

THE TRIBUNAL RESUMED AS FOLLOWS ON MONDAY, 13TH DECEMBER
1999, AT 2PM:

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MR. O'NEILL: The next witness whom it's intended to call
is Mr. Roger Copsey. Mr. Copsey please.

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ROGER COPSEY, HAVING BEEN SWORN, WAS EXAMINED AS FOLLOWS BY
MR. O' NEILL:

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MR. COONEY: Mr. Copsey would like me to mention to you
that he has got rather a heavy cold, so if you take that
into account.

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CHAIRMAN: I am sorry to hear that. I hope we can hear
you. If your voice is getting hoarse or anything like
that, let me know and we will give you a rest.

A. Thank you very much.

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MR. O'NEILL: Mr. Copsey. Thank you very much. You are
a chartered accountant by profession, is that correct?

A. I am, yes.

1 Q. And you qualified in 1972, is that so?

A. Correct.

2 Q. In 1989, I think you were the financial director of JMSE,
is that so?

A. That is correct.

3 Q. And also a director of the land-owning companies as they
are described in the Murphy Group, is that correct?

A. Yes.

4 Q. I think at the invitation of the Tribunal, you prepared a
statement which was furnished by your solicitors in the
post to the Tribunal on the 23rd December last, and

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received on the 5th January of this year and I am going to hand you a booklet of documents which includes a copy of that statement. (Documents handed to witness.)

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Now, the statement Mr. Copsey, has been received in unsigned and undated form. You might just like to have a look through it first and see if you identify it as the statement which you did in fact prepare in December last.

A. Yes, at a glance it looks like it.

5 Q. I will read it into the record of the Tribunal, perhaps you'd just follow it as I read it. There is one deletion towards the end of the statement, which is a deletion by direction of the Tribunal, otherwise you might correct me if I err in my reading of the statement at any point.

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The statement is entitled "In the matter of the Tribunal of Inquiry into Certain Planning Matters and Payments, statement of Roger Copsey.

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"I have been a qualified accountant since 1972. When I first qualified, I went into partnership with a Mr. Edgar Wadley. From memory, I believe that this was the first time I came to know of Joseph Murphy Snr and that Mr. Murphy would instruct Edgar Wadley to audit the company accounts." I think that's spelt as accountants. It should be accounts.

A. Correct.

6 Q. "I believe that in 1972, Joseph Murphy Snr instructed our firm to audit the JMSE company accounts. We would have been done such work for JMSE for approximately six years. During this time, James Gogarty was the managing director of the steel companies. When I came back to the JMSE

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company in 1988, it would have been again through Edgar Wadley who have been contacted by Joseph Murphy Snr and Edgar Wadley in turn contacted me.

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"At this time, the board had been dissolved and I went into the company to stabilise the company's financial position and that of its associated companies. Apparently there had been problems with the management of the company and Joseph Murphy Snr was concerned that the company was losing money both in Ireland and in the UK. It was at this time that Joseph Murphy Jnr came into the company and at this stage was fairly new to the management of same.

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"When I came into the company in 1988, Liam Conroy was just leaving the company and I oversaw the dismissal of Gerry Downes and Marcus Sweeney from the company.

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"At that time, all the senior management personnel had left or were in the course of leaving and I was immediately put onto the board as a director. Although I was financial director, I was not actually keeping the books myself and I employed bookkeepers to do this. I took active control of the financial affairs of the company and arranged for various resignations of directors, with the exception of James Gogarty.

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"At this time the banks were concerned as the board had been dissolved and I had to placate and satisfy the banks, who were owed fairly substantial sums of money. I also renegotiated with the banks regarding facilities for the company. I was brought into the group to look after Joseph Murphy Snr's interests. James Gogarty was in

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charge of operations of the whole group initially until a group chief executive based in the UK was appointed; thereafter Mr. Gogarty was in charge of the Irish operation. Throughout, he was in total charge of the land-owning companies and the subsequent sale of the lands. My responsibility was group finance.

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James Gogarty:

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"In 1988/1989, when James Gogarty decided he wanted to retire and negotiate a retirement package, he spoke to me at length and on an ongoing basis about same. He was a driven man in this regard and he made no secret about how strongly he believed he was entitled to a large retirement package. I believe his obsession with his retirement package dictated his views and conduct within the company.

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"I recall an incident in 1989/90 at a meeting in the JMSE Fleetwood offices in the UK in which I was meeting with officials of Barclays Bank endeavouring to negotiate new facilities when James Gogarty came barging into the meeting shouting that he was a director of the company and had a right to attend the meeting and generally created a disturbance. I adjourned the meeting and went outside with Mr. Gogarty who now appeared to be perfectly calm. When I asked him what he thought he was doing, he replied that this conduct would continue until his retirement package was satisfactorily arranged. The meeting was very nearly ruined by Mr. Gogarty's behaviour.

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Lands in question:

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"I recall when the question of selling off the lands came up. I do not recall whether I saw the valuations prepared by Duffy Mangan & Butler. I cannot recall any specifics in relation to same in that my involvement would only have related to the tax implications, tax structure etc.

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£30,000 payment to Ray Burke:

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"My memory of this incident was that James Gogarty informed me that a political donation of this amount was to be made and asked me to arrange for the money from within the Murphy group of companies. I understand Mr. Denis McArdle, solicitor, has a note of me telephoning him in relation to making the payment out of monies held by him on behalf of the group. I accept that I did call him. It would not have been unusual practice for me to clear certain matters with Denis McArdle when requesting sums of money for various activities. I cannot recall the sequence of events in detail but I presume from a logistics point of view that Mr. Gogarty would have asked me for the money. I would have advised him that it would not be possible to take such funds from the JMSE account and I would have advised that Denis McArdle was holding company money from a previous sale.

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"I understand that Mr. Gogarty subsequently telephoned Denis McArdle and instructed him not to transfer the monies to JMSE. Mr. Gogarty informed me that part or all of the political donation would be made in cash as the election was imminent and the party had a need for immediate cash for posters, helpers and other campaign expenses. I do

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not recall that James Gogarty identified the political party to whom the donation was made and I have no recollection of a Mr. Burke being mentioned.

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"In relation to the letter of the 8th June 1989 from Michael Bailey to James Gogarty, I do not recall seeing this letter until it was printed in the newspaper.

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Affidavit of James Gogarty -- Paragraph 38:

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"What this paragraph does not state is that James Gogarty was not automatically entitled to a pension and he was relying solely on the goodwill of Joseph Murphy Snr as regards a severance package.

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Paragraph 41:

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"It is untrue to say that James Gogarty's reluctance to swear an affidavit in response to Liam Conroy's grounding affidavit contributed to a strain between James Gogarty and myself. I had no dealing with, responsibility or influence in respect of the proceedings regarding Liam Conroy. From memory, it was Joseph Murphy Snr, Edgar Wadley and a London solicitor who exclusively handled this matter.

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"I believe that the strains between myself and James Gogarty were caused by Mr. Gogarty's obsession with his pension which dictated his reaction to almost all business matters concerning the Murphy Group and also Mr. Gogarty's propensity to temper tantrums.

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Paragraph 42:

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"I simply did not run the Murphy Group. The affidavit ignores the fact that both James Gogarty and I were influential in persuading Joseph Murphy Snr to appoint a group chief executive. This person was not from the south of Ireland or indeed with any Irish connections whatsoever. James Gogarty brought up the allegation of a slush fund on a number of occasions. I can confirm that despite being asked, he never came up with any evidence independent or otherwise, or verification of the existence of such a fund. In particular, at no time did he mention the question of monies paid to George Redmond.

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Paragraph 42:

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"It is incorrect to say that I expressed no interest in availing of the tax amnesty at the end of 1988. I discussed the matter in detail and arrived at the conclusion that the Murphy Group was not entitled to avail of the tax amnesty. The terms of the amnesty were that full disclosure must be made of all tax wrongdoings in order to avail of the terms. James Gogarty was not able to give one example of the existence of a slush fund, let alone sufficient detail to avail of the amnesty.

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Paragraph 61:

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"The first occasion I recall seeing the letter from Michael Bailey to James Gogarty dated 8th June 1989 was when same was printed in the newspaper. I did not deal with the lands. These were strictly the responsibility of James

Gogarty. I would not have been concerned with any proposals and any involvement that I might have had would only be after a decision had been made rather than at the proposal stage. Later on in 1989 when the lands were purchased, I was reluctant to become involved as my relationship with James Gogarty was such that I preferred not to deal with him. It was only because Joseph Murphy asked me as a favour to assist in the financial aspects of the deal that I agreed to become involved. I believe the date was approximately October 1989. My involvement commenced after all the terms of the deal were agreed.

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Paragraph 70:

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"No attempt was made by me to make James Gogarty's severance pay conditional upon him signing the JMSE accounts for the year ending 31st May 1988. I did talk to him regarding his uncooperative attitude on several matters. As James Gogarty himself states, he had no legal right to a pension and was relying on Joseph Murphy Snr's goodwill. I believed that James Gogarty was not completing a replying affidavit and prevaricating on the signing of the accounts in order to insert pressure on Joseph Murphy Snr in the context of his pension.

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Paragraph 71:

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"At no time did I state that a slush fund which had been operated by Liam Conroy was the reason why, in October 1988, Joseph Murphy Snr had rejected a suggestion of availing of the tax amnesty and why he wanted the 1988 accounts signed off and the Liam Conroy proceedings

ended. The reason why Joseph Murphy Snr wanted the 1988 accounts signed off was that I advised him that under company law, the directors of the company were bound to produce accounts of the company within a statutory period of time and, furthermore, there were impelling commercial reasons why the accounts needed to be signed, i.e., the group was heavily indebted to both the AIB and Barclays Bank and the facility reviews demanded that audited accounts be available. I am not aware of the significance of the 1988 accounts in connection with the Liam Conroy proceedings."

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There was a space for that to be signed and a signature, it transpired that it wasn't in fact signed but I take it, Mr. Copsey, that is the statement you were, you are adopting and you will sign a copy of it for the Tribunal, is that so?

A. That is correct.

7 Q. Fine. Now, if I could deal with a number of matters in the history of events which ultimately led to this.

Firstly, you might tell me what your full name is please?

