is my scribbles, certainly.

4 Q.476Mm-hmm. I think it reads Sinclair Holding and then -- contract showing deed of  
5 trust in favour of Sinclair Holding?

6 A. I think I have done a translation for the Tribunal somewhere. It says  
7 "Contract showing deed of trust in favour of Sinclair Holding." then it says  
8 "Take account docs to London for our office to show, "then it says I think,  
9 "Similar proposal to Tribunal."

10 Q.477Letter to?

11 A. Letter to D.C. I would assume that must be Dermot Coyne.

12 Q.478Do you think that this memorandum was generated in or around the same time as  
13 the fax here on the 7 of February of 2001?

14 A. These jottings which were made by me would, when we were talking about a  
15 proposal to the Tribunal about documents being sent to London, I can only  
16 presume that that is a similar, was in connection with what we saw in that  
17 other letter about a proposal of showing documentation.

18 Q.479The reference here to there being a contract showing a deed of trust in favour  
19 of Sinclair Holding, was any such deed of trust drawn up?

20 A. I don't believe so.

21 Q.480The next document I would like you to look at, is page 84 --

22

23 CHAIRMAN: Sorry, Mr. O'Neill, just before you leave that document, at page 83,  
24 I wonder Mr. Seddon, there is some writing scribbled on the right-hand side in  
25 a separate column, would you say what that states?

26 A. It says "Something invoice by Liam Lawlor in Z 14. Something on the success  
27 possibly -- it says needs to -

28

29 CHAIRMAN: That loan?

30 A. Then it says Nick Morgan, then it says card use in 2001.

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CHAIRMAN: But just if you go back up, that word "loan "under --

A. It looks like "loan".

CHAIRMAN: "Loan. "What do you think it says then. Loan?

A. I'm sorry I can't make that out. It looks like "success "but I don't understand the context of that.

Q.481 Could it be Seddons invoice by Liam Lawlor in Z 14 and then loan to Zatecka etcetera etcetera?

A. No. It's not Seddons, it looks like -- fern --

Q.482 "Needs to adjourn " above Nick Morgan, is that right?

A. That's what it looks like, but I really don't know what the context of that would be.

CHAIRMAN: The words can't use in 2001.

Q.483 Card?

A. Card. Card use, I think that would be a reference to information about credit cards. So, perhaps that was also something that was referred to in that letter, a list of details of the credit card use was prepared for the Tribunal at the request of Mr. Lawlor for his discovery.

Q.484 Mr. Seddon, I would like you to look now at the memorandum on page 84. Which is dated seven days after the fax from Mr. Morgan, in which he makes reference to Sinclair Holding going to be the shareholder of the company, this document has translation or a transcription in print on page 85. It says .

"14 of February 2001. Zatecka 14. Not beneficial of LL.

Client is confidential-with Czech or Irish."

Is that whether Czech or Irish or with?

1 A. I think that is an abbreviation of whether.

2 Q.485"Don't want it to come out that it is Morgan - not directly.

3

4 As company was addressed should be company that replies.

5 Retained LL as consultant. Had profit sharing agreement"

6 I think with Longwater.

7 A. That's -- that must be an addition by somebody else because it is not -- I

8 subsequently have seen the name but, it wasn't one that was familiar to me.

9 Q.486Well, when you were writing this note on the 14 of February 2001, obviously the  
10 person from whom you were taking down this information was telling you about  
11 the existence of this company, which you have down here as Laywater but in fact  
12 is Longwater Investments?

13 A. Certainly.

14 Q.487Can we take it that this is Mr. Lawlor telling you what should be in the letter  
15 of instruction, you have seen the letter of March 2001, which was the draft to  
16 Mr. Delahunt, and seems to contain an amount of the information which is in  
17 this attendance?

18 A. Yes, as I have said before, the instructions that I would have had regarding  
19 the preparation to send a letter to Delahunt would have come from Mr. Lawlor.

20 Q.488So putting this in sequence, it means that at a time after it had been decided  
21 that the share holding in Zatecka would be held by Sinclair Holding which  
22 involves Mr. Morgan, it is then stated, a week later, that this was part of a  
23 profit sharing arrangement with Longwater Investments, is that right?

24 A. That's what was said.

25 Q.489"Had profit sharing agreement with Longwater Investments - not connected - but  
26 was to be consultant to the Jersey group's East Europe activities.

27

28 Financial benefits as set out"

29 Just concluding that memorandum

30 A. I think it -- I think it goes onto the next, I think it was not one page.

1 Q.490Another page? Is that with regard to the provision of the credit card on page  
2 86?

3 A. I think these are all related.

4 Q.491Okay?

5 A. I think.

6 Q.492Very good. Page 86, then it commences.

7

8 "Provision of credit card for business expenses limited to X. Any over is to  
9 be returned or deducted from commission.

10 Credit card all through Deutschmark account.

11 Past statement 54,646 Deutschmarks.

12 10 million crowns.

13 Seddons to write the letter as solicitor on behalf of the company.

14 Deal as consultant on property transactions development opportunities,

15 commercial residential, retail, projects in Czech Republic as consultant to Z.

16 Demographic Strategic Consultancy, trading name, invoice 100,000 Irish pounds"

17

18 "Then through you -- " there is some indecipherable entries here at the very  
19 bottom of the page, page 86?

20 A. I think it is "pursuing a number of substantial."

21 Q.493"Through you, pursuing a number of substantial property projects?"

22 A. Yes.

23 Q.494Going on then to page 88 it says;

24

25 "Can say that in cooperation with Aspen Properties SRO involved in major  
26 property acquisitions info on credit card payments to LL personally and Hazel  
27 give total and there is a total of 50,900 Irish pounds which are furnished."

28

29 So this was the letter of instruction which lead to your being able to write to  
30 Mr. Delahunt?

1 A. This was a discussion of the history of the, what had been done with the  
2 company to describe the activities and to give certain items of information.

3 Q.495 Again this was as a result of notes transcribed by you at a meeting with  
4 Mr. Lawlor or a telephone call with Mr. Lawlor, is that correct?

5 A. These were my jottings, probably from a telephone conversation.

6 Q.496 You were taking instructions from Mr. Lawlor as to how you should respond by  
7 letter, the letter having been addressed to the company?

8 A. Yes he was -- he was certainly suggesting, if not instructing, as to how a  
9 response might be made to the letter of request.

10 Q.497 The note that you have at the beginning of this memorandum on page 84.

11 "Not beneficial of LL" that was the first point to be made, was it, that  
12 Zatecka is not an entity in which Liam Lawlor had any beneficial interest?

13 A. That is what he said to me, yes.

14 Q.498 Yes. And that I take it, being the first matter recorded, was the priority of  
15 Mr. Lawlor, as regards the response which you were to give, was to state that  
16 he was not beneficially interested?

17 A. Sorry --

18 Q.499 This appears to be an attendance which is taken by you, at a telephone  
19 conversation, or meeting, with Mr. Lawlor, it seems to be intended to be a  
20 response to a request for information which has come by letter from his  
21 solicitors in Ireland to the company Zatecka, it is going to be replied to you,  
22 by you as solicitor to the company Zatecka and the detail which is going to be  
23 contained in that letter is as set out under various headings which appear in  
24 this memorandum?

25 A. Yes, certainly the headings of information would have been discussed and can be  
26 seen from the note in comparison with the letter that that is what happened.

27 Q.500 And whilst it is stated that Mr. Lawlor is not beneficial in relation to the  
28 Zatecka, the fact of the matter is that with the exception of professional fees  
29 paid to a lawyer and to a property agent and to yourself, all other benefits  
30 which came from this company went to Mr. Lawlor or his family, isn't that so?



1 A. That appears to be the case.

2

3 CHAIRMAN: Well Mr. Seddon, you knew that, that that particular instruction was  
4 incorrect and was not the truth?

5 A. Sorry, which one are we talking about now?

6

7 CHAIRMAN: This is the handwritten note under Zatecka 14 not beneficial of LL,  
8 the client is confidential.

9 A. Well, he was at this point telling me that he was not --

10

11 CHAIRMAN: Well, he was telling you --

12 A. Not the owner.

13

14 CHAIRMAN: He was telling you, as I understand your evidence, he was telling you  
15 what he wanted to go into the letter to the Irish solicitors in the knowledge  
16 that that information would be furnished to the Tribunal?

17 A. Yes, he was obviously telling me what he wished to present.

18

19 CHAIRMAN: Yes. But you knew. You knew that that information was incorrect.

20 A. Well I was -- .

21

22 CHAIRMAN: Well you either did or you didn't? Because if it was, it was flying  
23 in the face of all the information and understanding that you had about the  
24 company.