A. Roger John Copsey.

8 Q. I see. And what's your date of birth?

A. 14/8/44.

9 Q. And where were you born?

A. London.

10 Q. I see. You qualified in 1972 as a chartered accountant, is that right?

A. Correct.

11 Q. And when did you commence your articles -- were you articulated --

A. I was articulated before then. I mean it was probably about

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six or seven years before, I can't honestly remember.

12 Q. Was that in England or in Ireland?

A. That was in England.

13 Q. I see. And can you recollect what firm it was that you took your articles with?

A. Oldam Holland.

14 Q. Oldam Holland, I see. And in due course, having qualified in 1972, you entered into a partnership, is that correct?

A. That's correct.

15 Q. And what was the firm of which you were a partner?

A. Midgeley Snelling.

16 Q. I see. And that is the firm in which Mr. Edgar Wadley was also a partner, is that right?

A. That is correct.

17 Q. And in that context, did you come to know Mr. Joseph Murphy Snr?

A. Yes, through Edgar Wadley.

18 Q. And did that involve you meeting with Mr. Joseph Murphy Snr?

A. Yes, it did.

19 Q. And was that in England in the offices or was it in Ireland or elsewhere?

A. In Ireland.

20 Q. I see. Can you tell us when it was that you first came to Ireland?

A. In 1972. I think I may have qualified in 1971, because I was qualified when I came here.

21 Q. I see. So you qualified in 1971, and then came to Ireland, that was to open an office for Midgeley Snelling?

A. It was, a very small standby office.

22 Q. I see. And where was that office?

A. Just by the canal there off of Baggot Street.

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23 Q. I see. Is it unusual for an accountant to go into partnership immediately on qualifying?

A. Yes.

24 Q. So were you appointed a partner so you could run the Irish operation?

A. Yes, just a very quick word of explanation. I think I was 27 at the time and I had been promised a partnership in the London practice by the age of 30. A need came up for a liaison-type person, a person to be a presence in Ireland and I was offered a full partnership if I took up that post.

25 Q. I see. So were you the only Irish representative, if I might call it that, of Midgely Snelling in 1972 when you came here?

A. Yes.

26 Q. And you were liaising with the Weighbridge office, I take it?

A. That's correct.

27 Q. Which was the head office of that firm, is that right?

A. Yes.

28 Q. Do I understand that that firm carried out the audit function for JMSE from 1972 onwards?

A. It did. I can't say whether they carried out the audit function before then, but they certainly from 1972, yes.

29 Q. And did you have any other Irish customers or were you essentially here to look after the Murphy interests in Ireland?

A. No, I gradually accumulated more and there were one or two others as well that came through the UK office.

30 Q. The accounting function in the JMSE company, who was that being done by at the time? Were you the auditors, in other words, or the accountants?

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A. No, we were the auditors. They had an internal accountant whose name escapes me.

31 Q. I see. But on an annual basis then you would receive the accounts of the company and you would audit them and if they were satisfactory, you would sign the audit, is that so?

A. I am not absolutely certain whether I signed it or one of the partners in Midgely Snelling, Chris Snelling. I think it more likely, at least to begin with, that it would have been Chris Snelling.

32 Q. Right. At some stage, did you change the practice name from Midgely Snelling to -- I know you are now Copsey Murray, is that so?

A. Yes, Copsey Murray now for maybe fifteen/eighteen years, but at one time it was called Midgely Snelling Copsey & Co.

33 Q. I see. Was that its initial name here or --

A. No, Copsey Murray initially. Midgely Snelling Copsey & Co and then Copsey Murray.

34 Q. And obviously at some stage you decided not to go back to England to take up the partnership arrangement that you had there, but to remain in Ireland, is that so?

A. That's correct.

35 Q. Now, coming up to 1978, were you still auditing the company's affairs, that's JMSE's affairs?

A. Yes. I don't know exactly when I stopped, but I think in or around '78 is when I stopped.

36 Q. Right. Had you any audit function in, or had Midgely Snelling any audit function in relation to the land companies or was that done by Brendan Devine, do you know?

A. I think it was done by Brendan Devine. In fact I'd be pretty certain it was.

37 Q. I take it that you became familiar with the affairs of the

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Murphy companies, particularly the Irish companies, through this annual audit process, isn't that so?

A. That's correct.

38 Q. And it seems from the documentation that has been provided that you liaised from time to time with Mr. McArdle, the solicitor to the company, and certainly you attended meetings in 1978 which had the effect of divorcing the affairs of O'Shea & Shanahan from the Murphy Group, is that right?

A. Yes. I think at that time they were more or less the only meetings or contact that I had with Denis McArdle.

39 Q. The booklet of documentation which you have before you, if you would mind turning to page 23 of that, the pages are at the bottom right-hand corner of each page -- have you found the document, Mr. Copsey?

A. Meeting number 1, 25th October.

40 Q. That's it, yes. If you look at the attendance at that meeting, present at the meeting were Denis McArdle and I think what has been highlighted and perhaps is what is a little indistinct now in the copy is yourself, Roger Copsey, then Mr. Brendan Devine, Mr. Noel Fox, Mr. Leslie Mallon, Mr. O' Reilly and Messrs O'Shea & Shanahan. This apparently was a meeting which took place on the 25th October of 1978 and can you recollect that meeting?

A. Yes, in outline, if not in detail.

41 Q. Now, from the subject matter which was covered at that meeting, it would not appear that you were there in any audit function, isn't that right?

A. No, absolutely not.

42 Q. And the persona who were there were firstly, Mr. McArdle, who was the solicitor to JMSE, is that right?

A. That's correct.

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43 Q. Yourself as an accountant or a financial adviser in some capacity at this meeting, is that right?

A. Financial adviser.

44 Q. Financial adviser. Mr. Brendan Devine who was financial adviser also to the companies, isn't that right?

A. And probably auditor.

45 Q. And probably --

A. Auditor.

46 Q. Mr. Noel Fox, was he also an accountant?

A. Yes, with Oliver Freaney & Co.

47 Q. And was he representing the O'Shea & Shanahan interest, do you know?

A. That is correct.

48 Q. And Mr. Mallon whose identity I am unclear of. Do you know what function he had?

A. Yes, he was the solicitor --

49 Q. I see --

A. It wasn't MOP, but it's another well-known firm of solicitors in Dublin.

50 Q. Mr. O' Reilly and then O' Shea & Shanahan, I take it that was Mr. Batt O'Shea, and Mr. Tom Shanahan who were the principals of that firm?

A. I think so. My assumption is Mr. O' Reilly was probably with Mr. Mallon.

51 Q. That document outlines that there were a certain number of steps to be taken by the parties who were attending that meeting. To that point in time, is it correct to say that there was a close business relationship between the Murphy group of companies and O' Shea & Shanahan, certainly between the principals, that is Mr. Batt O'Shea, Mr. Tom Shanahan and Mr. Joseph Murphy Snr?

A. Yes. I didn't actually know Batt O'Shea or

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Mr. Shanahan. I had heard their names mentioned. I think it's worth just saying why I was at that meeting.

52 Q. Yes.

A. My involvement to some extent was peripheral on this, that the fundamentals of the deal had been worked out with the advice of two of the partners in Weighbridge and these were some final clearing up implementation-type meetings which they couldn't attend and I was asked to give a presence there.

53 Q. And what did you understand the relationship of the parties who were now going their separate ways to have been before this agreement was entered into?

A. My understanding was they had a close relationship which had possibly run its course. There was a little friction, not an enormous amount of friction, between the parties and I think generally they decided it was mutually beneficial if they separated.

54 Q. Now, amongst the properties that were involved in this transaction, apparently was a public house called the Harp Inn Limited, is that a pub that was in Swords, County Dublin?

A. From reading the transcripts of this meeting, yes.

55 Q. And did you understand that that was a premises which was to be signed over by O' Shea & Shanahan and conveyed in favour of the Murphy interests?

A. Again from reading this, my recollection of it would be quite vague and, as I say, I didn't have very much background so I can only read the minutes just the same as you can. I didn't have a lot of detailed knowledge of the structure of the deal at the time. I was actually more interested in the number of sites which were being conveyed and the price at which they were being conveyed.

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56 Q. Who was conveying the sites and who was acquiring the sites?

A. At this juncture, I couldn't remember.

57 Q. I take it from your audit function, you were aware of the relationship which had existed between O' Shea & Shanahan and the Murphy land-owning companies regarding the development of lands of which the Murphy land-owning companies were the owners, is that right?

A. Not from my audit function because those transactions weren't passed through JMSE at all. They would have been through the land-owning companies.

58 Q. I see.

A. I would have been kept informed and abreast of the basis of the relationship between Joseph Murphy Snr and these gentlemen for just such eventualities as this so I could be a presence here.

59 Q. So, there obviously was a change in 1978 whereby a system which had operated for some years up to that point was now being altered as regards the development of the Murphy lands, is that so?

A. That's my understanding, that previously it had been site findings and now, if I recall correctly, O' Shea & Shanahan were buying certain of the lands which were available for development on the basis of the number of sites.

60 Q. Did you understand that the lands in future would be developed by others other than O' Shea & Shanahan?

A. I probably did at the time.

61 Q. That is the lands which were not being sold on foot of this agreement would then be developed in a different way to what had happened up to that point in time, is that so?

A. Yes.

62 Q. And do you know who was now going to take over the

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development of those lands?

A. No. It really wasn't a concern of mine at the time and soon after this, I actually stopped acting for Joseph Murphy Snr so I really wouldn't have seen the aftermath of these agreements.

63 Q. I see. Did you know anything at this time of the involvement of Mr. Conroy?

A. No, no. Mr. Conroy, I don't believe, was in the picture at all at that time.

64 Q. I see. You say that shortly after this in 1978, you ceased to do the audit for JMSE, is that right?

A. I did, yes.

65 Q. Do you know why that relationship ceased?

A. I think -- well it was certainly because of Mr. Gogarty wanting to appoint another company. I think Mr. Gogarty's contact was much more with Christopher Snelling and I became independent of Weighbridge, I set up a practice on my own and I believe he preferred his own people in at that time.

66 Q. I see. So your practice then ceased in 1978/79 to be Midgely Snelling Copsey and became something else, is that right?

A. Yes, that's correct.

67 Q. And what was the name of that firm?

A. That was -- it's very difficult to remember these things going back. It wouldn't have been Copsey Murray & Co. It may have been Midgely Snelling Copsey & Co and then soon after, when I went into partnership with an Irish guy, it became Copsey Murray & Co.

68 Q. Right. And in Copsey Murray, did you retain Mr. Wadley as a partner or was there some other association which you had?

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A. No, I belonged at that time and I still belonged to a large international accounting association of which Midgely Snelling is a member.

69 Q. And was Midgely Snelling -- is this all the Mid-Snell group?

A. It's actually called MGI -- yes, in essence, it's a successor to that group.

70 Q. Was it at some point in time known as the Mid-Snell Group?

A. It was, yes.

71 Q. And it was a Mr. Murphy or Mr. Gogarty who had the preference to remain with the Weighbridge office and Mr. Snelling?

A. Well he actually didn't remain with Mr. Snelling. It was because I had become independent, he then preferred to go to his -- to people he knew himself.

72 Q. But are we talking now of Mr. Gogarty or Mr. Murphy?

A. I believe it was Mr. Gogarty.

73 Q. Mr. Murphy had had a relationship I think with Midgely Snelling and Edgar Wadley going back to sometime prior to 1968. Did you know that?

A. Well I knew there was a long-term relationship, yes.

74 Q. Did you know that Midgely Snelling had been involved in the setting up of the Murphy trusts?

A. Yes, I did, yes.

75 Q. And were you familiar with the identity of the trustees to the extent that you were in a position to know that it had been entirely a Midgely Snelling proposal as regards setting up this trust and implementing it, is that so?

A. Yes, yes.

76 Q. This was a large part, I take it, of the Midgely Snelling business was the setting up of trusts and an international aspect perhaps greater than some accountants would have?

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A. Yes.

77 Q. Structured towards efficient tax planning and matters of that nature, is that right?

A. That is correct.

78 Q. So when you set up Copsey Murray, or perhaps it's the Copsey predecessor, you were operating in Ireland, isn't that right?

A. That's correct.

79 Q. Did you do work for English companies?

A. My practice at that time would have started off -- it started off with UK contacts and gradually over the years, the balance between the two became more Irish orientated, until nowadays, I am the only English person in the practice and I suppose 90 percent of our clients are Irish.

80 Q. I see. In 1978 were you doing work for English companies, and by that I mean audit work or accountancy work?

A. Companies with overseas connections, whether they be English or Swedish or German or French, yes.

81 Q. There is an entity or was an entity in the 1970s called the International Finance and Trust Corporation, isn't that so?

A. IFTC, yes.

82 Q. IFTC, and from your knowledge of Midgely Snelling and your involvement there as a partner, you can tell us perhaps how that bank was set up and who the principals of it were when it was set up?

A. Well actually it was set up before I became a partner, so that's really -- you'd almost know as much as I would but I knew that it had been set up with the assistance of partners in Midgely Snelling, but I actually wouldn't have known if they had equity or didn't have equity in the bank.

83 Q. I see. Was it in 1969 that that bank was set up?

A. I don't know.

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84 Q. Certainly when you came into the practice in 1972, it was
in existence, isn't that right?

A. It was, yes.

85 Q. And was it a bank that very many of the Midgely Snelling
customers used for their financial transactions?

A. I believe so, yes.

86 Q. Including the Murphy group of companies?

A. I believe so, yes.

87 Q. And in particular Joseph Murphy companies as opposed to
other members of the Murphy family, isn't that correct?

A. Yes.

88 Q. And did that company have associated or related companies
within it, that is the bank itself? Was there an entity
known as Jamie Limited?

A. I believe there was, yes.

89 Q. Were you the auditor of that company?

A. Yes.

90 Q. And as auditor, you'd be familiar with its -- the nature of
it, the purpose for its existence, its directors and its
financial dealings, is that right?

A. As an auditor, I would be more concerned with its actual
dealings.

91 Q. When, do you know -- when was that company set up?

A. I don't know.

92 Q. You don't know its date of incorporation?

A. No.

93 Q. Do you know if it's an Isle of Man company or an English
company or an Irish company?

A. We are talking about twenty years ago. I don't know
whether it was an Isle of Man or Bermuda company. It was
certainly what would be termed an offshore company.

94 Q. It was an offshore company. And do you know why you were

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chosen to do the audit of that offshore company?

A. I think it's because I was known to the practice.

95 Q. So was Jamie a company that was within the Midgely Snelling group of either companies or clients?

A. Yes, it had connections with both.

96 Q. Were there directors of Midgely Snelling -- sorry, partners or associates of Midgely Snelling who were directors of Jamie?

A. Correct.

97 Q. Do you know when you first started to do the audit of that company?

A. No. I think it would have been around about 1976 or there or maybe 1978.

98 Q. I see. And was it at a time prior to your having set up your own practice or was it whilst you were still Copsey Murray -- sorry, whilst you were still Midgely Snelling Copsey?

A. I correct myself. I couldn't have been an auditor whilst he was a partner in Midgely Snelling so it must have been after 1978 then.

99 Q. I see. Was this company related to or a sister company to the bank?

A. Certainly the bank had an involvement in it, in so much as they lent monies to it. I am not sure whether it was what you would call a sister company to the bank.

100 Q. I see. Was it what one would call, in accounting terms, a subsidiary to the bank, to your knowledge?

A. I know exactly what you mean. I actually can't remember. It was associated with the bank.

101 Q. Right. Did Jamie loan money to two companies, one of which of called Larkhill and the other MAP, a Danish shipping company?

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A. I think that Jamie had business relationship with MAP. I think that Larkhill, that that was another company which IFTC lent money to it. From recollection, I can't remember Jamie Investments lending money to Larkhill.

102 Q. So you do remember that it lent money to Larkhill but perhaps not through Jamie, is that the position?

A. I think so. But I mean, I can't swear to it. It's twenty years ago. I can't remember the detail.

103 Q. Were you also the auditor of Larkhill?

A. I was, yes.

104 Q. And was there any partners in Larkhill with which you were associated?

A. Yes.

105 Q. And who was that?

A. Ian Gibson.

106 Q. And was Mr. Gibson a partner in Midgeley Snelling, a director of Larkhill?

A. He was.

107 Q. At one point in time, had the balance sheet for the bank included references to the loans which were made by Jamie to MAP in particular?

A. I am sure they did, but I had nothing to do with IFTC so you are now asking me questions that I actually wouldn't have been in a position to answer.

108 Q. Well do you know whether at a point in time Jamie was removed from the balance sheet of the bank by reorganising the voting structure of the company and arranging for the voting shares in Jamie to be held on trust for the benefit of the bank but not directly in the bank's name or control?

A. I am sure if there were any changes in the shareholding to the companies of which I was an auditor, I would have aware of them, yes.

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109 Q. So that the bank and Jamie had, I suggest, perhaps in 1978 or 1980, separated their accounts so there were two separate accounts, accounts for Jamie and accounts for the bank and they had different financial year ends, is that so?

A. If you say so, I am sure it's correct.

110 Q. Now this company, Jamie, did it find itself in financial difficulties with regard to meeting its liabilities in view of the loan that it had made to MAP?

A. Yes.

111 Q. And was that a very substantial loan from the point of view of the bank and the liability of the bank?

A. Yes.

112 Q. Did Larkhill also find itself in a position where it would not be available to meet its liability to the bank?

A. Yes.

113 Q. And did the combination of these two events mean that effectively the bank was insolvent?

A. That I believe was the end result, yes.

114 Q. And as a result of that insolvency, do you know whether or not Midgely Snelling, and in particular Mr. Wadley, met with the Murphy group of companies and their legal advisers and accountants in an effort to resolve this problem?

A. I believe that happened, yes.

115 Q. Is it the case that the Murphy interests were probably the single largest interests in the bank from a deposit point of view?

A. I think so. I would have had no direct knowledge of that.

116 Q. Do you know whether or not as a result of the failure of this bank, whether proceedings were launched against Midgely Snelling to recover monies lost by Joseph Murphy and the Murphy trusts against Midgely Snelling?

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A. Yes.

117 Q. Were you a defendant in those proceedings?

A. No. I don't think a claim was made against me, no.

118 Q. Either as a former partner or otherwise?

A. No.

119 Q. I take it from your knowledge of the Midgely Snelling practice, that you are aware that they did carry professional indemnity cover with an insurance company, isn't that so?

A. That's correct.

120 Q. And are you aware that the insurers for Midgely Snelling entered into an arrangement with those persons who had lost money as a result of the collapse of the IFTC?

A. Yes.

121 Q. And in the case of the Murphy interests, that is Mr. Joseph Murphy and his trust interests, are you aware that there was a payment of some £5.6 million to meet their demand?

A. I would have had knowledge, I think it was 80 percent. What the actual amount it was, I don't know.

122 Q. But it would be something of that order given the --

A. It doesn't surprise me.

123 Q. It wouldn't surprise you. And presumably the insurance company met this claim on the basis that there had been some either wrongdoing, be it negligence or otherwise, on the part of the advisers who were dealing with the Murphy's interests in the bank in question?

A. I think there are lots of reasons why insurance companies settle. You'd actually have to ask them.

124 Q. Well do you believe that there was fault on the part of Midgely Snelling or if --

A. I don't think it's up to me to make a judgement in that case.

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125 Q. Well, you had a role to play there yourself, Mr. Copsey,
isn't that right?

A. In what?

126 Q. As auditor of Jamie?

A. Oh yes --

127 Q. As auditor of Larkhill?

A. As auditor I actually refused to sign the audit report and
wrote a report which formed the basis for putting the
company into liquidation, so yes, I had a part to play.

128 Q. That was a report which you prepared in 1981, isn't that
so?

A. Approximately.

129 Q. But you had been involved with Jamie, I suggest, since 1978
or perhaps just before that?

A. Approximately, yes.

130 Q. And is it the case that the collapse of this bank was a
matter which was of concern to, amongst others, the
professional association of which you were a member?

A. That is correct.

131 Q. I think at that time and perhaps at this point in time
still, you are a member of the Institute of Chartered
Accountants in England and Wales?

A. That's correct.

132 Q. And is it the case that the disciplinary committee or the
Committee of Inquiry of that body sat following a complaint
to deal with the involvement of members of the accountancy
profession who were members of that association involved in
the IFTC matter?