25 A. Certainly at this particular point or very shortly previously, I had received  
26 the letter from Mr. Morgan saying that he was the one who was supposed to have  
27 the shares, it was as I said before, it seemed to be something of a moveable  
28 feast who was the owner, and it's not surprising that one can be confused.

29

30 But undoubtedly however the ownership was, that I continued to take

1 instructions from Mr. Lawlor

2

3 CHAIRMAN: But you knew Mr. Lawlor was a beneficiary in the company. He was  
4 getting most of the money that was being generated.

5 A. Up to that time he was the only person who had.

6

7 CHAIRMAN: Yes.

8 A. Certainly.

9

10 CHAIRMAN: So, you must have known that while Mr. Lawlor was giving you this  
11 information it couldn't have been accurate.

12 A. No. But he also subsequently said that Mr. Morgan was going to be the  
13 shareholder.

14

15 CHAIRMAN: The term "Client is confidential "With Czech or Irish" do I  
16 understand that to mean that his identity is to be confidential with the Czech  
17 or Irish authorities?

18 A. No. I think that that would mean that the affairs of the clients are matters  
19 of, which are treated as matters of confidence, and that is the situation in  
20 the Czech Republic as it would be in Ireland I presume.

21 Q.501But, is that to your understanding, does that sentence mean that Mr. Lawlor's  
22 true role in the company as a beneficiary is to be kept secret from the Czech  
23 or Irish authorities?

24 A. I don't know that. I would draw that inference from those words.

25

26 CHAIRMAN: Well, what do you think the words mean? Obviously the fact that you  
27 didn't elaborate must mean that you understood the words to have a particular  
28 meaning, and I would like to know what that meaning is, in your own view?

29 A. That my understanding of that note, is that I jotted -- there was that client,  
30 the business between a client and his solicitor is confidential no matter where

1 the work takes place.

2

3 CHAIRMAN: You mean that what is said between solicitor and client?

4 A. What is said between solicitor and client.

5

6 CHAIRMAN: So it doesn't mean, in your opinion, it doesn't mean that the  
7 client's name is to be kept confidential from the authorities in either  
8 country, in so far as the beneficial ownership of the company is concerned?

9 A. I don't think that that was the -- I don't think that that was the meaning.

10

11 JUDGE FAHERTY: Just Mr. Seddon, while you say that around this time you were  
12 being told by Mr. Lawlor and indeed had received communication from Mr. Morgan,  
13 that there was some, that Sinclair Holding must have some sort of interest,  
14 this memo which you did up is dated the 14th of February 2001, and as I  
15 understand it, around this time there were a number of loan agreements made  
16 between Zatecka and a number of individuals, parties to whom funds had been  
17 disbursed, isn't that correct

18 A. Yes.

19

20 JUDGE FAHERTY: Including Mr. Lawlor?

21 A. Yes. Mr. Lawlor and his family.

22

23 JUDGE FAHERTY: Yes, and Mr. Lawlor himself?

24 A. Yes, certainly.

25

26 JUDGE FAHERTY: And I think one on the 1st of February 2001 between Zatecka and  
27 Mr. Lawlor. I am just asking if you were concerned around this time that there  
28 might be, that Sinclair Holding had some sort of interest, there is no  
29 reflection of that or seeking their consent or joining in any loan agreement,  
30 isn't that correct?

1 A. That's correct. There wasn't any joining in by Sinclair.

2

3 JUDGE FAHERTY: But, what I am trying to suggest to you, is that if you had  
4 concerns that there was other interested beneficial owner, as a lawyer you  
5 would have sought for company law reasons, presumably, to ascertain if that was  
6 not the case, loan agreements show that in fact it was just Zatecka and various  
7 other individuals?

8 A. The position at the time any of those payments were made, those loans, I have  
9 no doubt that I was able to take instructions or we were able to take  
10 instructions from Mr. Lawlor that payment could be made to him.

11

12 JUDGE FAHERTY: Yes, but if you look at page 132, there is one dated the 1st of  
13 February 2001, isn't that, and that's around the same time frame as this memo  
14 is being compiled, isn't that correct?

15 A. It was yes, some short time before, yes.

16

17 JUDGE FAHERTY: Yes. So you had no concerns that there was any other person  
18 with beneficial interest, it would appear, from those loan agreements at that  
19 time?

20 A. No. It was clear to me that whatever Mr. Morgan's involvement was that he was  
21 quite happy to allow Mr. Lawlor to have a relatively free reign with regard to  
22 this, these monies.

23

24 MR. O'NEILL: Is it possible Mr. Seddon that whilst the agreement to which the  
25 judge has drawn your attention is dated February, that in fact it was prepared  
26 as were the other agreements, in the year 2002 and that it bears a date which  
27 correspondence to the date upon which, the funds may have been taken down?

28 A. They may well have been, they may well have been prepared to record the  
29 payments that had already taken place.

30 Q.502 Yes. So they could be ex post facto documents?

1 A. Yes, certainly.

2

3 JUDGE FAHERTY: So, if I might just rephrase then in light of that, I had  
4 perhaps gathered that, in any event in light of the previous evidence, you  
5 didn't see any need to retrospectively take any account of Sinclair Holding in  
6 that agreement drawn up in February of 2001.

7 A. No. That had not crossed my mind.

8

9 MR. O'NEILL: Mr. Seddon, I outlined earlier this morning your response to the  
10 Tribunal's request to provide a narrative in relation to the 100,000 pounds  
11 payment, and I now want to move to your response in relation to the request of  
12 the Tribunal to provide a narrative in respect of Zatecka.

13

14 So, I will just read into the record, your statement in that regard.

15

16 Paragraph 2 of your letter.

17

18 "In 1999 I had been consulted by Mr. Liam Lawlor regarding the purchase of  
19 investment properties in the Czech Republic. I had known him since 1994 when  
20 he was representing a group of Irish businessmen who were exploring the  
21 possibility of investing in the Czech Republic under the name the Irish  
22 consortium. Mr. Lawlor was not a principal but acted as spokesman and  
23 negotiator. I was used to taking day to day instructions from him in  
24 connection with the contract that was entered into for the purchase of a major  
25 building in Wenceslas Square, Prague, known as the Alpha Palace, in the event  
26 the vendor reneging on the contract made in the matter is one on going legal  
27 proceedings in which Mr. Lawlor has no involvement.

28

29 Following that abortive transaction Mr. Lawlor made the acquaintance of English  
30 owned estate agency in Prague called Aspen N, 1999 Aspen introduced Mr. Lawlor

1 to a property in Prague, Zatecka 14, which is an apartment building.  
2 Mr. Lawlor informed me that he hoped to raise a loan and to purchase the  
3 properties. He embarked on negotiations with the owner with the assistance of  
4 Aspen. Because Czech law does not allow the possibility of a foreigner owning  
5 real estate in normal circumstances, it is normal practice for a non-Czech to  
6 incorporate a local company which can hold real estate. At this time I did not  
7 know if Mr. Lawlor was acting in his own account or in conjunction with other  
8 investors, but I took my instruction from him. He asked me to form a company  
9 and my firm started the process at the end of 1999 and the company with the  
10 name Zatecka 14 SRO was incorporated in early 2000. The date of incorporation  
11 is the 15th February 2000 and the company had a capital of 100,000 Czech crowns  
12 approximately 2,000 pounds which was provided to us for the purposes by  
13 Mr. Lawlor. It is a prerequisite of the incorporation process that a bank  
14 account is opened before the date the company is entered on the register. That  
15 is part of a normal professional service, in such circumstances my firm  
16 provided the registered office of the company and it's director.

17  
18 At about the same time Mr. Lawlor, who had asked Aspen to look for suitable  
19 investment properties, was informed by Aspen that a substantial property at  
20 Hybernska 12, Prague 1, was available. Aspen had taken part in a tender  
21 process organised by a government agency, the restitution investment fund.  
22 Aspen had in September 1999 made the successful bid for the property (in the  
23 name of Aspen properties SRO) and was due to complete the transaction in  
24 December 1999. I did not represent Aspen in this transaction, which was  
25 handled for them by a local Czech lawyer, Dr. Kavalek. Aspen's financial  
26 backer had withdrawn it's support and Aspen was in the embarrassing position of  
27 not having the necessary funding to complete the transaction. This was a  
28 contractual situation which had arisen before Mr. Lawlor knew anything about  
29 the property.

1 Mr. Lawlor discussed the matter with me, and because he believed the property  
2 to be an excellent investment opportunity he said, he would approach some Irish  
3 property developers with a view to interesting them in such an investment. The  
4 next I heard was that, Mr. Lawlor had made an approach to Mr. Sean Mulryan of  
5 Ballymore Properties towards the end of 1999. At that time I had not heard of  
6 Ballymore, which was not a company involved in the Irish consortium, previously  
7 mentioned. In January 2000, Mr. Lawlor told me discussions were continuing  
8 regarding Hybernska with Mr. Mulryan and on the 26 January he instructed me to  
9 write to Mr. Mulryan setting out financial details with a suggested total sale  
10 price of the property of 8,110,300 million sterling.

11  
12 Mr. Mulryan came to Prague on or about 27 January. My recollection is that he  
13 was accompanied by Mr. Ambrose Kelly, one of his architectural advisers with  
14 whom I had met previously in dealings with the Irish consortium. They  
15 inspected the property but I cannot recollect if I was present at the time.

16  
17 Aspen were then under considerable pressure to complete the purchase having  
18 obtained an extension of time until the first of February. But they were  
19 required to give proof of their financial ability to complete.

20  
21 Mr. Mulryan quickly established that the initially requested price was far in  
22 excess of his opinion of the property's market value. At Mr. Mulryan's request  
23 Aspen obtained from Colliers International, a valuation which assessed a market  
24 price of 2 hundred million Czech crowns approximately 4 million pounds  
25 sterling. Following this I, understood from Mr. Lawlor, that Ballymore would  
26 proceed only on the basis of such valuation. In the meantime, in the  
27 circumstances already described, Zatecka 14 SRO had been incorporated. For the  
28 same reasons it was realised that if Ballymore were to acquire the property it  
29 could need a Czech corporate vehicle to hold the property.

1 Because the incorporation process in the Czech Republic can be a lengthy  
2 matter, it was realised that Ballymore would not have the time to establish a  
3 new company before the transaction was due to be closed.

4  
5 At this time Aspen, Mr. Lawlor and I had all assumed that if an arrangement  
6 were to be brokered between Aspen and Ballymore it would be for the latter to  
7 take over the contracts and purchase the property in the name of the new  
8 corporate vehicle and to close the purchase in the name of Zatecka 14 SRO.

9  
10 I was in regular contact with Aspen's lawyer Dr. Kavalek, and was aware that  
11 there were strict time constraints affecting the transaction, and it seemed  
12 very convenient and expedient to divert the newly formed company for this new  
13 purpose.

14  
15 As a matter of normal practice under Czech law and procedure, on closing a real  
16 estate transaction a purchaser would normally place the purchase price in some  
17 form of escrow account to be released to the vendor on registration in the  
18 purchaser's name of title to the property at the Land Registry. Legal  
19 ownership passes when registration takes place, back dated to the date of  
20 lodging completion documents at the Land Registry.

21  
22 In this case it was arranged for the purchase price to be provided by means of  
23 a bank guarantee. At the time I did not, as far as I can recall, have the  
24 contract between Aspen and the Restitution Investment Fund (RIF ) and Aspen  
25 were throughout represented by a different firm. I had been informed that the  
26 price needing to be guaranteed was 180 million Czech crowns and I informed  
27 Mr. Mulryan of this by letter of the 2 of February 2000 when I was informed of  
28 the revised completion arrangements made with RIF.

29  
30 The date of closing had been extended to the 7 February 2000 and the purchaser



1 was then under pressure to put into place documentation within a very short  
2 space of time.

3  
4 In conjunction with Mr. Lawlor and Aspen, I then arranged with Mr. Reichman,  
5 the manager of the Prague office of Erste Bank to provide RIF with an  
6 acceptable form of guarantee for the price to be paid.

7  
8 This was necessary because RIF stated that it would not accept a guarantee from  
9 a bank outside the Czech jurisdiction.

10  
11 Accordingly, the Anglo Irish Bank in London agreed to provide a back-to-back  
12 guarantee for 3.1 million pounds sterling to National Erste Bank to give a  
13 completion guarantee to RIF for 162 million Czech crown. I informed Ballymore  
14 financial director that 3.1 million was likely to produce more than 162 million  
15 Czech crown but the main concerns were, that it was a figure which allowed  
16 Erste Bank some leeway in the event of the Czech crown moving up against the  
17 pound sterling. I dealt with Theodore Goddard, the solicitors for Ballymore's  
18 bank regarding the necessary wording.

19  
20 For technical reasons the wording of the Anglo Irish Bank guarantee was not  
21 acceptable to Erste Bank, so closing could not take place on the 15th February.  
22 I attended a meeting at RIF when a final extension was allowed until 12 noon  
23 the following day to give time for the conclusion of satisfactory bank  
24 documents.

25  
26 Up to this point I had represented Mr. Lawlor effectively in his position as an  
27 introducing agent to Ballymore Properties Limited but his role was not simply  
28 as negotiating agent. His style was to drive the matter forward as if he were  
29 a principal in the transaction.

30

1       However, my role then changed. Ballymore were about to provide 3.1 million  
2       sterling by way of a bank guarantee to facilitate the closing and funds were  
3       also to be transferred to Zatecka 14 SRO at the time, in the amount of one  
4       million Deutschmarks. Mr. Lawlor informed me that this would be to cover all  
5       expenses of the transaction over and above the purchase price. I was concerned  
6       to ensure that Ballymore's position was protected and for the member of my  
7       staff who was the sole director, Sarka Therova, to make a Declaration of Trust  
8       that the company Zatecka 14 SRO was to be held for Ballymore Properties  
9       Limited. This was done to protect the interests of Ballymore in the event of  
10      the purchase of Hybernska 12 not proceeding for any reason.

11  
12      I should mention that at about this time, prior to completion, the concept of  
13      using Zatecka 14 SRO as a vehicle for the transaction was abandoned as RIF was  
14      prepared only to transfer the property to the company which had won the tender,  
15      namely Aspen.

16  
17      On the 7th of February I arranged, sent to Ballymore's financial director, a  
18      request of Mr. Lawlor, a request for disbursements to cover expenses relating  
19      to the transaction.

20  
21      On the same day I arranged for Mr. Ron Smith, the owner of Aspen, to sign a  
22      Declaration of Trust confirming that Aspen held the property on trust for  
23      Ballymore. Mr. Smith also financed a mortgage over the property in favour of  
24      Ballymore, acknowledging their provision of the financing.

25  
26      After closing, when the property had been secured for Ballymore the need to  
27      hold Zatecka 14 SRO in trust for Ballymore fell away and Ballymore ceased to  
28      have any beneficial interest. By an oversight on my part there was no  
29      cancellation document. I do not believe I ever informed Ballymore about this  
30      document and the reason for it's creation disappeared almost immediately it had

1       been created.

2

3       After completion, consideration was given by me in conjunction with other  
4       advisers as to how the property should be held by Ballymore. It was a  
5       requirement of Ballymore that they should own the building 100 per cent,  
6       beneficially and legally as well, so far as it could be arranged. I learned  
7       from Ballymore that it was their normal practice to use special purpose  
8       corporate vehicles for their property acquisitions.

9

10       Eventually it was decided after taking legal advice that Ballymore would need  
11       to acquire Aspen, which company was the legal owner of the property at  
12       Hybernska 12. This was not an ideal situation as since June 1999 Aspen had  
13       been used as the vehicle for an active estate agency business. My firm  
14       arranged for the incorporation of a new company, Aspen Consultants SRO, and for  
15       the transfers of the estate agency business to such new company in the  
16       ownership of Mr. Smith, leaving Aspen Properties SRO holding only that part of  
17       the business as related to Hybernska 12.

18

19       As far as I can recollect it was not until after the completion of the purchase  
20       of Hybernska that Mr. Lawlor discussed with me the question of the beneficial  
21       ownership of Zatecka 14 SRO. And that it was his intention that the company  
22       would trade in property in the Czech Republic and that his share, 75 per cent,  
23       of profits arising from his beneficial ownership were intended for Nicholas  
24       Morgan by way of a repayment of a loan, and that Mr. Morgan would be the  
25       beneficial owner of the other 25 per cent share.

26

27       I later had various conversations and correspondence with Mr. Morgan about the  
28       company but was accustomed to taking instructions from Mr. Lawlor regarding the  
29       utilisation of the company's funds; and Sarka Therova followed his instructions  
30       regarding payments to be made.

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After the closing in February 2000 relating to Hybernska 12, Mr. Lawlor continued with his negotiations for the purchase of the properties Zatecka 14 but was, in the end, unsuccessful. Neither Ballymore nor Mr. Mulryan were involved in that proposed transaction.

A further half million Deutschmarks was sent by Ballymore to the bank account Zatecka 14 SRO in March 2000. This was less than had been demanded by Mr. Lawlor on behalf of the company but was the amount considered by Ballymore's financial director to be fair and making up the company's total budgeted spend for the project. After registration of title into the name of Aspen the purchase price was released to RIF leaving approximately 18 million Czech crowns for the funds provided by Anglo Irish bank, which balance was at Mr. Lawlor's request, paid into the account of Zatecka 14 SRO.