A. That is correct.

133 Q. And I think that that is a matter which was the subject of
an inquiry which lasted some years. I think the final
report was delivered on the 10th January of 1989, the

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matter having been referred to the Executive Committee on the 10th September 1984 and the Committee of Inquiry, having been appointed on the 13th November of 1984.

A. I am sure those dates are right.

134 Q. I presume that having been appointed and since they were going to inquire into matters concerning yourself, they made contact with you about this, is that right?

A. I think you have referred to the fact of an investigation into IFTC.

135 Q. Yes.

A. They didn't contact me in connection with IFTC. They contacted me in connection with Jamie and Larkhill.

136 Q. But I think you'd agree that the collapse of IFTC stemmed from the fact that neither Larkhill nor Jamie were in a position to meet the liabilities that they had incurred to the bank, isn't that so?

A. That is entirely correct, but there is a difference between the two. One was looking at my role as auditor. The other one was looking at the role of individuals as to whether or not they were quasi-directors or involved in the actual bank. Quite a different position.

137 Q. I see. Did you participate in this inquiry?

A. I participated in the disciplinary hearing in connection with Jamie and Larkhill.

138 Q. Was that a lengthy process or did you attend personally before the tribunal of inquiry or did you merely send in a submission?

A. No, I attended.

139 Q. I see. Do you know whether or not Mr. Wadley ever attended?

A. I believe he didn't.

140 Q. And do you know why he didn't?

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A. Because he resigned.

141 Q. And is it the case that by resigning from the Institute, effectively the Institute then had no power to inquire into his activities, that the rules of the Institute at that time --

A. That's my understanding.

142 Q. The Institute made a finding against you in relation to your dealings as a chartered accountant both in relation to Jamie and also in relation to Larkhill, isn't that so?

A. That is correct.

143 Q. And I think before you in the documentation which you have at page 47, I think you may have to turn that on its side Mr. Copsey to read it. Page 47 encompasses two pages with their internal pagination 12 and 13. You see that?

A. I am on 13 at present.

144 Q. If we turn to 13, details with the reference to yourself under the entry, the last entry there in paragraph 3. You say "The Committee preferred a complaint to the Institute of Chartered Accountants in England and Wales in respect of Roger John Copsey FCA. The Committee found that his professional and business conduct, efficiency and competence fell below the standard expected of a chartered accountant in that (1) he acted as auditor of Larkhill Limited and Larkhill Developments Limited in spite of a continuing close relationship with Midgely Snelling & Co and for part of the time he was in partnership with the director of Larkhill Limited in breach of the Companies Act" -- that's the English 1984 Act, isn't that so?

A. That is correct.

145 Q. So in that finding, there were two findings made in relation to making a complaint against you. Firstly, because in performing an audit function, you also had a

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continuing close relationship with the accountants, isn't that so?

A. That's correct.

146 Q. Is that a fundamental breach of the audit obligation that an auditor should never have an association with the person whose work he is auditing, in particular a firm of accountants with whom he might have a relationship?

A. Well I think your phraseology, is it fundamental? I think you have to look at the end result to find out whether things are fundamental. The end result was that I was asked to pay costs. My practicing certificate was not taken away from me. It wasn't suspended and I wasn't fined. So in that context, that particular finding wouldn't be called fundamental. Had it been so, then I would have had my practicing certificate taken away from me or at least suspended.

147 Q. You would dispute then that it is fundamental to an audit process that there is a distinction between the accountant whose work is being reviewed by the auditor and the audit?

A. No, I am not disputing that. I am just putting fundamental in context.

148 Q. Right. And why was it that you took on the audit function of a company where you knew that there was a close ongoing relationship with Midgeley Snelling who were the accountants?

A. I think that auditors very often take on work where they have a close relationship. It's when you come to the grey area of whether it's too close.

149 Q. I see. It is provided expressly in the Companies Act, is it not, that one cannot operate as auditor where one has a directorship or a partnership with the director of a company, isn't that right?

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A. That is correct.

150 Q. There is no ambiguity about it. One either must avoid this if one is going to perform any effective audit function in compliance with law, isn't that right?

A. You are absolutely right, but I think the Institute quite rightly took into account the fact that I had by letter been appointed the auditor of the company, let us say, taking a hypothetical date, on the 1st January. I was still a director until, let us say, the 31st March. I resigned the directorship and then I did not commence any audit work of any description until, say, the 31st August. So yes, you are absolutely right, there is an absolute necessity in company law to keep the two separate. But I think that the Institute quite rightly saw in this particular case that there was form and substance involved.

151 Q. And why was it that you took on this function in the knowledge that you had been a director and in the knowledge that you had this relationship with the partner?

A. Because I made a small mistake.

152 Q. I see. The second finding which was made against you, if I might quote again from the report was that "He signed audit reports on Larkhill Developments Limited without having considered or taken action on the inadequacy of the systems of financial control of the company without in 1978 sufficiently close examination of the crucially important question of the valuation of the work in progress. And without also, in 1978, sufficient consideration of probable losses on the development or of events between the balance sheet date and the date of signing of his report."

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Again, the body seemed to have reviewed your activities in

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1978 and found them wanting at that point, isn't that right?

A. That is correct.

153 Q. And it is, I take it, significant that one should establish precisely what events may have taken place between the balance sheet date and the date of signing of the report, isn't that so?

A. That is correct.

154 Q. Because a company -- whilst it might appear solvent, often the date of the first of those dates -- may in fact have entered into some arrangement which rendered it insolvent by the date of the report?

A. That is correct.

155 Q. Did that in fact happen in this particular company from the account point of view, was that a distinction between the status of the company in its accounts on the date when the report -- sorry, when the balance sheet was prepared and the date when the report was signed?

A. To answer your question that at that particular point of time, I carried out certain work which was found not to be of a sufficient standard. In the following year, before the event had unfolded, I commenced another audit and refused to sign the audit report and wrote a report stating that the accounts which I had previously audited must in consequence of the information I then had have been incorrect. So here we have a situation which the Institute took into account that hindsight is not always an exact science and in carrying out my work in one year, that I hadn't carried it out possibly quite as well as I should have but in the following year, had in fact done all of the correct things, including not signing the audited accounts. So again everything you say is correct. I am

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simply putting it in context.

156 Q. And who then signed the audited accounts for the year 1979? This complaint at (2) here refers to deficiencies in your audit function in 1978 and, as I understand the position, you did not sign the 1981 accounts?

A. You probably have more information on the dates than I do. I mean the complaint was in respect of 1978.

157 Q. Yes.

A. I am really working from assumption here, but I assume had the 1979 accounts also been incorrect, that would have been mentioned in this report and the finding. So I can only assume that the 1979 accounts weren't done or weren't incorrect.

158 Q. The third finding against you then related to the 1980 audit of Jamie Investments that states that "In his 1980 audit of Jamie Investments Incorporated, he did not give sufficient consideration to events between year end and the date of signing his report which had an impact on the ability of the Larkhill Group to repay accounts due or to the security for amounts due from shipping group to Jamie and the group's ability to repay such amounts or to the basis of the charge payable by Jamie to IFTC."

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Again, would that finding indicate that you had failed in your audit function as regards the Jamie Investments Incorporated?

A. Yes. I mean, all of this is a statement of fact and I am not denying any of that. The other point which of course, for which I was criticised over, was the fact that I had a close relationship and a number of the certificates and information that I would have looked at in connection with the post inquiry event was supplied to me by people with

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whom I had a close relationship and the information I was given was not always correct. So that was the circle of things as to why I incurred criticism.

159 Q. And who was it that was giving you this information which was incomplete?

A. Ian Gibson.

160 Q. Ian Gibson who was a partner in Midgely and Snelling --

A. That is correct.

161 Q. With yourself. And do you know why Mr. Wadley did not subject himself to the inquiry of his professional institute?

A. I genuinely don't know.

162 Q. Did you ever discuss it with him?

A. No.

163 Q. In any event, it would appear that as of 1981/82 there was a fairly major financial difficulty created by the collapse of this bank, isn't that right?

A. Yes.

164 Q. And it probably was the subject of one of the bigger audits or bigger committee of inquiries carried out by the Institute, isn't that right?

A. At that time, yes.

165 Q. At that time. They ultimately required you to pay £15,000 towards the costs of what was a very expensive inquiry at that time, over £315,000 in expenses incurred by the Institute, isn't that right?

A. I never actually heard that figure before, but --

166 Q. If you turn I think to page 49 in the document that is before you, you will see about half-way down the page, that the total costs of and incidental to the inquiry amounted to £315,251 and that the subject of the inquiry had been events between 1972 and 1981. It would appear,

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Mr. Copsey, that certainly nobody was struck off as a result of the findings of this particular tribunal of inquiry, isn't that right, even if Mr. Gibson, who you have indicated misinformed you of events and was instrumental in you preparing the reports which you did, isn't that right?

A. Yes. In doing so, I would like to emphasise I do accept responsibility for what I did and obviously accept the findings of the Institute.

167 Q. Now, having ceased to provide your services to the Murphy group of companies, JMSE in particular, in 1978, had you occasion to return to provide services to the Murphy Group in 1988?

A. Yes, I did.

168 Q. Had you had any contact with either Mr. Murphy or any of the executives of the Murphy Group in the interim?

A. Not to my recollection.

169 Q. And can you indicate how it is that you came back to provide services for the Murphy Group in 1978?

A. Yes. I got a phone call from Mr. Edgar Wadley asking whether I could be of any assistance in connection with Joe's affairs in Ireland.

170 Q. And at that time point in time, what was Mr. Wadley's status do you know?

A. He was an independent consultant, just in that context. He hadn't acted for Joe and I believe he got a phone call one day, as it were, out of the blue.

171 Q. Had he ceased to be a chartered accountant?

A. Yes.

172 Q. And he telephoned you out of the blue in 1988 and indicated that Mr. Murphy Snr wanted to avail of your services, is that right?

A. Not quite correct. I mean, I believe that Joe Murphy had

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asked him for his assistance and because there was an Irish connection to some of the work, he suggested to Joe that I could be useful and Joe agreed to that.

173 Q. Right. And do you know what time of year that was? Was it --

A. I think it was about May.

174 Q. About May. Did you know at that point in time what had transpired in the years since you had last provided services to JMSE? Did you know, for instance, of Mr. Conroy coming in and being an executive and subsequently chief executive of the company?

A. No. I believe that the only indirect knowledge I picked up within the village of Dublin was the fact that Marcus Sweeney had been appointed managing director.