Other than the trust which was put in place at the time of closing, to protect Ballymore's funds, been the time of payment and the time of completion of the purchase, Ballymore had no interest in the company Zatecka 14 SRO. It never sought to appoint a director nor did it ever have access to, or control over, the company's bank account.

At all times that has only ever been one signatory for Zatecka 14 SRO, namely the sole director Sarka Therova, save that a credit card was issued to Mr. Lawlor, which I understood to be intended for his expenses in connection with the business of the company.

All details regarding the use of the company's funds can be seen from the bank statements, which I understand Mr. Lawlor has discovered to this Tribunal.

To the best of my knowledge Zatecka 14 SRO did not complete any other business

1 and did not receive any other funds, other than a small amount of bank  
2 interest.

3  
4 Aspen Properties SRO is now owned 100 per cent by Ballymore Properties Limited,  
5 and I attached an up-to-date extract of entries of the Czech Companies Register  
6 in respect of both Zatecka 14 SRO and Hybernska Properties SRO, which is the  
7 new name of Aspen Properties SRO. The entries which are underlined are  
8 historic deleted items."

9  
10 That was your statement in relation to the Zatecka property, isn't that right?  
11 And also the Zatecka company?

12 A. Yes.

13 Q.503 Yes. There are some questions I would like to ask you in relation to that  
14 Mr. Seddon, perhaps if we were to start with the formation of the company  
15 itself and the reasons for it's formation.

16  
17 I understand our stenographer may require a short break?

18  
19 CHAIRMAN: We'll take a ten minute break.

20  
21 THE TRIBUNAL THEN ADJOURNED FOR A SHORT BREAK

22 AND RESUMED AGAIN AS FOLLOWS:

23  
24 MR. O'NEILL: Mr. Seddon, it was on the 30th of November 1999 that you first  
25 recorded details of what was to ultimately become the Zatecka 14 SRO company;  
26 and your attendance which we see on page 210 on screen, where you have an  
27 attendance on Mr. Liam Lawlor, attendance 210 and the translation or  
28 deciphering of your manuscript note appears on page 211. Do you see?

29  
30 "Liam Lawlor looking for development property in Prague, need to form Czech

1 company which he would control, use as a vehicle for fund, eventually for him,  
2 for his investment in Alpha Palace. Say one million a building, two million  
3 for Alpha" is that your deciphering of that note?

4 A. Sorry, I must have the wrong number.

5 Q.504Pages 210 and 211.

6

7 JUDGE FAHERTY: No, 208 and 209 I think.

8 Q.505I see.

9 A. Yes, I have it.

10 Q.506You are right, sorry my brief is out of sync. In either event, that was your  
11 initial instruction, is that right Mr. Seddon?

12 A. That looks like a note of a conversation referring to the need to have a Czech  
13 company, and it refers to -- it refers to Alpha Palace. Now that was a  
14 building which he had been involved with five years previously, and on a failed  
15 transaction. I was aware that it was something he always wished to pursue, but  
16 it -- nothing had happened and I believe that in the interim he had had some --  
17 I think he told me that he had various meetings and negotiations with which I  
18 was not a party. And I would add that I don't think that there was any  
19 subsequent mention to me of this particular building, and certainly it wasn't  
20 the building which was the focus of the attention for forming a new company.

21 Q.507Sure?

22 A. At that time.

23 Q.508What this note says is that he is looking for development property in Prague,  
24 rather than he wants to revisit the former Alpha building?

25 A. Yes.

26 Q.509Is that right?

27 A. What he was talking about and I think this was a general conversation, saying  
28 that he was wanting to create a fund, an investment fund to buy real estate and  
29 the comment is "Say one million pounds per building" so that, I think that was  
30 simply giving a example of what the company might do.

1 Q.510Right. Because he was requesting you as a person with local knowledge,  
2 presumably, to provide him with details, if you had them, of any buildings  
3 which might be of potential interest to him. I think you did so by sending him  
4 details of four such buildings?

5 A. I probably did. I don't recollect the ones. My normal role though would not  
6 be as a property agent.

7 Q.511But in relation to the building which we know as the Hybernska building, can  
8 you say whether or not as of the 30th of November 1999 Mr. Lawlor was aware of  
9 the fact that there was such a building in the, that had been successfully  
10 tendered for by Ron Smith, of Aspen?

11 A. I don't think he -- I don't think at that date he knew about it.

12 Q.512Right. We'll see from the next attendance, which is dated first of December,  
13 which appears on page 210, that you again had an attendance on Mr. Lawlor, it  
14 reads --

15 A. -- that is repeated on 276, I think.

16 Q.513Yes.

17 A. Sorry --

18 Q.514I have it marked as 276, but it is also 210 and 211?

19 A. Yes, I have it.

20 Q.515"Liam Lawlor first of December 1999. Wants me to take out a contract for UK  
21 company to buy/provide finance, needs for a company, contract with Czech  
22 company - contract back to English company. 3.15 million ASAP", then there is a  
23 reference to money, and you leave a blank in your deciphering of this, but I  
24 suggest it might be "money man." You see a similar use of those words on page  
25 233 where you decipher it as "man".

26 A. Possibly. Yes.

27 Q.516"Money man coming here Friday week". Then two undeciphered references, I don't  
28 know whether they are to buildings or -- then you have two million and beside  
29 the two million there are, there is another entry -- could it possibly be over?

30 A. I don't know, no. It might be Alpha.

1 Q.517No. Your A's are quite different, if you look to the document on page 210?

2 A. Two million and something -- it looks like an ampersand, doesn't it.

3 Q.518Mm-hmm. Certainly as of this date, on the first of December, you were aware of  
4 a property being for sale for 3.15 million, I think that is the actual price  
5 that the Alpha, sorry the Hybernska building was going to be purchased for, is  
6 that right?

7 A. I don't think that he knew about it then.

8 Q.519It's a very specific sum and that's why I mention it in the context of  
9 Hybernska?

10 A. Because the first one that he was very keen about was the Zatecka building,  
11 that's what we were talking about first, about this time, and this was before  
12 the Hybernska building came up; and I think that that is more likely the amount  
13 that was required for Zatecka.

14 Q.520I don't think that can be so, Mr. Seddon, and I say so because you will see  
15 that Mr. Lawlor did not learn of the Zatecka building being for sale until the  
16 9th of December when he received, at his Dublin office, a response to an  
17 advertisement which had been placed in the Irish Times and which had been  
18 responded to in Dublin. I am suggesting to you that the 3.15 million is the  
19 Hybernska building?

20 A. I really can't say. I had not thought that he knew about that matter at that  
21 date.

22 Q.521Well, we can see from the document at page 213, Mr. Batt, who was a property  
23 consultant in Prague is faxing Ms. Polat, Mr. Lawlor's secretary in Dublin on  
24 the 9th of December 1999 with details of a building which we'll see to be the  
25 Zatecka 14 building, which was advertised in the Irish Times of the 2nd of  
26 December. So Zatecka does not enter the equation until the 9th of December at  
27 the earliest, right? So if we look to --

28 A. Yes, it may have been something entirely different.

29 Q.522I'm sorry?

30 A. It may have been something entirely different.



1 Q.523Right. You think on the first of December you might have been talking about a  
2 building which had a price of 3.15 million -- which is not the Hybernska  
3 building?

4 A. In fact it wasn't at that time because, in fact, I see in the bundle that there  
5 is a letter from me dated the 13th of November to Liam Lawlor, referring to  
6 Zatecka.

7 Q.524On the 13th of November?

8 A. 13th of November -- sorry I'm -- it goes backwards in time, that was the  
9 following year.

10 Q.525Yes. Now, I think we'll find that the first information which comes in  
11 relation to Zatecka comes via ID Identity Limited, the property consultancy  
12 firm, on the 9th. Mr. Lawlor in fact informs you of the existence of this  
13 property in a document which we see at page 215.

14 A. Yes. I don't know whether that was the only place that he received it, because  
15 it was normal practice in the city that properties would be put with different  
16 agents and I was aware that the Aspen company was, Mr. Smith had been aware of  
17 that same property.

18 Q.526Well, certainly from Mr. Lawlor's point of view, he seems to recognise that his  
19 first knowledge of it comes through the Irish Times advertisement. We'll see  
20 from his fax to you on page 215, he says : "Tony, I have received information  
21 following an advertisement in an Irish paper for the attached property" and he  
22 accompanies that with the Zatecka 14 documentation.