175 Q. Were you told why it was that you were going to be brought in to assist Joe in May of 1988?

A. I think really initially in connection with statutory matters.

176 Q. With what?

A. Statutory matters.

177 Q. Statutory matters?

A. Yes. Companies Act matters.

178 Q. What type of Companies Act matters?

A. Well, my understanding was that the plan was to try to replace the existing board with another board and there was certain meetings and resolutions which had to be passed to achieve that objective.

179 Q. I see. Were you aware that there was an unhappiness in Mr. Murphy's mind with the way in which the companies had been run by the existing board?

A. Yes, I was given a background to the current situation.

180 Q. Right. Did that include being informed of the findings of

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Mr. Chris Snelling, who had apparently prepared a report in May of 1988 following meetings with Mr. Gogarty and with Mr. Murphy Snr?

A. I think that Chris Snelling's report was more on -- more of a systems report rather than a gaining back control. It wasn't connected with the gaining back control of the companies.

181 Q. You don't believe it was?

A. No, I don't believe it was.

182 Q. That document, if the report is, what has been provided to the Tribunal, is at page 54 of the booklet of documents before you, Mr. Copey, and it's a letter of the 20th May of 1988. Do you have that letter before you?

A. I do, yes.

183 Q. I will just read that into the record if I may. It's a letter from Midgely Snelling & Co and it's to J. Murphy, Esquire, Courtil Rozel, Mount Durand, St. Peterport, Guernsey, Channel Islands. "Dear Joe:

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JMSE/AGSE.

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I am dictating this letter following review of the information provided to me by Jim yesterday. I will divide the information under five headings, namely:-

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1: Financial accounts.

2: Schedule of debtors.

3: Bid cost reports.

4: Information on the charging of assets.

5: The personnel position.

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I will report now under these headings.

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1. Financial Accounts:

"Jim brought with him various sets of accounts of which I retained the following.

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A: Draft accounts of JMSE to 31st May 1987 prepared by the auditors.

B: Accounts of AGSE to the 31st May 1987 under which the auditors' report has been signed but which have not been signed by the directors.

C: Management accounts of JMSE for the nine months to 29th February 1988 and

D: Management accounts of AGSE for the nine months to 29th February 1988.

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"I also looked at the management accounts of both companies for the six months to 30th November to try and agree the schedules of debtors to which I will refer later but I did not retain a copy.

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"I concentrated on trying to obtain a rapid understanding of these accounts on the current assets. The operative figures for the 31st May were as under" -- I am not going to detail exactly what those figures were, but if we can remain in the text of it.

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"From the above, you will see that the apparent increase in the stocks and work in progress at JMSE is offset by an apparent fall at AGSE. There is no analysis in the accounts of the figures of AGSE as between works in progress and stocks.

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"There is also no analysis of the amounts owing to JMSE by fellow subsidiaries but from the AGSE accounts, I would presume that a substantial element of the balance is due from AGSE.

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"In the accounts of AGSE, the amounts shown as due to a fellow subsidiary, which I assume means JMSE, are as under" -- and the figures then are given -- £606,940 in May of '87 and £1,129,000-odd in May of 1986.

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"The difference between these amounts and the amounts shown as receivable by JMSE should relate to amounts due from other companies within the Group. It is necessary to understand these balances in order to ascertain how much funding is being made available to the companies. Without knowing how much funding has been provided, it is not possible to assess how relatively profitable or unprofitable they have been. It's also necessary to know details of all transactions between the companies, in particular to assess whether any of them have been other than on an arm's length basis.

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"To summarise, I cannot form any real view on these accounts without seeing them, together with the accounts of the holding company and without understanding the intercompany transactions.

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2. Schedules of Debtors:

"Jim provided me with schedules of debtors for AGSE as at the end of August, September, October and November of 1987 and for JMSE at the end of September, October, November '87 and January '88. I have attached a photocopy of the

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schedule for each of the companies as of 30th November in order to show you the information they contained.

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"You will see that these schedules show for each contract individually the balance due for payment after deducting provisions and excluding retentions.

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"I tried to reconcile the total on the schedule for each company to the management accounts as at 30th November but I could not agree the figures. The figures per the schedules appear to be higher than those in the accounts which made me think that further reserves and/or provisions may have been made in preparing the accounts. In trying to make the reconciliation, I presume that the amounts would be shown in the accounts as work in progress. There is in the accounts, however, also a figure in respect of debtors which I would want to understand.

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"To summarise the above, I cannot reconcile the detailed lists given to me by Jim to the figures in the accounts and I cannot in particular tell whether there might not be additional reserves of which Jim is not aware.

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3: Bid Cost Reports:

"Jim provided me with bid cost reports on some fifteen separate contracts, nearly all of which were as at 1st March 1988.

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"I looked in particular at the ones related to Nantgarw Beol, which is dated 22nd January 1988 on which Jim reported in his letter to you. I have attached a photocopy.

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"On the Revenue side, the bid cost report shows the total per the original bid and the total per the latest valuation before and after deducting the builder's discount. It also shows the estimated final account less the total of provisions.

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"The bid cost report does not show the amount actually paid on account of each contract so that I cannot say whether the balance on the schedule of debtors are based on the estimated final account figures or on the amount of latest valuations submitted.

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"For the purpose of monitoring this collection of cash, the schedule of debtors should be based on the amount of latest valuation submitted and hopefully is. My concern, however, is that the schedule also shows provisions which would suggest this is not always the position.

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"From the attached copy of the bid/cost report in relation to the Nantgarw Beol, you will see that the relevant figures are gross amounts £696,157.77, less discount £16,881.85.

Net amount: £679,276.92.

Estimated final account: £1,027,319 less: Provisions £92,000.

Net amount for estimated final account: £935,319.

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"The question is which of these amounts (if either) is the figure used to work out the balance due to the company for the purposes of the schedule of debtors and for the accounts.

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"If the accounts are based on the latest valuations net of discount and less amounts based, then I would regard that basis as realistic, as long as the valuations themselves are not in dispute.

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"The bid cost report re: Nantgarw Beol is an AGSE report which has been prepared in English pounds sterling. From the photocopy you will see that the costs incurred by JMSE shown on this report do appear to be multiplied by .895 which would suggest that JMSE's costs in Irish punts had been converted into sterling. This would make the point in Jim's report incorrect.

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"Of greater concern to me would be the suggestion in Jim's letter that MRLs are not being strictly applied, unless of course they have introduced some other system for making sure that there is full documented control over cost expenditure on ongoing contracts.

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"The idea behind the MRL, which I introduced many years ago, is to ensure that:-

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(a) Planned expenditure on contracts is known in advance.

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(b) A clear record exists of how and when actual purchasing of the material took place.

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(c) Any supplemental purchasing of materials and expenditure on contracts not allowed for originally cannot take place without management knowing.

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(d) Wherever possible, expenditure not originally allowed for is passed on to clients by way of variations/claims/extras.

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(e) A record exists for the purpose of investigating contracts where final profitability is less than the originally estimated.

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"In view of the above, the MRL is an important control document which does need to be implemented rigourously if it has not been superseded.

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"Without proper MRLs, it is not possible to know whether actual costs still to be incurred as shown in the bid cost reports is reliable or not. For example, on Nantgarw Beol, the bid cost report shows that out of the total actual costs of £753,316, £202,077 relates to costs still to be actually charged. If this figure is suspect, then the scope for error on the bid cost reports is clearly significant.

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"To summarise, I cannot determine from the information provided by Jim the extent to which the schedule of debtors includes only balances which are collectable now. It may or may not be based on valuations made and agreed, or it may include balances in respect of variations in claims which are not in dispute, but after making some provisions.

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"The fact that provision are also shown in the schedule makes me concerned that certain items have been included where the collectability is still subject to negotiation.

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So long as further reserves have been made in preparing the financial accounts and so long as the board knows what the real position is, this may not be inappropriate. It must be right, however, to seek confirmation that that is the position.

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"I am very concerned by the apparent lack of rigid implementation of the MRLs to the extent that no other such control system may exist.

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4: Information on the Charging of Assets:

"There is no reference to such charges or to guarantees having been given by the company which might relate to same, either in the accounts of JMSE or AGSE as at the 31st May 1987. This may be because such guarantees were given after the 31st May 1987 or alternatively because the guarantees had been given by the holding company of the group on behalf of the company. It may also be that such notes when incorporated into the final accounts because I am of course looking at the draft accounts.

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"The secured borrowings of both the companies, assuming that the banks and financial institutions involved have both fixed and floating charges, would not appear to be unrealistic in relation to the company's assets, on which they have security although the shareholders funds of AGSE are limited. I would not have expected, if the companies are maintaining their bank accounts correctly and servicing the loan within the terms agreed, that there would have been a need for external security to be provided. I expressed this view on the presumption that the level of the bank overdraft shown at the 31st May is representative

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of the level which is existed throughout the year, subject always to normal up and down fluctuations.

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"Jim does not have details of the charges that have been entered into and I do not know to what accounts the overdraft positions shown in the accounts have been arrived at as a result of intercompany funding as between their holding company and fellow subsidiaries.

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"I understand also from Jim, although he could not provide precise details, that performance bonds were required in relation to certain of the contracts and I would presume that any charges which had been given, arose because the bank or insurance company which gave the performance bonds required security.

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"In order to understand this position, I would again need to see the holding company accounts, to obtain details of such performance bonds, guarantees and overdraft facilities as may have been provided both to it and by it and then to obtain specific details of the charges.

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5: Personnel Position:

"I asked Jim to give me a rundown on the key personnel who he thought would be likely to go if Liam Conroy were to be replaced as chief executive of the company. Jim thought that following his departure, Marcus Sweeney, Gerry Downes, and Anthony Moore would all be likely to leave. If Jim's analysis of the position is correct, it would probably be desirable to release all of these persons at the same time rather than to leave them to go at a time of their choosing, on the assumption that in the meantime, their

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participation would be at best unconstructive.

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"There is need to see the contracts of employment of all of the persons concerned which, as you know, Jim has not been able to obtain.

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"The risk of damage through continuing to employ them, particularly the risk of loss of documents and damage to relationships with clients, would need to be offset against such financial compensation as they might have to be paid. In my limited experience, however, it is generally better to pay the compensation and eliminate the other risks, even though the costs may never be quantified.