23  
24 He says "I would like Ron Smith to explore this property along with other  
25 properties Ron has available.

26 You will note the asking price is 11.5 million Deutschmarks.

27 I wish to discuss with Ron making an approach, separate to my query, to see if  
28 we could put in a reduced bid to the asking price.

29 I would also like you to introduce me to some banking connection" etcetera.

30

1 To that point of your experience of Mr. Lawlor had he demonstrated to you a  
2 financial capacity to buy a building for 11.5 million Deutschmarks, which is in  
3 or around 4 to 5 million pounds, is that right? Four million.

4 A. On his own account, certainly not.

5 Q.527No. And in his discussion with you at this point in time, did he indicate to  
6 you what had allowed him to consider purchasing a property of that value at  
7 that point in time, you had experience of him at this point for some five years  
8 since 1994?

9 A. Well, that wasn't a continuous period.

10 Q.528I accept it wasn't continuous, but --

11 A. The first transaction, and the main transaction which we have been involved  
12 with relating to the Alpha Palace, mentioned, was a very significant building  
13 and he was involved in; so in the proposed acquisition of a more valuable  
14 property than the one we are talking about here, but not on his own account,  
15 out of his own resources.

16 Q.529Insofar as funds had been used, or identified in that, they were limited to  
17 about 300,000 US dollars, is that right?

18 A. Well not, none of that was his.

19 Q.530I accept that it may not have been his, but it was the only money the colour of  
20 which had been shown to that point in time, is that right?

21 A. That was the deposit that had been paid.

22 Q.531Yes. So we now have Mr. Lawlor wishing to act in his own right; the company  
23 that he will control, which will consider acquiring this property for 11 and a  
24 half million Deutschmarks; I am wondering whether or not he gave you any  
25 information as to where the source of these funds would be?

26 A. No. It was a very general conversation at that stage about his wish to create  
27 an investment fund, he didn't tell me "I have this money to do this" but he  
28 would be able to be confident of his ability to be able to raise the money.

29 Q.532Yes, obviously in a relatively short period of time, because he was saying on  
30 the 13th, which is the day when he introduces you to this building, that he

1 wishes to discuss with Ron making an approach separate to his query to see if  
2 we could put in a reduced bid to the asking price, so --

3 A. Yes, and he --

4 Q.533-- he didn't identify to you what the source of those funds would be, other  
5 than perhaps the reference in the earlier document on the first of December  
6 where he wanted you to take out a contract for the UK company to either buy or  
7 provide finances?

8 A. Yes. He goes on to say that he wants me to introduce him to banking  
9 connections regarding part funding and purchase of whatever property I decide  
10 upon.

11 Q.534Yes. On the 13th of December, on receipt of this information, you decide that  
12 you will formally communicate with him on terms that he will be a client of  
13 your firm; isn't that right? We see that on page 217 where you right to Liam  
14 on "Liam, thank you for your fax of today, you obviously have Ron's new fax  
15 number as I spoke to one of his assistants this morning and they said they had  
16 your fax regarding Zatecka 14.

17

18 I presume from what you say that this is a separate issue from the one which we  
19 were discussing on Friday."

20

21 I suggest perhaps that one you were discussing on Friday was Hybernska?

22 A. I don't think it was, at that time.

23 Q.535In any event on the next page, 218, under the heading "Prague property" you  
24 write to him:

25 "Dear Liam, the Irish Consortium, Somerton, Lucan; further to our meeting on  
26 Friday to comply with Law Society rules, I am sending you a client "care  
27 letter" which sets out the basic information we are obliged to give you. I  
28 appreciate that if we find a suitable property for you then we'll wish to fix a  
29 fee which is appropriate for the size of the deal, and I hope to have further  
30 information for you very shortly. In the meantime I shall be glad if you

1 confirm if you are proposing to travel to Prague so I can arrange for you to  
2 see the properties which I have mentioned.

3

4 With kind regards

5

6 Yours sincerely".

7

8 So whilst you write to him as the Irish Consortium, here you were intending --

9 A. That was how, in our previous dealing, I think that was a carry over from the  
10 previous mode of address the secretary used, that was a mistake.

11 Q.536Right. I think on page 219 we see that you identify the client in your client  
12 care letter as Mr. Liam Lawlor and not the Irish Consortium?

13 A. Certainly, yes.

14 Q.537And in the body of your client care letter, amongst other things you draw his  
15 attention to page 220 in relation to financial records; in common with banks  
16 and other institutions you are required, under money laundering regulations, to  
17 verify the identity of clients for whom you conduct financial affairs, and  
18 report to the appropriate authority any suggestions you may have that funds  
19 passing through your accounts have been acquired, may have been acquired as a  
20 result of criminal activities."

21

22 It's a standard letter.

23 A. It is a standard letter, standard terms and something that's said to every new  
24 client.

25 Q.538On the same day you prepare a written attendance, which we see at page 221, the  
26 heading "Liam Lawlor" you now have a price, I think it's Irish pounds 4.7  
27 million. Something "people likely to come in -- other people likely to come  
28 in" in your interpretation of the manuscript.

29

30 Can you interpret then what else is there -- "just that happened to be with the

1 information", what does that mean?

2 A. I would -- whether that's my information about the property in question or his  
3 information, I don't know.

4 Q.539Right. Well it seems, certainly, that some other party either has been  
5 identified, or is a potential investor in the project, isn't that right?

6 A. In a -- he had a project which he was interested in.

7 Q.540Right. Well the 4.7 million project, is that the equivalent of the 11 and a  
8 half million Deutschmarks which is being sought for the Zatecka?

9 A. I think it would be approximately that. The -- I think pounds sterling was  
10 slightly stronger than the punt at that time.

11 Q.541There would be agent fees and various other things?

12 A. All was this was a figure, the Zatecka was being expressed in Deutschmarks  
13 which was about three and a bit to the pound. So I would imagine it seems --

14 Q.542Yeah, it's 2.4 I think to the Irish pound, or was at the time. So it probably  
15 is in and around the four plus million. In any event, this seems to be a  
16 different property than the 3.15 million which is mentioned in the earlier  
17 attendance, isn't that right?

18 A. Yes.

19 Q.543What is required here is that "he will go on Sunday, being there on Monday, 50  
20 per cent of four million Irish with" -- and that's left blank.

21  
22 Then time scale - set up for 55 million crowns, sooner the better.

23 Liam Lawlor company sells contract, hold beneficially.

24 Resident's permit.

25 He needs a joint stock company."

26  
27 This is probably the origins then of Zatecka 14 SRO?

28 A. Zatecka SRO was not a joint stock company. It seems more like a discussion  
29 about another property with other people where a joint stock company would be  
30 needed where shares could be issued to different people. I think the reference

1 to Resident's Permit might be in connection with the requirements for a  
2 director.

3 Q.544The next document we see is again a handwritten attendance of yours on page  
4 223, dated the 23rd of December 1999.

5 "Client Liam Lawlor, doing briefing note, thinks will come for me. Talking  
6 about lien on building of about 1.6 million. Bank finance for building, 4.73  
7 million. Goes away to Portugal returning after Christmas, so wants company to  
8 get moving. To be local" and then it's indecipherable there.

9 "Local Czech company" I suggest?

10 A. Yes, it looks that way.

11 Q.545Zatecka 14 SRO.

12 A. So that was --

13 Q.546That's on the 23rd, a sum of --

14 A. I think that was clearly talking about that particular property and referring  
15 to that as the name for a company to be incorporated.

16 Q.547Yes. Could I suggest that the amount is remarkably similar to the 4.7 in the  
17 earlier document, and it is likely that the earlier document was equally  
18 concerned with the Zatecka building?

19 A. Probably. Probably yes. And also, I have to say that in this sort of general  
20 tour, there would probably not have been differentiation between Irish pounds  
21 and pounds sterling.

22 Q.548Although you sometimes put an "I" in front of that?

23 A. Sometimes, yes.

24 Q.549Mr. Lawlor then, on the same date, communicated with you by fax, and this  
25 clearly identifies Zatecka 14 as the intended purchase, where he says at page  
26 225.

27 "Dear Tony, I have now received your fax regarding the purchase of the above  
28 building. Regarding paragraph 2 where you set out approximate fees, I confirm  
29 my acceptance on the following basis" clearly referring to Zatecka 14, Prague,  
30 isn't that right?

1 A. Yes.

2 Q.550What he is seeking to do in this letter is to fix the level of professional  
3 fees which will be due?

4 A. Yes.

5 Q.551And he says: "I wish to have your approval that the 55,000 pounds sterling  
6 approx fee will cover the company's legal dealings for the year 2000".