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"There would then be an urgent need to call the remaining team together, to motivate them to go out and meet immediately with all of the company's principal clients so as to explain why the decision had been made and to give them assurances that the company was still in the position to provide continuity of service.

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"Jim believes that if he can guarantee the retention of Tom Bryce, Dave Norman, Jimmy Cane and Ian Atkinson, that he could hold the position in AGSE. In relation to Dublin, we take back overall control himself and would seek to possibly bring back Dan Kaine.

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"Obviously there would be a period of disruption and Jim would need maximum support, including also the support from you and, as you may desire, from me.

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"Longer term, he would require support by way of a new

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contracts manager and for this purpose he has in mind the possibility of reengaging Gay Grehan, a man who, as far as I can recollect, would be capable of if properly motivated.

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"Above I have set out my very preliminary findings as a result of sitting with you and Jim from which I would conclude, based on my past experience of having worked with Jim, that if you did reach the view that a change must be made, a temporary solution could be found to avoid a disaster.

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"Your greatest risk would be your dependence on Jim and his good health.

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"In a perfect world, any such decision would be arrived at on the basis of a careful and accurate analysis of the financial position and in particular of the ongoing contracts. Whilst this was being prepared, a practical plan could also be made.

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"The constructive way to obtain the required information must be by convincing a majority of the persons who advise the trustees who control the ultimate holding company of the group that there is sufficient reason, having regard to your many years of experience (and also to Jim's experience) for an independent investigation of the work in progress, debtors and contracts to be carried out.

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"If adequate reserves exist, which may be the position, then although I can understand the management would prefer not to suffer such interference, then they have little to

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be concerned about at JMSE/AGSE from the accounts I have seen. The problems which you have identified in England, linked with the past problems in Ireland, should justify them supporting you in initiating such investigation if they have open minds.

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"I would also submit, hopefully without appearing pompous, that in view of my particular training and experience and also in view of my prior knowledge of the company's affairs, that I might be a person who would be acceptable to everybody concerned to arrange for such an investigation to be carried out.

.

"We have of course spoken since I met with Jim, and I now await the outcome of your meetings today to see how matters progress. I would finally add one note of warning, namely that you should forget that I have been not been involved in the affairs of JMSE for some seven years now and that everything I have written in this letter is based solely on my one day of discussions with you and on my one day of discussions with Jim.

.

"That having been said, having regard to your comments in relation to the position with the English companies, to me it is clear that that there has to be sufficient reason for concern to justify some form of independent review of the position. To what extent one would then need to go further would of course depend on what one finds.

.

Yours sincerely, CW Snelling."

.

That was Mr. Snelling's report in May, isn't that right --

.
CHAIRMAN: Mr. O' Neill, I think we will take a very short break because I contemplate sitting until about 4.15 or thereabouts. Just a very short break. Five or seven minutes.

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

.
MR. O'NEILL: Mr. Copsey, having heard me read that letter or report of Mr. Snelling's to Mr. Murphy, does it bring back to your mind what you understand the relationship of Mr. Murphy and Mr. Snelling to have been for a start at that particular time?

A. Yes.

184 Q. And also the relationship of Mr. Gogarty and Mr. Murphy. Were they both, if I might put it this way, on the same side as regards carrying out an investigation into the financial accounting systems that were being operated in JMSE?

A. I think just on a point of emphasis, I think that Jim Gogarty was more inclined towards the investigation. Joe Murphy was more inclined towards taking back control of his companies.

185 Q. Right. And what function again were you to play in this taking back of control?

A. Well as I have already said, to be of -- at that particular point of time, to be of any assistance that I could in terms of company law matters.

186 Q. Were there lawyers involved, do you know, in the proposed take over?

A. Yes. Chris Oakley, who is a UK lawyer and of course he

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would have known about the Companies Act 1984, the UK Companies Act but he wouldn't have had detailed knowledge of the Irish Companies Acts.

187 Q. Well is it not more or less a mirror of the 19 -- the Irish 1963 Act, is it not taken in toto from the 1984 Act?

A. Yes, but as with anything to do with the legislation, it's the exceptions which are always important.

188 Q. And when did you come in on the team, if I might call it that? Can you recollect your first involvement?

A. Just somewhat before the famous meeting which was at six o'clock in the morning on the 8th May or whenever --

189 Q. Yes --

A. It was sometime before, a little before then.

190 Q. Right. And can you recollect where it was that you met?

Did you meet with Mr. Murphy Snr or with others?

A. Well I had telephone conversations first of all with Edgar Wadley. I believe I also then met with Jim Gogarty and as far as I can recall, I think that I met with Brendan Devine as well, but some of those meetings may have been just before or just after what I would call the watershed meeting of the 8th May.

191 Q. And in that meeting, did you learn that there was to be litigation following upon the purported removal of the board of directors that was there?

A. Yes.

192 Q. And subsequently litigation commenced, had you any role to play in that?

A. No.

193 Q. But by June, were there a series of meetings starting on the 17th June, involving JMSE, AGSE and the other companies, as an aid -- I think if you were to turn to page 63 of the booklet of documents in front of you, you will

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see that the first document there is minutes of a meeting of the directors of Joseph Murphy Structural Engineers and that was held on the 17th June of 1988, do you see that?

A. Yes.

194 Q. Now, the attendants were Mr. Murphy Snr, James Gogarty, Liam Conroy, Marcus Sweeney, Gerard Downes, Stephen Haughey, Peter Law, Roger Copsey and John Lane, isn't that so?

A. Yes.

195 Q. And in addition then, that meeting recommenced at 2.20 and at the reconvened meeting, present were Mr. Murphy Snr, Mr. Gogarty, Mr. Conroy, Mr. Sweeney, Mr. Downes, Mr. Brendan Devine, Mr. Edgar Wadley, yourself and John Lane, isn't that so?

A. That's correct.

196 Q. The gentleman, Mr. Haughey and Mr. Law, I think, were legal advisers to the board as it was constituted or claimed to have been constituted at that time, is that right?

A. The other side.

197 Q. They were the other side, yes, and they did not attend at the reconvened meeting but Mr. Wadley did and you did, isn't that right?

A. That's correct.

198 Q. Now at that meeting, it was chaired by Mr. Joseph Murphy Snr, is that right?

A. That's right.

199 Q. And in the business of the meeting, it included the resignation of Liam Conroy as a director, isn't that right?

A. That's correct.

200 Q. Can you say how that was achieved?

A. No, I have no specific recollection of how it was achieved.

201 Q. If you look to the very bottom of page 63 there, under the

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heading "LC resignation" that deals with Mr. Conroy's resignation and it reads "Insofar as LC may be a director of the company, RC" -- that's yourself I understand -- "As representative of General Agencies Limited handed the meeting LC's resignation. LC stated that he had not received General Agencies notice under which the resignation had been handed to the meeting and therefore knew nothing of these proceedings. It was pointed out that the notice had been sent to his Jersey address."

Does that bring it back to mind as to how this happened?

A. Well now not really, other than what's written here because I think it's quite clear that I acted as an agent for General Agencies, so all the work would have been done by General Agencies. I was simply given the finished matter, the fait accompli.

202 Q. Right. Do you understand General Agencies to be the holding company in the Isle of Man for the Irish conditions?

A. Yes.

203 Q. And it would appear that there was some pre-prepared letter of resignation of Mr. Conroy which was then handed to him, is that right?

A. That would have been my assumption.

204 Q. So the effect of this was to remove the existing chief executive of the company by you handing him the document through General Agencies Limited?

A. That's correct.

205 Q. And whilst he raised a query as to notice, it seems to have been satisfied by being informed that the notice was in fact sent to Jersey which presumably was the address to which any such notice would have been sent on foot of the agreement with General Agencies, is that so?

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A. That would be my assumption.

206 Q. Right. Now, it was then proposed that new directors would be appointed, including yourself and John Lane, is that so?

A. Yes.

207 Q. Mr. Lane I think was also a chartered accountant, is that right?

A. He is certainly an accountant.

208 Q. He is an accountant. And had he been engaged to prepare a report insofar as he could from the information provided to him by Mr. James Gogarty?

A. Yes. Whether that was a report to the company or just to Jim Gogarty, I can't remember.

209 Q. It would appear from Mr. Snelling's report that Mr. Gogarty certainly didn't have all the information necessary to allow Mr. Snelling to offer a definitive accountant's opinion on the status of the companies, isn't that right?

A. That would appear from Chris's letter, yes.

210 Q. So that under the regime operated by Mr. Conroy, did you understand that Mr. Gogarty did not have full access to information in that regime?

A. That was my understanding.

211 Q. And was that one of his complaints, do you know?

A. Yes, yes. I don't think the main complaint, but one of his complaints, yes.

212 Q. And do you know whether Mr. Murphy shared the concern about the accounts and the available accountancy information which was coming out of the company as it was run by Mr. Conroy?

A. He certainly had a concern as to whether or not Mr. Conroy and the people he employed were operating his companies in a manner which wouldn't lead them into problems. I think Mr. Gogarty's emphasis was much more on detail.

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213 Q. Was there a general concern about the system of accounting which was being operated in the companies?

A. I don't think that Joe Murphy Snr had a particular concern in connection with the Irish companies. The major concerns that I heard him voice were in the connection with contracts in the UK.

214 Q. But I assume to understand the contract, one must consider the accounting details which accompany that?

A. Yes.

215 Q. The costings and the anticipated profits and all that could only be gleaned from looking at the figures, isn't that right?

A. Oh yes. I am not disputing anything you say. I am just saying that the people who were concerned, I was trying to explain the difference between the concern the two people had.

216 Q. At this meeting on the 17th, there were a series of meetings of the other related companies also, isn't that right? There was a meeting of the directors of Archbel Greenwood Structural Engineers, that's AGSE?

A. Yes.

217 Q. And in relation to that company again, the same procedure was implemented through you whereby General Agencies asked you as their representative to hand the meeting Mr. Conroy's resignation?

A. That's correct.

218 Q. Which you did. And I think you were then appointed as a new director of the company, again with Mr. Lane, isn't that right?

A. Yes.

219 Q. And in relation then to a series of related companies, there were meetings on the 30th June, 1988. Firstly of

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Barrett Developments, and you will see at page 69 in the documentation before you, that you held a meeting at Charter House, 5 Pembroke Row, which is your office, isn't that right?