7 That may well account for the subsequent payment to you, or recorded payment to  
8 you of 55,000 from Zatecka, is that possible?

9 A. I don't think so because I didn't charge that because the transaction wasn't  
10 completed.

11 Q.552In any event, we then see on the page 227 a draft which is expressed to be from  
12 Seddons Solicitors, firstly you might confirm to me that that in fact is the  
13 briefing note that you received from Mr. Lawlor following upon his telephone  
14 attendance with you which we have seen at page 223?

15 A. Yes, this was the building that he was particularly interested in.

16 Q.553Right. He had moved quite rapidly really from receiving this first  
17 information, information first and communicating to you on the 13th, to a  
18 position on the 23rd where he was structuring a letter which would set out the  
19 terms upon which the building would be acquired; isn't that right?

20 A. Yes indeed. He, I think, would act quite quickly when he put his mind to it.

21 Q.554If you look at this document, it's a draft from Seddons Solicitors, is there  
22 any particular reason why he was drafting this, in this format, where normally  
23 a solicitor would not require the assistance of a client to draft terms?

24 A. Well what he, what he wanted to have was a letter which he would be able to  
25 show to his interested parties, what the basic terms would be, and to give the  
26 point of contact if that was to proceed.

27 Q.555So we see what the document says:

28 "We have been instructed and have entered into negotiations with the purchase  
29 of Zatecka 14, Prague 1, as per the enclosed brochure. The instructing company  
30 is Zatecka SRO, a Czech registered company with local directors.

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30

Our instructions are to provide a lien on the building to a UK company to be nominated.

Financial aspects of the project are as follows:

Purchase price of the building is 4.75 million Irish or Czech equivalent: 213,700.

The instructions regarding the financial arrangements for the purchase of the building are as follows:.

Purchase price 4.75 million Irish punts.

Funds to be provided from the UK nominated company: 3.694 million Irish punts.

The balance to be provided by Erste Bank. Formal approval for the finance will issue after the Christmas holiday break.

The following is the likely time scale:

January 12th 2000, sign contract and pay 10 per cent deposit.

March 16th 2000, close the purchase of the building.

The closing date has not been fixed and could come forward.

Zatecka SRO has instructed this practice that 1.694 Irish punts will be repaid to the UK nominated company.

The arrangements for this repayment to be agreed.

We would, therefore, request that the lawyer acting for the UK based company would contact the undersigned so that we can establish contact with a view to having the 3.694 million Irish pounds made available to our client/escrow account to allow us to proceed as instructed by Zatecka SRO. Our contact locations are" and you give your Prague and London offices.



1

2 Now, firstly in relation to that Mr. Seddon, can you offer any explanation as  
3 to why in relation to a Czech company, the figures which are being discussed  
4 here are discussed in Irish punts as well as Czech crowns?

5 A. I understood that the purpose of the letter was for Mr. Lawlor to be able to  
6 show it to investors in Ireland who may be interested in investing in this  
7 particular property.

8 Q.556 Well, the preference is to a UK company isn't it? That we'll provide the  
9 funds --

10 A. I think the purpose was to route the funding through a UK holding company.

11 Q.557 But that the intended investor here was Mr. Lawlor would be an Irish company  
12 which would provide the funds through an English company and which would have  
13 the benefit of a lien granted in favour of an English company over the  
14 building; isn't that right?

15 A. Yes.

16 Q.558 Now the company which was going to put up the funds was going to put up 3.694  
17 Irish punts, it was to receive a lien for 1.694 punts. There is no provision  
18 in this document for the repayment to the company which provides the 3.694  
19 million, no provision for the repayment of 2 million of that sum; isn't that  
20 right?

21 A. This is simply a preliminary proposal document. The intention was that local  
22 finance was going to be found in the Czech Republic.

23 Q.559 Local finance - could I interject here and say -- which makes up the difference  
24 between 3.694 and 4.75. Approximately a million local finance, that's what  
25 seems to be envisaged in this document; the UK company is going to put up 3.694  
26 million, it's going to receive a lien in return of 1.694 million and I am  
27 suggesting to you that that leaves a surplus of 2 million which, for which  
28 there is no provision in this agreement for it's return to the company which  
29 lends the money, or gives the money, isn't that so? Can you explain that?

30 A. That the land would remain --

1 Q.560 It would presumably be owned by Zatecka 14 SRO?

2 A. For whom --

3 Q.561-- who would have a lien in favour of the company which provided the 3.694  
4 million, of 1.694 million, and there was obviously then no lien in relation to  
5 the balance of 2 million which had been advanced by that company, nor does  
6 there appear to be any arrangement for the repayment of that sum to that  
7 company; whereas arrangements for the repayment of the 1.694 million are  
8 specifically referred to in this letter, isn't that so?

9 A. Well I am assuming that anybody who was interested in funding a property  
10 purchase would also have a share in the company that would then own the  
11 building. As far as I am aware there was no further discussion of this letter  
12 because I certainly received no response from any party that I can remember,  
13 and the transaction didn't go anywhere.

14 Q.562 Well you were asked to draw up this document for the purpose of --

15 A. For the purpose of --

16 Q.563-- putting this on your letter heading and providing it to Mr. Lawlor?

17 A. To provide information about the proposed opportunity for the purchase of this  
18 building.

19 Q.564 And this would be the terms upon which it was intended that Mr. Lawlor would  
20 engage with this new investor?

21 A. Obviously that was intended as a broad statement of intention concerning the  
22 potential deal.

23 Q.565 Does the fact that there is a 2 million pound reference in your attendance of  
24 the first of December to 1999, of page 211, has that any bearing in relation to  
25 the 2 million surplus which we see apparent in this document? 210 and 211.

26

27 "Want me to take out contract for UK company to buy/provide finance.

28 Needs formal company.

29 Contract with Czech company - contract back to English company.

30 3.15 million"

1 Which I suggested to you earlier was Hybernaska.

2

3 "ASAP.

4 Money man coming to London Friday week."

5 Then two references indecipherable and then "2 million pounds".

6 A. That, I'm afraid I don't know. All I do know is that the outcome was that he  
7 wasn't able to interest anybody in this particular building.

8 Q.566 Well let's move to the document now on page 229, which is your document on  
9 Seddons headed paper AMS/AG.

10

11 "To whom it may concern".

12 A. Sorry, isn't that what we have been talking about.

13 Q.567 No, the faxed instruction which was the draft from Seddons Solicitors  
14 beforehand?

15 A. Sorry, I have moved on.

16 Q.568 I was putting to you that the documents at page 227 and 228 were Mr. Lawlor's  
17 briefing note to you which was referred to in your handwritten attendance of  
18 the 23rd?

19 A. Yes. That's, that would seem to be the case, certainly.

20 Q.569 And having received that document you then prepared the document which we now  
21 see on screen. You see that?

22 A. Yes.

23 Q.570 Now there are some changes in that document from what I have, what have been in  
24 the original; the most significant of which is in relation to the main  
25 financial details, which you cite as follows:

26 "The freehold property will be acquired for a price in the region of 213.75  
27 million Czech crowns or 4.75 million Irish punts. The UK company will provide  
28 finance of 3.694 million.

29

30 Our client will obtain loan finance from East Bank" I think that should be

1 Erste Bank "in Prague for the balance. And it is anticipated that bank  
2 approval will be obtained shortly after the Christmas holiday."

3  
4 From that it would appear, Mr. Seddon, as of this date your understanding of  
5 this arrangement was that the requirement for bank finance was limited to the  
6 difference between 4.75 million Irish punts and 3.694 million Irish punts,  
7 isn't that so?

8 A. I'm not sure if that's the case. It's not something that I have considered for  
9 four years.

10 Q.571 Well, reading now, does it mean anything other than that the loan finance from  
11 Erste Bank is for the balance? You give a figure which is the total sum, you  
12 give a figure which will be provided by way of finance, of a lesser sum, and  
13 you go on in the third paragraph to deal with a balance, could it be anything  
14 other than the 1 million and 50,000 pounds that is the difference between the  
15 4.75 million and 3.694 million?

16 A. That would seem to be the case on this proposal.

17 Q.572 We'll move down through it now, from the projected timings in paragraph D to  
18 the next paragraph.

19  
20 "We are instructed that the English nominated company will be repaid in due  
21 course on terms to be negotiated, the sum of 1.694 million pounds."

22  
23 Wouldn't that equally indicate that there was to be no arrangement for the  
24 repayment of the 2 million pounds?

25 A. But if the investor would be to have an interest in the building itself it may  
26 be, I don't know, that it would be on the basis of refinancing and the money to  
27 be repaid out of later refinancing.

28 Q.573 If that were the case the refinancing would be coming from the company.

29 A. In which, presumably, anybody interested in investing in this would have a  
30 substantial ownership share.

1 Q.574 So that if an ownership, and they would also have the company being obliged to  
2 repay them a certain amount of money which, a portion of which would be theirs  
3 anyway?

4 A. Yes.

5 Q.575 Which would have the same individual, lent the sum of 3.694 million, receiving  
6 his return in two entirely separate means?

7 A. By repayment of the loan and investor, investment, retaining in the building.

8 Q.576 If there was such an arrangement, and I can't see any reason why one should go  
9 about it in that fashion, if one wanted to give effect, or let a perspective  
10 purchaser know what they were getting, it would have to be set out in the  
11 agreement itself, there is no mention at all of it?

12 A. This isn't an agreement. It is simply a proposal.

13 Q.577 A proposal?

14 A. Regarding the building which is referred to in a brochure. And it would be for  
15 the, any interested investor to decide whether or not he liked the building,  
16 liked the investment, that return that it was providing.

17 Q.578 But there is no indication here that there is going to be any return to the  
18 investor. The investor is going to put up the money and receive a limited  
19 amount of that money back?

20 A. Well if that's what it meant then it is not surprising that nobody took up the  
21 offer.

22

23 CHAIRMAN: Well, do you not know, Mr. Seddon, what is meant by that particular  
24 paragraph?

25 A. Sorry Judge, which --

26

27 CHAIRMAN: Yes, this was the last paragraph on that page. That a sum of 1.694  
28 million Irish pounds would be repaid to the company, leaving a difference of 2  
29 million, which presumably is not going to be repaid to the company.

30 A. It would be the retained equity in the investment.

1

2 CHAIRMAN: Well, are you saying that that is what was intended by that  
3 paragraph?

4 A. It was my understanding of what the, of what any such arrangement would be.

5

6 CHAIRMAN: And do you know who the English company was going to be?

7 A. No. I think it was going to be -- I think it was going to be something  
8 established for the purpose.

9

10 CHAIRMAN: But it seems, given the fact that all the other terms are fairly  
11 precise in terms of their meaning, this particular provision seems to be  
12 purposely very vague, even to a point where you are even; you are the person  
13 who prepared this particular document, that you are not a hundred per cent  
14 certain as to what was meant by it.

15 A. Well, as I say I had totally forgotten about this particular proposal. I had  
16 not considered it since that time because no steps were taken to follow it up.

17

18 CHAIRMAN: What was clearly envisaged in the document on it's face, Mr. Seddon,  
19 was that the company would be enriched, would have an equity of 2 million  
20 pounds on this transaction?

21 A. Yes. That would be the retained equity in the company.

22 Q.579Yes. That is in the company Zatecka?

23 A. The -- yes, that would be money retained, used to purchase this particular  
24 building on this proposal.

25 Q.580Yes. It would have an obligation to repay 1.694 million Irish pounds to the  
26 original provider of those funds?

27 A. So that the retained equity would be reduced to two million, yes.

28 Q.581And it would also have a liability to Erste Bank for the balance if it had gone  
29 ahead for a million, isn't that right?

30 A. Yeah, whatever that amount would be, that's correct.

1 Q.582 If you look now to the document at page 231? Which is another handwritten  
2 attendance of yours dated the 30th of December 1999, under the heading "Liam  
3 Lawlor/Zatecka".

4 You then have "Mr. Sean O'Ryan intends -- "met Sean O'Ryan, intends going to  
5 Prague on the 17th January, thinks that will buy and sell to him. Also intends  
6 to look at some other. He wants to look at a price which gives 10 per cent.  
7 Intention that gets it" -- is it "it" or "LL"? The intention that gets --  
8 whatever one deciphers those --

9 A. "Gets it."

10 Q.583 -- those two initials as.

11 "2 million Irish pounds. Uplift.

12 Now depends on getting agreement with vendor on the price.

13 Also looking at the Hybernska.

14 Will go down first on 10th of January with Ambrose for a couple of days to work  
15 out what to show.

16 Anything, 4 to 10 million pounds.

17 Commercial mixed development.

18 Martin Philips is solicitor."

19

20 I think that's the solicitor who acts on behalf of Mr. Mulryan.

21

22 Beneath that, is it "buying in company and sell on". Or "buying into company  
23 and sell on"?

24 A. "Question mark buy into company and sell on", possibly.

25 Q.584 Right. Does this document assist you in identifying what the two million pound  
26 uplift was to be in this transaction?

27 A. I can't say that it does.

28 Q.585 Would it indicate to you that the intention of the transaction which involved  
29 the purchase of Zatecka was to result in a 2 million pounds uplift?

30 A. No. I think it means 2 million pounds left behind as investment because the

1 price is not uplifted, it is the -- that was the price. It's not talking about  
2 uplifting the price.

3 Q.586 There is no uplift in the price. What is intended here is that the asking  
4 price will be paid. Now, 2 million is not a component part of the asking  
5 price, which is either 11 and a half million deutschmarks or in the region of  
6 4.5 or 4.7 million sterling. 2 million does not have any relationship to  
7 either of those figures. It does, however, have a relationship to the letter  
8 "to whom it concerns", which is the product of Mr. Lawlor's draft briefing note  
9 which leaves an equity of 2 million invested in the company Zatecka, in the  
10 event that it buys the building for 4.75?

11 A. Yes.

12 Q.587 Now what explanation is there for your recording that the intention of the  
13 transaction was that it gets a 2 million pounds uplift?

14 A. I don't have an explanation. I don't understand it. That looks like the  
15 equity retained in the building.

16 Q.588 Yes. You rarely have an intention with regard to equity --

17 A. Sorry?

18 Q.589 You rarely have an intention with regard to equity in a building?

19 A. That is the result, if that is the amount of money left which is not covered by  
20 borrowing.

21 Q.590 Well, is the intention then that somebody will benefit to the extent of 2  
22 million?

23 A. Not if the value is left in the company for the investor.

24 Q.591 Yes. But the only investor you are aware of in Zatecka at any point in time,  
25 until the introduction of Mr. Morgan some years later, is Mr. Liam Lawlor?

26 A. Certainly.

27 Q.592 So Mr. Liam Lawlor, on this note, appears to have been the person who was to  
28 benefit by having 2 million pounds equity in this company?

29 A. No. That, I don't think that would make sense.

30 Q.593 Why not?



1 A. Because -- because nobody would, nobody would pay for somebody else to own a  
2 company.

3 Q.594 Why not, if they wanted to give them 2 million pounds?

4 A. Oh, if they wanted to do that --

5 Q.595 Well if they wanted to do that are these papers consistent with that intention?

6 A. That is not something I had considered.

7 Q.596 Well what is your best interpretation of these references to 2 million pounds  
8 in your attendances with Mr. Lawlor and the intended, though you tell us,  
9 uncomplete, acquisition of this property at this price?

10 A. I frankly do not recollect. I am sure that whatever the circumstances of the  
11 matter would have been, that Mr. Lawlor would have wanted to make something,  
12 make a profit out of it. He wouldn't have been doing it just for fun.

13

14 CHAIRMAN: Mr. Seddon, the handwritten document that Mr. O'Neill is referring to  
15 dated the 30th of December 1999, that's your handwriting, is that right?

16 A. Pardon, which page?

17

18 CHAIRMAN: This is the 30th of December 1999, headed "Liam Lawlor"

19 A. Yes.

20

21 CHAIRMAN: Referring to Mr. O'Ryan, which presumably is Mr. Mulryan, is it?

22 A. That is likely, it wasn't somebody I knew.

23

24 CHAIRMAN: Coming to Prague on the 17th of January.

25 That document is your handwriting, I take it?

26 A. Yes, it is.

27

28 CHAIRMAN: And going down through what it says:

29 "intends going to Prague on the 17th of January", that obviously means that he  
30 is going to go to Prague on that date. "Thinks that will buy and sell to him".

1 That's a reference to, I take it, his intention to proceed with the purchase,  
2 Is that right?

3 A. Well, I knew that Mr. Lawlor was looking for investors in this property.

4 Q.597"Also intends to look at some other", presumably a reference to looking at  
5 other property?

6 A. I would say so, yes.

7

8 CHAIRMAN: "Wants to look at a price that gives ten per cent" I take it that's a  
9 reference that gives a return of ten per cent?

10 A. Ten per cent return, yes.

11

12 CHAIRMAN: Then it is clear -- you can give a clear explanation for all the, all  
13 of what you have written up to the point where we have the sentence which says  
14 "Intention that gets -- possibly LL -- 2 million Irish pounds. Uplift."  
15 You are not in a position to give any explanation as to what that means?  
16 Is that your evidence, that you can't give an explanation now?