A. That is correct.

220 Q. That took place on the 30th June, and Mr. Conroy was removed as a director of that company by you handing, as representative now of a company called Bromley Limited, his resignation.

A. Yes.

221 Q. And what was Bromley? How did it relate in the scheme of things to General Agencies and to Barrett and to the other companies?

A. Insofar as I can remember, and you have to take account that I didn't particularly concern myself with the overseas structure but I believe there may have been either more than one trust or two branches from a main trust and we would have -- there would have been General Agencies would have been the holding company for a particular group and then Bromley would have been another branch which would have had another group of companies under it, presumably one of which was Barrett Developments.

222 Q. I see. Were you aware of why exactly this particular structure of companies had been set up?

A. No.

223 Q. How many companies in all do you think there were linking back up through the line ultimately to the trustees?

A. Any figure I gave would be pure guesswork.

224 Q. It was described by one of those lawyers who was examining the relationship as a labyrinth of companies, would that be a fair description?

A. I don't know. I think sometimes to the uninitiated it can

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seem very confusing but...

225 Q. Well did you understand it yourself --

A. Insofar as I had to and I have seen many diverse groups of companies and I wouldn't call it a labyrinth.

226 Q. But they all ended up in the Murphy trusts ultimately, is that right?

A. That's my understanding.

227 Q. Now in this meeting, Mr. Lane retired as the company secretary, is that right?

A. Yes.

228 Q. At item 4.

A. Yes.

229 Q. He had been in that position I think for a very short period of time, following the early morning meeting in which the original secretaries were removed, is that right?

A. That is correct.

230 Q. Can you recollect at this time why it was that Mr. Lane retired and why Copsey Murray Secretarial Services Limited was appointed in his place?

A. Yes. I mean, my understanding of John Lane's role was very much as adviser to Jim Gogarty and there really, in the heel of hunt, there wasn't a need for an adviser to James Gogarty and an adviser to Joe Murphy.

231 Q. Did you know of any dispute that there might have been with regard to any advices given by Mr. Lane about how the companies' affairs should best be conducted?

A. I don't think there was a dispute. I don't think that Joe Murphy agreed with the advice which John Lane had given to Jim Gogarty, and in particular the idea of taking the company to the Stock Exchange.

232 Q. I see. Do you recollect there being any discussion about Revenue matters or amnesty matters?

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A. At that particular point in time, it wasn't a particular issue, no. It may well have been mentioned but it wasn't an issue.

233 Q. Can you recollect what view Mr. Lane had on that subject?

A. I believe he felt that a full investigation ought to be carried out on the basis of the information which Jim Gogarty had given to him but as we have --

234 Q. You then were appointed a director of the company in addition to Copey Murray Secretarial Services Limited being the secretary of the company, isn't that right?

A. That's correct.

235 Q. On the same date in relation to Turvey Estates, another landholding company, similar procedures were adopted, though in this instance you were acting as the representative for Earlington Limited, is that right?

A. Yes.

236 Q. And obviously it was yet another of these companies in the chain, is that right?

A. Yes.

237 Q. In Finglas Industrial Developments Limited, a similar system was implemented and you were at this time acting as representative of Mooredale Limited, is that right?

A. Yes.

238 Q. And you were appointed a director of Finglas Industrial Estates at that date, isn't that right?

A. Yes.

239 Q. And then in relation to the Grafton Construction Company Limited, that was one of the General Agencies companies, isn't that right?

A. That is correct.

240 Q. And you were appointed a director of that company and the Copey Murphy Secretarial Services again was appointed as

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the company secretary, is that right?

A. Correct.

241 Q. Joseph Murphy Steel Erectors Limited, I don't believe that was a land-owning company --

A. I think actually it was a dormant company.

242 Q. But as a pro forma matter, you were also appointed a director to that, is that right?

A. Yes.

243 Q. Wexburn Limited was another one of the companies, is that right?

A. That's correct.

244 Q. And on the same date again, as representative of General Agencies, you handed in the resignation of Mr. Conroy, you confirmed the appointment of Mrs. Murphy, Mr. Murphy Jnr, and Mr. Peter Gardiner as directors and again company secretary was changed to Copsey Murray Secretarial Services and you became a director of that company, is that right?

A. Correct.

245 Q. Similarly in relation to Lajos Holdings Limited. Lajos was an Irish company, is that right?

A. That's correct.

246 Q. And was it the company which was the holding company in Ireland for many of these companies?

A. That is correct.

247 Q. It in turn was owned by General Agencies Limited, the Isle of Man company?

A. Correct.

248 Q. And it was in the capacity as the representative of General Agencies that you tendered the resignation of Mr. Conroy?

A. Correct.

249 Q. Isn't that right?

A. Correct.

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250 Q. And again you became a director of that company, the company secretary was changed, isn't that right?

A. Yes.

251 Q. The Gaiety Theatre Dublin was another of the Murphy companies at that time, and again as a representative of General Agencies, you handed in the resignation of Mr. Conroy. You confirmed the appointment of Mrs. Murphy, Joseph Murphy Jnr and Mr. Gardiner as directors and the company secretary was changed. You became a director of that company also, is that correct?

A. That is correct.

252 Q. On the 2nd July then, there was a meeting of the directors of JMSE and at that meeting, the registered office of the company changed. There was a specific note that the meeting did not recognise Mr. Sweeney as a director of the company but noted that he did not agree that he had resigned, isn't that right?

A. And he asked for that to be noted.

253 Q. And that was noted at that particular meeting?

A. Correct.

254 Q. At that time Mr. Lane again retired from that company also, isn't that right?

A. That is correct.

255 Q. Similarly, Reliable Construction Limited, which was another land=owning company, at its meeting on the 2nd July, it was resolved that Mrs. Murphy, Mr. Murphy Jnr and Mr. Gardiner and Joseph Murphy -- senior, presumably -- were duly elected directors of the company on the 7th June, isn't that right?

A. Correct.

256 Q. The registered office was changed, Mr. Lane retired as company secretary and your firm Copsey Murray Secretarial

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Services were appointed and you were appointed as an additional director?

A. Correct.

257 Q. Again, whilst the meeting did not recognise Mr. Sweeney as a director, it noted the fact that he indicated that he had not resigned, isn't that right?

A. That is correct.

258 Q. Now, in relation to any of those companies, was there any particular reason that you can recollect as to why you were appointed to the board of directors, given that Mr. Murphy Snr and members of the Murphy family were directors, in certain instances Mr. Gogarty was a director and Mr. Gardiner, who I think was also an accountant, is that right, that he was a director?

A. That is correct.

259 Q. Why was it that you were being made a director of these companies?

A. Well if you take an analysis of the board, that Peter Gardiner was a partner in a UK firm of accountants and he would not be able to give the advice on an ongoing basis to an Irish-based group of companies, that Joseph Murphy Jnr was really only just starting out in business, Una Murphy had no business experience, and therefore, Joe wanted somebody with financial expertise and I specialise in financial consultancy and he felt that I would be useful addition to the board.

260 Q. But in most consultancy work, I take it you wouldn't be appointed as a director to a company which required your services as a consultant. You would merely bill either on a time basis or a report basis for work which you would provide to the board of directors of that company, isn't that right?

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A. If I could just spend a moment and explain my position which might be helpful to you. Would you like me to?

261 Q. Certainly.

A. I was asked to carry out a financial, a group financial function within the group and it was felt that because of the change in the wholesale change in the structure of the board and the fact that a number of the directors appointed were not known to the banks and did not have business experience, it was felt that it was essential to have somebody on board who could give credibility to the board in a financial sense. My firm was asked to undertake the assignment and I felt that it was necessary to fulfill that function correctly, that I would be appointed director and Mr. Murphy agreed.

262 Q. I see. Was this a proposal which came from you or did it come from Mr. Wadley or did it come from Mr. Murphy?

A. I think it actually just came from the three of us sitting down and discussing the best way to approach the problem.

263 Q. Now, I think that you were aware that there was at least one overseas trust involved in all of this, isn't that right?

A. Correct.

264 Q. And you were aware of the disagreement which Mr. Murphy had with Mr. Conroy at various levels. Could I suggest that there was the disagreement at the level where Mr. Conroy was the chief executive of the company?

A. In hindsight, I mean as I have explained earlier, I wasn't concerned during the period that Mr. Conroy was employed. It was just at -- I only came into it at the time that he was dismissed. But as a background, I would have been given all of that information, yes.

265 Q. In addition to that problem, there was the problem of the

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Trust Council, can you recollect that particular moment?

A. Yes, I can.

266 Q. Was it a case of Mr. Murphy was concerned at the fact that Mr. Conroy was on the Trust Council with Mr. Devine and a Swiss gentleman called Dr. Hinteregger?

A. Yes.

267 Q. And were you brought in and did you have a function in removing the Trust Council?

A. Yes. I think I was appointed as, various terms was used for this, protector or council member.

268 Q. I think Trust Council is the term that was used. I think it was at a meeting of the 17th June where Mr. Wadley and yourself attended at Santry, is that right?

A. If you can show me --

269 Q. There is a reference to it in the affidavit which was sworn by Mr. Oakley and the reference is at page 13 of the documentation before you. At paragraph 25 of that document, it reads "Upon taking instruction, I was informed that the beneficiaries in the settlor would wish Mr. Conroy and Mr. Devine to resign with immediate effect in favour of Mr. Copsey and Mr. Wadley, both of whom were then present with me in Dublin. The appropriate documentation was then executed and is now produced to me, pages 65-69 of CRO-1. Thereafter Messrs Copsey and Wadley, acting as the Trust Council, removed Armoy Limited and Ashdale Limited as trustees and appointed in their place Mr. David Jeremiah Barry and Mr. David Geoffrey Naylor. Copies of the removal and appointment of trustees is at pages 70-72 of CRO-1."

A. That is correct, yes.

270 Q. Does that bring it back to mind?

A. Yes.

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271 Q. Prior to accepting that appointment, did you know anything about these trusts or the wishes of the beneficiaries or the settlor? Had you attended any meeting, for example, with either of them to take their views as to what their wishes were?

A. Yes, I think in the course of the meetings where I met with Una and Junior and, in fact, his sister, whose name escapes me --

272 Q. Angela --

A. Angela, my apologies. Yes, we spoke in general detail regarding the matter and it was decided that it was best that a professional firm of trustees should be employed and I believe that the people concerned, or the company concerned, is a subsidiary of Credit Suisse and they were appointed.