17 A. I can, I can think of a possible explanation like that was the amount of equity  
18 to be retained, but otherwise I don't know what the, what the intention of that  
19 would be.

20

21 CHAIRMAN: But retained by whom?

22 A. By the investor.

23

24 CHAIRMAN: But how can one take that meaning from it?

25 A. If he was intending to get an investment of equity into the property and that  
26 there would be an uplift.

27

28 CHAIRMAN: But could it mean, "intention that gets LL 2 million Irish pounds  
29 uplift". Sorry, is it your evidence that it definitely doesn't mean that?

30 A. My evidence is that I don't see how that would make sense in a, that commercial

1 transaction.

2

3 CHAIRMAN: But this is only three or four years ago, but it's not --

4 A. But it is something that didn't happen and I haven't thought about it since.

5

6 CHAIRMAN: So you are puzzled as to what the meaning of that sentence is?

7 A. I am puzzled, yes.

8

9 CHAIRMAN: But you are clear about what everything else means in that document?

10 A. Well, things like somebody coming on a date, yes, that's --

11

12 CHAIRMAN: Well, I think everything else is clear. Would you agree that -- I  
13 don't want to go through the whole document, but that you are in a position to  
14 interpret every other sentence in that document other than the one which  
15 attracts the most attention of the Tribunal?

16 A. Well on the, I understand from the figures there was a shortfall of, would be a  
17 shortfall of 2 million which would be required for equity investment.

18

19 MR. O'NEILL: There was no shortfall, Mr. Seddon. The intention was that 3.694  
20 million would be provided out of the total of 4.75 and that the Erste Bank was  
21 providing that million difference. So there was no shortfall. What was  
22 identified as being a 2 million pound figure was a figure which would not be  
23 returned to the party who had -- sorry, a figure of 2 million which was not to  
24 be the subject of arrangement for repayment by Zatecka to the party that  
25 provided it, but that there would be an arrangement to return 1.694 million,  
26 leaving 2 million which was not to be the subject of any repayment schedule as  
27 between the parties to the agreement. That's what seems to have been the  
28 effect of the document which you produced, at the request of Mr. Lawlor.

29 A. Yes. Well I can only see that making sense if the investor retains an interest  
30 in the property.

1

2 JUDGE FAHERTY: But surely Mr. Seddon, if that were the case it didn't make any  
3 commercial sense for you in the draft document, the statement of intention that  
4 correct you had drafted at Mr. Lawlor's request, and indeed the letter of the,  
5 I think the 23rd of December, "to whom it concerns", that there would be a  
6 reference to the UK investor equity in those statements and documents, there  
7 isn't any such reference. Do you understand what I am saying? If you look at  
8 the documents --

9 A. I'm afraid not.

10

11 JUDGE FAHERTY: If you look at the documents we discussed earlier, at page 143  
12 which was more or less the statement of intention, as I understand it.

13 A. Sorry, page which --

14

15 MR. O'NEILL: 227 and 228.

16

17 JUDGE FAHERTY: Yes, I beg your pardon.

18 A. So the, what was described as the draft prepared by Mr. Lawlor?

19

20 JUDGE FAHERTY: Yes. That was on foot, as I understand, of telephone  
21 instruction from Mr. Lawlor, and later then you did you a letter.

22 A. This was his instruction.

23

24 JUDGE FAHERTY: Yes.

25 A. Which was then turned into a, into a letter setting out terms of a proposed  
26 transaction, yes.

27

28 JUDGE FAHERTY: What I am suggesting to you, you say that the suggestion put by  
29 the Chairman doesn't make any commercial sense.

30 A. If it is read in the way that was suggested.

1

2 JUDGE FAHERTY: Yes, but I am suggesting to you that the statement you prepared,  
3 if it were the intention that the UK investor would retain an equity or get an  
4 equity in the building, it didn't make any commercial sense to draft such a  
5 document without any reference to it. That's the point I am making.

6 A. In hindsight I agree.

7

8 JUDGE FAHERTY: I see.

9

10 MR. O'NEILL: It may be, Mr. Seddon, I am suggesting this to assist you and  
11 your deciphering of your own document of the 30th of December; if you look to  
12 the fourth word on the line "Intention that gets" you will see the next letter  
13 there which we have a little difficulty in deciphering. If you look to - it's  
14 on page 231, I beg your pardon.

15 A. Yes.

16 Q.598 If you look to the second line down beneath that, you have "With vendor on the  
17 price" do you see that? Now, do you see how you write "The" at that point?

18 A. Yes.

19 Q.599 If you look to the line beneath that, is that another "The" or not?

20 A. Yes, that's -- that is.

21 Q.600 Another "The". Now, if you go up to the hieroglyphics, is the only way I can  
22 describe them, after "Gets" that possibly is another "The". "Intention that  
23 gets another 2 million and uplift?"

24 A. Yes, that looks like that.

25 Q.601 Well then, if we read the sentence completely from the start then.

26 A. Yes, I understand what you are saying.

27 Q.602 It reads "He wants to buy at a price which gives ten per cent, intention that  
28 gets the 2 million pounds uplift" referring back to the "he", who was  
29 Mr. Lawlor?

30 A. No, no. The "he" would be the purchaser.

1 Q.603But the purchaser is Mr. Lawlor's company, Zatecka?

2 A. No, I think that is the potential investor.

3 Q.604I'm sorry?

4 A. I think that is the potential investor who wants to buy at a price which gives  
5 a ten per cent return.

6 Q.605But the potential investor doesn't need to get an uplift in equity. He has the  
7 equity, he had the equity in the 3.694 million, if that was to be the price?

8 A. Yes. Well, I don't understand the comment. But the line that he wants to get  
9 a price, which gives ten per cent -- would, I would believe, mean somebody who  
10 was putting money into the project to get a return of ten per cent on his  
11 money.

12 Q.606But from the document we see the only return that is declared in favour of the  
13 party who puts up the 3.694 million is that they will receive, in return, at an  
14 unspecified time and by agreement, 1.694 million, and in the meantime they will  
15 have a lien to that amount over the building. That is as much as the provider  
16 of the fund is being offered in this document. If there is any other  
17 arrangement it's off this document, isn't that so?

18 A. Yes, it doesn't actually say who the purchaser is to be, does it.

19 Q.607No, independent of who the purchaser is, the purchaser is identified as  
20 having -- sorry, the party involved, the UK company, is identified as having a  
21 certain entitlement in the event that the plan set out here as follows -- the  
22 company will have one entitlement, the UK nominated company which provides the  
23 finance will have another. Their respective entitlements are set out in this  
24 agreement. The only entitlement which is conferred upon the UK company  
25 providing funds of 3.694 million is an entitlement to a lien, or pledge, on the  
26 building for 1.694 million and an agreement that that sum will be repaid in due  
27 course on terms to be negotiated. Isn't that what the agreement says, isn't  
28 that what the statement of intent is?

29 A. It's a brief statement of proposals. Giving the -- setting out what are  
30 regarded as main financial details.

1 Q.608 If you were the solicitor acting on behalf of the UK company to whom this  
2 proposal is offered you would endeavour to identify what it is that your  
3 company is obliged to do if this proposal is implemented, and you would  
4 identify what your company is likely to receive in return, isn't that so?

5 A. Absolutely.

6 Q.609 And if you coldly look at this document here, is it not the case that this  
7 document contains a proposal which would involve the UK company providing 3.694  
8 million but in return receiving only 1.694 million over an undefined period of  
9 time to be negotiated, isn't that so?

10 A. Yes. The first question I would be asking is what is my client's share of the  
11 building going to be.

12 Q.610 And why not have it in this document so that the agreement can be understood as  
13 a comprehensive agreement between the parties and not the subject of two  
14 separate arrangements, one of which may involve a share holding in the company  
15 being signed to the party advancing the money, or not, as the case may be?

16 A. I mean, this was a document that was prepared for the purpose of Mr. Lawlor  
17 showing to, as I understood it, different people, with a view to interesting  
18 them in investing in the Czech Republic. And I can only assume that it was  
19 part of that discussion when he gave them a copy of this letter that he would  
20 say what he was expecting in terms of his retained interest and what he would  
21 be offering in terms of equity in the building.

22

23 CHAIRMAN: I think we'll adjourn now until, is it ten o'clock tomorrow morning?

24

25 MR. O'NEILL: Ten o'clock.

26

27 CHAIRMAN: Is that all right? Ten tomorrow morning?

28 A. Earlier if you like. That's fine.

29

30

1 THE TRIBUNAL THEN ADJOURNED UNTIL 10 AM THE FOLLOWING MORNING,  
2 THURSDAY THE 18TH SEPTEMBER, 2003.

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