273 Q. There were in a firm called Sovereign Management Limited, is that right?

A. I think they are a subsidiary of Credit Suisse.

274 Q. When did they become a subsidiary of Credit Suisse or were they always?

A. I think they were, I think I have seen it on their headed notepaper and I think it was discussed --

275 Q. They were Guernsey-based, is that right?

A. They were.

276 Q. So that you had the function then of being appointed to the Trust Council, then appointing the trustees and removing the original trustees, isn't that so?

A. That's correct. The function that a person in my position there has is that and that alone, that is in fact to replace trustees, but we carry out no other function.

277 Q. You attended at a meeting of directors on the 6th July 1988 at which Mr. Gogarty was chairman, it was attended by

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Mr. Joseph Murphy Snr, Mr. Joseph Murphy Jnr and yourself,
Rogers Copsey, and in attendance were Chris Snelling --

A. I am sorry, could you give me a reference?

278 Q. Yes, it's at page 79 of the documentation which is before
you.

A. Yes.

279 Q. And this was a meeting held at Santry on the 6th July.

Mr. Snelling and Mr. Sweeney were in attendance. And I
think to that point in time, there was some uncertainty
certainly as regards Mr. Sweeney as to whether he was or
was not a director of the company, wasn't that right?

A. That's correct.

280 Q. And at this meeting, the first matter dealt with was a
resolution that "the company give an indemnity to Marcus
Sweeney for the period from 6th April 1988 to the 7th July
1988. This indemnity should be in respect of any action
which Mr. Sweeney has taken on behalf of the company
holding himself out as a director of the company. That
indemnity only in respect of matters for which it would
have been proper for him to commit the company had he been
a director of the company." Isn't that right?

A. That is correct.

281 Q. The next matter was that "It was resolved that to accept
Mr. Sweeney's resignation as a director of the company
effective from the 6th April 1988, the board assured
Mr. Sweeney that his resignation would not affect his
contract of employment."

A. Correct.

282 Q. There is a seeming contradiction there insofar as they were
accepting his resignation as director and saying that it
wouldn't interfere with his contract of employment, isn't
that right?

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A. It was an unusual situation.

283 Q. And the next matter then at 3 was that "It was resolved that Mr. Marcus Sweeney be appointed director and managing director of the company. The meeting thought it appropriate that a note should be circulated within the company and to AGSE to that effect."

A. Correct.

284 Q. So here Mr. Sweeney was now in effect retaining his position as managing director of the company, though he had to circumvent the position somewhat by a resignation which was not to prejudice his position and then a confirmation or appointment of his position.

A. Yes. The background to that very briefly is that control of the company was taken back by accepting Marcus Sweeney's and certain other people's resignation in circumstances which they didn't necessarily agree they had given resignations. We covered that interim period in this minute, but that Marcus Sweeney was then appointed to the board, at least in part or mainly through my recommendation, because I felt that he was the proper person to be managing director of that company at that particular point of time.

285 Q. Mr. Sweeney was, I think, de facto, dealing with the Sizewell contract which was a very major contract being carried out in England, is that right?

A. Correct.

286 Q. And whereas other directors of the board were felt to be replaceable at that point in time, was a decision made to the effect that he was not immediately replaceable?

A. That's correct.

287 Q. And for that purpose, I think he was kept on as a director and was accredited the title of managing director, isn't

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that right?

A. He was.

288 Q. But there were procedures set up whereby his actions would be mirrored or monitored on a contract side by Mr. Gogarty and on the financial side by yourself, isn't that right?

A. That is correct.

289 Q. Amongst the matters dealt with at this meeting was the question of Mr. Frank Reynolds which was dealt with at heading 6 on page 80, where the matter of production management was then considered and it was suggested that Frank Reynolds would take responsibility for transport control and personnel recruitment and link with the production controller Paddy Garren to form part of the production team. It was noted that Mr. Tony Moore had moved from production to drawings and this was proving successful, although it left a gap in production management and was considered that the proposed production management team would be a weak compromise and that a plant manager should be recruited, isn't that right?

A. That is correct.

290 Q. And Mr. Sweeney was then to report back to the board with a short list of persons to be considered for a plant management, is that right?

A. Correct.

291 Q. The question of management reporting was something that had been of concern to Mr. Snelling in his review in May, isn't that right?

A. Correct.

292 Q. And you then were given a function relating to a new accounting system and I think that's detailed at item 9 in that report?

A. That's correct.

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293 Q. And it states "A management reporting package was briefly discussed. It was agreed that M. Sweeney, R. Copsey and C. Snelling would liaise on the matter prior to the next board meeting. In the context of the management reporting package, reference was made to a report on the accounting system prepared by Copsey Murray & Co and that firm was requested to have the report circulated at the next board meeting." Is that so?

A. Correct.

294 Q. I take it that that involved you reviewing what the existing accounting system was and establishing whether or not it was efficient or acceptable and if it was in need of any modification or substitution, you would devise the appropriate accounting system, is that right?

A. Correct, or my firm.

295 Q. Well, who was in fact dedicated to perform this task and to have the report circulated at the next board meeting?

A. Certainly I was responsible. I mean at this stage, I can't remember. The point really I am making is that it was my firm which had this assignment rather than just me as an individual. There were a number of other people involved in various aspects of it.

296 Q. Well, I suppose if you were preparing a report which possibly was critical of an existing system which had been implemented by or utilised by Mr. Sweeney, that you would have familiarised yourself firstly with the deficiencies in his system and you would have been familiar with the benefits of the system that you were going to substitute for it, isn't that right?

A. Absolutely.

297 Q. It would be a fairly detailed review, I take it, in view of the disquiet which appears to have been manifest from

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Mr. Gogarty's limited knowledge and from Mr. Snelling's limited opportunity to view the figures in May?

A. I certainly would have taken into account their remarks, but both of their remarks of course were not detailed and therefore, I would have taken -- undertaken a review of the system and then taken into account their remarks.

298 Q. Mr. Sweeney asked the board then to give him directions on the level at which he should make decisions without reference to the board. And it was recognised that any guidelines would be subject to commercial judgement. Mr. Sweeney's performance in that respect would be monitored by the board. The following guidelines were given: A, as part of the management reporting package, budgets etc would be approved by the board and Mr. Sweeney would be expected to adhere to those budgets, isn't that so?

A. Correct.

299 Q. And B, it would be expected in the normal course of events that all contracts be discussed at board meeting before the company was committed. However it was recognised that certain smaller contracts in variations to larger contracts might have to be confirmed before the next available board meeting for commercial reasons. In these circumstances, authorisation should be jointly between Mr. Sweeney and Mr. Joseph Murphy Snr or James Gogarty on contracting matters, and between Mr. Sweeney and Roger Copsey on financial matters."

A. Correct.

300 Q. So it was intended then that the next board meeting would be held on the 2nd August at Fleetwood, is that correct?

A. Correct.

301 Q. What was envisaged at this point in time, Mr. Copsey,

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apparently was that there would be regular board meetings of JMSE, is that right?

A. Yes, particularly in the light of Marcus Sweeney's position.

302 Q. And did such meetings regularly take place?

A. I think at that point of time that there were some board meetings, yes.

303 Q. At the meeting of the 2nd August 1988, which is at page 82 of the documentation before you, there was a board meeting of AGSE on the 2nd August at Lower Baggot Street. That was in the property owned by Wexburn?

A. That is correct.

304 Q. Attending at that meeting was Mr. Murphy Snr, Mr. Murphy Jnr, James Gogarty, Marcus Sweeney, Roger Copsey and Mr. Snelling was in attendance at that meeting?

A. Correct.

305 Q. The subject matter of that involved firstly the presentation of the minutes of the previous meeting which we have just dealt with. And then the question of the Sizewell team was discussed in detail. It was agreed that the matter would be reviewed after the response to the current advertisements for staff had been ascertained, is that right?

A. Correct.

306 Q. I think that JMSE at that point in time was trying to put together a management team which would mean that in the event that Mr. Sweeney was to leave, that matters could continue with minimum disruption, is that right?

A. That may have been part of it. The other part was quite simply to make sure that there was a proper team in place at lower than board level.

307 Q. Right. The third item that was dealt with on that date

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were set out as follows: "The question of unsubstantiated cash payments to staff was discussed. Various matters were discussed and it was not clear to the board whether irregular payments had been made to members of staff. It was decided that the board should formally record the company policy which was that payments should only be made against properly vouched expenditure and that if payments were made in circumstances where such vouchers were not available, the amount concerned would be grossed up so that tax was paid on the amount concerned. Marcus Sweeney and Roger Copsy were asked to report to the next board meeting in relation to this matter."

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Can you recollect whether that was a concern which was raised by Mr. Gogarty?

A. Yes, it was.

308 Q. And was this particularly in the context of Mr. Sweeney that he was raising this matter?

A. I think it was particularly in context of anybody who Jim Gogarty had an axe to grind against.

309 Q. And what was his angst or his axe to grind in these instances?

A. I think those people, a number of people had belittled him and -- simple as that.

310 Q. So is it the case that he was suggesting that these people had in fact been receiving unsubstantiated cash payments and this is a matter which had to be resolved and the company policy had to be stated just so that there wouldn't be any repetition of that?

A. Well, there were two factors here. Number one, he had made the allegation but at no time been able to give any proof of any description of any amount, whether it be £5 or

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£5,000. So therefore, it was complete hearsay, hence it records here that the board was -- it was not clear to the board whether irregular payments had been made. There was no proof of it but just as a policy that we wanted absolutely stated, but there should be proper vouched expenditure.

311 Q. I take it that the net result of this was that from an accounting point of view, certainly from that date on, from the 2nd August 1988, there was to be detailed accounts of all cash payments made by the company?

A. That is correct.

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CHAIRMAN: I wonder, Mr. O' Neill, could we break there, because we want to do some work on computers as well as everything else.

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MR. O'NEILL: Very good, Sir.

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CHAIRMAN: We will adjourn until 10.30 tomorrow morning.

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THE TRIBUNAL THEN ADJOURNED UNTIL THE FOLLOWING DAY,
TUESDAY, 14TH DECEMBER 1999, AT 10.30AM.